

**SERIES PROSPECTUS dated 27 October 2015**

**ARGENTUM CAPITAL S.A.**

*(a public limited liability company (société anonyme) incorporated under the laws of Luxembourg, having its registered office at 51 Avenue J.-F. Kennedy, L-1855 Luxembourg and registered with the RCS Luxembourg under number B.182.715) (the “Company”)*

**acting in respect of Compartment GAP 2476 and 2484 – 2487 November 2015**

**Issue of  
Series 2015-59**

**Class A up to SEK 200,000,000 Secured Credit-Linked and Fund-Linked Notes due 2021 (the “Class A Notes”)**

**Class B up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023 (the “Class B Notes”)**

**Class C up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023 (the “Class C Notes”)**

**Class D up to SEK 200,000,000 Secured Credit-Linked and Equity Index-Linked Notes due 2023 (the “Class D Notes”)**

**Class E up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023 (the “Class E Notes”)**

This document (this “**Prospectus**”) has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the “**Irish Stock Exchange**”) for the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (together, the “**Notes**”) to be admitted to the Official List of the Irish Stock Exchange (“**Official List**”) and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of NASDAQ OMX Stockholm AB (the “**Stockholm Stock Exchange**”).

This document constitutes a Prospectus for the purposes of the Prospectus Directive.

This Prospectus is available on the Irish Stock Exchange's website ([www.ise.ie](http://www.ise.ie)).

The Company is subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the “**Securitisation Act 2004**”). Under the Securitisation Act 2004, the Company, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities to the public on an ongoing basis.

This Prospectus contains information relating to the Notes issued by the Company acting in respect of Compartment GAP 2476 and 2484 – 2487 November 2015 (the “**Compartment**”) created by the board of directors of the Company (in such capacity, the “**Issuer**”). The Issuer's liabilities in respect of such Notes will be allocated to the Compartment and will be segregated from the Company's other assets and liabilities and from the assets and liabilities allocated to any other compartments created by the Company. The Mortgaged Property is in principle exclusively available to satisfy the rights of the holders of the Notes and the rights of the other creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the articles of association of the Company (the “**Articles**”).

Claims of the Noteholders will be limited in recourse to the Mortgaged Property for the Notes which includes, among other things, the rights of the Issuer under (a) the Repo Transactions, (b) the Credit Default Swap Transactions and (c) (in respect of the Class A Notes) the Fund Swap Transaction and (in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) the Equity Swap Transactions, with the claims in respect of each Class of Notes ranking *pari passu* with one another (see “*Risk Factors - Contracting on a limited recourse basis*” and “*Risk Factors - Risks relating to the Notes - Limited recourse obligations*” on pages 22 and 27 of the Company's Base Prospectus dated 4 September 2015, together with sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Questions and Answers*”).

Noteholders, by subscribing for the Notes, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and, in particular, the provisions on limited recourse, no petition, subordination and priority of payments and deliveries.

The Class A Notes are credit-linked and fund-linked. The Class B Notes, the Class C Notes and the Class E Notes are credit-linked and equity-linked. The Class D Notes are credit-linked and equity index-linked. While all Classes of Notes are subject to the same credit-linked exposure, the Class A Notes are linked to the Fund Swap Transaction referencing the performance of Catella Hedgefond, SEK retail class (ISIN: SE0001131335; Bloomberg: CATHEDG SS) (the “**Fund**”), the Class B Notes and the Class C Notes are linked to the Equity Swap Transactions referencing the performance of Equity Basket 1, the Class D Notes are linked to the Equity Swap Transaction referencing the performance of the Equity Index and the Class E Notes are linked to the Equity Swap Transaction referencing the performance of Equity Basket 2. Certain risks relating to the Notes and an explanation as to the nature of such credit-linkage, equity-linkage and equity index-linkage are set out below, in particular in the sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Questions and Answers*”.

Any person (an “**Investor**”) intending to acquire or acquiring any securities from any person (an “**Offeror**”) should be aware that, in the context of an offer of securities to the public as defined under the Prospectus Directive, the Issuer may be responsible to the Investor for this Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each European Economic Area Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

Each Class of Notes will be issued in registered form and will be represented by a Global Certificate.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities laws of any state or other jurisdiction of the United States, and the Issuer is not and will not be registered under the United States Investment Company Act of 1940, as amended. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S under the Securities Act) at any time.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus contains references to credit ratings granted by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”), Fitch Ratings Limited (“**Fitch**”) and Moody’s Investors Service Ltd (“**Moody’s**”). Each of S&P, Fitch and Moody’s are established in the European Community and are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold a security and may be subject to revision or withdrawal at any time by the assigning rating agency. There can be no assurance that the assigning rating agency will continue to monitor its rating during the life of the Notes or that such rating may not be downgraded or withdrawn.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any websites referred to in this document do not form part of this Prospectus.

Prospective investors should be aware of the risks involved in investing in the Notes (see the section of this Prospectus entitled “*Risk Factors*”).

Dealer  
**CREDIT SUISSE INTERNATIONAL**

The date of this Prospectus is 27 October 2015.

This Prospectus has been prepared for the purpose of providing information with regard to the Issuer and the Notes. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the “*Description of Credit Suisse International*” section in this Prospectus has been extracted from information published by Credit Suisse International. The information contained in the “*Description of the Reference Entity*” section of this Prospectus has been extracted from information published by the Reference Entity (as defined below), save for the reference to the exchange(s) on which the Reference Entity has certain securities listed which has been extracted from the Bloomberg page for the Reference Entity. The Issuer confirms that this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer accepts responsibility, in each Member State for which it has given its consent referred to herein, for the contents of this Prospectus in relation to any person (an “**Investor**”) to whom an offer of any Notes is made by any financial intermediary to whom it has given its consent to use this Prospectus (an “**Authorised Offeror**”), where the offer is made during the period for which that consent is given and where the offer is made in the Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Prospectus. However, neither the Issuer nor the Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

Catella Fondförvaltning AB, as the fund manager (the “**Fund Manager**”) of the Fund accepts responsibility for the information contained in this Prospectus in the section headed “*Description of the Fund*” and for any other contained in this Prospectus and relating to the Fund. To the best of the knowledge and belief of the Fund Manager, having taken all reasonable care to ensure that such is the case, such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in this Prospectus relating to the Fund and in the section headed “*Description of the Fund*” has been extracted from information provided to the Issuer by the Fund Manager. The Issuer confirms the accurate reproduction of the extracted information but accepts no further or other responsibility in respect of such information. So far as the Issuer is aware or able to ascertain from such published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in such information. The Issuer has not conducted any due diligence on such information. The Issuer has only made very limited enquiries with regards to such information. Otherwise, the Issuer has not made any enquiries in relation to such information. The Issuer does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of such information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

The Issuer consents to the use of this Prospectus in connection with the offer of the Notes during the period commencing from, and including, 28 October 2015 to, and including, 23 November 2015 (the “**Offer Period**”) by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):

<u><b>Intermediary</b></u>	<u><b>Member State</b></u>	<u><b>Conditions</b></u>
Garantum Fondkommission AB	Kingdom of Sweden	None

The Issuer may give consent to additional financial intermediaries after the date of this Prospectus and, if it does so, it will publish the above information in relation to them at [www.argentumcapital.lu](http://www.argentumcapital.lu) at the relevant time during the Offer Period.

An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.

Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

Neither the Trustee nor the Dealer has or will have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Trustee or the Dealer as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Dealer or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, each Reference Entity, the Fund, each issuer of a constituent share within the relevant Class Equity Basket and the Equity Index (as applicable). Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Dealer do not and will not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or the Dealer (save as specified in “*Subscription and Sale and Transfer Restrictions – Public Offer Selling Restriction under the Prospectus Directive*” below) which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Luxembourg, Ireland and the Kingdom of Sweden) and Switzerland (see the section entitled “*Subscription and Sale*” on page 268 of the Base Prospectus and the section of this Prospectus entitled “*Subscription and Sale and Transfer Restrictions*” below).

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”) other than offers (the “**Permitted Public Offers**”) which are made on or prior to 23 November 2015 and which are contemplated in the Prospectus in the Kingdom of Sweden once the Prospectus has been approved by the Central Bank in Ireland and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden will be made pursuant to an exemption under the Prospectus Directive as implemented in that Relevant Member State from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus other than the Permitted Public Offers may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive in each case, in relation to such offer. Neither the Issuer nor the Dealer have authorised nor do they authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer or the Dealer to publish or supplement a prospectus for such offer.

*The Company has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg. The Company’s activities are subject to the Securitisation Act 2004 and the Company is a regulated entity within the meaning of the Securitisation Act 2004. Copies of the Articles as at the date of this document have been lodged with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) (“**RCS Luxembourg**”) and the Company is registered with the Luxembourg trade and companies register under number B.182.715.*

*The Articles are published in the Mémorial, Recueil des Sociétés et Associations (the “**Mémorial**”).*

*Under the Securitisation Act 2004, the Company, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities or its shares to the public on an ongoing basis.*

All references in this Prospectus to (i) “euro”, “EUR” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, and (ii) “SEK” are to Swedish Krona being the lawful currency of the Kingdom of Sweden.

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this Summary because of the type of securities and issuers, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in this Summary with the mention of “Not Applicable”.

This Summary relates to the Class A up to SEK 200,000,000 Secured Credit-Linked and Fund-Linked Notes due 2021 (the “**Class A Notes**”), the Class B up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023 (the “**Class B Notes**”), the Class C up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023 (the “**Class C Notes**”), the Class D up to SEK 200,000,000 Secured Credit-Linked and Equity Index-Linked Notes due 2023 (the “**Class D Notes**”) and the Class E up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023 (the “**Class E Notes**”, and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the “**Notes**”).

*This Summary is qualified in its entirety by the remainder of the Prospectus.*

<b>A.1 Introduction and Warnings</b>	This summary should be read as an introduction to the prospectus (the “Prospectus”). Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.		
<b>A.2 Consent to the use of the prospectus, the offer period and other conditions of use</b>	Argentum Capital S.A. (the “Company”), acting in respect of Compartment GAP 2476 and 2484 – 2487 November 2015 (the “Issuer”) consents to the use of the Prospectus in connection with the offer of the Notes during the period commencing from, and including, 28 October 2015 to, and including, 23 November 2015 (the “Offer Period”) by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):		
	<b>Intermediary</b>	<b>Member State</b>	<b>Conditions</b>
	Garantum Fondkommission AB	Kingdom of Sweden	None

	<p>The Issuer may give consent to additional financial intermediaries after the date of the Prospectus and, if it does so, it will publish the above information in relation to them at <a href="http://www.argentumcapital.lu">www.argentumcapital.lu</a> at the relevant time during the Offer Period.</p> <p>An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.</p> <p>Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use the Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.</p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THE PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.</b></p>
<b>B.1 Legal and commercial name of the Issuer</b>	Argentum Capital S.A., acting in respect of Compartment GAP 2476 and 2484 – 2487 November 2015.
<b>B.2 Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation of Issuer</b>	The Company has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company ( <i>société anonyme</i> ) incorporated under the laws of the Grand Duchy of Luxembourg.
<b>B.16 Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control</b>	<p>The Company has 31,000 shares, all of which are fully paid and held by Stichting Argentum. Stichting Argentum is a foundation (stichting) incorporated under the laws of The Netherlands and is not owned or controlled by any person.</p> <p>Stichting Argentum has no beneficial interest in and derives no benefit from its holding of the issued shares. It will apply any income derived by it from the Company solely for charitable purposes.</p> <p>Stichting Argentum's Deed of Incorporation (which includes its</p>



	articles of association) contains certain provisions ensuring Stichting Argentum does not abuse its position of control, including an express objects clause which stipulates that it exercises any and all rights attached to the shares of the Company in such a manner as to safeguard the interests of the Company and any and all persons concerned to the best of the foundation's ability, including in relation to any of the voting rights to the shares in the Company and to perform any and all acts that may be related, incidental or which may be conducive to safeguarding such interests.
<b>B.17 Issuer Ratings</b>	Not applicable - neither the Issuer nor the Notes have been assigned a rating.
<b>B.20 Statement as to whether the Issuer has been established for the purpose of issuing asset backed securities</b>	The Company has been established in Luxembourg as a special purpose vehicle for the purpose of issuing asset backed securities.
<b>B.21 Company's principal business activities</b>	<p>The Company's principal activities are to enter into, perform and serve as a vehicle issuing asset backed securities for, any securitisation transactions as permitted under the Securitisation Act 2004.</p> <p>Credit Suisse International is the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, whose performance will affect the performance of the Notes.</p> <p>Credit Suisse International is also the Disposal Agent, Calculation Agent, Dealer and Arranger; The Bank of New York Mellon, London Branch is the Issuing and Paying Agent; BNY Mellon Corporate Trustee Services Limited is the Trustee; The Bank of New York Mellon (Luxembourg) S.A. is the Custodian, Registrar and Transfer Agent; and Sanne Group (Luxembourg) S.A. is the Corporate Services Provider in respect of the Company (and together with Credit Suisse International, The Bank of New York Mellon, London Branch, BNY Mellon Corporate Trustee Services Limited and The Bank of New York Mellon (Luxembourg) S.A., each such entity is a "<b>Programme Party</b>").</p> <p>Each Programme Party's relationship with the Issuer is to act in its respective capacity described above.</p> <p>Skandinaviska Enskilda Banken AB (publ) is the "<b>Swedish Agent</b>".</p>
<b>B.22 Statement that the Company has not commenced operations and no financial statements have been made up as at the date of the Prospectus</b>	Not applicable – the Issuer has commenced operations and has prepared financial statements.
<b>B.23 Selected key historical financial information about the Company</b>	Selected historical key financial information of the Issuer with respect to the years ended 31 December 2013, 31 December 2014 and the period from 1 January 2015 to 30 June 2015 (which has been extracted from the Issuer's audited financial statements and interim unaudited financial statements, which are incorporated by reference into the Prospectus):

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)	As at 31 December 2013 (Audited)
	€	€	€
<b>Fixed assets</b>			
Investments held as fixed assets	2,178,532,808	1,438,638,954	-
<b>Current assets</b>			
Other debtors becoming due and payable within one year	677,111	717,122	96,932
Cash at banks and in hand	106,536	30,848	30,913
<b>TOTAL ASSETS</b>	<b>2,179,316,455</b>	<b>1,439,386,924</b>	<b>127,845</b>
<b>Capital and reserves</b>			
Subscribed capital	31,000	31,000	31,000
Profit or loss brought forward	-	-	-
Result for the financial period	5,350	-	-
<b>Provisions</b>			
Other provisions	919,857,517	339,365,648	9,200
<b>Non subordinated debts</b>			
Non convertible loans becoming due and payable after more than one	1,258,740,091	1,099,338,106	-

	<div>year</div> <div>Trade creditors becoming due and payable after more than one year</div> <div>682,497</div> <div>651,367</div> <div>87,110</div> <div>Tax debts</div> <div>-</div> <div>803</div> <div>535</div> <div>TOTAL</div> <div>LIABILITIES</div> <div>2,179,316,455</div> <div>1,439,386,924</div> <div>127,845</div>
<b>B.24 Description of any material adverse change since the date of the Company’s last published audited financial statements</b>	There has been no material adverse change in the prospects of the Company since 31 December 2014, being the date of the Company’s last published audited financial statements.
<b>B.25 Description of the underlying assets</b>	<div>The assets securing the Notes comprise, among other things:</div> <div>(a) the rights of the Issuer under the repurchase transactions relating to each Class of Notes (the “Repo Transactions”);</div> <div>(b) the rights of the Issuer under the credit default swap transactions relating to each Class of Notes (the “Credit Default Swap Transactions”);</div> <div>(c) the rights of the Issuer under the fund swap transaction relating to the Class A Notes (the “Fund Swap Transaction”) referencing Catella Fondförvaltning AB Special Funds, Catella Hedgefond, SEK retail class (ISIN: SE0001131335; Bloomberg: CATHEDG SS) (the “Fund”);</div> <div>(d) the rights of the Issuer under the equity swap transaction relating to the Class B Notes (the “Class B Equity Swap Transaction”) referencing a basket of shares (“Equity Basket 1” and the “Class Equity Basket” in respect of the Class B Notes);</div> <div>(e) the rights of the Issuer under the equity swap transaction relating to the Class C Notes (the “Class C Equity Swap Transaction”) referencing Equity Basket 1 (the “Class Equity Basket” in respect of the Class C Notes);</div> <div>(f) the rights of the Issuer under the equity swap transaction relating to the Class D Notes (the “Class D Equity Swap Transaction”) referencing a single index of shares (the “Equity Index”); and</div> <div>(g) the rights of the Issuer under the equity swap transaction relating to the Class E Notes (the “Class E Equity Swap Transaction” and, together with the Class B Equity Swap Transaction, Class C Equity Swap Transaction and Class D Equity Swap Transaction, the “Equity Swap Transactions”) referencing a basket of shares (“Equity Basket 2” and the “Class Equity Basket” in respect of the</div>

	<p>Class E Notes).</p> <p>The Repo Transactions will be entered into with the Repo Counterparty and governed by a Global Master Repurchase Agreement (2011 version) and will become effective on the issue date of the Notes (such Global Master Repurchase Agreement, together with confirmations documenting such Repo Transactions, the “<b>Repo Agreement</b>”). The Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions will be entered into with the Swap Counterparty and governed by an ISDA 2002 Master Agreement and will become effective on the issue date of the Notes (such ISDA 2002 Master Agreement, together with the confirmations documenting such Credit Default Swap Transactions, Fund Swap Transaction and Equity Swap Transactions, the “<b>Swap Agreement</b>”).</p> <p>Under the Repo Transactions relating to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Repo Counterparty will deliver to the Custodian certain securities meeting criteria set out in the Repo Agreement (such securities, “<b>Eligible Securities</b>”) which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of the relevant Class of Notes as at the Issue Date. Under the Repo Transaction relating to the Class E Notes, the Repo Counterparty will deliver to the Custodian Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date. In addition, under the Repo Agreement, in respect of the Issuer’s net exposure to the Repo Counterparty and the Swap Counterparty under the Repo Transactions, the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions, the Repo Counterparty will be required to deliver to the Custodian additional Eligible Securities such that the aggregate value of such additional Eligible Securities transferred to the Custodian and not previously redelivered to the Repo Counterparty (after the application of the relevant haircut specified in the Repo Agreement) will cover such net exposure (such additional Eligible Securities, the “<b>Net Margin</b>”), as tested on a weekly basis. For so long as the Custodian (on behalf of the Issuer) is holding any Eligible Securities, they shall also comprise underlying assets for the Notes. However, the Issuer or the Trustee shall only be entitled to realise the value of such Eligible Securities in limited circumstances (being, in effect, where the Notes are to redeem early).</p> <p>Credit Suisse International, whose business is banking and financial services and which is incorporated in England and Wales, is the Repo Counterparty and the Swap Counterparty as at the Issue Date.</p>
<b>B.26 Parameters within which an actively managed pool of assets backing the issue is managed</b>	Not applicable - neither the Issuer nor any third party will actively manage a pool of assets backing the issue.
<b>B.27 Statement regarding</b>	The Issuer has agreed with the Dealer that it will not issue further

fungible issues	Securities to be consolidated and form a single Class with the Notes.
<b>B.28 Description of the structure of the transaction</b>	<p>On 17 December 2015 (the “<b>Issue Date</b>”), the Dealer will in consideration for receiving the Notes procure that (a) the Repo Counterparty enters into the Repo Transactions and (b) the Swap Counterparty enters into the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions, in each case with the Issuer.</p> <p>In respect of the Repo Transactions relating to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Repo Counterparty will receive from the Issuer an amount equal to the issue proceeds of the relevant Class of Notes as purchase price. In return, the Repo Counterparty will deliver to the Custodian Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of such Class of Notes as at the Issue Date. Under the Repo Transaction relating to the Class E Notes, the Repo Counterparty will receive from the Issuer an amount equal to 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date as purchase price. In return, the Repo Counterparty will deliver to the Custodian Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date. In addition, under the Credit Default Swap Transaction relating to the Class E Notes, the Issuer shall pay an initial exchange amount equal to the remaining issue proceeds of the Class E Notes not paid as purchase price under the Repo Transaction relating to the Class E Notes.</p> <p><b>Return</b></p> <p>If no credit event occurs under each Credit Default Swap Transaction relating to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will redeem on their scheduled maturity date at an amount equal to their nominal amount <i>plus</i> a fund-linked, equity-linked or equity index-linked Additional Payout Amount (linked to the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class of Notes and as described below).</p> <p>If no credit event occurs under the Credit Default Swap Transaction relating to the Class E Notes, the Class E Notes will redeem in annual instalment amounts (paid on 4 July 2016, 4 July 2017, 4 July 2018, 4 July 2019, 6 July 2020, 5 July 2021 and 4 July 2022, in each case subject to adjustment in accordance with the Following Business Day Convention) equal to 3% of their initial nominal amount and will redeem on their scheduled maturity date at an amount equal to 79% of their initial nominal amount <i>plus</i> an equity-linked Additional Payout Amount (linked to the Class E Equity Swap Transaction and as described below).</p> <p>Where a credit event has occurred, whilst the Additional Payout Amount due on the scheduled maturity date will be the same, it is likely that the principal amount due in respect of a Note of any</p>

	<p>Class will be less than its nominal amount as a result of the amounts payable by the Issuer to the Swap Counterparty under the Credit Default Swap Transaction and, following the occurrence of a credit event, no further annual instalment amounts will be payable in respect of the Class E Notes.</p> <p>The Issuer is expected to fund such payments on each Class of Notes out of (a) the corresponding repurchase price that it expects to receive from the Repo Counterparty under the Repo Transaction (as reduced by any amounts payable by the Issuer to the Swap Counterparty following the occurrence of any credit event under the Credit Default Swap Transaction), (b) the corresponding amount it expects to receive from the Swap Counterparty under the Fund Swap Transaction or the Equity Swap Transaction (as applicable), in each case relating to such Class of Notes and (c) in respect of the Class E Notes only, the corresponding amounts it expects to receive from the Swap Counterparty under the Credit Default Swap Transaction relating to the Class E Notes (subject to the occurrence of a credit event).</p> <p>The scheduled maturity date of (a) the Class A Notes is expected to be 6 April 2021 and (b) the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is expected to be 4 July 2023, which in each case may be extended due to any postponement in the settlement of the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class of Notes. The maturity date of each Class of Notes may be further extended due to the occurrence of an Unsettled Credit Event and, as a result, a delayed settlement of the Credit Default Swap Transaction and the Repo Transaction relating to such Class of Notes.</p> <p>The net amounts receivable by the Issuer in respect of each Repo Transaction and the related Credit Default Swap Transaction will be dependent on whether certain credit events occur with respect to, and the performance of certain obligations of, each relevant reference entity (a “<b>Reference Entity</b>”, being Bank of China Limited on the Issue Date). None of the Distributor, the Issuer, the Dealer, the Trustee, any Agent, the Repo Counterparty or the Swap Counterparty have any obligation to monitor whether any credit event has occurred or may occur in respect of a Reference Entity and/or any other developments in respect of a Reference Entity (either prior to the Issue Date or afterwards).</p> <p>If a credit event occurs under each Credit Default Swap Transaction in relation to a Reference Entity, subject to certain other requirements being met:</p> <ul style="list-style-type: none"> <li>(a) the Repo Counterparty will be required to pay to the Issuer an amount equal to the then notional amount of such Credit Default Swap Transaction relating to such Reference Entity (as determined in accordance with the terms of such Credit Default Swap Transaction) under the related Repo Transaction to repurchase the corresponding equivalent Eligible Securities;</li> <li>(b) the Issuer will be required to pay to the Swap Counterparty certain amounts in settlement of such Credit Default Swap Transaction; and</li> </ul>
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	<p>(c) in respect of the Class E Notes only, the Swap Counterparty will be required to pay certain amounts in settlement of the Credit Default Swap Transaction relating to the Class E Notes,</p> <p>such that these amounts will be set off and replaced by the obligation on the Repo Counterparty to pay to the Issuer an amount equal to the <i>product of</i> (i) the then notional amount of the Credit Default Swap Transaction relating to such Reference Entity (as determined in accordance with the terms of such Credit Default Swap Transaction), (ii) a percentage determined under such Credit Default Swap Transaction which is intended to reflect the post-credit event value of certain debt obligations of the Reference Entity and (iii) a percentage which reflects, among other things, the market spread for credit protection on the Reference Entity, the swap rate in respect of the relevant currency and the bespoke terms of the Credit Default Swap Transaction relating to such Class of Notes.</p> <p>The “<b>Additional Payout Amount</b>” for a Note of each Class of Notes will be its <i>pro rata</i> share of any final exchange amount payable by the Swap Counterparty to the Issuer on the settlement of the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to the relevant Class of Notes (the “<b>Swap Counterparty Equity Final Exchange Amount</b>”). The Swap Counterparty Equity Final Exchange Amount, which will be dependent on the performance of the Fund or the Class Equity Basket or the Equity Index (as applicable) and the participation percentage (the “<b>Participation</b>”) applicable to such Fund Swap Transaction or Equity Swap Transaction (as applicable) (determined by the Issuer, or the Calculation Agent on its behalf), will be determined by the Calculation Agent by reference to a formula and could be zero.</p> <p>In respect of the Fund Swap Transaction, any Swap Counterparty Equity Final Exchange Amount will be equal to the greater of zero and the performance of a reference portfolio during the term of the Class A Notes. The reference portfolio consists of a variable exposure to the Fund’s relative performance against the STIBOR interest rate. The exposure to the Fund is adjusted daily on the realised volatility of the Fund. The mechanism is formula-based and aims to limit volatility to 4.5% by reducing exposure to the Fund when the historical volatility of the Fund is higher than 4.5%. The exposure to the Fund’s performance will vary between 0% and 100%.</p> <p>In respect of the Equity Swap Transactions, any Swap Counterparty Equity Final Exchange Amount will be equal to the greater of zero and the performance of the relevant Class Equity Basket or the Equity Index (as applicable) during the term of the Class of Notes.</p> <p>The Participation:</p> <p>(a) in respect of the Class A Notes, is expected to be 225% (indicative only) but which may be higher or lower and in any event shall not be less than 180%;</p> <p>(b) in respect of the Class B Notes, is expected to be 100% (indicative only) but which may be higher or lower and in</p>
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		<p>any event shall not be less than 80%;</p> <p>(c) in respect of the Class C Notes, is expected to be 200% (indicative only) but which may be higher or lower and in any event shall not be less than 160%;</p> <p>(d) in respect of the Class D Notes, is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80%; and</p> <p>(e) in respect of the Class E Notes, is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80%.</p> <p>The Class Redemption Factor and Participation applicable to each Class of Notes will be determined and notified to the Noteholders on or about the Issue Date.</p>
<b>B.29</b>	<b>Description of the flow of funds and other material forms of credit enhancement and providers thereof</b>	<p>The Swap Counterparty and the Repo Counterparty are Credit Suisse International, a company incorporated in England and Wales, whose business is banking and financial services.</p> <p>In relation to each Class of Notes, the Dealer will procure that the Repo Counterparty and the Swap Counterparty enter into the Repo Transaction, the Credit Default Swap Transaction and the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class on the Issue Date.</p> <p>In relation to each Class of Notes, subject to the netting of payments under the Swap Agreement and the Repo Agreement, the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class and the interim exchange amounts receivable by the Issuer under the Credit Default Swap Transaction relating to the Class E Notes will be applied, together with any net payments receivable by the Issuer from the Repo Counterparty under the Repo Transaction relating to such Class (taking into account any amounts payable by the Issuer to the Swap Counterparty and by the Swap Counterparty to the Issuer under the Credit Default Swap Transaction relating to such Class), to make payments on the Notes of such Class.</p>
<b>B.30</b>	<b>The name and description of the originators of the securitised assets</b>	Credit Suisse International, a company incorporated in England and Wales, whose business is banking and financial services.
<b>B.33</b>	<b>The following information in respect of the collective investment undertaking:</b>	
	<b>B.1 Legal and commercial name of the collective investment undertaking</b>	Catella Hedgefond.
	<b>B.2 Domicile and legal form of the collective investment</b>	The Fund is a special fund pursuant to the Swedish Alternative Fund Managers Act (the “AIFMA”) and regulated by the Swedish



	<b>undertaking, the legislation under which the collective investment undertaking operates and its country of incorporation</b>	Financial Supervisory Authority ( <i>Finansinspektionen</i> ).
	<b>B.5 If the collective investment undertaking is part of a group, a description of the group and the collective investment undertaking's position within the group</b>	Not applicable.
	<p><b>B.6 In so far as is known to the collective investment undertaking, the name of any person who, directly or indirectly, has an interest in the collective investment undertaking's capital or voting rights which is notifiable under the collective investment undertaking's national law, together with the amount of each such person's interest.</b></p> <p><b>Whether the collective investment undertaking's major shareholders have different voting rights, if any.</b></p> <p><b>To the extent known to the collective investment undertaking, state whether the collective investment undertaking is directly or indirectly owned or controlled and by whom and describe the nature of such control.</b></p>	<p>The assets of the Fund are owned jointly by the fund unit holders and each fund unit confers equal rights to the property that make up the Fund, adjusted for the specific terms that apply to each unit class. The Fund is managed by Catella Fondforvaltning AB (the "<b>Fund Manager</b>") and the Fund Manager will represent fund unit holders in all matters concerning the Fund, take decisions concerning the property of the Fund and exercise the rights derived from such property.</p>
	<b>B.7 Selected historical key financial information and any significant change to the collective investment undertaking's financial</b>	<p>The selected historical key financial information set out below has been extracted from the audited financial statements of the Fund for the years ended 31 December 2013 and 31 December 2014.</p> <p>Figures in '000 SEK:</p>

	<b>condition and operating results:</b>	<table> <tr> <th></th><th>31 Dec 2014</th><th>31 Dec 2013</th></tr> <tr> <td>Total Assets</td><td>8,416,536</td><td>4,539,011</td></tr> <tr> <td>Total Liabilities</td><td>329,745</td><td>157,653</td></tr> <tr> <td>Total Income and Value Changes</td><td>617,628</td><td>402,229</td></tr> <tr> <td>Total Costs</td><td>186,144</td><td>119,094</td></tr> <tr> <td>Result of the Year</td><td>431,484</td><td>283,135</td></tr> <tr> <td>Fund Assets at the End of Year</td><td>8,086,791</td><td>4,381,358</td></tr> </table>		31 Dec 2014	31 Dec 2013	Total Assets	8,416,536	4,539,011	Total Liabilities	329,745	157,653	Total Income and Value Changes	617,628	402,229	Total Costs	186,144	119,094	Result of the Year	431,484	283,135	Fund Assets at the End of Year	8,086,791	4,381,358
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Total Costs	186,144	119,094																					
Result of the Year	431,484	283,135																					
Fund Assets at the End of Year	8,086,791	4,381,358																					
	<b>B.8 Selected key pro forma financial information</b>	Not applicable.																					
	<b>B.9 Profit forecast and estimate</b>	Not applicable.																					
	<b>B.10 Qualifications in the audit report on historical financial information</b>	Not applicable.																					
	<b>C.3 Number of shares issued and fully paid and issued but not fully paid.</b>  <b>The par value per share or that the shares have no par value</b>	As of 31 December 2014, the Fund had 49,674,014 units outstanding. The units do not have a par value but when the Fund was launched in 1 March 2004, the price per unit was SEK 100.																					
	<b>C.7 A description of dividend policy</b>	The Fund does not pay dividends.																					
	<b>D.1 Key information on the key risks that are specific to the collective investment undertaking</b>	<p>Certain events may occur in relation to the Fund or the units or shares of the Fund which may result in adjustments to the terms of the Class A Notes and the Fund Swap Transaction, including:</p> <p>(a) the performance of the Fund is dependent upon a number of factors, including the amount of liquidity in the international money markets, which are influenced by measures taken by governments and central banks, as well as market speculation and other macroeconomic factors;</p> <p>(b) the proportion of the underlying with an exposure to the Fund, and therefore to which any additional payout amount in respect of the Class A Notes is linked (the “<b>Reference Portfolio</b>”) will be determined by a volatility target mechanism (the “<b>Volatility Target Mechanism</b>”);</p>																					

		<p>(c) the Volatility Target Mechanism does not prevent negative performance of the Reference Portfolio;</p> <p>(d) as the Volatility Target Mechanism is based on the historical volatility over a certain period, it is not certain that the volatility of the Reference Portfolio is equal to the targeted volatility;</p> <p>(e) due to the time lag in rebalancing the Reference Portfolio in order to meet the allocation determined by the Volatility Target Mechanism, the volatility of the Reference Portfolio may not meet the targeted volatility; and</p> <p>(f) the volatility of the Fund may be affected by national and international financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets and any of these events or activities could adversely affect the value of the Class A Notes.</p>
<b>B.34 A description of the investment objective and policy, including any investment restrictions of the collective investment undertaking</b>		<p>The Fund aims to achieve consistent, positive return and capital growth through investing in transferable securities, fund units, money market instruments and derivative instruments whose underlying assets may comprise transferable securities, money market instruments, financial indices, interest rates and exchange rates. No more than 10 percent of the Fund's assets is permitted to be invested in fund units. Derivative instruments can be used for both investment and hedging purposes.</p> <p>The Fund's assets may be invested in a regulated market, trading platform/MTF or other market that is regulated and open to the public in Sweden or within the EEA or in a corresponding market in Australia, Hong Kong, Japan, Canada, Singapore or the United States.</p> <p>The Fund invests in assets which are permitted by the Swedish Investment Funds Act and is permitted to: (i) take positions in equity related transferable securities with the same issuer amounting to a maximum of 30% of the net asset value of the Fund, (ii) take positions up to a maximum of 40% of the net asset value of the Fund value in shares, convertible debt instruments and debt instruments with attached options issued by the same issuer, (iii) raise cash loans provided such loans do not exceed 50% of the Fund's value and have a term of no longer than three months, (iv) take positions amounting to 10% of a single series of an issuer's outstanding bonds, money market instruments and other debt instruments, and (v) take positions in bonds and other debt instruments in a single series up to a maximum of 30% of the net asset value of the Fund.</p>
<b>B.35 Borrowing and/or leverage limits of the collective investment undertaking</b>		<p>The maximum value of leverage for the Fund is 350% based on calculations using the gross method and 150% based on calculations using the commitment method. Short term cash loans may be raised as long as they do not exceed 50% of the Fund's value and have a term of no longer than three months.</p>
<b>B.36 Regulatory status of the collective investment undertaking</b>		<p>The Fund is a special fund pursuant to the AIFMA and is regulated by the Swedish Financial Supervisory Authority</p>

<b>and name of regulator in country of incorporation</b>	( <i>Finansinspektionen</i> ).
<b>B.37 Brief profile of typical investor for whom the collective investment undertaking is designed</b>	The Fund is intended for the general public.
<b>B.38 Where more than 20% of the gross assets of the collective investment undertaking may be:</b> <b>(a) invested in a single underlying asset; or</b> <b>(b) invested in one or more collective investment undertakings which may in turn invest more than 20% of gross assets in other collective investment undertakings; or</b> <b>(c) exposed to creditworthiness or solvency of any one counterparty, the identity of the entity should be disclosed together with a description of the exposure (eg. counterparty) as well as information on the market in which its securities are admitted</b>	Not applicable. As at the date of the Prospectus, the Fund does not have an investment in which more than 20% of its gross assets are invested.
<b>B.39 Where a collective investment undertaking may invest in excess of 40% of its gross assets in another collective investment undertaking, a brief explanation of either:</b> <b>(a) the exposure, identity of the underlying collective investment undertaking, and such information as required in a summary note by that collective investment undertaking; or</b> <b>(b) where the securities issued by an underlying collective investment undertaking have already been admitted to trading on a regulated or equivalent market, the identity of the underlying collective investment undertaking</b>	Not applicable – the Fund is subject to investment guidelines that do not permit any such investment or exposure in excess of the relevant limit.
<b>B.40 A description of the service providers of the collective investment undertaking,</b>	The Fund Manager is Catella Fondförvaltning AB, corporate registration number 5565336210 and is regulated by the Swedish Financial Supervisory Authority ( <i>Finansinspektionen</i> ). The Fund Manager was authorised on 30 December 1997 pursuant to the

<b>including maximum fees payable</b>	<p>Swedish Securities Funds Act. On 29 March 2010, the Fund Manager was issued a permit to engage in discretionary portfolio management and on 3 December 2014, was authorised under the AIFMA. The Fund's maximum charge is 1.15% of the net asset value of the fund per year of which fixed fees paid to the Fund Manager will not exceed 1.0% of the net asset value of the fund per year calculated on a daily basis. A performance fee of 20% shall also be paid to the Fund Manager <i>plus</i> any applicable VAT.</p> <p>The Fund's depositary is Skandinaviska Enskilda Banken AB (publ), 106 40 Stockholm, Sweden (the "<b>Depositary</b>"). Fixed fees paid to the Depositary shall not exceed 0.15% of the net asset value of the Fund per year.</p>
<b>B.41 Identity and regulatory status of any investment manager, investment advisor, custodian, trustee or fiduciary (including any delegated custody arrangements) of the collective investment undertaking</b>	Please see Element B.40 above.
<b>B.42 A description of how often the collective investment undertaking net asset value will be determined and method of communication to investors</b>	The Fund Manager calculates the net asset value of the Fund on each banking day in Sweden and publishes this information on the Fund Manager's website.
<b>B.43 In the case of an umbrella collective investment undertaking, a statement of any cross liability between classes or investment in other collective investment undertaking</b>	Not applicable, the Fund is not an umbrella collective investment undertaking.
<b>B.44 Selected historical key financial information regarding the collective investment undertaking or where the collective investment undertaking has not commenced operations and no financial statements have been made up, a statement to that effect</b>	Please see to Element B.7 of Element B.33 above.
<b>B.45 A description of the collective investment undertaking's portfolio</b>	The Fund's portfolio includes investments in equities, single stock derivatives, index futures, options and government and corporate bonds. The Fund invests mainly in the Nordic region and may use derivatives for both hedging and investment purposes.
<b>B.46 An indication of the most recent net asset value per security (if applicable)</b>	The net asset value per fund unit is available on the Fund Manager's website and as at 26 October 2015 was SEK 166.46.

<b>C.1 Type and class of securities being offered</b>	<p>In respect of the Class A Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Fund-Linked Notes due 2021</p> <p>ISIN: XS1303770504 Common Code: 130377050</p> <p>In respect of the Class B Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023</p> <p>ISIN: XS1303770173 Common Code: 130377017</p> <p>In respect of the Class C Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023</p> <p>ISIN: XS1303770843 Common Code: 130377084</p> <p>In respect of the Class D Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Equity Index-Linked Notes due 2023</p> <p>ISIN: XS1303770413 Common Code: 130377041</p> <p>In respect of the Class E Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2023</p> <p>ISIN: XS1303770256 Common Code: 130377025</p>
<b>C.2 Currency</b>	<p>The Notes will be denominated in Swedish Krona (“<b>SEK</b>”).</p>
<b>C.5 Description of restrictions on free transferability of the Notes</b>	<p>The Notes will be freely transferable, subject to certain selling restrictions applying to offers, sales or transfers of Notes under the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU) and applicable laws in Ireland and Sweden.</p>
<b>C.8 Rights attaching to and ranking of Notes</b>	<p>The Notes will have rights relating to, among other matters:</p> <p><b>Status and Security</b></p> <p>The Notes of each Class will represent secured, limited recourse obligations of the Issuer, ranking <i>pari passu</i> amongst themselves. In addition, the Notes of each Class will rank <i>pari passu</i> with the Notes in respect of each other Class. Accordingly, following the enforcement of the security (as described below), the claims of Noteholders of all Classes will be allocated to amounts received or recovered in respect of the Mortgaged Property (as described below) on a <i>pari passu</i> and <i>pro rata</i> basis, following the satisfaction of the higher-ranking claims of the other Secured Creditors in accordance with the priority of claims (as described below).</p> <p>The Issuer will grant to the Trustee to secure its obligations in</p>

	<p>respect of the Notes and the Swap Agreement:</p> <ul style="list-style-type: none"> <li>(a) a first ranking pledge (“<i>gage de premier rang</i>”) over all of the Pledged Collateral (which is comprised of any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) under Luxembourg law (the “<b>Luxembourg Pledge</b>”); and</li> <li>(b) in addition, but subject, to the Luxembourg Pledge, the following security under English law: <ul style="list-style-type: none"> <li>(i) an assignment by way of security of all the Issuer’s rights, title and interest attaching or relating to any Eligible Securities delivered to the Issuer by the Repo Counterparty from time to time and held by the Custodian (on behalf of the Issuer) (the “<b>Collateral</b>”) and all property, sums or assets derived therefrom, including, without limitation, any right to delivery thereof or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary;</li> <li>(ii) an assignment by way of security of the Issuer’s rights, title and interest against the Custodian, to the extent that they relate to the Collateral and/or the Notes;</li> <li>(iii) an assignment by way of security of the Issuer’s rights, title and interest under the Agency Agreement, to the extent they relate to the Collateral and/or the Notes;</li> <li>(iv) an assignment by way of security of the Issuer’s rights, title and interest under the Swap Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Swap Agreement);</li> <li>(v) an assignment by way of security of the Issuer’s rights, title and interest under the Repo Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Repo Agreement);</li> <li>(vi) an assignment by way of security of the Issuer’s rights, title and interest under the Agency Agreement, to the extent that they relate to any assets held by the Custodian in respect of the Notes;</li> <li>(vii) an assignment by way of security of the Issuer’s rights against the Disposal Agent under the terms of the Agency Agreement (or any other agreement entered into between the Issuer and the Disposal Agent) to the extent that such rights relate to the Collateral and/or the Notes;</li> <li>(viii) a first fixed charge over (A) all sums held by the Issuing and Paying Agent to meet payments due in respect of the Issuer’s secured payment obligations and (B) any sums received by the Issuing and Paying Agent under the Swap Agreement and/or the Repo Agreement; and</li> <li>(ix) a first fixed charge over all property, sums and assets held or received by the Disposal Agent relating to the Transaction Documents and the Collateral,</li> </ul> </li> </ul>
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the foregoing being the “**Mortgaged Property**”.

Investors should note that where any Collateral and/or any property, assets and sums derived therefrom are held by the Custodian in book-entry form, the security interests granted in respect of the same might, as a result of such book-entry holding, take the form only of a security interest over the Issuer’s rights against the Custodian in respect of such Collateral and/or property, sums and assets, as the case may be, rather than a charge over such Collateral and/or property, sums and assets derived therefrom themselves.

**Limited Recourse and Non-Petition**

All payments to be made by the Issuer under the Notes and the Swap Agreement will be made only from, and to the extent of, the sums received or recovered by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property in accordance with the order of priority outlined below. All deliveries and payments by the Issuer under the Notes, the Swap Agreement and the Repo Agreement will only be made from and to the extent of the Mortgaged Property in accordance with such order of priority.

If the net proceeds of the Notes and the net proceeds of the realisation of the Mortgaged Property are not sufficient to make all payments due in respect of the Notes and due to each other creditor relating to the Notes, no other assets of the Company will be available to meet such shortfall and the claims of the Noteholders and any other creditors relating to such Notes in respect of any such shortfall shall be extinguished.

Any shortfall shall be borne by the Noteholders of all Classes (on a *pari passu* and *pro rata* basis) and such shortfall shall be so borne by the Noteholders, together with the Swap Counterparty and the other Secured Creditors (in respect of amounts owed to them) in the reverse of the order of priority outlined below.

Furthermore, no party will be able to petition for the winding-up of the Company as a consequence of any such shortfall or launch proceedings against the Company.

**Priority of Claims**

Amounts received or recovered following any liquidation or enforcement of the security in respect of the Mortgaged Property shall be applied in the following order of priority: (i) amounts owing to the Repo Counterparty in respect of the Issuer’s Net Margin (which shall be equal to the lesser of (A) the Available Proceeds, (B) the value of the Repo Counterparty’s Net Margin and (C) the value of the amounts owing to the Repo Counterparty under the Repo Agreement (which shall be deemed to be zero if no such amounts are owing)), (ii) the Issuer’s share of the payment or satisfaction of all taxes owing by the Company, (iii) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the security (including any taxes to be paid, legal fees and remuneration), (iv) certain amounts owing to the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the other Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and fees, costs,



	<p>charges, expenses and liabilities, (v) fees of the Disposal Agent, (vi) any amounts owing to the Swap Counterparty under the Swap Agreement or the Repo Counterparty under the Repo Agreement (not already satisfied in accordance with (i) above), (vii) the Issuer's share of fees of the Corporate Services Provider owing by the Company and (viii) amounts owing to the Noteholders on a <i>pari passu</i> and <i>pro rata</i> basis.</p> <p><b>Negative Pledge/Restrictions</b></p> <p>There is no negative pledge. However, so long as any Note remains outstanding, the Issuer will not, without the consent of the Trustee, the Repo Counterparty and the Swap Counterparty, engage in any business other than the issuance or entry into of bonds, notes or other securities or the entry into of loans or other agreements for the payment or repayment of borrowed money, subject to the provisions of the Securitisation Act 2004 and the articles of incorporation of the Company, and provided always that such obligations are secured on assets of the Issuer other than the Company's share capital and those assets securing any other obligations of the Issuer and that they are entered into on a limited recourse and non-petition basis. In addition, the Issuer will be subject to certain other restrictions including that it will not, without the consent of the Trustee, the Repo Counterparty and the Swap Counterparty, declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Conditions) or issue any further shares.</p> <p><b>Events of Default</b></p> <p>In respect of each Class of Notes, the conditions of the Notes (as amended for the purposes of the Notes) contain the following events of default (each an "<b>Event of Default</b>"): </p> <ul style="list-style-type: none"> <li>(i) default is made for more than 14 days in the payment of any Instalment Amount in respect of such Class of Notes or any of them, other than any Instalment Amount due and payable on the Maturity Date;</li> <li>(ii) the Issuer does not perform or comply with any one or more of its other obligations under such Class of Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been effectively given to the Issuer by the Trustee; or</li> <li>(iii) the occurrence of certain bankruptcy and insolvency related events or proceedings.</li> </ul> <p><b>Early Redemption Events</b></p> <p>The Notes of a Class may be redeemed early together with the Notes of each other Class, in any of the following circumstances:</p> <ul style="list-style-type: none"> <li>(a) both the Credit Default Swap Transaction and the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class of Notes are terminated,</li> </ul>
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	<p>or the Swap Agreement as a whole is terminated;</p> <p>(b) the Repo Transaction relating to such Class of Notes is terminated, or the Repo Agreement as a whole is terminated;</p> <p>(c) upon certain insolvency events with respect to the Swap Counterparty or the Repo Counterparty, the occurrence of an Event of Default or a Termination Event (each as defined in the Swap Agreement), the occurrence of a Termination Event (as defined in the Swap Agreement) with respect to any Credit Default Swap Transaction, Fund Swap Transaction or Equity Swap Transaction where the Issuer has the right to terminate such transaction, the occurrence of an Event of Default (as defined in the Repo Agreement) or the occurrence of certain credit rating downgrading or withdrawal events in respect of the Swap Counterparty or the Repo Counterparty, no replacement Swap Counterparty and Repo Counterparty is appointed within 30 calendar days of such default by the Swap Counterparty or the Repo Counterparty;</p> <p>(d) certain tax events occur in respect of payments due by the Issuer under the Notes of each Class, but not instances where (x) withholding or deduction of taxes on the Notes arises solely in respect of FATCA; (y) withholding or deduction of taxes on the Notes arises solely as a result of the Noteholder's connection with the jurisdiction of incorporation of the Issuer (otherwise than by reason of the holding of any Note or receiving any payment in respect thereof); and (z) a withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000);</p> <p>(e) as a result of (amongst other things) the implementation or adoption of, or any change in, any applicable law, regulation or regulatory guidance or interpretation, or public or private statement or action by any court, tribunal or regulatory authority: (i) it becomes or there is a reasonable likelihood of it becoming unlawful for the Issuer to maintain the Notes or that the maintenance or the existence of the Notes would make it unlawful to maintain the existence of any other notes issued by the Issuer, to perform any duties in respect of the Notes of all Classes (including, without limitation, any transactions necessary or advisable to hedge the Issuer's risk in connection with the Notes), to hold any Collateral (or receive payment in respect of any Collateral) or to comply with any material provision of any agreement entered into in connection with the Notes of all Classes, or (ii) the Issuer's administrative expenses are materially increased and the Issuer is unable to obtain the costs of such increase from another party or source;</p> <p>(f) an Event of Default occurs with respect to such Class of Notes; or</p> <p>(g) the Trustee enforces the security following the occurrence</p>
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	<p>of an Enforcement Event in respect of any other Class of Notes.</p> <p><b>Meetings</b></p> <p>The conditions of the Notes will contain provisions for convening meetings of (i) Noteholders of a Class to consider the relevant matters solely affecting such Class and (ii) Noteholders of all Classes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b>Governing Law</b></p> <p>The Notes are governed by English law. Articles 86 to 97 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, are excluded and the Luxembourg Pledge shall be governed by Luxembourg law.</p>
<b>C.9 Interest and yield; name of representative of debt Noteholders</b>	<p><b>See C.8 above, plus:</b></p> <p><b>Interest</b></p> <p>None of the Notes bear interest.</p> <p><b>Redemption</b></p> <p>See Element B.28 for information regarding redemption.</p> <p><b>Noteholder Facilitator</b></p> <p>Garantum Fondkommission AB (or any successor entity thereto) is the Noteholder Facilitator. However, the Noteholder Facilitator has limited rights, limited to selecting replacement swap counterparties, repo counterparties and agents upon the occurrence of a Replacement Event in respect of the Swap Agreement and the Repo Agreement.</p> <p>Garantum Fondkommission AB also acts as Distributor.</p> <p><b>Name of representative of debt security holders</b></p> <p>BNY Mellon Corporate Trustee Services Limited (acting in its capacity as Trustee).</p>
<b>C.10 Explanation on how the interest amount is affected by the value of the underlying</b>	Not applicable - the Notes do not bear interest.
<b>C.11 Listing and admission to trading of the Notes</b>	<p><i>Listing and Admission to Trading</i></p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange and to be admitted to the Official List of the Irish Stock Exchange on or about the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the NASDAQ OMX Stockholm AB.</p> <p><i>Distribution</i></p> <p>The Notes may be offered to the public in Sweden.</p>
<b>C.12 Minimum Denomination</b>	The minimum denomination of each Class of Notes will be SEK

	10,000.
<b>D.2 Key information on the key risks that are specific to the Issuer</b>	<p>In purchasing the Notes of a Class, investors assume certain risks which could materially adversely affect the Issuer and its ability to make payments due under each Class of Notes. These risks include the following:</p> <p><b>Securitisation Act 2004 and Compartments:</b> The Company is established as a société anonyme (public limited liability company) within the meaning of the Securitisation Act 2004, which means that claims against the Company by the Noteholders will be limited to the net proceeds of each Series of Notes and to the Collateral relating to such Series included in the relevant Compartment.</p> <p><b>The Issuer is a special purpose vehicle:</b> The Issuer has, and will have, no assets other than its issued and paid-up share capital, fees (as agreed) payable to it in connection with the issue of each Class of Notes or entry into other obligations from time to time and any Mortgaged Property and any other assets on which the Series of Notes or other obligations are secured.</p> <p><b>Contracting on limited recourse basis:</b> The rights of Noteholders to participate in the assets of the Issuer is limited to the net proceeds of each Class of Notes and to the Mortgaged Property relating to the Series of Notes.</p> <p><b>Allocation of Liabilities Among All Noteholders:</b> Any liability which is not a Series-specific liability (that is, it does not relate to any Compartment in respect of which any Series of Notes is issued), which is not otherwise funded, may be apportioned between the Series.</p> <p><b>Consequences of Winding-up Proceedings:</b> The Company is insolvency-remote, not insolvency-proof.</p> <p><b>Fees and Expenses:</b> Fees and expenses payable by the Issuer in respect of each Class of Notes (including fees payable to the Arranger and/or the Trustee) may rank senior to payments of principal of each Class of Notes.</p> <p><b>Possibility of U.S. withholding tax on payments:</b> The application of U.S. withholding tax to payments by the Issuer is not clear on the date of the Prospectus.</p> <p><b>Regulation of the Issuer by any regulatory authority:</b> The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation, save for registration with the RCS in Luxembourg and the CSSF's approval. However, any additional requirement to be licensed or authorised could have an adverse effect on the Issuer and on the Noteholders of each Class of Notes.</p> <p><b>Anti-money laundering:</b> The Issuer may be subject to anti-money laundering legislation in its jurisdiction of incorporation.</p>
<b>D.3 Key information on the key risks that are specific to the debt securities</b>	<p><b>Limited recourse obligations:</b> Each Class of Notes are direct, secured, limited recourse obligations of the Issuer payable solely out of the Mortgaged Property over which security is given by the Issuer in favour of the Trustee on behalf of the Noteholders and</p>

	<p>other Secured Creditors.</p> <p><b>Security:</b> Each Class of Notes will have the benefit of Luxembourg and English law-governed security interests which are granted to the Trustee over the Collateral allocated to the Compartment.</p> <p><b>Meetings of Noteholders and modification:</b> The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally (or Noteholders of a Class to consider certain matters solely affecting such Class) and permit defined majorities or the Trustee to bind all Noteholders (or Noteholders of a Class).</p> <p><b>Trustee indemnity and remuneration:</b> The Trustee is not required to give notice to the Issuer of its determination that, in respect of a Class, an Event of Default has occurred or determine that an Enforcement Event has occurred or enforce the security unless directed by an Extraordinary Resolution passed by the Noteholders of the relevant Class. Prior to taking any action following direction by the Noteholders of the relevant Class, the Trustee may require to be indemnified and/or secured and/or pre-funded to its satisfaction and may decide not to take such action without being indemnified and/or secured and/or pre-funded to its satisfaction. So long as any Note is outstanding, the Issuer should pay the Trustee remuneration for its services. Such remuneration may reduce the amount payable to the Noteholders of the relevant Class.</p> <p><b>Priority of Claims:</b> Following a liquidation or on an enforcement of the security, the rights of the Noteholders to be paid amounts or delivered assets due under each Class of Notes will be subordinated.</p> <p><b>No gross-up:</b> The Noteholders of a Class will not be entitled to receive grossed-up amounts if any withholding tax or deduction for tax is imposed on payments in respect of such Class of Notes.</p> <p><b>Early Redemption:</b> The amount payable to Noteholders of a Class on an early redemption of such Class may be significantly lower than their initial investment and may even be zero as a result of an Early Redemption Event (for example following certain tax events in respect of the Issuer).</p> <p><b>Market Value of Notes:</b> The market value of each Class of Notes will be volatile.</p> <p><b>Offer Period:</b> The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of each Class of Notes at any time during the Offer Period.</p> <p><b>Exposure to Credit Suisse International:</b> Credit Suisse International acts as the Swap Counterparty under the Swap Agreement and as the Repo Counterparty under the Repo Agreement, as well as Disposal Agent and Calculation Agent and, as such, Noteholders are exposed to the credit risk of Credit Suisse International in each of these capacities.</p> <p><b>Nature of the Notes:</b> Each Class of Notes are highly complex investments that involve substantial risks given their terms and structure. Prospective investors may lose part or, in circumstances where the recovery rate linked to the Credit Default Swap Transaction is zero and the Issuer is not entitled to a final payment</p>
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	<p>under the related Fund Swap Transaction or Equity Swap Transaction, substantially all of their entire investment.</p> <p><b>Fund or Equity Linkage through the Fund Swap Transaction and the Equity Swap Transactions:</b> The return to an investor on the scheduled maturity date will, in part, depend on the Fund Swap Transaction referencing the performance of the Fund or the relevant Equity Swap Transaction referencing the performance of the relevant Class Equity Basket or the Equity Index (as applicable) and which may be affected by factors including:</p> <ul style="list-style-type: none"> <li>• the performance of the Fund or the basket of shares referenced in the relevant Class Equity Basket or the Equity Index (as applicable);</li> <li>• the percentage “Participation” applied to the Fund Swap Transaction or the relevant Equity Swap Transaction (as applicable); and</li> <li>• potential disruption events and/or adjustments in respect of the Fund Swap Transaction or the relevant Equity Swap Transaction (as applicable).</li> </ul> <p><b>The Fund:</b> Certain events may occur in relation to the Fund or the units or shares of the Fund which may result in adjustments to the terms of the Class A Notes and/or the Fund Swap Transaction, including:</p> <ul style="list-style-type: none"> <li>• the use of estimates in calculation of the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Fund Swap Transaction. Such estimates may include amounts reflecting the risk of holding the Fund as a hedge and the risk of inability to liquidate the Fund in full and without restrictions, which may result in a significant reduction of the Additional Payout Amount payable on the Class A Notes;</li> <li>• substitution of the Fund with one or more funds and allocating the weighting of each such replacement fund. This would affect the underlying risk profile of the Class A Notes and could result in a significant reduction of any Additional Payout Amount payable on the Class A Notes;</li> <li>• calculating an unscheduled termination amount to be payable in lieu of the Swap Counterparty Equity Final Exchange Amount. Such unscheduled termination amount may be calculated at any time during the term of the Class A Notes and may not reflect the actual performance of the reference portfolio at the final valuation date, and could result in a significant reduction of any Additional Payout Amount payable on the Class A Notes.</li> </ul> <p><b>Credit Linkage through the Credit Default Swap Transactions:</b> Each Class of Notes is credit-linked as a result of the Credit Default Swap Transaction relating to such Class of Notes and may be affected by factors including:</p> <ul style="list-style-type: none"> <li>• credit risk in respect of the relevant Reference Entity and the Reference Obligation(s);</li> <li>• variation of a Reference Entity as a result of the</li> </ul>
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	<p>determination of one or more successor Reference Entities;</p> <ul style="list-style-type: none"> <li>• an extension of the maturity date of each Class of Notes as a result of Unsettled Credit Events;</li> <li>• the percentage “Class Redemption Factor” applied to the Credit Default Swap Transaction;</li> <li>• conflicts of interest relating to Credit Suisse; and</li> <li>• factors influencing the risk of a Credit Event and the extent of losses following the occurrence of a Credit Event.</li> </ul> <p><b>Sale of Securities:</b> There can be no assurance that any amount realised from the sale of the securities held by (or on behalf of) the Issuer under the Repo Agreement will be equal to the amount otherwise payable by the Repo Counterparty as a result of the early redemption of the Notes.</p> <p><b>Replacement of the Swap Counterparty and the Repo Counterparty:</b> It is possible that the identity of the Swap Counterparty and the Repo Counterparty will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Swap Counterparty and the Repo Counterparty may also change.</p> <p><b>Payments of Commissions to the Dealer and Distributor:</b> Commission will be paid to the Dealer, out of which commission will be paid to the Distributor.</p> <p><b>Possibility of U.S. withholding tax on payments:</b> The application of U.S. withholding tax to payments by the Issuer is not clear on the date of the Prospectus, which has consequential impact on liquidity, credit, increased regulation and nationalisation and systematic risk.</p> <p><b>Recent Global Events:</b> Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.</p> <p><b>Foreign Exchange Risk:</b> Noteholders shall be exposed to foreign exchange risk of EUR and/or any other currency in respect of which Eligible Securities are denominated in against SEK.</p> <p><b>No disclosure of information; disclosure of confidential information:</b> No Class of Notes creates any obligation on the part of the Issuer or Credit Suisse International or any other person to disclose to any Noteholder any relationship or information (whether or not confidential).</p>
<b>E.2b Reasons for offer and use of proceeds when different from making profit and/or hedging certain risks</b>	<p>In consideration for the issue of the Notes by the Issuer, the Dealer will procure that (a) the Repo Counterparty will enter into the Repo Transactions with the Issuer and (b) the Swap Counterparty will enter into the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions with the Issuer.</p>
<b>E.3 Terms and conditions of offer</b>	<p><b>Offer Period</b></p> <p>Applications to subscribe for the Notes may be made during the Offer Period (from 28 October 2015 to 23 November 2015), subject to passporting of the Prospectus into Sweden.</p> <p><b>Early Closing of the Subscription of the Notes</b></p> <p>The Issuer reserves the right for any reason to close the Offer</p>

	<p>Period early.</p> <p>Any early closure of the Offer will be published on the Irish Stock Exchange's website (<a href="http://www.ise.ie">www.ise.ie</a>).</p> <p><b>Description of the application and settlement process</b></p> <p>A prospective investor should contact the Distributor (Garantum Fondkommission AB) during the Offer Period. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.</p> <p>The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash amount on or before the Issue Date or in accordance with other procedures specified by the Distributor. Allotted Notes will be delivered to a securities account of each Noteholder as soon as practicable after the Issue Date.</p> <p><b>Offer Price</b></p> <p>In respect of each Class of Notes, the Issue Price in respect of such Class <i>plus</i> a subscription fee of up to 2% of such Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Swap Counterparty.</p> <p><b>Conditions to which the offer is subject and results of the offer</b></p> <p>Offers of the Notes are conditional on their issue. The Issuer will in its sole discretion determine the final amount of Notes issued up to a limit of (i) SEK 200,000,000 in respect of the Class A Notes, (ii) SEK 200,000,000 in respect of the Class B Notes, (iii) SEK 200,000,000 in respect of the Class C Notes, (iv) SEK 200,000,000 in respect of the Class D Notes and (v) SEK 200,000,000 in respect of the Class E Notes. Notes will be allotted subject to availability in the order of receipt of investors' applications. The final Aggregate Nominal Amount of the Notes issued will be determined by the Issuer in light of prevailing market conditions, and in its sole and absolute discretion depending on the amount of Notes which have been agreed to be purchased as of 23 November 2015. The precise Aggregate Nominal Amount of Notes to be issued will be published on the Irish Stock Exchange's website (<a href="http://www.ise.ie">www.ise.ie</a>) and filed with the Central Bank.</p>
<b>E.4 Interest material to the offer including conflicts of interests</b>	<p>The total commission payable by the Issuer to the Dealer in respect of the issue of the Notes will not exceed 6.5% of the Aggregate Nominal Amount of the Notes issued. The Issuer will fund the payment of such commission using a portion of the issue proceeds. The Dealer will use such commission payable by the Issuer to pay a</p>



	<p>corresponding commission to the Distributor.</p> <p>Various potential and actual conflicts of interest may arise between the interests of the Noteholders and Credit Suisse International, in its roles as the Swap Counterparty and the Repo Counterparty, as a result of the various businesses, management, investment and other activities of Credit Suisse International in respect of itself and in relation to a Reference Entity.</p>
<b>E.7 Estimated expenses charged to the investor</b>	<p>Noteholders will be charged up to 2% of the Issue Price of the Notes by, and payable to, Garantum Fondkommission AB in its capacity as Distributor of the Notes.</p>

## RISK FACTORS

*The purchase of the Notes may involve substantial risks and is suitable only for sophisticated purchasers who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Notes or the performance of the Notes. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below, together with the risk factors set out in the Base Prospectus, represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal (including any Additional Payout Amount) or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the Base Prospectus (including the section entitled “Risk Factors” on page 18 thereof) and the detailed information set out elsewhere in this Prospectus, including, without limitation:*

- (a) the section entitled “Transaction Description”;*
- (b) the section entitled “Questions and Answers”;*
- (c) the section entitled “Description of the Company and the Compartment”;*
- (d) the section entitled “Description of the Swap Agreement and the Repo Agreement”;*
- (e) the section entitled “Description of the Credit Default Swaps and the Credit Event Provisions relating to the Credit Default Swap Transactions and the Notes”;*
- (f) the section entitled “Description of the Fund Swap”*
- (g) the section entitled “Description of the Fund”*
- (h) the section entitled “Description of the Equity Swaps”;*
- (i) the section entitled “Description of Credit Suisse International”;*
- (j) the section entitled “Description of the Reference Entity”; and*
- (k) the section entitled “Description of the Reference Obligation”,*

*and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.*

*Prospective investors must note that the potential return on the Notes is not expected to be the same across the Classes for the reasons outlined in more detail below and in the other sections of this Prospectus.*

### **Offer Period**

The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of the Notes at any time during the Offer Period. If the offer of such Notes is withdrawn, such offer will be null and void. In such case, any amounts paid by an investor to the Distributor in relation to the purchase of any Notes will be returned to such investor by the Distributor but, depending on the agreement(s) in place between the investor and the Distributor and/or the Distributor's distribution policies, interest may or may not accrue on such amounts. There may also be a time lag between the cancellation or withdrawal of the offer as applicable, and the return of any such amounts and, unless otherwise agreed with, and paid by, the Distributor, no amount will be payable to investors as compensation in respect thereof and investors may be subject to reinvestment risk.

In addition, the Issuer may close the offer of Notes early, whether or not subscriptions have reached the maximum size of the offer, by immediately suspending the acceptance of further subscription requests and by giving notice thereof. In such circumstances, the early closing of the offer will have an impact on the aggregate amount of the Notes issued and therefore may have an effect on the liquidity of the Notes.

Furthermore, in certain circumstances, the Issuer may have the right to postpone the originally designated issue date of the Notes. In the event that the issue date is so delayed, no compensation or other amount in respect of interest shall accrue and be payable in relation to the Notes, unless otherwise agreed with the Distributor and/or specified in its distribution policies, and paid by the Distributor. Investors will have the right, within a prescribed time period, to withdraw their acceptance of the offer as a result of such postponement.

### **Exposure to Credit Suisse International**

Even though the Notes are not issued by Credit Suisse International, Credit Suisse International acts as the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, as well as Disposal Agent and Calculation Agent. Exposure of Noteholders to Credit Suisse International in each of these capacities is described below and elsewhere in this Prospectus.

It is important that prospective investors are aware of the extent of the aggregate exposure to Credit Suisse International.

In the event of the insolvency of Credit Suisse International, the value of the Notes would drop significantly and an investor may lose some or, potentially, all of their investment in the Notes. In addition, in such circumstances, unless a replacement Swap Counterparty and a replacement Repo Counterparty were appointed within 30 calendar days of any such occurrence, as described in more detail below (and in respect of which no assurance can be given), the Swap Agreement and the Repo Agreement would terminate and the Notes would be subject to early redemption.

As Credit Suisse International is also the Disposal Agent, an insolvency of Credit Suisse International would be likely to cause a significant delay in the sale of any Eligible Securities delivered to the Issuer under the Repo Agreement (which may only be so sold in connection with an early redemption of the Notes as a result of the termination of the Swap Agreement and the Repo Agreement) and therefore also a significant delay in the redemption of the Notes. Such delays may potentially last for months or years and investors may never recover their investment in whole or at all.

More generally, Credit Suisse International may be subject to certain other conflicts of interest in connection with its roles under the Notes as described in more detail below.

### ***Risks relating to the business of Credit Suisse International***

Credit Suisse International is an English bank whose principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of Credit Suisse International is to provide comprehensive treasury and risk management derivative product services. It has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets.

Certain risks, including those described below, may impact the ability of Credit Suisse International to execute its strategy and may affect its business activities, financial condition, results of operations and prospects. Because the business of a bank such as Credit Suisse International is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider material could also impact its ability to execute its strategy and could affect its business activities. The sequence in the risk factors relating to banks and presented below is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences.

#### ***Regulatory and legislative changes may adversely affect business***

Fundamental changes in the laws and regulations affecting financial institutions could have a material and adverse effect on a bank's business. In the wake of the 2007-2009 financial crisis and the continuing instability in global financial markets, regulators and legislators have proposed, have adopted or are actively considering, a wide range of changes to these laws and regulations. These measures are generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions.

A number of measures have been adopted and will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there is a high level of uncertainty regarding a number of the measures, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and/or the dates of their effectiveness.

Notwithstanding attempts by regulators to co-ordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a co-ordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. The United Kingdom has adopted capital and liquidity requirements for its major international banks that are some of the strictest among the major financial centres. This could disadvantage banks incorporated in England and Wales when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

The planned and potential regulatory and legislative developments in the United Kingdom and in other jurisdictions in which a bank has operations may have a material adverse effect on its business, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on its ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on a bank's legal structure or business model. Finally, the uncertainty related to or the implementation of legislative and regulatory changes may have a negative impact on a bank's relationships with clients and its success in attracting client business.

*Performance in the financial services industry is affected by market conditions and the macro-economic climate*

The financial services industry prospers in conditions of economic growth; stable geopolitical conditions; transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or a severe financial crisis can negatively affect a bank's revenues and ultimately its capital base.

A market downturn and weak macro-economic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impacts well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macro-economic and political developments, or as a result of the failure of a major market participant. The unresolved Eurozone and US fiscal issues demonstrate that macro-economic and political developments can have unpredictable and destabilising effects.

Because banks generally have very substantial exposures to other major financial institutions, the failure of one or more of such institutions could have a material effect on any such bank.

*Operational risk may increase costs and impact revenues*

A bank's businesses are generally dependent on its ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with the requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorised, fictitious and fraudulent transactions. Operational risk management and control systems and processes are generally used to help ensure that the risks associated with a bank's activities, including those arising from process error, failed execution, fraud, systems failure, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled. If such internal controls fail or prove ineffective in identifying and remedying such risks, a bank could suffer operational failures that might result in material losses. In addition, despite any contingency plans in place, a bank's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services used by it or third parties with whom it conducts business.

*Ability to identify or capture revenue or competitive opportunities, or retain and attract qualified employees*

The financial services industry is characterised by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. Banks face competition both at the level of local markets and individual business lines, and from global financial institutions. Barriers to entry in individual markets and pricing levels are being eroded by new technology.

A bank's competitive strength and market position could also be eroded if it is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating its technology (particularly in trading businesses), or is unable to attract or retain the qualified people needed to carry them out.

*Material legal and regulatory risks arise in the conduct of business*

The nature of a bank's business subjects it to significant regulatory oversight and liability risk. Banks are generally subject to many different legal, tax and regulatory regimes and may be involved in a variety of claims, disputes, legal proceedings and/or government investigations in jurisdictions where it is active. Any such proceedings could expose it to substantial monetary damages and legal defence costs, injunctive relief and/or criminal and/or civil penalties, in addition to potential regulatory restrictions on its businesses.

A further summary of economic, regulatory and other issues relevant to banks such as Credit Suisse International, as well as to other entities, is included under "*Recent Global Events*" below.

A description of Credit Suisse International is set out under the section of this Prospectus entitled "*Description of Credit Suisse International*".

## **Nature of the Notes**

None of the Issuer, the Trustee, the Agents or Credit Suisse International or any of its affiliates makes any representation as to the performance of any Class of Notes either in absolute terms or relative to other investments. Prospective investors must note that they may lose part or, in certain circumstances, substantially all of their entire investment in the Notes and must only invest in the Notes if they fully understand the nature and risks of the Notes and also are prepared to risk such loss. Furthermore, prospective investors must note that the performance and value of one Class of Notes may vary compared to the performance and value of each other Class of Notes. The payouts relating to each Class of Notes are set out in more detail in the section of this Prospectus entitled "*Transaction Description*".

The Notes are highly complex investments and involve substantial risks. The performance of, and return under, each Class of Notes will depend on a variety of different factors (in addition to those set out in the risk factors set out in the Base Prospectus) specific to the Notes including, but not limited to:

- (a) the performance and financial condition of the Reference Entity referenced in the Credit Default Swap Transaction relating to such Class of Notes (such Reference Entity being identical across all Credit Default Swap Transactions), the Reference Obligation relating thereto and any other Obligations of such Reference Entity, each as described below and in the section entitled "*Transaction Description*", the exposure to which extends, for the purposes of these Notes, back to 27 September 2015, as described in more detail below;
- (b) in respect of the Class A Notes, the performance of the Fund referenced by the Fund Swap Transaction;
- (c) in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes the performance of the Class Equity Basket or the Equity Index, in particular (i) Equity Basket 1 (and the shares comprising Equity Basket 1) referenced by the Equity Swap Transactions in respect of the Class B Notes and the Class C Notes; (ii) the Equity Index referenced by the Equity Swap Transaction in respect of the Class D Notes and (iii) Equity Basket 2 (and the shares comprising Equity Basket 2) referenced by the Equity Swap Transaction in respect of the Class E Notes;
- (d) the performance and financial condition of Credit Suisse International, in its various capacities in respect of the Notes including, without limitation, as (i) Swap Counterparty in respect of the Swap Agreement, (ii) Repo Counterparty in respect of the Repo Agreement, (iii) Calculation Agent responsible for making calculations and determinations under the Notes and the Swap Agreement

and (iv) Disposal Agent responsible for liquidating any Eligible Securities delivered to the Issuer under the Repo Agreement (subject, in respect of its functions as Swap Counterparty, Repo Counterparty, Calculation Agent and Disposal Agent to its potential replacement as a result of the occurrence of a Replacement Event, as described in more detail below);

- (e) the performance and value of any Eligible Securities delivered to the Issuer under the Repo Agreement in connection with the Issuer's net exposure to (a) the Swap Counterparty under the Swap Agreement and (b) the Repo Counterparty under the Repo Agreement, together with the performance and financial condition of any obligor in respect of such Eligible Securities;
- (f) the performance and financial condition of any replacement Swap Counterparty, Repo Counterparty, Calculation Agent and/or Disposal Agent, from time to time, in the event that Credit Suisse International (or any replacement thereof) is ever replaced in any of such capacities as a result of the occurrence of a Replacement Event, as described in more detail below; and
- (g) any determinations made, or not made, by any Credit Derivatives Determinations Committee (a "CDDC") which relate to the Reference Entity, Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transaction relating to such Class of Notes (which determinations made or not made will be identical across all Credit Default Swap Transactions), as described in more detail below.

The occurrence of certain events or other developments occurring in respect of one, some or all of the above may have an effect on the liquidity of the Notes and may have a material adverse effect on the value of the Notes of any Class or all Classes and the value of such Notes may fall. Furthermore, the occurrence of any such events or developments may also reduce the amount payable under the Notes. If a Credit Event occurs in respect of the Reference Entity and the associated Auction Final Price or Final Price, as applicable, determining the recovery rate under the Credit Default Swap Transactions is determined to be zero, then where there is no Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Fund Swap Transaction (in the case of the Class A Notes) or the Equity Swap Transaction (in the case of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) relating to such Class, an investor in such Class will lose substantially all of their entire investment.

The Issuer's ability to meet its obligations under the Notes will also be dependent on the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Custodian performing their respective obligations under the Transaction Documents, including the making of relevant payments when received.

Accordingly, Noteholders are exposed, among other things, to the creditworthiness of (a) Credit Suisse International as Swap Counterparty, Repo Counterparty, Calculation Agent and Disposal Agent, (b) the Reference Entity, (c) the Issuing and Paying Agent and (d) the Custodian.

More detail in respect of certain risks relating to the factors outlined above, along with other risks associated with the Notes are set out below, and elsewhere in this Prospectus and in the risk factors outlined in the Base Prospectus. Accordingly, prospective investors who consider purchasing the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. Investment in the Notes may only be suitable for investors who:

- (a) have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Notes and the rights attaching to the Notes;
- (b) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (c) are acquiring the Notes for their own account (as principal and not as agent) for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control);
- (d) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all; and

- (e) are prepared to risk a loss of their entire investment in the Notes as a result of events that occur in respect of the Reference Entity that is referenced in the Credit Default Swap Transactions (along with the Reference Obligation and other Obligations relating thereto) not just from the Issue Date but from 27 September 2015.

#### **Payments of Additional Payout Amounts and postponement of scheduled maturity of the Notes**

The Additional Payout Amount (if any) payable on a Note of each Class of Notes on the Scheduled Maturity Date relating to such Class of Notes will be an amount equal to that Note's *pro rata* share of the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class of Notes.

Accordingly, the return to an investor on the Scheduled Maturity Date in such circumstances will, in part, depend on the performance of the Fund (in the case of the Class A Notes), Equity Basket 1 (in the case of the Class B Notes and the Class C Notes), the Equity Index (in the case of the Class D Notes) or Equity Basket 2 (in the case of the Class E Notes). In the event that:

- (a) due to the terms of the Fund Swap Transaction relating to the Class A Notes, no Swap Counterparty Equity Final Exchange Amount is payable to the Issuer thereunder, the Additional Payout Amount on the Class A Notes will be zero; or
- (b) due to the terms of the Equity Swap Transaction relating to the Class B Notes, no Swap Counterparty Equity Final Exchange Amount is payable to the Issuer thereunder, the Additional Payout Amount on the Class B Notes will be zero; or
- (c) due to the terms of the Equity Swap Transaction relating to the Class C Notes, no Swap Counterparty Equity Final Exchange Amount is payable to the Issuer thereunder, the Additional Payout Amount on the Class C Notes will be zero; or
- (d) due to the terms of the Equity Swap Transaction relating to the Class D Notes, no Swap Counterparty Equity Final Exchange Amount is payable to the Issuer thereunder, the Additional Payout Amount on the Class D Notes will be zero; or
- (e) due to the terms of the Equity Swap Transaction relating to the Class E Notes, no Swap Counterparty Equity Final Exchange Amount is payable to the Issuer thereunder, the Additional Payout Amount on the Class E Notes will be zero.

The performance of each of the Fund, Equity Basket 1, the Equity Index and Equity Basket 2 is expected to be different from that of the others, and by extension, this can also affect any Additional Payout Amount payable in respect of each Class of Notes (which will, in part, depend on the performance of the relevant Class Equity Basket or the Equity Index). Accordingly, investors should note that different Additional Payout Amounts may be payable in respect of different Classes of Notes and it may be the case that (i) an Additional Payout Amount may be payable in respect of the Class A Notes, but not in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, or (ii) an Additional Payout Amount may be payable in respect of the Class B Notes, but not in respect of the Class A Notes, the Class C Notes, the Class D Notes or the Class E Notes, or (iii) an Additional Payout Amount may be payable in respect of the Class C Notes but not in respect of the Class A Notes, the Class B Notes, the Class D Notes or the Class E Notes, or (iv) an Additional Payout Amount may be payable in respect of the Class D Notes but not in respect of the Class A Notes, the Class B Notes, the Class C Notes or the Class E Notes, or (v) an Additional Payout Amount may be payable in respect of the Class E Notes but not in respect of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes.

Therefore holders of a particular Class of Notes may receive less than holders of some or all of the other Classes of Notes as a result of the performance of the Fund, Equity Basket 1, the Equity Index or Equity Basket 2.

Please see, in particular, the section below in these risk factors entitled "*Certain risks relating to the Fund*" and "*Certain risks relating to the baskets of shares referenced in Equity Basket 1 and Equity Basket 2 and the Equity Index*".

## **Fund Swap Transaction**

**Investors in the Class A Notes must note that the credit-linked amount due to be payable on the Scheduled Maturity Date of such Class of Notes (funded by any amount receivable by the Issuer under the relevant Repo Transaction) is 100% of their then Outstanding Principal Amount. Investors in the Class A Notes will therefore be dependent on the performance of the Fund referenced by the Fund Swap Transaction relating to such Class of Notes for any further return on their Notes and, even in the absence of any Credit Events (which will likely have reduced the Outstanding Principal Amount), to recover an amount greater than their initial investment in the Class A Notes.**

### ***Volatility Target Mechanism risks***

Investors in the Class A Notes should note that the proportion of the underlying with an exposure to the Fund, and therefore to which any Additional Payout Amount in respect of the Class A Notes is linked (the “**Reference Portfolio**”) will be determined by a volatility target mechanism (the “**Volatility Target Mechanism**”). The proportion of the Reference Portfolio which is allocated to the Fund may be less than 100 per cent. Therefore an investment in the Class A Notes is not equivalent to an investment which is linked solely to the performance of the Fund (without the application of the Volatility Target Mechanism) or a direct investment in the Fund.

Specifically, investors in the Class A Notes should note that:

- (a) should a positive performance of the Fund coincide with a period of high volatility of the Fund, the underlying Reference Portfolio may be less than 100% notionally exposed to the Fund in rising markets, which may result in relative underperformance of the Reference Portfolio as compared to the Fund;
- (b) the Volatility Target Mechanism does not prevent negative performance of the Reference Portfolio;
- (c) as the Volatility Target Mechanism is based on the historical volatility over a certain period, it is not certain that the volatility of the Reference Portfolio is equal to the targeted volatility; and
- (d) due to the time lag in rebalancing the Reference Portfolio in order to meet the allocation determined by the Volatility Target Mechanism, the volatility of the Reference Portfolio may not meet the targeted volatility.

Investors that do not have knowledge and experience of the Volatility Target Mechanism acquired through a previous investment should receive advice before making an investment decision. All of the above factors may result in the reduction of any Additional Payout Amount in respect of the Class A Notes (potentially to zero).

### ***Exposure to the Performance of the Fund***

The Class A Notes represent an investment linked to the performance of the Fund and potential investors should note that any Additional Payout Amount in respect of the Class A Notes will depend on the performance of the Fund. The price, performance or investment return of the Fund may be subject to sudden and large unpredictable changes over time and this degree of change is known as “volatility”. The volatility of the Fund may be affected by national and international financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of the Class A Notes.

The performance of the Fund is dependent upon a number of factors, including the amount of liquidity in the international money markets, which are influenced by measures taken by governments and central banks, as well as market speculation and other macroeconomic factors.

Investors in the Class A Notes should be familiar with the behaviour of the Fund and thoroughly understand how the performance of the Fund may affect payments (or any other benefit to be received) under, or the market value of, the Class A Notes. The past performance of the Fund is not indicative of future performance. The market value of the Class A Notes may be adversely affected by a postponement of, or alternative provisions for, the valuation of the level of the Fund.



For certain reasons, including compliance for tax, regulation constraints, or fees extracted at the constituent level, the performance of any Fund component may not precisely track or replicate the performance of the relevant Fund class or the underlying of such Fund component.

### ***Fund linked Notes***

The Class A Notes are offered to investors at the relevant price and on the relevant terms on the basis that the Swap Counterparty (or any of its affiliates) can effectively and continuously hedge and manage its risks under or in connection with the Class A Notes. Therefore, the terms of the Fund Swap Transaction provide that, following the occurrence of certain events outside of the Issuer's, the Calculation Agent's and/or the Swap Counterparty's control that may result in additional risks or costs for such party, the Swap Counterparty or the Calculation Agent (as applicable) may exercise its discretion to take one of the actions available to it in order to deal with the impact of such event on the Swap Counterparty's (or any of its affiliates') hedging arrangements. Such discretions have the effect of, amongst other things, transferring the risks and costs of certain events which affect the underlying Fund and/or the Calculation Agent's and/or the Swap Counterparty's hedging arrangements from the Issuer, Calculation Agent and/or Swap Counterparty to the Noteholders of the Class A Notes. It is possible that any such discretionary determination by the Swap Counterparty could have a material adverse impact on the value of the Class A Notes and/or could result in their early redemption.

### ***Events affecting subscription or redemption***

The Class A Notes will expose investors in such Class of Notes to risks which are comparable to the risks of which a direct investor in the Fund is exposed. Any Additional Payout Amount in respect of the Class A Notes will depend on the official net asset value of the shares or units of the Fund on one or more specified dates. However, not all the risks of an investment in the Fund will be reflected in its official net asset value.

In particular, unlike an ordinary share or bond traded on a stock exchange, Fund Units are non-transferable and the subscription or redemption of Fund Units may be subject to certain restrictions, including, without limitation, the requirement to obtain the consent of the relevant Fund Manager. The subscription and redemption process to which an investor in the Fund is subject to is determined by the Fund and/or the relevant Fund Manager, and this presents additional risks to investors. An investor in Fund Units may be prevented from subscribing and redeeming such Fund Units, either at the official net asset value or at all, and the prescribed notice period, timing cut-offs and minimum/maximum amounts in respect of subscriptions and redemptions for Fund Units may be changed. There is also a risk that Fund Units cannot be subscribed for and redeemed at the official net asset value, for example, as a result of the imposition of any charge by the Fund.

The Class A Notes are offered to investors on the basis that the Issuer, the Calculation Agent and/or the Swap Counterparty will be able to fully and continuously hedge the payment obligations of the Swap Counterparty and the Issuer under the Class A Notes throughout the term of such Class of Notes. The hedging arrangements of the Swap Counterparty may include subscribing for, redeeming and holding the relevant Fund Units during the term of the Class A Notes to ensure that the Issuer's obligations under such Class of Notes are at all times matched by the Swap Counterparty's holdings of Fund Units or the Swap Counterparty entering into a financial instrument that provides a similar exposure. As a result of these hedging arrangements, the Swap Counterparty will be exposed to the risks described above and therefore the terms and conditions of the Fund Swap Transaction provide that the Calculation Agent may make certain discretionary determinations following the occurrence of any Fund Event, which will have the effect of transferring certain risks of holding such Fund Units to the Noteholders of the Class A Notes.

### ***Fee rebate arrangements***

The Class A Notes are offered to investors on the basis that a fee rebate agreement is in place at all times between the Swap Counterparty and the Fund or the Fund Manager. The termination and/or material modification of such arrangement may result in losses or increased costs to the Swap Counterparty. If such an event occurs, the Calculation Agent may make certain discretionary determinations which will have the effect of transferring the adverse financial impact on the Swap Counterparty of such event to the Noteholders of the Class A Notes. See also "*Risk Factors – Fund Adjustment Events*" and "*Risk Factors – Fund Substitution Event*" below.

### ***Events affecting the characteristics of a Fund***

The Class A Notes are offered to investors on the basis that the key characteristics of the Fund as at the Trade Date of the Fund Swap Transaction remain the same throughout the life of such Class of Notes. Such characteristics include the investment objective and strategy of the Fund, its legal structure and its accounting currency. If there is a change to any of these key characteristics of the underlying Fund, the Calculation Agent may make certain discretionary determinations which will have the effect of transferring any adverse financial impact in relation to such change from the Issuer and/or Swap Counterparty of such event to the Noteholders of the Class A Notes.

### ***Legal or governmental proceedings***

The Class A Notes are offered to investors on the basis that the underlying Fund does not become involved with any material litigation, arbitration, investigation, proceeding or regulatory or governmental action in relation to the activities of such Fund(s) or any Fund Service Provider or loses a licence or regulatory authorisation applicable to the Fund(s) or any Fund Service Provider during the term of such Class of Notes. Although these events may not affect the ability of the Swap Counterparty to subscribe and redeem Fund Units, they may affect the ability of the Swap Counterparty to hold Fund Units or may be indicative of potential issues with the ability of the Swap Counterparty to hedge the Class A Notes as described above and/or give rise to increased risk for the Swap Counterparty in relation to such hedging arrangements. If such an event occurs, the Calculation Agent may make certain discretionary determinations which will have the effect of transferring the risks of the Swap Counterparty relating to such event to Noteholders of the Class A Notes.

### ***Inclusion Conditions and Fund Events***

The Inclusion Conditions and the Fund Adjustment Events, Fund Disruption Events, Fund Substitution Events and Fund Defeasance Events have been included in the Fund Swap Transaction as part of the risk management requirements of the Swap Counterparty in relation to its hedging arrangements in relation to the Class A Notes. The exercise by the Calculation Agent (as applicable) of its discretion under the terms and conditions of the Fund Swap Transaction to take one of the actions available to it in order to deal with the impact of such events may benefit the Calculation Agent and/or Swap Counterparty by transferring the risks associated with such events to the Noteholders of the Class A Notes. This will reduce the Swap Counterparty's exposure to such risks and help it to meet its internal risk management requirements. However, the Issuer and the Calculation Agent are under no obligation to monitor compliance of the underlying Fund with the Inclusion Conditions, nor to monitor whether a Fund Event has occurred in respect of an underlying Fund. The Issuer and the Calculation Agent shall not be liable to any party or person for losses resulting from violations of the Inclusion Conditions or failure to determine a Fund Substitution Event or other event under the Class A Notes. Except as provided in the conditions of the Class A Notes, the Issuer and the Calculation Agent shall not be liable to any party or person for losses resulting from the timing of any determination in relation to Fund Events or Inclusion Conditions or any other action or inaction by the Issuer or the Calculation Agent in respect of the Class A Notes.

### ***The Fund is subject to its own unique risks***

The Fund is subject to its own unique risks and investors should review the offering documents of the Fund - including any description of risk factors - prior to making an investment decision regarding the Class A Notes.

### ***Investment strategy of the Fund***

The Fund takes positions in equities, bonds and currencies on Nordic markets. In order to manage risk and generate excess return, the Fund takes positions in index-linked derivatives and individual instruments on Nordic equity, bond and currency markets. The Fund may make investments in bonds and money market instruments issued by central governments, municipalities, housing institutions and corporations. The Fund invests in investment grade, high yield and non-rated corporate bonds. The Fund is permitted to invest in derivatives as part of its investment strategy. The allocation of investment by the Fund between equities and fixed-income securities is continuous and based on the Fund Manager's market view.

The Fund is a “special fund” in accordance with the Swedish Alternative Investment Fund Managers Act and, unlike a traditional mutual fund, the Fund may use short selling strategies in relation to equities and indices that the Fund Manager considers to be overvalued. The Fund widely utilises derivative positions (such as forward contracts), leverage strategies (such as cash loans) and short selling strategies to increase or decrease the Fund’s market exposure. As a result, even moderate changes in underlying markets may lead to risk of large changes in the value of the Fund.

Investors should understand the investment strategy of the Fund and the risks related to that strategy prior to making an investment decision regarding the Class A Notes.

More detail on the investment strategy of the Fund is contained in the prospectus and the key investor information document relating to the Fund attached to the section of this Prospectus entitled “Description of the Fund”.

***The performance of a Fund is subject to many factors***

The performance of a Fund is subject to many factors, including the Fund strategies, underlying Fund investments and the Fund Manager.

The Class A Notes that are linked to a Fund will expose investors in such Class of Notes to risks which are comparable to the risks to which a direct investor in such Fund is exposed. The Additional Payout Amount (if any) payable on the Class A Notes will depend on the official net asset value of the relevant Fund Unit on one or more specified dates. However, not all the risks of an investment in a Fund will be reflected in its official net asset value.

Funds, and any underlying Fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated.

The performance of a Fund and any underlying Fund component in which it may invest is dependent on the performance of the Fund Manager in selecting underlying Fund components and the management of the relevant underlying Fund components. No assurance can be given that such persons will succeed in meeting the investment objectives of the Fund.

No assurance can be given (i) in relation to the present or future performance of a Fund and any underlying Fund component in which it may invest, (ii) that any analytical model used by the Fund will prove to be correct or (iii) that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a Fund has or may invest will prove accurate.

The following is a summary description of certain particular risks in relation to Funds which may have an adverse effect on their performance and/or delay or reduce distribution thereunder which, in turn, could have a material adverse effect on the value and the amount and timing of payment on the Class A Notes:

- (a) *Illiquidity of fund investments:* The net asset value of a Fund will fluctuate with, among other changes, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the performance of a Fund underlying component(s). Investments by a Fund in certain underlying assets may provide limited liquidity. Interests in a Fund may be subject to certain transfer restrictions, including, without limitation, the requirement to obtain the Fund Manager's consent (which may be given or withheld in its discretion). Furthermore, the relevant Fund offering documents typically provide that interests therein may be voluntarily redeemed only on specific dates of certain calendar months, quarters or years and only if an investor has given the requisite number of days' prior notice to the Fund Manager. A Fund may also reserve the right to suspend redemption rights or make in kind distributions in the event of market disruptions. A Fund is likely to retain a portion of the redemption proceeds pending the completion of the annual audit of the financial statements of such fund, resulting in considerable delay before the full redemption proceeds are received. Such illiquidity may adversely affect the price and timing of any liquidation of a Fund investment entered into by the Swap Counterparty for the purposes of hedging that is necessary to meet the requirements of any investment guidelines or tests that the Calculation Agent may have requested. Also, limited liquidity increases the risk that the Issuer or Swap Counterparty may be unable to meet its current obligations during periods of adverse general economic conditions, and insufficient liquidity during the final

liquidation of assets of a Fund could result in the postponement of payment of amounts owing under the Class A Notes beyond the scheduled Maturity Date of such Class of Notes.

- (b) *Reliance on Trading Models:* Some of the strategies and techniques used by the Fund Manager may employ a high degree of reliance on statistical trading models developed from historical analysis of the performance or correlations of certain companies, securities, industries, countries, or markets. There can be no assurance that historical performance that is used to determine such statistical trading models will be a good indication of the future performance of a Fund. If the future performance or such correlations vary significantly from the assumptions used in such statistical models, then the Fund Manager may not achieve its intended results or investment performance.
- (c) *Diversification:* The number and diversity of investments held by a Fund may be limited, even where such Fund holds investments in other funds – particularly where such underlying funds hold similar investments or follow similar investment strategies.
- (d) *Fund leverage:* The Fund Manager may utilise leverage techniques, including the use of borrowed funds, repurchase agreements, swaps and options and other derivative transactions. While such strategies and techniques may increase the opportunity to achieve higher returns on the amounts invested, they will generally also increase the risk of loss.
- (e) *Trading limitations and frequency:* Suspensions or limits for securities listed on a public exchange could render certain strategies followed by a Fund difficult to complete or continue. The frequency of a Fund's trading may result in portfolio turnover and brokerage commissions that are greater than other investment entities of similar size.
- (f) *Valuations:* The valuation of a Fund is generally controlled by the Fund Manager. Valuations are performed in accordance with the terms and conditions governing the Fund. Such valuations may be based upon the unaudited financial records of the Fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the Fund and accounts. The Fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. Therefore, the Fund Manager and/or Fund Administrator may vary certain quotations for such investments held by the Fund in order to reflect the Fund Manager's view of the fair value of such investments. As a result, valuations may be subject to subsequent adjustments upward or downward and any uncertainty as to the valuation of the Fund assets and/or accounts may have an adverse effect on the net asset value of the Fund should the Fund Manager's views regarding valuations prove to be incorrect.
- (g) *Dependence on the expertise of key persons:* The performance of a Fund will depend greatly on the experience of the investment professionals associated with the Fund Manager. The loss of one or more of such individuals could have a material adverse effect on the performance of a Fund.
- (h) *Single fund:* Any Additional Payout Amount in respect of the Class A Notes are linked to a single fund. Therefore investors in Class A Notes have a non-diversified exposure to the performance of the Fund and the Fund Manager and its service providers.

***Determinations made by the Calculation Agent in respect of Fund Adjustment Events, Disruption Events, Fund Substitution Events or Fund Defeasance Events could have an adverse effect on the value of the Class A Notes***

**(a) Fund Adjustment Events**

Fund Adjustment Events include (1) a sub-division, consolidation or reclassification of the Fund Units, (2) a determination by the Calculation Agent that the published Fund Value of a Fund is not accurate or any transaction in respect of such Fund could not be transacted at such value or with a cash consideration in full, and to be received as regularly scheduled, (3) the inability of the Swap Counterparty to liquidate the Fund Units in accordance with the relevant subscription and redemption terms and any subsequent amendments to, (4) any event having a diluting or concentrative effect on the theoretical value of the Fund Units, (5) a material adverse change in the Fund's accounting, regulatory or tax treatment which does or would adversely affect holders of the Fund Units or the Swap Counterparty suffers or would suffer such adverse treatment as a result, (6) a

material change in any fee arrangement that is in place on the Trade Date between the Swap Counterparty and a Fund or the Fund Manager or (7) a material breach by the Fund Manager or any of its affiliates of any agreement with the Swap Counterparty that is in place on the Trade Date.

Upon determining that a Fund Adjustment Event has occurred in respect of a Fund Unit and the related Fund, the Calculation Agent has the discretion to make adjustments (without the consent of Noteholders) to the terms and conditions of the Fund Swap Transaction used to determine or derive the valuation of any amounts payable under the Class A Notes to account for such event. This could have a material adverse effect on the value of the Class A Notes and may reduce the amount(s) that would otherwise be payable under such Class of Notes.

(b) **Disruption Events**

A Disruption Event can be a Fund Disruption Event or a Market Disruption Event:

Fund Disruption Events include (1) a failure, suspension or postponement in the reporting or publishing of the Fund Value in respect of a Fund as scheduled or any event preventing the receipt of the Fund Value, (2) where the Calculation Agent reasonably determines that the published Fund Value of a Fund is not accurate or any transaction in respect of such Fund could not be transacted at such value or with a cash consideration in full, and to be received as scheduled, (3) the inability of a Hypothetical Investor to liquidate the Fund Units or any other interest received by a Fund when scheduled, (4) a postponement, suspension or failure of a Fund to make any payment in respect of the redemption of any interest in the Fund as scheduled, and (5) the Swap Counterparty is not permitted to subscribe for or redeem interests in a Fund in accordance with the relevant offering documents.

Market Disruption Events include (1) when the foreign exchange market or money market in U.S. dollars, the Settlement Currency or the Fund Currency is or are closed otherwise than for ordinary public holidays or if trading is restricted or suspended, and this would have a material impact on the ability of the Calculation Agent and/or the Calculation Agent to determine the value of the Class A Notes accurately or on the ability of the Swap Counterparty to execute a hedge in respect of such Class of Notes, and (2) where there is a breakdown of any means of communication normally used for the valuation by the Calculation Agent of the Fund Unit or if the Calculation Agent is informed, or determines, that the last reported Fund Value should not be relied upon.

If the Calculation Agent determines that a Disruption Event has occurred on a Reference Date, it may elect to (1) calculate, determine or adjust any variable in respect of the Class A Notes or make any payment using an estimate of any variable in respect of such Class of Notes, or (2) postpone any payment or calculation in respect of such Reference Date until the Disruption Event has ceased. This could have a material adverse effect on the value of the Class A Notes and may reduce the amount(s) that would otherwise be payable under such Class of Notes.

(c) **Fund Substitution Events**

Fund Substitution Events include (1) events relating to the insolvency, winding up or cessation of trading of a Fund Units, a Fund or any Fund Service Provider, (2) any litigation, arbitration, investigation, proceeding and/or regulatory or governmental action in relation to the activities of a Fund or any Fund Service Provider for reasons of any alleged wrongdoing or breach of rules which, if true, would have a material effect on the Fund Value, (3) loss of an applicable licence or regulatory authorisation necessary for the conduct of the business of a Fund or any Fund Service Provider (unless the Calculation Agent determines this to be immaterial), (4) the instigation or resolution of any legal proceedings against a Fund or any Fund Service Provider which, if successful, would have a material adverse effect on the Fund Value, (5) a material change to the legal constitution or management of a Fund, (6) a material modification of the investment objectives and strategies of a Fund, (7) a material breach of the investment objective and strategy of the Fund which has not been cured within 10 calendar days to the satisfaction of the Swap Counterparty (provided that the cure period does not apply to any third or subsequent breach), (8) the aggregate net asset value of assets managed by the Fund Manager decreases by more than the specified Fund Manager NAV Threshold since the Trade Date, (9) the accounting currency of a Fund changes, (10)

a Fund adopts series accounting or equalisation treatment such that the Swap Counterparty is not able to make a single unitised investment in a Fund Unit equivalent to the single unitised investment used in the calculation of the Fund Value unless agreed with the Swap Counterparty, (11) a material breach by the Fund Manager or any of its affiliates of any agreement with the Swap Counterparty that is in place on the Trade Date, and (12) a Fund does not comply with the specified criteria relating to liquidity, fee structure, minimum fund size and publication of the Fund Value.

A Fund Substitution Event will also occur if any of the following events in respect of a Fund Unit and the related Fund is not remedied reasonably promptly by the Fund (or within the applicable cure periods as specified) to the reasonable satisfaction of the Calculation Agent, and that, in the sole determination of the Calculation Agent, has a material effect on the ability of the Swap Counterparty to hedge its obligations in respect of the Class A Notes: (1) a mandatory redemption occurs (in whole or in part), (2) the Fund charges the Swap Counterparty a transaction fee for any subscription or redemption of its Fund Units, (3) the Swap Counterparty is unable to subscribe for or redeem Fund Units on a Fund Business Day, (4) the subscription or redemption terms in respect of the Fund provide for subscriptions or redemptions less frequently than the Subscription Frequency and Redemption Frequency or notification periods in respect of subscriptions or redemptions longer than the Subscription Notice Period and Redemption Notice Period, respectively, and settlement periods in respect of redemptions longer than the Redemption Settlement Period, or (5) the Fund suffers a material adverse change in its legal, accounting, regulatory or tax treatment that would or does adversely affect the Swap Counterparty and such change has not been cured within 30 calendar days. If the Calculation Agent determines that a Fund Substitution Event has occurred in respect of a Fund Unit and the related Fund, it may (1) waive such event, (2) substitute such Fund with one or more funds which comply with the Inclusion Conditions, (3) adjust the weighting of any one or more Fund Units, and (4) make adjustments to the terms and conditions of the Fund Swap Transaction to account for such event. This could have a material adverse effect on the value of the Class A Notes and may reduce the amount(s) that would otherwise be payable under such Class of Notes. If the Calculation Agent determines that a Fund Substitution Event has occurred in respect of a Fund Unit and the related Fund, it may (1) waive such event, (2) substitute such Fund with one or more funds which comply with the Inclusion Conditions, (3) adjust the weighting of any one or more Fund Units, and (4) make adjustments to the terms and conditions of the Fund Swap Transaction to account for such event. This could have a material adverse effect on the value of the Class A Notes and may reduce the amount(s) that would otherwise be payable under such Class of Notes.

(d) **Fund Defeasance Events**

Fund Defeasance Events include (1) where a Fund Substitution Event has occurred, the Calculation Agent declares that a substitution cannot be effected with a suitable substitute fund, (2) a Disruption Event exists and subsists at any time during the term of the Class A Notes for a consecutive number of days equal to the Maximum Days of Disruption, and (3) as a result of (aa) any adoption of, or change in, law or regulation or its interpretation, (bb) any determination of a regulatory or taxation authority applicable to the Swap Counterparty or a Fund, or (cc) the application of the Swap Counterparty's regulatory capital treatment or funding treatment of the Class A Notes or its associated hedging arrangements or any change thereto: (x) it becomes unlawful or prohibited for the Swap Counterparty to hold, purchase, sell, redeem or otherwise create, transfer or receive any interest in the Fund; (y) the cost of the hedging arrangements in respect of the Class A Notes would be materially increased; or (z) there would be a material decline in the Fund Value of a Fund.

If the Calculation Agent determines that one or more Fund Defeasance Events have occurred, it may, but is not obliged to, calculate the Unscheduled Termination Amount payable on the Maturity Date in place of the Swap Counterparty Equity Final Exchange Amount.

**Equity Swap Transactions**

**Investors in the Class B Notes, the Class C Notes or the Class D Notes must note that the credit-linked amount due to be payable on the Scheduled Maturity Date of the Class B Notes, the Class C Notes or the Class D Notes (as applicable) (funded by any amount receivable by the Issuer under the relevant**

Repo Transaction) is 100% of their then Outstanding Principal Amount. Investors in the Class B Notes, the Class C Notes or the Class D Notes (as applicable) will therefore be dependent on the performance of the relevant Class Equity Basket or the Equity Index (as applicable) referenced by the Equity Swap Transaction relating to such Class of Notes for any further return on their Notes and, even in the absence of any Credit Events (which will likely have reduced the Outstanding Principal Amount), to recover an amount greater than their initial investment in the Class B Notes, the Class C Notes or the Class D Notes (as applicable).

Investors in the Class E Notes must note that the credit-linked amount due to be payable on the Scheduled Maturity Date of the Class E Notes (funded by amounts receivable by the Issuer under the relevant Repo Transaction) is their then Outstanding Principal Amount, which will be 79% of their Outstanding Principal Amount as at the Issue Date, with annual instalment amounts being payable on the Class E Notes equal to 3% of their Outstanding Principal Amount as at the Issue Date on 4 July 2016, 4 July 2017, 4 July 2018, 4 July 2019, 6 July 2020, 5 July 2021 and 4 July 2022, in each case subject to adjustment in accordance with the Following Business Day Convention (the “Class E Instalment Amounts”). Investors will therefore be dependent on the performance of Equity Basket 2 referenced by the Equity Swap Transaction relating to the Class E Notes for any further return on their Notes and, even in the absence of any Credit Events (which will likely have reduced the Outstanding Principal Amount), to recover an amount greater than their initial investment in the Notes.

A number of market, economic, legal and regulatory and other factors may affect the performance of the shares or index of shares (as applicable) referenced in the Equity Swap Transaction relating to the relevant Class of Notes. Such factors may include, without limitation, interest rates, currency exchange rates, geographically and industrially specific economic factors linked to the geographical areas and industrial sectors of the companies to which such shares relate, sovereign credit risk and the stability of the financial system among others. Investors must not invest in any of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes unless they are able to fully understand the terms of the Equity Swap Transactions and assess the risks associated with the Equity Swap Transactions and understand that the performance of each Equity Swap Transaction and each related Class of Notes is dependent on the performance of the Class Equity Basket or the Equity Index (as applicable) referenced by the Equity Swap Transaction relating to such Class of Notes. Investors may request electronic copies of the confirmation of the Equity Swap Transactions free of charge from the Issuer and the Issuing and Paying Agent.

Credit Suisse International acts in a number of capacities in respect of, and related to, the Notes, including, as Swap Counterparty in respect of the Equity Swap Transactions. Accordingly, investors are also exposed to the credit risk of Credit Suisse International as Swap Counterparty. If Credit Suisse International were to default under its obligations under an Equity Swap Transaction as a result of insolvency, bankruptcy or for any other reason, then the value of the related Class of Notes would be significantly affected and may even fall to zero. It is also highly likely in such circumstances that an Early Redemption Event would occur in respect of the Notes. More detail regarding the exposure to Credit Suisse International in respect of the Notes is set out above and below including, without limitation, under “*Risks relating to the business of Credit Suisse International*” and “*Recent Global Events*”.

***Certain risks relating to the baskets of shares or the index referenced in Equity Basket 1, the Equity Index and Equity Basket 2***

The shares referenced in Equity Basket 1 relate to ten companies which operate in a wide variety of business areas including power and automation, construction, machinery, telecommunications, manufacturing, financial services, commercial services and retail. Each of these companies has significant operations in Europe and internationally.

The shares referenced in Equity Basket 2 relate to ten companies which operate in a wide variety of business areas including telecommunications, insurance, utilities, banking, energy, and real estate. Each of these companies has significant operations in Europe and internationally.

Accordingly, the performance of each of the companies whose shares are referenced in Equity Basket 1 or Equity Basket 2 may be significantly affected by market developments in each of the business areas in which

it operates as well as economic, political and natural developments, changes and disasters that occur in respect of the regions in which it operates. Furthermore, in connection with businesses generally, the performance of each such company is likely to be affected by macro-economic issues affecting business on a continental and global basis. Other matters, such as litigation, regulatory changes, competition, management and other issues may also have a significant effect on the performance of any company, and its shares, referenced in Equity Basket 1 or Equity Basket 2.

The Equity Index references a single index of shares, which tracks companies based in Spain. Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such index, which may include interest and price levels on the capital markets, currency developments, political factors (and in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. Furthermore, the sponsor of an index can add, delete or substitute the components of such index or make other methodological changes that could change the level of one or more components. The changing of the components of an index may affect the level of such index as a newly added component may perform significantly worse or better than the component it replaces. The sponsor of an index may also alter, discontinue or suspend calculation or dissemination of such index. The sponsor of an index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an index may take any actions in respect of such index without regard to the interests of the investor in the Notes, and any of these actions could have an adverse effect on the value of the Notes.

The Swap Counterparty Equity Final Exchange Amount receivable by the Issuer in respect of the Equity Swap Transaction relating to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (which determines the Additional Payout Amount, if any, payable in respect of the relevant Class of Notes) is determined pursuant to a formula set out in the terms of the relevant Equity Swap Transaction (as described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”). Pursuant to this formula, such Swap Counterparty Equity Final Exchange Amount in respect of each Equity Swap Transaction is significantly dependent on the aggregate average share price (determined by reference to the relevant formula) in the applicable Class Equity Basket or the aggregate average index level (determined by reference to the relevant formula) of the Equity Index on the monthly Averaging Date falling during the term of such Equity Swap Transaction being higher than the aggregate share price or index level (determined by reference to the relevant formula) as at the Initial Setting Date. Accordingly, the worse one or more shares or the index performs on one or more Averaging Date in respect of the relevant Class Equity Basket or the Equity Index, the lower the Swap Counterparty Equity Final Exchange Amount in respect of such Class Equity Basket or Equity Index (which may have the effect of reducing the Additional Payout Amount in respect of the related Class of Notes) will be and may even cause such Swap Counterparty Equity Final Exchange Amount (and related Additional Payout Amount) to be zero.

It is important to note that the average share price of each share comprised in Equity Basket 1 and Equity Basket 2 and the average index level of the Equity Index is determined by reference to the share prices or index level on a monthly basis on each Averaging Date. Accordingly, it is the official closing price of such share or the official closing level of such index on such Averaging Dates that is relevant and not the price of such share or the level of the index at any other time for the purposes of the formula applied in determining the Swap Counterparty Equity Final Exchange Amount due under the Equity Swap Transactions. Accordingly, in respect of Equity Basket 1 and Equity Basket 2, while the price of any share comprised in a particular Class Equity Basket may, on average, increase during the term of the relevant Equity Swap Transaction, this may not be reflected in the Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer. Likewise, in respect of the Equity Index, while the level of the Equity Index may increase during the term of the relevant Equity Swap Transaction, this may not be reflected in the Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer.



### ***Disruption Events in respect of the Equity Swap Transactions***

Credit Suisse International as Calculation Agent in respect of the Equity Swap Transactions relating to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes may determine that a Market Disruption Event (as defined in the 2002 Equity Derivatives Definitions published by ISDA (the “**Equity Derivatives Definitions**”) incorporated by reference in the confirmation of the relevant Equity Swap Transactions) has occurred in respect of the relevant Class Equity Basket or Equity Index on a relevant Averaging Date or Initial Setting Date. Market Disruption Events include events relating to the early closure of the relevant stock exchange, suspension or limitation of trading of any relevant share referenced or tracked in such Class Equity Basket or Equity Index or, any event that disrupts or impairs the ability of market participants to effect transactions in or obtain market values for any relevant share referenced or tracked in such Class Equity Basket. Any such determination by Credit Suisse International as Calculation Agent in respect of an Equity Swap Transaction that a Market Disruption Event has occurred, may have an adverse effect on the value of the relevant Equity Swap Transaction and may significantly delay the settlement date of such Equity Swap Transaction and, accordingly, the final payment under the relevant Equity Swap Transaction and the Maturity Date of the relevant Class of Notes.

### ***Additional Disruption Events in respect of the Equity Swap Transactions***

If Credit Suisse International as Calculation Agent under the Swap Agreement determines that, in respect of any Equity Swap Transaction, a Change in Law, Insolvency Filing (other than in respect of the Equity Swap Transaction relating to the Class D Notes), Hedging Disruption or Increased Cost of Hedging (each as defined in the Equity Derivatives Definitions) has occurred (each such event, being an “**Additional Disruption Event**” in respect of the relevant Equity Swap Transaction), it will determine (i) that such adjustments be made to the terms of the relevant Equity Swap Transaction to take account of such Additional Disruption Event or (ii) that no adjustments to the terms of the relevant Equity Swap Transaction would achieve a commercially reasonable result and as such it may deem that the Equity Swap Transaction affected by such Additional Disruption Event would be terminated. The termination of such Equity Swap Transaction will trigger the termination of the corresponding Credit Default Swap Transaction and an early redemption of the Class of Notes to which it relates.

Accordingly, the occurrence of any Additional Disruption Event may have an adverse effect on the value of the Equity Swap Transaction and the related Class of Notes. Furthermore, as a result of such adjustment in respect of the relevant Equity Swap Transaction as a result of such Additional Disruption Event, the Additional Payout Amount, if any, payable on redemption of the relevant Class of Notes may be significantly lower than if such Additional Disruption Event had not occurred and may even be zero. Such Additional Disruption Event could also delay the settlement date of the relevant Equity Swap Transaction and, accordingly, the final payment under the Equity Swap Transaction and the Maturity Date of the Notes.

### ***Further Adjustments in respect of the Equity Swap Transactions***

Pursuant to the terms of the Equity Swap Transaction relating to the Class B Notes, the Equity Swap Transaction relating to the Class C Notes and the Equity Swap Transaction relating to the Class E Notes, Extraordinary Events in respect of the shares referenced in the Class Equity Basket or the Equity Index (including merger events, tender offers, de-listing events, nationalisation and insolvency), as well as certain Potential Adjustment Events, may occur. If Credit Suisse International, as Calculation Agent in respect of the Equity Swap Transaction referencing the relevant Class Equity Basket or the Equity Index determines that any such event has occurred, the relevant Equity Swap Transaction may be terminated, or it may make such adjustments to the terms of the relevant Equity Swap Transaction, including in connection with the shares referenced therein and any calculations or determinations made, or to be made, in connection with amounts payable in respect of such Equity Swap Transaction to account for such event.

Pursuant to the terms of the Equity Swap Transaction relating to the Class D Notes, Index Adjustment Events in respect of the Equity Index (including index modification, index cancellation and index disruption), as well as certain Potential Adjustment Events, may occur. If Credit Suisse International as Calculation Agent in respect of the Equity Swap Transaction referencing the Equity Index determines that any such event has occurred, the Equity Swap Transaction relating to the Class D Notes may be terminated or it may make such adjustments to the terms of the Equity Swap Transaction relating to the Class D Notes, including in

connection with the index referenced therein and any calculations or determinations made, or to be made, in connection with amounts payable in respect of such Equity Swap Transaction to account for such event.

In respect of Extraordinary Events and Index Adjustment Events, if Credit Suisse International as Calculation Agent in respect of the Equity Swap Transaction referencing such relevant Class Equity Basket or the Equity Index determines that no adjustments to the terms of the relevant Equity Swap Transaction would achieve a commercially reasonable result, then it may deem that the Equity Swap Transaction affected would be terminated. The termination of such Equity Swap Transaction will trigger the termination of the corresponding Credit Default Swap Transaction and an early redemption of the Class of Notes to which it relates.

Accordingly, any such events may have a significant, negative effect on the value of the Equity Swap Transactions and may reduce any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction and the Additional Payout Amount payable on the relevant Class of Notes.

### **The Credit Default Swap Transactions**

Each Class of Notes is credit-linked as a result of the Credit Default Swap Transaction relating to such Class of Notes. The terms of the Credit Default Swap Transactions relating to each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes shall be identical save for (a) the Class Notional Amount which, in respect of each Credit Default Swap Transaction, shall be equal to the Outstanding Principal Amount of such Class and (b) the Class Redemption Factor. The terms of Credit Default Swap Transaction relating to the Class E Notes shall be identical to those of each other Class save for (a) the Class Notional Amount which, in respect of each Credit Default Swap Transaction, shall be equal to the Outstanding Principal Amount of such Class, (b) the Class Redemption Factor, and (c) (i) the initial exchange amount payable by the Issuer to the Swap Counterparty, which shall be equal to the remaining issue proceeds of the Class E Notes not paid as purchase price under the Repo Transaction relating to the Class E Notes, (ii) the interim exchange amounts payable by the Swap Counterparty to the Issuer to fund the Class E Instalment Amounts payable by the Issuer to Noteholders in respect of the Class E Notes and (iii) the interim exchange amount payable by the Swap Counterparty to the Issuer following a Credit Event to fund payments on the Class E Notes.

Prospective investors should note that the Credit Default Swap Transactions (and the related Repo Transactions) are complex and bespoke transactions. An investment in the Notes is only suitable for investors who are familiar with credit derivatives. Investors must not invest in any of the Notes unless they are able to fully understand the terms of the Credit Default Swap Transactions (and the related Repo Transactions) and assess the risks associated with the Credit Default Swap Transactions (and the related Repo Transactions). Investors may request electronic copies of the confirmation of the Credit Default Swap Transactions (and the related Repo Transactions) free of charge from the Issuer and the Issuing and Paying Agent.

In particular, although the confirmation in respect of the Credit Default Swap Transactions incorporates by reference the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), the Credit Default Swap Transactions are bespoke transactions which may differ in significant respects from other credit derivative transactions.

Prospective investors should note that, irrespective as to the occurrence of a Credit Event in respect of the Reference Entity, as described below and elsewhere in this Prospectus, if the Swap Agreement and the Repo Agreement terminate early in connection with, or which results in, an Early Redemption Event, the amount payable to the Noteholders will principally depend on the net amount payable, if any, by the Swap Counterparty and the Repo Counterparty to the Issuer as a result of such termination. This, in turn, will depend on the value of the Fund Swap Transaction, the Equity Swap Transactions, the Credit Default Swap Transactions and the Repo Transactions at such time, as determined in the manner set out in the Swap Agreement and the Repo Agreement. While it is anticipated that the aggregate value of the Fund Swap Transaction, the Equity Swap Transactions, the Credit Default Swap Transactions and the Repo Transactions will be in favour of the Issuer, there can be no assurance what such value may be. Such value may be affected by a wide variety of factors, including, without limitation, the market value of the Fund Swap

Transaction or the Equity Swap Transaction relating to the relevant Class (as applicable), the level of credit spreads on the Reference Entity referenced in the Credit Default Swap Transactions, the specific terms of the Equity Swap Transactions, the Credit Default Swap Transactions and the Repo Transactions and the willingness and/or ability of participants in the credit derivatives market to provide quotations for entering into transactions such as the Credit Default Swap Transactions, as well as broader economic, political and other factors. Accordingly, upon the occurrence of an Early Redemption Event in respect of the Notes, investors may lose their entire investment in the Notes.

***The Reference Entity and the Reference Obligation and other Obligations***

Noteholders of each Class will be exposed to the credit and insolvency risk of the Reference Entity (as the same may change prior to the Issue Date as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) and also to failures to make payment and restructurings in respect of any Obligations of the Reference Entity and not just to the Reference Obligation of the Reference Entity. Noteholders of each Class will be exposed to such risk with respect to the Reference Entity for the period from and including the Successor Backstop Date (or, in the case of a “Universal Successor”, 1 January 2014) to the Issue Date as well as after the Issue Date.

The Reference Entity referenced in each Credit Default Swap Transaction as at the Issue Date will be identical across the Credit Default Swap Transactions for all Classes of Notes and is described in the section of this Prospectus entitled “*Description of the Reference Entity*”, as the same may change prior to the Issue Date as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below.

**Prospective investors must note that none of Credit Suisse International (in any capacity), the Issuer, the Trustee, any Agent or the Distributor is under any obligation to monitor whether or not a Credit Event or Credit Event Resolution Request Date has occurred in respect of the Reference Entity or any responsibility for monitoring any other developments, announcements or publications relating to the Reference Entity and shall have no liability or responsibility to any Noteholder or any other person in the event of the occurrence of any Credit Event or Credit Event Resolution Request Date in respect of the Reference Entity. Furthermore, none of the Issuer, Credit Suisse International, the Trustee nor any Agent, in any capacity, shall have any liability to any Noteholder in respect of any loss suffered as a result of the Reference Entity included in the Credit Default Swap Transactions.**

**None of the Issuer, Credit Suisse International, the Trustee nor any Agent shall provide any information in respect of the Reference Entity to any prospective investor save for the information provided in this Prospectus. Further information in respect of the Reference Entity may be available from publicly available sources, including, without limitation, from the websites of the stock exchanges on which the Reference Entity has securities listed (including those websites set out in the section of this Prospectus entitled “*Description of the Reference Entity*”).**

As a result of a Credit Event occurring in respect of the Reference Entity prior to the Issue Date (as well as after the Issue Date), it is possible that an investor’s investment in the Notes may be reduced to zero. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) is a bank with significant operations in Asia and across the globe including in Europe, North America and South America.

The banking industry generally has been, and continues to be, subject to significant volatility due to the economic crisis that commenced during mid-2007. Banks are exposed to a number of international factors which may have a materially adverse effect on their financial performance including, without limitation, the factors set out under the heading “*Risks relating to the business of Credit Suisse International*” above.

As indicated, these factors and those events outlined in “*Recent Global Events*” below as well as other factors may affect (i) the probability of a Credit Event occurring in respect of the Reference Entity,

Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transactions, (ii) the probability of one or more successor Reference Entities being determined in respect of the Reference Entity referenced in the Credit Default Swap Transactions and/or the value of the Credit Default Swap Transactions. Accordingly, investors may suffer a loss of some or all of their investment on the relevant Class(es) of Notes in which they invested as a result of a Credit Event occurring under the Credit Default Swap Transactions or, in the case of an early redemption of the Notes following an Early Redemption Event (including following the occurrence of an Event of Default in respect of the Notes), a reduction in the value in favour of the Issuer (or potentially even the value being in favour of the Swap Counterparty) of the Credit Default Swap Transactions.

***The Reference Entity may change as a result of the determination of a successor Reference Entity***

Prospective investors should note that the Reference Entity to which the Notes are referenced through each of the Credit Default Swap Transactions may change from time to time following the occurrence of certain corporate events relating to a Reference Entity, such as a merger of the Reference Entity with another entity, a transfer of assets or liabilities by the Reference Entity or other similar events in which an entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. ISDA may publicly announce that a CDDC has resolved to treat a different entity or entities as the successor(s) to such original entity. If Credit Suisse International as the Calculation Agent in respect of the Credit Default Swap Transactions determines that such CDDC resolution would apply for purposes of the Credit Default Swap Transactions, then the identity of the Reference Entity will be amended accordingly and Noteholders will be exposed to the credit risk of such successor Reference Entity in place of the original Reference Entity. Accordingly, the Issuer, the Swap Counterparty and the Noteholders will be bound by any such determination of the relevant CDDC, whether or not their views may differ from that of the relevant CDDC. Alternatively, absent a resolution of the CDDC, Credit Suisse International as the Calculation Agent in respect of the Credit Default Swap Transactions may, but will not be obliged to, make a determination that a different entity has become successor to the original Reference Entity. The effect of such amendment may be a material increase in the risk associated with an investment in the Notes, for example where the successor Reference Entity is more indebted than the original Reference Entity or is exposed to different business risks.

If a Reference Entity is determined to have more than one successor entity, then Noteholders will be exposed to the creditworthiness of multiple Reference Entities instead of, or in addition to, the original Reference Entity. The effect may be to materially increase the likelihood of a loss of principal under the Notes as a result of a Credit Event occurring with respect to a number of Reference Entities rather than just one Reference Entity. If more than one successor Reference Entity is determined, the Class Notional Amount of each Credit Default Swap Transaction allocated to any remaining Reference Entity, including each new successor Reference Entity, shall be adjusted to reflect the inclusion of such new successor Reference Entity.

Any such determination may increase the likelihood of a Credit Event occurring and accordingly increase the possibility of investors suffering a loss, potentially of their entire investment, on the Notes.

Furthermore, it is possible that one or more successor Reference Entities may have been determined with respect to a Reference Entity prior to the Issue Date of the Notes, as described below. To such extent, the Reference Entity referenced in the Credit Default Swap Transactions may not comprise the Reference Entity described in this Prospectus.

***Credit Event and Successor Backstop Dates***

Prospective investors should note that, in respect of each Class of Notes, the exposure to the risks associated with the Reference Entity referenced in the related Credit Default Swap Transaction includes exposure in the period from and including 27 September 2015 (being the Credit Event Backstop Date) to the Issue Date. As a result, the aggregate amount payable in respect of each Class of Notes (save for any amount payable on such Notes linked to the performance of the relevant Class Equity Basket or the Equity Index) will be reduced, potentially to zero as described below, as a result of occurrence of a Credit Event notwithstanding that the relevant Credit Event, or the events leading thereto, occurred prior to the Issue Date of the Notes.

Similarly, with respect to whether there is a successor Reference Entity, the look-back period runs from 28 August 2015 (being the Successor Backstop Date) (or, in the case of a “Universal Successor”, on or after 1 January 2014) and it is therefore possible that the Notes could be affected by one or more successions that

take place prior to the Issue Date and, accordingly, may increase the risk of loss to investors notwithstanding that the relevant succession occurred prior to the Issue Date of the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to an entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of a non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the succession occurred on or after a single lookback date of 1 January 2014.

***No representations; no guarantee of performance***

None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) has made or will make any representation whatsoever with respect to the Reference Entity referenced in the Credit Default Swap Transactions or any of their obligations (including the Reference Obligation) on which any Noteholder is relying or is entitled to rely. None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) is responsible for the Reference Entity’s public disclosure of information.

There is no guarantee, protection or assurance for investors in the Notes in respect of the credit or performance of the Reference Entity referenced in the Credit Default Swap Transactions or any of its obligations or those of any entity whose obligations may be guaranteed by the Reference Entity (an “**Underlying Obligor**”). Credit Suisse makes no representation as to the performance of the Notes either in absolute terms or relative to other investments.

***Payments under the Credit Default Swap Transactions, the Repo Transactions and allocation of losses following a Credit Event***

In consideration for the issue of the Notes by the Issuer, the Dealer will procure that on the Issue Date, (a) the Swap Counterparty enters into each Credit Default Swap Transaction and (b) the Repo Counterparty enters into each Repo Transaction, in each case with the Issuer. In respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, on the Issue Date, the Issuer will pay to the Repo Counterparty an amount equal to the issue proceeds of each such Class of Notes to purchase Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of each such Class of Notes as at the Issue Date under the related Repo Transaction. In respect of the Class E Notes, on the Issue Date, the Issuer will pay to the Repo Counterparty an amount equal to 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date as purchase price. In return, the Repo Counterparty will deliver to the Custodian Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date. In addition, under the Credit Default Swap Transaction relating to the Class E Notes, the Issuer shall pay an initial exchange amount to the Swap Counterparty equal to the remaining issue proceeds of the Class E Notes not paid as purchase price under the Repo Transaction relating to the Class E Notes.

Under the terms of the Credit Default Swap Transaction relating to each Class of Notes:

- (a) the Class Notional Amount of such Credit Default Swap Transaction will be equal to the Outstanding Principal Amount of the Class of Notes to which such Credit Default Swap Transaction relates (such amount, in respect of the Class E Notes only, being reduced following payments of the Class E Instalment Amounts);
- (b) if a Credit Event occurs in respect of the Reference Entity referenced in such Credit Default Swap Transaction and an Event Determination Date is determined:
  - (i) the Issuer will be required to pay to the Swap Counterparty an Issuer Cash Settlement Amount on the date falling 5 Reference Business Days after the latest date on which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price is determined in respect of the Reference Entity (the “**Issuer Cash Settlement Date**”);
  - (ii) in respect of the Class E Notes only, the Swap Counterparty will be required to pay to the Issuer a Swap Counterparty Additional Interim Exchange Amount on the Issuer Cash Settlement Date;

- (iii) under the related Repo Transaction, a repurchase date (such date, a “**Partial Repurchase Date**”) will occur on the Issuer Cash Settlement Date. On such Partial Repurchase Date, the Repo Counterparty will pay to the Issuer an amount which reflects, among other things, the Reference Entity Notional Amount of the Reference Entity in respect of which the Credit Event has occurred (such amount, in respect of the Class E Notes only, being reduced following payments of the Class E Instalment Amounts) (such amount, a “**Partial Repurchase Price**”). In return the Issuer will deliver to the Repo Counterparty the relevant equivalent Eligible Securities;
  - (iv) the obligations of the Issuer and the Repo Counterparty to make payments of the Issuer Cash Settlement Amount and the Partial Repurchase Price and, in respect of the Class E Notes only, the obligation of the Swap Counterparty to make payment of the Swap Counterparty Additional Interim Exchange Amount, will be automatically satisfied and will be replaced by an obligation on the Repo Counterparty to pay to the Issuer on the Partial Repurchase Date an amount (such amount, a “**Credit Suisse Net Settlement Amount**”) equal to the product of (A) the Reference Entity Notional Amount of the Reference Entity in respect of which the Credit Event has occurred, (B) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event and (C) the Class Redemption Factor (expected to be between (i) 70% and 98% in respect of the Class A Notes and (ii) 70% and 95% in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes);
  - (iv) on the date falling 2 Reference Business Days after the Partial Repurchase Date (the “**Credit Event Instalment Date**”), in respect of each Note of such Class, the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Credit Suisse Net Settlement Amount (the “**Credit Event Instalment Amount**”) to the Noteholder (which may occur before or after the Scheduled Maturity Date); and
  - (v) the Class Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Reference Entity Notional Amount in respect of the Reference Entity as at the relevant Issuer Cash Settlement Date;
- (c) on the Reference Business Day immediately preceding the Scheduled Maturity Date of the Class of Notes to which such Credit Default Swap Transaction and Repo Transaction relate (such date, the “**Repurchase Date**”), the Repo Counterparty will pay to the Issuer an amount equal to the then outstanding Class Notional Amount of the related Credit Default Swap Transaction (such amount, the “**Repurchase Price**”); provided that if the termination date of the relevant Credit Default Swap Transaction has been extended beyond the applicable Repurchase Date as a result of the Issuer Cash Settlement Amount being due and payable after the Repurchase Date or an Unsettled Credit Event being determined as at the Credit Event Observation Period End Date (expected to be the Reference Business Day immediately prior to the Scheduled Maturity Date) in each case in respect of a Reference Entity, the Repurchase Price will be calculated on the basis that the Class Notional Amount is reduced by such Reference Entity Notional Amount of the Reference Entity to which such event relates (and may be zero). On the Scheduled Maturity Date, in respect of each Note of such Class the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Repurchase Price (if any) to the Noteholder; and
- (d) following the determination of an Unsettled Credit Event as at the Credit Event Observation Period End Date, if it is determined that no Credit Event has occurred in respect of the Reference Entity, on the date immediately following the date of such determination (such date, the “**Additional Repurchase Date**”), the Repo Counterparty will pay to the Issuer an amount equal to the Reference Entity Notional Amount in respect of such Reference Entity (the “**Additional Repurchase Price**”). On the date falling 2 Reference Business Days after the Additional Repurchase Date (the “**Unsettled Credit Event Instalment Date**”), in respect of each Note of such Class, the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Additional Repurchase Price (the “**Unsettled Credit Event Instalment Amount**”) to the Noteholder. However, if it is determined that a Credit Event has occurred (or, where applicable, the Auction Final Price or the Final Price has

been determined) in respect of the Reference Entity, the Repo Counterparty will pay the Credit Suisse Net Settlement Amount in respect of such Reference Entity on the related Partial Repurchase Date and, in respect of each Note of such Class, the Issuer will pay the Credit Event Instalment Amount on the related Credit Event Instalment Date.

The determination and payment of the amounts referred to above are described in more detail in the section of this Prospectus entitled “*Transaction Description*”.

For the avoidance of doubt, any Credit Suisse Net Settlement Amount and Credit Event Instalment Amount in respect of the Class E Notes shall be reduced by reference to the aggregate Class E Instalment Amounts paid in respect of the Class E Notes prior to the Partial Repurchase Date. Where a Credit Event has occurred and the Class Notional Amount of the Credit Default Swap Transaction in respect of the Class E Notes has been reduced to zero, no further Class E Instalment Amounts shall be payable on the Class E Notes.

Investors may suffer significant losses on their investment as a result of the occurrence of a Credit Event occurring in respect of the Reference Entity referenced in the Credit Default Swap Transactions.

***Extension of the Maturity Date of the Notes as a result of Unsettled Credit Events***

It follows from the above description of payments under the Credit Default Swap Transactions and the Repo Transactions and allocation of losses following a Credit Event that the termination date of the Credit Default Swap Transactions may extend beyond the Repurchase Date of the related Repo Transactions and, accordingly, the final maturity date of the Notes may be extended beyond the Scheduled Maturity Date. Such occurrence may arise where the Issuer Cash Settlement Amount is due and payable after the Repurchase Date of such related Repo Transaction or where an Unsettled Credit Event is determined as at the Credit Event Observation Period End Date. Unsettled Credit Events will arise, in summary, where:

- (a) one or more Credit Events have occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the Calculation Agent under the Credit Default Swap Transactions (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) on or prior to the Credit Event Observation Period End Date.

In the event that there is an Unsettled Credit Event under a Credit Default Swap Transaction relating to a Class of Notes, the Repurchase Price payable by the Repo Counterparty to the Issuer under the related Repo Transaction will be equal to the Class Notional Amount *minus* the Reference Entity Notional Amount of the Reference Entity to which such Unsettled Credit Event relates (such amount may be zero).

Following the determination of the Unsettled Credit Event, in respect of the Reference Entity:

- (a) if it is determined that no Credit Event has occurred, the Repo Counterparty will pay the Additional Repurchase Price to the Issuer on the related Additional Repurchase Date under the related Repo Transaction. The Issuer will then pay the Unsettled Credit Event Instalment Amount in respect of each Note of such Class on the related Unsettled Credit Event Instalment Date occurring on or after the Scheduled Maturity Date; and
- (b) if it is determined that a Credit Event has occurred (or the Auction Final Price or the Final Price has been determined), the Repo Counterparty will pay the Credit Suisse Net Settlement Amount to the Issuer on the related Partial Repurchase Date under the related Repo Transaction. The Issuer will then pay the Credit Event Instalment Amount in respect of each Note of such Class on the Credit Event Instalment Date occurring on or after the Scheduled Maturity Date.

Accordingly, prospective investors must note that in the event that there is any Unsettled Credit Event under each Credit Default Swap Transaction as at the Credit Event Observation Period End Date, the final redemption date of the Notes of each Class may be significantly postponed and Noteholders of such Class will not receive the full amount due to them (if at all) until a significant time after the Scheduled Maturity Date. In such circumstances, the value of the Notes of each Class may be significantly reduced, and may

even be zero. Furthermore, to the extent that any secondary market for the Notes existed, any liquidity provided by such secondary market may be significantly reduced and Noteholders may not be able to sell their Notes or realise any value for them.

#### ***Suspension of payment of Class E Instalment Amounts as a result of Unsettled Credit Events***

If there is an Unsettled Credit Event (as described above) under the Credit Default Swap Transaction relating to the Class E Notes as at the Reference Business Day immediately preceding a Class E Instalment Date, the payment of any Class E Instalment Amount which may be, or may become, due by the Issuer to Noteholders in respect of the Class E Notes will be suspended.

Such suspension will continue until it is determined that a Credit Event has occurred or a Credit Event has not occurred.

The Calculation Agent shall, as soon as reasonably practicable, notify the Issuing and Paying Agent of any suspensions of payment of Class E Instalment Amounts pursuant to an Unsettled Credit Event.

Where a Credit Event has occurred, the same process as set out under “*Payments under the Credit Default Swap Transactions, the Repo Transactions and allocation of losses following a Credit Event*” above will be followed.

Where it is determined that no Credit Event has occurred, the Class E Instalment Amount that would otherwise have been payable on the relevant Class E Instalment Date shall be due on the second Reference Business Day following the date of such determination. Noteholders of the Class E Notes shall not be entitled to a further payment as a consequence of the fact that such payment of such principal or interest is postponed.

It is therefore possible that in the event that there is such an Unsettled Credit Event under the Credit Default Swap Transaction relating to the Class E Notes, the payment of a Class E Instalment Amount may be significantly postponed, and Noteholders of Class E Notes will not receive the amount due to them (if at all) until a significant time after the Class E Instalment Date. Furthermore, to the extent that any secondary market for the Class E Notes existed, any liquidity provided by such secondary market may be significantly reduced and Noteholders may not be able to sell their Notes or realise any value for them.

#### ***Conflicts of interest relating to Credit Suisse and the Credit Default Swap Transactions***

As described above and elsewhere in this Prospectus, under the Credit Default Swap Transactions, the Issuer is selling credit protection to Credit Suisse International in its capacity as Swap Counterparty. As a result of such transactions, Credit Suisse International and the Issuer will have a direct conflict of interest, since the occurrence of a Credit Event and related Event Determination Date will reduce the aggregate amounts payable to investors under the Notes, including at maturity. Credit Suisse International may retain the credit protection sold to it by the Issuer for its own proprietary investment purposes or to hedge its risk unrelated to the Notes or it may sell such protection to third parties. Sales of credit protection may be made to one or more third parties.

Credit Suisse International may deal in the obligations of the Reference Entity and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Reference Entity, an Underlying Obligor or any affiliate of the Reference Entity or an Underlying Obligor, or any other person or entity having obligations relating to the Reference Entity or an Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on the Reference Entity, an Underlying Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

Following the Issue Date, Credit Suisse International may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity, an Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to a Noteholder, and the Notes do not create any obligation on the part of Credit Suisse International to disclose to any Noteholder any such relationship or information (whether or not confidential).



Credit Suisse International is also a voting member on each of the CDDCs and may take certain actions that may influence the process and outcome of decisions of the CDDCs. Such actions may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to Credit Suisse International under the Swap Agreement or otherwise. In taking any action relating to a CDDC or performing any duty under the rules published by ISDA that govern such a CDDC (the “**DC Rules**”), Credit Suisse International shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising in respect of the Notes.

To the extent that Credit Suisse International is replaced as Swap Counterparty, the above conflicts of interest may no longer be applicable. However, similar conflicts of interest and/or additional conflicts of interest may be applicable in respect of the relevant replacement Swap Counterparty.

#### ***Reference Entity not liable for the Notes***

The Reference Entity is not involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. The Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for each Class of Notes is paid to the Issuer and a portion of it is paid to Credit Suisse International under the Repo Transaction relating to such Class of Notes as described above and elsewhere in this Prospectus. However, no portion of such issue proceeds is paid to the Reference Entity, and the Notes do not represent a direct investment in any Obligation of the Reference Entity or otherwise give the Noteholders any rights in the debt obligations or any other securities of the Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt obligations or other securities of the Reference Entity may have.

#### ***Factors influencing the risk of a Credit Event***

The likelihood of a Credit Event occurring in respect of the Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in particular industry and changes in prevailing interest rates. Some factors influencing the risk of Credit Events are described above and elsewhere in this Prospectus.

#### ***Factors influencing the extent of losses following the occurrence of a Credit Event***

The Auction Final Price or Final Price (in circumstances where there is no Auction Final Price) in respect of the Reference Entity (where a Credit Event and resulting Event Determination Date has occurred) will be determined by the valuation of the Reference Obligation, or other obligations, of the Reference Entity (together, as used in these Risk Factors, “**Valuation Obligations**”). Such valuations will be a key factor determining the extent to which losses are suffered by Noteholders as a result of any Credit Event occurring in respect of the Reference Entity under the Credit Default Swap Transactions.

Such Valuation Obligations may have no, or only a limited, trading market. The liquidity of Valuation Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, the conditions of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Reference Entity. Some or all of the Valuation Obligations may also be subject to restrictions on transfer and may be considered illiquid. If an Event Determination Date occurs in respect of the Reference Entity, any resulting reduction in market value of the related Valuation Obligations could be further magnified by reason of such limited liquidity for those Valuation Obligations.

Any quotations used in the calculation of the Final Price (where an Auction Final Price is not applicable and the Fallback Settlement Method applies as a result) may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The obligations selected for valuation following a Credit Event may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of such Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will increase the Issuer Cash Settlement Amount determined in respect of each Class of Notes and decrease the amount actually payable in redemption of such Class of Notes as a result of such Credit Event.

Following an Event Determination Date, if the Fallback Settlement Method applies, the Swap Counterparty is entitled to select an obligation of the Reference Entity for valuation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation. It is likely that the obligations selected in these scenarios will be obligations of the Reference Entity with the lowest market value that satisfies such specification and limits for qualification as a Reference Obligation. This could result in a lower recovery value of the Reference Obligation and hence, greater losses for investors of the Notes than would otherwise be the case.

Where an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, available on ISDA's website at [www.isda.org](http://www.isda.org) (or any successor website thereto). Prospective investors should note that the relevant CDDC has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from time to time and available on ISDA's website at [www.isda.org](http://www.isda.org) (or any successor website thereto). Consequently, Credit Suisse International, the Issuer and the Noteholders will be bound by any such relevant decisions.

#### ***Risks relating to asset package delivery***

The 2014 ISDA Credit Derivatives Definitions published by ISDA introduced the concept of asset package delivery. In circumstances where “Financial Reference Entity Terms” and “Governmental Intervention” applies in respect of a Reference Entity and there is (i) a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond.

If the resulting asset package is deemed to be zero where there are no resulting assets, the related credit loss will be 100 per cent. notwithstanding the recovery value on any other obligations of the Reference Entity.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the CDDC.

#### ***Noteholders will not be able to refer questions to the CDDCs***

Noteholders, in their capacity as holders of the Notes, will not have the ability to refer questions to a CDDC. As a result, Noteholders will be dependent on other market participants to refer specific questions to the CDDCs that may be relevant to the Noteholders. Credit Suisse International, in any capacity, has no duty to the Noteholders to refer specific questions to the CDDCs.

#### ***Noteholders will have no role in the composition of the CDDCs***

Separate criteria will apply to the selection of dealer and non-dealer institutions to serve on the CDDCs, and Noteholders will have no role in establishing such criteria. In addition, the composition of the CDDCs will change from time to time in accordance with the DC Rules, as the term of a member institution may expire or a member institution may be required to be replaced. Noteholders will have no control over the process for selecting institutions to participate on the CDDCs and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the DC Rules.

#### ***Noteholders will have no recourse against either the institutions serving on the CDDCs or the external reviewers***

Institutions serving on the CDDCs and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the DC Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the member institutions of the CDDCs from time to time will not owe any duty to the Noteholders, and the Noteholders will be prevented from pursuing legal claims with respect to actions taken by such member institutions under the DC Rules.

Noteholders should also be aware that member institutions of the CDDCs have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the CDDCs are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

***Noteholders will be responsible for obtaining information relating to deliberations of the CDDCs***

Notices of questions referred to the CDDCs, meetings convened to deliberate such questions and the results of binding votes of the CDDCs will be published on the website of ISDA and none of the Issuer or Credit Suisse International, in any capacity, shall be obliged to inform Noteholders of such information, other than as expressly provided in the terms of the Notes. Any failure by Noteholders to be aware of information relating to determinations of a CDDC will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

***Correlation between the Reference Entity and Credit Suisse International***

As the Reference Entity and Credit Suisse International are both banks, there is likely to be a high correlation between defaults by Credit Suisse International in any of its capacities in respect of the Notes (including, without limitation as Swap Counterparty) and the occurrence of a Credit Event in respect of the Credit Default Swap Transactions. Accordingly, Noteholders may suffer greater losses (and may be more likely to suffer losses) as a result of such correlation than they may otherwise have done had the Reference Entity not operated in the same industry as Credit Suisse International.

***Idiosyncratic Risk, Recovery Rates***

Individual or unsystematic risks pertaining to the Reference Entity could lead to an increase in the likelihood of a Credit Event occurring in relation to the Reference Entity.

Recovery rates for Reference Entities that have suffered Credit Events can and do vary, often widely, from entity to entity, even where such entities operate in the same industry, and from time to time. Lower recovery rates means that losses suffered by Noteholders will be higher. Higher default rates are correlated with lower recovery rates.

Furthermore, the occurrence of a Credit Event under the Credit Default Swap Transactions and the recovery rates for the obligations of the Reference Entity in respect of which such Credit Event occurs may be subject to the operation of bankruptcy or other insolvency laws in the jurisdiction applicable to the Reference Entity.

***No requirement for exposure to the Reference Entity***

Notwithstanding the above, the performance of the Notes is not conditional upon the Swap Counterparty sustaining or being exposed to any risk or loss and the rights and obligations of the Swap Counterparty in respect of the Credit Default Swap Transactions are not, at any time, dependent upon the Swap Counterparty owning or having any legal, equitable or other interest in, or indirect exposure to, the Reference Entity referenced in the Credit Default Swap Transactions from time to time, nor shall the Swap Counterparty have any obligation to purchase or hold the Reference Entity's obligations at any time.

***The Repo Transactions***

***Risks relating to the Repo Counterparty and Repo Agreement***

The ability of the Issuer to meet its obligations under the Notes will, among other things, depend on the receipt by it of payments under the Repo Agreement (if any). Consequently, the Issuer is exposed to the ability of the Repo Counterparty to perform its obligations under the Repo Agreement. Default by the Repo Counterparty may result in the termination of the Repo Agreement and, in such circumstance, any amount due to the Issuer upon such termination may not be paid in full.

Following the entry into the Repo Agreement, the Repo Counterparty will be required to deliver the relevant Eligible Securities to the Custodian within 3 Reference Business Days of the Issue Date. Prior to the delivery of such Eligible Securities by the Repo Counterparty, the underlying assets for the Notes will only comprise the Issuer's rights under the Swap Agreement and the Repo Agreement.

If upon the termination of the Repo Agreement an amount is payable by the Repo Counterparty to the Issuer (for the avoidance of doubt, taking into account and including any collateral posted by the relevant party

pursuant to the terms of the Repo Agreement and any requirement to re-transfer such collateral), then the Issuer shall have an unsecured claim against the Repo Counterparty for such amount.

The receipt by the Issuer of payments under the Repo Agreement is also dependent on the timely payment and/or deliveries by the Issuer of its obligations under the Repo Agreement. The ability of the Issuer to make timely payment and/or deliveries of its obligations under the Repo Agreement depends on receipt by it of the scheduled payments and/or deliveries under the Eligible Securities held by the Custodian and under the Swap Agreement entered into by it in connection with the Notes. Consequently, the Issuer is also exposed to the ability of the issuers and guarantors of such Eligible Securities to perform their respective payment and/or delivery obligations and the ability of the Repo Counterparty to perform its obligations under any such Repo Agreement.

In the circumstances specified in any Repo Agreement entered into by the Issuer in connection with the Notes, the Issuer or the Repo Counterparty may terminate all outstanding Transactions under the Repo Agreement in full, as described in the section of this Prospectus entitled “*The Swap Agreement and the Repo Agreement*”. Any termination of the Repo Transactions under the Repo Agreement will result in a redemption in full of the relevant Class of Notes (or the Series of Notes) at their Early Redemption Amount. Upon any such redemption, the amount paid or delivered to Noteholders to redeem such Notes may be significantly less than the Noteholder’s original investment in such Notes and may be zero.

The payments and/or delivery obligations of the Issuer and the Repo Counterparty under the Repo Agreement are described in more detail in the section of this Prospectus entitled “*Transaction Description*”.

#### ***Margin Maintenance under the Repo Agreement***

Under the Repo Agreement, the Repo Counterparty will be required to transfer additional Eligible Securities to collateralise the Issuer’s net exposure to the Swap Counterparty and the Repo Counterparty as described in more detail in the section of this Prospectus entitled “*Transaction Description*”. The Repo Counterparty shall act for its own benefit and is not required to, and may not, take into account the interests of the Noteholders in determining what Eligible Securities, meeting the required criteria, to deliver to the Issuer as purchased securities and/or margin under the Repo Agreement for this purpose.

While any Eligible Securities delivered to the Issuer by the Repo Counterparty as margin under the Repo Agreement are required, at the time of delivery, to have a value (after the application of the relevant haircut specified in the Repo Agreement) at least equal to the then net exposure the Issuer has to (a) the Swap Counterparty under the Swap Agreement and (b) the Repo Counterparty under the Repo Agreement, and notwithstanding the fact that valuations and any corresponding transfers will be conducted on a weekly basis, there can be no assurance that any amount realised from the sale of the Eligible Securities delivered and then held by the Issuer will be equal to the amount otherwise payable by (a) the Swap Counterparty as a result of an early termination of the Swap Agreement and (b) the Repo Counterparty as a result of an early termination of the Repo Agreement.

Accordingly, despite the existence of the requirement for margin maintenance under the Repo Agreement, in the event that the Swap Agreement and the Repo Agreement terminate as a result of a default by the Swap Counterparty and/or the Repo Counterparty (as applicable), or the occurrence of certain insolvency or bankruptcy events relating to the Swap Counterparty and/or the Repo Counterparty (as applicable), if the value of the Eligible Securities is less than the value of the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions under the Swap Agreement and the Repo Transactions under the Repo Agreement upon their termination and there is any failure by the Swap Counterparty and the Repo Counterparty to pay any termination amount due under the Repo Agreement, Noteholders will be exposed to the Swap Counterparty and the Repo Counterparty for the shortfall and the amount payable to Noteholders may be reduced, even to zero, in connection with the redemption of the Notes in such circumstances.

#### **Early Redemption**

If a Class of Notes is due to redeem early in full as a result of (i) an Early Redemption Event (for example following the occurrence of certain tax events (subject to certain exceptions including, but not limited to, where withholding or deduction of taxes on the Notes arises solely in respect of FATCA), (ii) a termination of the Fund Swap Transaction or the Equity Swap Transaction (as applicable), the Credit Default Swap

Transaction and the Repo Transaction relating to such Class (or a termination of the Swap Agreement and the Repo Agreement as a whole), (iii) an Event of Default by the Issuer or (iv) the enforcement of the security by the Trustee at its discretion or if directed by the Noteholders of any other Class of Notes), the Equity Swap Transaction, the Credit Default Swap Transaction and the Repo Transaction relating to such Class (if these have not already terminated) will terminate.

Prospective investors in each Class of Notes must note that a Class may be redeemed early as a result of the enforcement of the security by the Trustee in respect of any other Class. The early redemption of the Notes of each Class may not be triggered at the same time unless the security is enforced.

Any net amount payable to the Issuer by the Repo Counterparty as a consequence of the termination of the Swap Agreement and the Repo Agreement, together with sale proceeds of any Eligible Securities, shall first be used to pay any amount due to the Trustee, the Disposal Agent, the Custodian and any other Agent of the Issuer, including costs and expenses incurred with the sale of such securities.

The remainder of any such amount received by the Issuer in respect of the termination of the Swap Agreement and the Repo Agreement and any remaining proceeds of sale of Eligible Securities shall be applied in satisfaction of the amounts due to Noteholders on a *pro rata* basis.

There can be no assurance as to the value of any Eligible Securities at the time of such sale and the amounts realised may be significantly lower than the face value of such Eligible Securities and may even be zero. To the extent that the value of the Eligible Securities is less than the value of the Swap Agreement and the Repo Agreement upon its termination, Noteholders will be exposed to the Swap Counterparty and the Repo Counterparty for the shortfall. None of the Issuer, the Trustee, the Disposal Agent, any other Agent, the Dealer or any other person is under any obligation to obtain a particular price in connection with such a sale and shall have no responsibility or liability to any Noteholder for the price at which any such assets are sold.

Accordingly, the amount payable to Noteholders on an early redemption of their Notes may be significantly lower than their initial investment and may even be zero.

### **Replacement of the Swap Counterparty and/or the Repo Counterparty**

Investors should note that upon the occurrence of (i) certain insolvency events with respect to the Swap Counterparty and/or the Repo Counterparty (a “**Counterparty Bankruptcy Credit Event**”); or (ii) an Event of Default (as defined in the Repo Agreement) with respect to the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event); or (iii) the delivery of a notice of termination for tax reasons pursuant to paragraph 11 of the Repo Agreement (a “**Tax Termination Event**”); or (iv) an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Credit Event); or (v) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transactions (a “**CDS Termination Event**”); or (vi) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of any Fund Swap Transaction or Equity Swap Transaction (an “**Equity Swap Termination Event**”); or (vii) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty or the Repo Counterparty being withdrawn or is less than Ba1 or if the short term rating assigned by Moody’s to the Swap Counterparty or the Repo Counterparty is less than P-3 (any such downgrade or withdrawal, a “**Moody’s Ba1/P-3 Downgrade**” and such event, along with each of a Counterparty Bankruptcy Credit Event, an Event of Default with respect to the Swap Counterparty or the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event), a Tax Termination Event, a CDS Termination Event, an Equity Swap Termination Event and a Moody’s Ba1/P-3 Downgrade, a “**Replacement Event**”), Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator) has the right, by notice to the Issuer with a copy to the Trustee (and, provided that, in the case of a Moody’s Ba1/P-3 Downgrade only that the Swap Counterparty and the Repo Counterparty has given its prior written consent to such replacement) to select a replacement Swap Counterparty and a replacement Repo Counterparty, being the same entity as the replacement Swap Counterparty, from (and including) the date of the occurrence of such a Replacement Event up to (and including) the date falling 30 calendar days from the occurrence of the applicable Replacement Event.

Accordingly, where the Noteholder Facilitator makes such a selection, and provided certain other requirements are met, it is possible that the identity of the Swap Counterparty and the Repo Counterparty

will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Swap Counterparty and the Repo Counterparty may also change. As this right may be exercised whenever a Replacement Event occurs, the identity of the Swap Counterparty and the Repo Counterparty may change more than once during the duration of the Notes.

However, notwithstanding the above, no assurance can be given that a replacement Swap Counterparty and a replacement Repo Counterparty will be identified by the Noteholder Facilitator upon the occurrence of a Replacement Event or that such replacement will be completed.

The replacement of the Swap Counterparty and the replacement of the Repo Counterparty as described above may prevent an early termination of the Swap Agreement and/or the Repo Agreement and therefore the early redemption of the Notes. However, even if such replacement is made, the Notes may still redeem early, in full, on some later date as a result of the occurrence of any Early Redemption Event and Noteholders will also still be exposed to the risk of a Credit Event in respect of the Credit Default Swap Transactions, notwithstanding such replacement of the Swap Counterparty (including, for the avoidance of doubt, where such Credit Event occurred prior to such replacement). The value of the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions under the Swap Agreement and/or the Repo Transactions under the Repo Agreement to the Issuer may have been higher at the time of the occurrence of the Replacement Event than as at the time of any subsequent early redemption of the Notes. As a result, the replacement of the Swap Counterparty and the Repo Counterparty in such circumstances may result in Noteholders receiving less in respect of their investment than they may otherwise have done if no replacement Swap Counterparty and replacement Repo Counterparty had been selected and had the Notes redeemed early as a result of such Swap Counterparty Event, Repo Counterparty Event or, as the case may be, a Counterparty Bankruptcy Credit Event.

As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes from time to time may be lower than their value would otherwise have been had no such replacement right been included.

If a replacement Swap Agreement and a replacement Repo Agreement are not entered into within 30 calendar days following the occurrence of a Replacement Event (other than a Moody's Ba1/P3 Downgrade), the Swap Agreement and the Repo Agreement shall automatically terminate and, if a Swap Termination Event, a Repo Termination Event or a Tax Termination Event has occurred and no Early Redemption Commencement Date or Early Redemption Event has occurred pursuant to any other applicable Condition, the Issuer shall, as soon as is practicable (or, in any case, within 2 Reference Business Days after the end of the Replacement Period), give an Early Redemption Notice to the Noteholders (the date on which such Early Redemption Notice is deemed to have been given shall be an "**Early Redemption Commencement Date**") and the Notes shall become due and payable on the related Early Redemption Date. Certain risks associated with early redemption of the Notes are discussed above under "*Early Redemption*".

#### **Instructions to the Trustee following an Event of Default or an Enforcement Event**

In respect of a Class of Notes, while the Trustee is permitted to give notice to the Issuer of its determination that an Event of Default (in respect of such Class or all Classes, as applicable) has occurred (and that accordingly such Class of Notes have become immediately due and payable) and to determine that an Enforcement Event has occurred and enforce the security, it is not required to do so, unless directed by an Extraordinary Resolution passed by the Noteholders of such Class (or all Classes, as applicable) to do so and will only do so if the Trustee is indemnified and/or secured and/or prefunded to its satisfaction. The Swap Counterparty also has the right to direct the Trustee in writing to enforce security.

Accordingly, following (i) the occurrence of an Event of Default, the Trustee may accelerate the relevant Class of Notes at its discretion, but shall be obliged to accelerate if directed by an Extraordinary Resolution passed by the Noteholders of such Class (or all Classes, as applicable) (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction), by giving notice to the Issuer that an Event of Default has occurred and that such Class of Notes have become immediately due and payable and then, if required enforce the security; and (ii) the Trustee becoming aware of the occurrence of an Enforcement Event, the Trustee may enforce the security at its discretion but shall enforce the security if directed by an Extraordinary Resolution passed by the Noteholders of such Class (or all Classes, if applicable) or if directed in writing by the Swap Counterparty (subject, in each case, to its being indemnified and/or secured and/or

prefunded to its satisfaction). Noteholders of each Class should be aware that there is no assurance that the Trustee would exercise such discretion in circumstances where an Event of Default or Enforcement Event occurs. Even if the Trustee is willing to exercise such discretion or the Noteholders of a Class validly pass an Extraordinary Resolution (as described below) directing the Trustee to accelerate such Class of Notes or, as the case may be, enforce the security, the Trustee shall only do so if it is indemnified and/or secured and/or prefunded to its satisfaction. There may be a significant delay between the occurrence of an Event of Default or, as the case may be, the occurrence of an Enforcement Event (and, in the case of an Event of Default, the Trustee's notice to the Issuer that the relevant Class of Notes have become immediately due and payable) and any enforcement of the security following the occurrence of such Event of Default or, as the case may be, such Enforcement Event as a consequence of, among other things, a delay in the Trustee receiving satisfactory indemnities and/or prefunding in circumstances where the Noteholders of such Class (or all Classes, if applicable) have directed the Trustee to accelerate and/or enforce. During the period of such delay, Noteholders' *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero. Noteholders of a Class may direct the Trustee by an Extraordinary Resolution with respect to an Event of Default or an Enforcement Event which solely affects such Class, and Noteholders of all Classes may direct the Trustee by an Extraordinary Resolution with respect to an Event of Default or an Enforcement Event which affects the Notes generally.

Upon the occurrence of an Event of Default in respect of a Class of Notes, Noteholders of such Class (or all Classes, as applicable), by passing an Extraordinary Resolution, will be entitled to direct the Trustee to give an Early Redemption Notice to the Issuer and, if necessary, direct the Trustee to enforce the security following such Event of Default, provided that in each case, the Trustee shall only do so if it is also indemnified and/or secured and/or prefunded to its satisfaction. Such Extraordinary Resolution if passed by way of a signed written resolution or given by way of electronic consents through the clearing systems (where the Notes are held on behalf of a Clearing System) must be passed by Noteholders of such Class holding, in aggregate, at least 75% in principal amount of all of the outstanding Notes of such Class or, if applicable, by Noteholders holding, in aggregate, across all Classes of Notes, at least 75% in principal amount of all of the outstanding Notes. Given the wide distribution of the Notes, Noteholders should be aware that there may be a significant delay between the Noteholders becoming entitled to make such a direction to the Trustee and Noteholders holding a sufficient nominal amount of the Notes being able to make such request and provide the required indemnification, security and/or prefunding to the Trustee. Accordingly, during the period of such delay, Noteholders' *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero.

### **Evolution of international fiscal policy**

The Company may not be considered as the beneficial owner of income received and therefore not be able to rely on a double taxation treaty on its own behalf.

Luxembourg has concluded a number of double taxation treaties with other states. It may be necessary or desirable for the Company to seek to rely on such treaties particularly in respect of income and gains of the Company. Whilst each double taxation treaty needs to be considered individually taking into account fiscal practices primarily of the country from whom relief is sought a number of requirements need to be met. These requirements may include ensuring that an entity is resident in Luxembourg, is subject to taxation there on income and gains and is also beneficially owner of such income and gains. Fiscal policy and practice is constantly evolving and at present the pace of evolution has been quickened due to a number of developments which include, but are not limited to, the Organisation for Economic Co-operation and Development ("OECD")/G20 base erosion and profit shifting project. Fiscal policy may change which may or may not be accompanied by a formal announcement by any fiscal authority or the OECD. As a result, there can be no certainty that the Issuer will be able to rely on double tax treaties because fiscal practice of the construction of double tax treaties and the operation of the administrative processes surrounding those treaties may be subject to change. For example, fiscal practice could evolve such that the Issuer could be regarded as not being the beneficial owner because the overriding commercial object of the Issuer to allocate income and gains, less certain expenses and losses for the benefit of its investors, and the Issuer is entitled to a tax deduction in respect of that allocation and, as such, the Issuer would not be able to rely on a double taxation treaty on its own behalf.

## **EU Directive on the Taxation of Savings Income**

Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires an EU Member State to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entities established, in that other EU Member State.

Austria instead opted for the possibility to impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015.

The Council of the European Union has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation, pursuant to which Member States will be required to apply other new measures on mandatory automatic exchange of information from 1 January 2016 (except that Austria is allowed to start applying these measures up to one year later).

Investors who are in any doubt as to their position should consult their professional advisers.

## **FATCA and the possibility of U.S. withholding tax on payments**

### ***Background***

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source dividends or interest, in either case made to persons that fail to meet certain certification or reporting requirements. To avoid withholding under “FATCA” (as defined in Master Condition 1(a) (Definitions)), a non-U.S. financial institution (“**FFI**”) must enter into an agreement with the Internal Revenue Service (an “**IRS Agreement**”) (as described below) or



otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (“**IGA legislation**”) intended to implement an intergovernmental agreement entered into pursuant to FATCA (“**IGAs**”), may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation, where such payments are made on or after (i) July 1, 2014 in respect of certain U.S. source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce U.S. source interest or dividends and (iii) January 1, 2017 (at the earliest) in respect of “foreign passthru payments”, provided that for “obligations” that are not treated as equity for U.S. federal income tax purposes, FATCA withholding will only apply to such obligations that are issued or materially modified on or after (a) July 1, 2014 or (b) the date that is six months after the date on which the final regulations defining “foreign passthru payments” are filed with the Federal Register in the case of an obligation that would only be subject to FATCA withholding to the extent payments on such obligation were treated as “foreign passthru payments”.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes, the Collateral (if any) and the Swap Agreement (if any) and the information reporting obligations of the Company or the Issuer, as appropriate, and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Luxembourg) have entered into IGAs with the United States, which modify the way in which FATCA applies to their jurisdictions. The full impact of such IGAs and IGA legislation thereunder on reporting and withholding responsibilities under FATCA is unclear. The Company or the Issuer, as appropriate, and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how withholding on “foreign passthru payments” will be dealt with under the IGAs or if such withholding will be required at all.

***Possible impact on Payments on Collateral (if any), Repo Agreement (if any) and Swap Agreement (if any)***

If the Company or the Issuer, as appropriate, fails to comply with its obligations under FATCA (including the Luxembourg IGA and any IGA legislation thereunder), it may be subject to FATCA withholding on all, or a portion of, payments it receives with respect to the Collateral (if any), Repo Agreement (if any) or the Swap Agreement (if any). Any such withholding would, in turn, result in the Issuer having insufficient funds from which to make payments that would otherwise have become due in respect of the Notes. No other funds will be available to the Issuer to make up any such shortfall and, as a result, the Issuer may not have sufficient funds to satisfy its payment obligations to Noteholders. Additionally, if payments to the Issuer in respect of its assets, including the Collateral (if any), are, will become or are deemed on any test date to be subject to FATCA withholding, the Notes will be subject to early redemption (see “*Early Redemption*” above). No assurance can be given that the Company or the Issuer, as appropriate, can or will comply with its obligations under FATCA or that the Company or the Issuer, as appropriate, will not be subject to FATCA withholding.

***Possible impact on payments on the Notes***

The Issuer expects to require (and expects other intermediaries through which Notes are held to require) each Noteholder to provide certifications and identifying information about itself and its owners (or beneficial owners) in order to enable the Issuer (or such an intermediary) to identify and report on the Noteholder and certain of the Noteholder's direct and indirect U.S. beneficial owners to the Internal Revenue Service or

another applicable authority. The Issuer may also be required to withhold amounts from Noteholders (including intermediaries through which such Notes are held) that are FFIs that are not compliant with, or exempt from, FATCA or Noteholders that do not provide the information, documentation or certifications required for the Issuer to comply with its obligations under FATCA. Additionally, the Issuer is also permitted to make any amendments to the Notes and the Swap Agreement (if any) as may be necessary to enable the Issuer to comply with its obligations under FATCA (including the Luxembourg IGA and any IGA legislation thereunder) and any such amendment will be binding on the Noteholders.

Neither a Noteholder nor a beneficial owner of Notes will be entitled to any additional amounts in the event FATCA withholding tax is imposed on any payments on or with respect to the Notes. As a result, Noteholders may receive less interest or principal, as applicable, than expected.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE COMPANY, THE ISSUER, THE NOTES AND NOTEHOLDERS IS SUBJECT TO CHANGE. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT SUCH NOTEHOLDER IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES.**

## **Recent Global Events**

### ***General***

Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.

The initial trigger for the instability was a downturn in the U.S. housing market. Significant declines in house prices in the U.S. from early 2005, combined with interest rate rises, led to increases in mortgage default levels, particularly in relation to mortgages granted to sub-prime borrowers (that is borrowers with a poor or no credit history). Financial exposure to such mortgage assets had been widely distributed on a global basis via securitisations and other risk transfer mechanisms. As a result, a significant number of global commercial banks, investment banks, government-sponsored entities, hedge funds, structured investment vehicles and institutional investors had gained exposure to defaults in respect of such mortgage assets. By mid-2007, concerns about the value of mortgage assets held by these entities led to a general tightening of available credit and liquidity in the global financial markets.

During 2008, the initial instability intensified into a severe global financial crisis. Notwithstanding steps taken by the central banks of the U.S., the U.K. and certain other countries and the European Central Bank to increase liquidity, continued disruption to the credit and liquidity markets and concerns about the value of mortgage assets and credit-related products generally, led to substantial write-downs of asset values by a number of institutions, including government-sponsored entities, insurers and major commercial and investment banks. These write-downs caused many such entities to seek additional capital, to merge with other institutions and, in some cases, to go into insolvency or to be the subject of government bail-out.

In September 2008, the crisis saw a series of collapses of government-sponsored entities, insurers and major commercial and investment banks around the world. These collapses included the bail-out by the U.S. government of the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), the insolvency of investment bank Lehman Brothers Holdings Inc., the bail-out by the U.S. government of the major U.S. insurer American International Group, Inc., and numerous other rescues and bail-outs in other countries.

In response to the crisis various governments and central banks took substantial measures to ease liquidity problems and enacted fiscal stimulus packages and measures to support certain entities affected by the crisis. Such measures included establishing special liquidity schemes and credit facilities, bank recapitalisation programmes and credit guarantee schemes.

In an attempt to counteract recessionary pressures, the central banks of the U.S., the U.K. and certain other countries and the European Central Bank also lowered interest rates, in some cases to record low levels.

A number of countries have accumulated significant levels of public debt both absolutely and relative to GDP. In connection with this, the global economy and financial markets have further experienced levels of instability and crises, in particular in respect of certain countries that had adopted the Euro (the “**Eurozone Countries**”), such as Greece, Italy, and Spain. This has led to concerns in relation to the sovereign credit risk

of other Eurozone economies, as well as to the survival of the euro itself, and it is possible that the structure, nature and regulation of financial markets, including sovereign credit markets, may be fundamentally altered.

A number of Eurozone countries have seen yields on new issues of sovereign debt increase to levels that some commentators have argued are not sustainable. Such increases, combined with existing levels of national debt, have given rise to ongoing concerns of the ability of such Eurozone countries to service their existing debt obligations. Furthermore, Greece restructured a majority of its sovereign debt in the first half of 2012.

2012 saw dialogue among the Eurozone Countries regarding, among other things, the control of fiscal policy, the operation of the European Central Bank, the structuring of the European Financial Stability Facility and the establishment of the European Stability Mechanism. During this time several rating agencies have downgraded a number of Eurozone Countries, including Spain, by one or more notches.

The ongoing concerns regarding the Eurozone Countries, including the possibility of a withdrawal from the Euro by one or more Eurozone Countries or a wider restructuring of the Euro, are likely to continue to effect the financial condition and stability of individual Eurozone Countries and, more widely, the European Union and the global economy.

The above factors have also led to substantial volatility in markets across asset classes, including (without limitation) stock markets, foreign exchange markets, fixed income markets and credit markets.

There can be no assurance that the steps taken by governments to ameliorate the global financial crisis will be successful or that the global recovery will continue. The structure, nature and regulation of financial markets in the future may be fundamentally altered as a consequence of the global financial crisis, possibly in unforeseen ways. There can be no assurance that similar or greater disruption may not occur in the future for similar or other reasons. In addition, the attempts being taken to reduce the high level of sovereign debt may themselves contribute to a further global recession.

There can be no assurance as to how severe the global recession will be or as to how long it will last. There can be no assurance that government actions to limit the impact of the crisis will be successful and that they will not instead lead or contribute to a deeper and/or longer-lasting recession. Economic prospects are subject to considerable uncertainty.

Prospective investors should ensure that they have sufficient knowledge and awareness of the global financial crisis and the responses thereto and of the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Notes. In particular, prospective investors should take into account the considerable uncertainty as to how the global financial crisis and the wider economic situation will develop over time.

Any person who had held securities during the periods considered above, particularly structured securities, would be highly likely to have suffered significant adverse effects as a result of such holding, including, but not limited to, major reductions in the value of those securities and a lack of liquidity. Prospective investors should consider carefully whether they are prepared to take on similar risks by virtue of an investment in the Notes.

### ***Impact on Liquidity***

The events outlined above have had an extremely negative effect on the liquidity of financial markets generally and in the markets in respect of certain financial assets or in the obligations of certain obligors. This has particularly been the case with respect to the market for structured assets and the obligations of financial institutions and certain sovereigns. Such assets may either not be saleable at all or may only be saleable at significant discounts to their estimated fair value or to the amount originally invested. No assurance can be given that liquidity in the market generally, or in the market for any particular asset class or in the obligations of any particular financial institution or sovereign, will improve or that it will not worsen in the future. Such limited liquidity may have a negative impact on the value of the Notes and the theoretical value of the Fund (which, in turn, may have a negative impact on the value of the Fund Swap Transaction) and/or the theoretical value of the shares comprised in the relevant Class Equity Basket and/or the Equity Index (which, in turn, may have a negative impact on the value of the Equity Swap Transactions) and any Eligible Securities delivered pursuant to the Repo Agreement and the valuation of any obligations of the Reference Entity following a Credit Event. In particular, should the Notes be redeemed early, Noteholders

will be exposed to the liquidation value of the Swap Agreement and any Eligible Securities delivered pursuant to the Repo Agreement which value might be affected (in some cases significantly) by such lack of liquidity and lower valuations on obligations of the Reference Entity if a Credit Event has occurred.

### ***Impact on Credit***

The events outlined above have negatively affected the creditworthiness of a number of entities, in some cases to the extent of collapse or requiring government rescue. Such credit deterioration has and may continue to be widespread and is no longer confined to the financial services sector. The value of the Notes or of the amount of payments under them may be negatively affected by such widespread credit deterioration. Prospective investors should note that recoveries on assets of affected entities have in some cases been *de minimis* and that similarly low recovery levels may be experienced with respect to other entities in the future which may include the Reference Entity and any Eligible Securities delivered pursuant to the Repo Agreement.

### ***Impact of Increased Regulation and Nationalisation***

The events since 2007 have seen increased involvement of governmental and regulatory authorities in the financial sector and in the operation of financial institutions. In particular, governmental and regulatory authorities in a number of jurisdictions have imposed stricter regulatory controls around certain financial activities and/or have indicated that they intend to impose such controls in the future. The United States of America, the European Union and other jurisdictions are actively considering various reform measures. In certain jurisdictions (e.g. the United States of America), legislation has come into force in this respect, although the rules and regulations required to implement the particulars of any such legislation have yet to be considered. In other jurisdictions (e.g. the European Union), a number of draft pieces of legislation have been proposed and are currently being considered. Such regulatory changes and the method of their implementation may have a significant impact on the operation of the financial markets. It is uncertain how a changed regulatory environment will affect the Issuer and the treatment of the Notes, the Swap Counterparty, the Dealer and the other transaction parties. In addition, governments have shown an increased willingness wholly or partially to nationalise financial institutions, corporates and other entities in order to support the economy. Such nationalisation may impact adversely on the value of the stock or other obligations of any such entity. In addition, in order to effect such nationalisation, existing obligations or stock might have their terms mandatorily amended or be forcibly redeemed. To the extent that Credit Suisse International, as the Swap Counterparty, Disposal Agent and Calculation Agent, and/or the Reference Entity or any other person or entity connected with the Notes is subject to nationalisation or other government intervention, it may have an adverse effect on a holder of the Notes.

### ***Systemic Risk***

Financial institutions and other significant participants in the financial markets that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk”. Financial institutions such as Credit Suisse International, and those other parties acting as the Trustee, the Custodian and certain Agents (or any affiliate of any of them) and the Reference Entity referenced in the Credit Default Swap Transactions and any Eligible Securities held by the Issuer from time to time that are financial institutions (which will be the case in respect of the Reference Entity) or are significant participants in the financial markets are likely routinely to execute a high volume of transactions with various types of counterparties, including brokers and dealers, commercial banks, investment banks, insurers, mutual and hedge funds and institutional clients. To the extent they do so, they are and will continue to be exposed to the risk of loss if counterparties fail or are otherwise unable to meet their obligations. In addition, a default by a financial institution or other significant participant in the financial markets, or concerns about the ability of a financial institution or other significant participant in the financial markets to meet its obligations, could lead to further significant systemic liquidity problems and other problems that could exacerbate the global financial crisis and as such have a material adverse impact on other entities.

### ***Foreign Exchange Risk***

The Eligible Securities may be denominated in a different currency from the Notes. Accordingly, the Noteholders shall be exposed to foreign exchange risk of EUR and/or any other currency in respect of which

Eligible Securities are denominated in against SEK. The volatility of foreign exchange rates may therefore lead to Noteholders suffering a significant loss on their investment as a result of the movement of such foreign exchange rates during the life of the Notes.

**No disclosure of information; disclosure of confidential information**

The Issuer or Credit Suisse International may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity, the Fund, the Eligible Securities, the Class Equity Baskets, the Equity Index or the Swap Counterparty that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer or Credit Suisse International or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential).

## TRANSACTION DESCRIPTION

*This Transaction Description must be read as a description only of certain features of the Notes. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. This Transaction Description does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and the documents incorporated by reference herein. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisers with respect to any investment in the Notes.*

*The information contained in this section is subject in its entirety to the Issue Terms of the Notes.*

*This section is not intended as a description of the risks an investment in any of the Notes may involve. Risks specifically relating to the Notes are set out in the section of this Prospectus entitled "Risk Factors".*

### Issuer

The Notes are issued by Argentum Capital S.A. (the "**Company**") acting in respect of Compartment GAP 2476 and 2484 – 2487 November 2015 (the "**Issuer**") and are secured, limited recourse obligations of the Issuer. The Issuer is described in more detail in the section of this Prospectus entitled "*Description of the Company and the Compartment*".

### Status of the Notes

The Notes are secured, limited recourse obligations of the Issuer. This means that the Secured Creditors (which include the Noteholders and each of the Trustee and various agents involved in the issue of the Notes) only have the right to claim against specific assets of the Issuer that relate to the Notes (being referred to in this Prospectus as the Mortgaged Property).

### Classes

The Notes are comprised of five Classes: the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

The Class A Notes rank *pari passu* without any preference among themselves and the Class B Notes rank *pari passu* without any preference among themselves and the Class C Notes rank *pari passu* without any preference among themselves and the Class D Notes rank *pari passu* without any preference among themselves and the Class E Notes rank *pari passu* without any preference among themselves. Furthermore, the Class A Notes and the Class B Notes and the Class C Notes and the Class D Notes and the Class E Notes rank *pari passu* with each other without any preference among the Classes.

Each Class of Notes is exposed to the same risk of credit-linkage as each other Class of Notes, but differs in its equity index-linked or equity-linked exposure and, in respect of the Class E Notes only, the scheduled payment of the Class E Instalment Amounts. At maturity of the Notes, (a) a Noteholder of the Class A Notes may be entitled to an amount which is derived from the Fund Swap Transaction referencing Catella Fondförvaltning AB Special Funds, Catella Hedgefond, SEK retail class (ISIN: SE0001131335; Bloomberg: CATHEDG SS) (the "**Fund**") and (b) a Noteholder of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes may be entitled to an amount which is derived from the Equity Swap Transaction relating to the relevant Class of Notes and referencing a basket of shares or an index of shares, in each case as described in more detail below and elsewhere in this Prospectus. Such additional fund-linked amount, equity-linked amount or equity index-linked (if any) receivable by a Noteholder of a Class may differ from the corresponding amount (if any) receivable by a Noteholder of a different Class.

### Aggregate Nominal Amount of the Notes

The Aggregate Nominal Amount of the Series on the Issue Date will be up to SEK 1,000,000,000, comprising the aggregate of the Outstanding Principal Amounts for each Class of Notes as follows:

- (a) up to SEK 200,000,000 in aggregate nominal amount of the Class A Notes;
- (b) up to SEK 200,000,000 in aggregate nominal amount of the Class B Notes;
- (c) up to SEK 200,000,000 in aggregate nominal amount of the Class C Notes;
- (d) up to SEK 200,000,000 in aggregate nominal amount of the Class D Notes; and

- (e) up to SEK 200,000,000 in aggregate nominal amount of the Class E Notes.

The precise Outstanding Principal Amount of each Class of Notes to be issued will be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive, in each case, on or around the Issue Date.

### **Interest on the Notes**

No amount of interest will be payable in respect of any Class of Notes.

### **Maturity and Instalment Amounts**

No amounts are scheduled to be paid to Noteholders under the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes until their scheduled maturity date, which is expected to be on 6 April 2021 (in the case of the Class A Notes) and 4 July 2023 (in the case of the Class B Notes, the Class C Notes and the Class D Notes), in each case subject to any postponement in the settlement of the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to the relevant Class in accordance with its terms (in respect of each such Class, the “**Scheduled Maturity Date**”).

Under the Class E Notes, an instalment amount of 3% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date will be paid annually on 4 July 2016, 4 July 2017, 4 July 2018, 4 July 2019, 6 July 2020, 5 July 2021 and 4 July 2022, subject to any adjustment where such day is not a Business Day (each, a “**Class E Instalment Amount**”), subject to the occurrence of a Credit Event. The Outstanding Principal Amount of the Class E Notes shall be reduced following each payment of a Class E Instalment Amount, and no other amounts are scheduled to be paid to Noteholders under the Class E Notes until their scheduled maturity date, which is expected to be on 4 July 2023, subject to any postponement in the settlement of the Equity Swap Transaction relating to the Class E Notes in accordance with its terms (in respect of the Class E Notes, the “**Scheduled Maturity Date**”). Where a Credit Event has occurred and the Class Notional Amount of the Credit Default Swap Transaction in respect of the Class E Notes has been reduced, the Calculation Agent may make proportionate adjustments to the Class E Instalments Amounts payable on the Class E Notes.

The maturity date of any Class of Notes may be further postponed as a result of a payment resulting from the occurrence of a Triggered Credit Event in respect of the Reference Entity referenced in the related Credit Default Swap Transaction being due and payable after the Scheduled Maturity Date and/or the determination of any Unsettled Credit Event relating to the Reference Entity as at the Credit Event Observation Period End Date of the Notes, and a corresponding postponement of the repurchase date under the related Repo Transaction, as described in more detail below.

### **Overview of the Repo Agreement and the Swap Agreement**

The payments which a Noteholder of a Class of Notes is entitled to receive will depend on (amongst other things) (a) the occurrence of any Credit Event in respect of the Reference Entity under the Credit Default Swap Transaction and (b) the performance of the Fund referenced by the Fund Swap Transaction (in the case of the Class A Notes) or Class Equity Basket referenced by the Equity Swap Transaction (in the case of the Class B Notes, the Class C Notes and the Class E Notes) or the Equity Index (in the case of the Class D Notes), in each case relating to the relevant Class, and as illustrated by the diagram at the end of this Transaction Description.

On the Issue Date, the Issuer will enter into:

- (a) the Repo Agreement in respect of the Notes with Credit Suisse International in its capacity as Repo Counterparty, under which the Issuer and the Repo Counterparty will enter into a Repo Transaction relating to each Class of Notes. On the Issue Date, the Issuer will pay to the Repo Counterparty an amount: (i) in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes equal to the issue proceeds of each such Class of Notes; and (ii) in respect of the Class E Notes, 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date (such amount, the “**Purchase Price**”) to purchase Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than: (i) in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Outstanding Principal Amount of such Class of Notes as at the Issue Date; and (ii) in respect of the Class E Notes, 79% of the Outstanding Principal Amount of such Class of Notes as at the Issue Date

(such securities, the “**Purchased Securities**”) under the related Repo Transaction. The Eligible Securities must be debt obligations issued by any of Italy, the United States of America, Canada, the United Kingdom, France, Germany, the Netherlands, Belgium, Sweden, Switzerland or Japan. The Repo Counterparty will deliver the Eligible Securities to the Custodian within 3 Reference Business Days of the Issue Date. For so long as the Custodian (on behalf of the Issuer) is holding any such Eligible Securities, they will comprise underlying assets (or Collateral) for the Notes. The Repo Counterparty will act for its own benefit and is not required to, and may not, take into account the interests of the Noteholders in determining what securities, meeting the required criteria, to deliver to the Issuer under the Repo Transaction as Eligible Securities; and

- (b) the Swap Agreement in respect of the Notes with Credit Suisse International in its capacity as Swap Counterparty, under which the Issuer and the Swap Counterparty will enter into separate Credit Default Swap Transactions (referencing the Reference Entity) and the Fund Swap Transaction (referencing the Fund) or the Equity Swap Transaction (referencing the relevant Class Equity Basket or the Equity Index) (as applicable) relating to each Class of Notes.

The return on each Class of Notes will reflect (a) the net amount receivable by the Issuer under the related Repo Transaction and the Credit Default Swap Transaction (taking into account any amounts payable by the Issuer under the related Credit Default Swap Transaction), (b) the amount receivable by the Issuer under the related Fund Swap Transaction or Equity Swap Transaction (as applicable) and (c) in respect of the Class E Notes only, the interim exchange amounts receivable by the Issuer under the related Credit Default Swap Transaction. The Fund Swap Transaction is subject to a participation percentage and references the Fund. The Equity Swap Transactions are subject to a participation percentage and reference either Equity Basket 1 (in the case of the Class B Notes and the Class C Notes), the Equity Index (in the case of the Class D Notes) or Equity Basket 2 (in the case of the Class E Notes). Therefore, the relative return on each Class of Notes may differ and will be dependent on the relative performance of the relevant Class Equity Basket or the Equity Index and the level of such participation for that Class, as described further below. The interim exchange amounts receivable by the Issuer under the Credit Default Swap Transaction relating to the Class E Notes shall be payable annually on 4 July 2016, 4 July 2017, 4 July 2018, 4 July 2019, 6 July 2020, 5 July 2021 and 4 July 2022, in each case subject to adjustment in accordance with the Following Business Day Convention, and shall be equal to 3% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date. An additional interim exchange amount will be receivable by the Issuer under the Credit Default Swap Transaction relating to the Class E Notes following a Credit Event.

The Credit Default Swap Transactions will each reference, as at the Issue Date, one Reference Entity (which number may increase as a result of the determination of one or more successor Reference Entities). It is important to note that (a) the Reference Entity referenced in one Credit Default Swap Transaction will be identical to the Reference Entity referenced in each other Credit Default Swap Transaction, and (b) the Reference Entity (and the number of Reference Entities) may change from time to time following the determination of one or more successor Reference Entities. Where there are changes to the Reference Entity that results in there being more than one Reference Entity, the Calculation Agent may make proportionate adjustments in respect of the Credit Default Swap Transaction relating to the Class E Notes and to the Class E Instalment Amounts payable in respect of the Class E Notes to reflect such a change.

The Reference Entity is a bank incorporated in Asia as described in more detail below and in the section of this Prospectus entitled “*Description of the Reference Entity*”.

The notional amount of each Credit Default Swap Transaction (the “**Class Notional Amount**” in respect of such Credit Default Swap Transaction) will be denominated in SEK and such Class Notional Amount will be equal to the Outstanding Principal Amount of the relevant Class of Notes (which, in respect of the Class E Notes only, will be reduced following payment of each Class E Instalment Amount).

For so long as any Notes remain outstanding, copies of the programme documentation (including the Base Prospectus, sections of which are incorporated by reference herein), the issue documentation (including the documentation relating to the Repo Transaction, the Credit Default Swap Transaction and the Fund Swap Transaction or the Equity Swap Transaction (as applicable) in respect of each Class) and articles of association of the Fund Manager will be available for inspection in physical form free of charge, during normal business hours on any weekday (Saturdays and public holidays excepted), at the registered office of



the Company and at the specified offices of the Issuing and Paying Agent, the Registrar and the Noteholder Facilitator.

## **Impact of the Repo Transactions and the Credit Default Swap Transactions on the Notes**

### *Overview*

Each Class of Notes is credit-linked as a result of identical (save for the specified Class Notional Amount, Class Redemption Factor and, in respect of the Class E Notes only, initial exchange amount payable by the Issuer and interim exchange amounts payable by the Swap Counterparty) Credit Default Swap Transactions, as evidenced by a single confirmation, which incorporate by reference the 2014 ISDA Credit Derivatives Definitions as published by ISDA (the “**Credit Derivatives Definitions**”). The credit-linked payments in respect of each Class of Notes will reflect the net amounts receivable by the Issuer under the related Credit Default Swap Transaction and Repo Transaction (taking into account any amounts payable by the Issuer under such related Credit Default Swap Transaction).

Under each Credit Default Swap Transaction, the Issuer is selling protection to the Swap Counterparty on the Reference Entity referenced in such Credit Default Swap Transaction. The Reference Entity referenced in the Credit Default Swap Transaction relating to a Class will be identical to the Reference Entity referenced in the Credit Default Swap Transaction relating to another Class. If no Credit Event has occurred by, and no Unsettled Credit Event (as defined in the confirmation of the Credit Default Swap Transactions) is outstanding on, the Reference Business Day immediately preceding 6 April 2021 (in the case of the Class A Notes) and 4 July 2023 (in the case of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) (in respect of a Class, the “**Credit Event Observation Period End Date**”) under the relevant Credit Default Swap Transaction, the Repo Counterparty will be obliged to pay an amount to the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date (the “**Repurchase Date**”) in respect of the relevant Repo Transaction equal to the then outstanding Class Notional Amount as at the Repurchase Date (as the same may have been reduced as a result of purchases and cancellations of the Notes of such Class by the Issuer and, in respect of the Class E Notes only, the payment of Class E Instalment Amounts).

The consequences of the occurrence of a Credit Event or the existence of any Unsettled Credit Events (as at the Credit Event Observation Period End Date or, in respect of the Class E Notes only, as at the Reference Business Day immediately preceding a Class E Instalment Date) are described in more detail below.

### *Reference Entity and Reference Obligation*

The Reference Entity referenced in the Credit Default Swap Transaction relating to each Class of Notes will be identical and on the Issue Date will be Bank of China Limited.

The Reference Obligation that will be referenced in the Credit Default Swap Transactions relating to the Notes will be identical (and constitute an Obligation for the purposes of the Credit Default Swap Transactions, as described below) and will be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA or until such Standard Reference Obligation in respect of the Reference Entity is published by ISDA, the USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by Bank of China Limited (ISIN: XS1016655349), subject to the terms of the Credit Default Swap Transactions.

The Class Notional Amount of each Credit Default Swap Transaction that is allocated to the Reference Entity (the “**Reference Entity Notional Amount**”) will be, in respect of the Class B Notes and the Class C Notes, 100% of the Class Notional Amount on the Issue Date and, in respect of the Class E Notes, 100% of the Class Notional Amount on the Issue Date less each Class E Instalment Amount paid on the Class E Notes. Such allocation may vary after the Issue Date as a result of the determination of one or more successor Reference Entities and thereafter may not be divided equally between any successor Reference Entities.

A description of the Reference Entity is set out under the section of this Prospectus entitled “*Description of the Reference Entity*”. A description of the Reference Obligation is set out under the section of this Prospectus entitled “*Description of the Reference Obligation*”.

### *Credit Events*

The Reference Entity referenced in the Credit Default Swap Transactions (or certain Obligations of such Reference Entity) may be subject to the occurrence of any of the following Credit Events occurring on and after 29 September 2015 (being the Credit Event Backstop Date) and on or prior to the Credit Event Observation Period End Date:

- (a) Failure to Pay;
- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of the Credit Default Swaps and the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes*”.

### *Role of the Credit Derivatives Determinations Committees*

By incorporation of the Credit Derivatives Definitions, certain determinations relating to, and affecting, the Credit Default Swap Transactions may be made by a relevant CDDC, which has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules.

### *The Reference Entity may change as a result of the determination of a successor Reference Entity*

The Reference Entity referenced in the Credit Default Swap Transactions (and to which the Notes are therefore exposed) may change from time to time as a result of the determination of one or more successor Reference Entities and, if more than one successor Reference Entity is determined, the proportion of the Class Notional Amount of each Credit Default Swap Transaction allocated to such Reference Entity that was subject to such succession will be divided amongst each of the new successor Reference Entities. Credit Suisse International, as Calculation Agent under the Swap Agreement, is responsible for making determinations as to any successor Reference Entity, provided that the Calculation Agent is not required to, and will not, make any such determination if ISDA has announced that a CDDC has been convened for such purpose and if such CDDC has resolved to make such determination.

### *Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes*

On the Issue Date, the Issuer will enter into the Credit Default Swap Transactions relating to each Class of Notes. The Class Notional Amount in respect of each Credit Default Swap Transaction will be equal to 100% of the Outstanding Principal Amount of the corresponding Class of Notes on the Issue Date. In respect of the Class E Notes only, the Class Notional Amount in respect of the related Credit Default Swap Transaction (and the corresponding Reference Entity Notional Amount(s)) will be reduced each year on 4 July 2016, 4 July 2017, 4 July 2018, 4 July 2019, 6 July 2020, 5 July 2021 and 4 July 2022, in each case subject to adjustment in accordance with the Following Business Day Convention, following payment of each Class E Instalment Amount. The Class Notional Amount in respect of all other Classes may be reduced from time to time and the Class Notional Amount in respect of the Class E Notes may be further reduced from time to time as described below.

If a Credit Event has occurred on or prior to the Credit Event Observation Period End Date in respect of the Reference Entity and the Swap Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction relating to each Class of Notes and an Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with such Credit Default Swap Transaction, such Credit Event will be a “**Triggered Credit Event**”. In such circumstances, with respect to the Triggered Credit Event, the Issuer will pay to the Swap Counterparty an amount (such amount, an “**Issuer Cash Settlement Amount**”) on the date falling 5 Reference Business Days after the latest date on which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price is determined in respect of the Reference Entity (the “**Issuer Cash Settlement Date**”) equal to the product of:

- (a) the Reference Entity Notional Amount in respect of the Reference Entity (the “**Relevant Reference Entity Notional Amount**”); and
- (b) 100% *minus* the product of: (i) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event; and (ii) the relevant Class Redemption Factor (expected to be between (i) 70% and 98% in respect of the Class A Notes and (ii) 70% and 95% in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes).

In respect of the Credit Default Swap Transaction relating to the Class E Notes only, the Swap Counterparty will pay to the Issuer an amount (such amount, a “**Swap Counterparty Additional Interim Exchange Amount**”) on the Issuer Cash Settlement Date equal to:

- (a) the Relevant Reference Entity Notional Amount; *minus*
- (b) 79% of the initial Reference Entity Notional Amount in respect of such Reference Entity under the Credit Default Swap Transaction relating to the Class E Notes (which may be adjusted as a result of the determination of a successor Reference Entity).

Under the Repo Transaction relating to each Class of Notes, a repurchase date (such date, a “**Partial Repurchase Date**”) will occur on the Issuer Cash Settlement Date with respect to the related Credit Default Swap Transaction. On such Partial Repurchase Date:

- (a) the Repo Counterparty will pay to the Issuer an amount (such amount, a “**Partial Repurchase Price**”) equal to the Relevant Reference Entity Notional Amount (as determined under the related Credit Default Swap Transaction); and
- (b) the Issuer will deliver to the Repo Counterparty the Relevant Proportion of securities equivalent to the Purchased Securities. The “**Relevant Proportion**” is equal to the proportion that (i) the Relevant Reference Entity Notional Amount bears to (ii) an amount equal to the Repurchase Price immediately prior to such Credit Event.

The obligations of the Issuer and the Repo Counterparty to make payments of the Issuer Cash Settlement Amount and the Partial Repurchase Price and, in respect of the Class E Notes only, the obligation of the Swap Counterparty to make payment of the Swap Counterparty Additional Interim Exchange Amount, will be automatically satisfied and will be replaced by an obligation by the Repo Counterparty to pay to the Issuer on the Partial Repurchase Date an amount (such amount, a “**Credit Suisse Net Settlement Amount**”) equal to the product of:

- (a) the Relevant Reference Entity Notional Amount;
- (b) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event; and
- (c) the Class Redemption Factor (expected to be between (i) 70% and 98% in respect of the Class A Notes and (ii) 70% and 95% in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes).

On the date falling 2 Reference Business Days after the Partial Repurchase Date (the “**Credit Event Instalment Date**”), in respect of each Note of the relevant Class, the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Credit Suisse Net Settlement Amount (such amount, a “**Credit Event Instalment Amount**”) to the Noteholder. Accordingly, each Note of such Class will be redeemed in part and the Outstanding Principal Amount of such Class of Notes will be reduced by an amount equal to the Relevant Reference Entity Notional Amount. The Credit Event Instalment Amount may be due and payable before, on or after the Scheduled Maturity Date.

Upon the payment of the Credit Suisse Net Settlement Amount by the Repo Counterparty, the Class Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Relevant Reference Entity Notional Amount as at the relevant Issuer Cash Settlement Date. Where the Relevant Reference Entity Notional Amount is equal to 100% of the Class Notional Amount, the Class Notional Amount will be reduced to zero. A reduction of the Class Notional Amount of such Credit Default Swap Transaction to zero in such circumstances prior to the Scheduled Maturity Date will not cause such Credit

Default Swap Transaction to terminate early or the Notes to redeem early, absent the occurrence of an Early Redemption Event (which includes, among other things, any Event of Default in respect of the Notes).

Accordingly, the Credit Event Instalment Amount payable to holders of each Class of Notes in such circumstances will, to a significant extent, be dependent on the Auction Final Price or the Final Price, as applicable, determined in respect of the relevant obligations of the Reference Entity to which such Triggered Credit Event relates and will also be reduced by the application of the relevant Class Redemption Factor. As a result, the amount payable to holders of each Class of Notes in such circumstances will be significantly less than the amount by which the Outstanding Principal Amount of such Class of Notes will be redeemed and may even be zero.

The determination of Triggered Credit Events, Issuer Cash Settlement Dates, Auction Final Prices and Final Prices may be identical across the Credit Default Swap Transactions for all Classes of Notes. The reductions in the Class Notional Amount of each Credit Default Swap Transaction will however vary across the Credit Default Swap Transactions for each Class because the Class Notional Amount applicable in respect of each Credit Default Swap Transaction is linked to the Outstanding Principal Amount of the Notes of the Class to which such Credit Default Swap Transaction relates.

For the avoidance of doubt, any Credit Suisse Net Settlement Amount and Credit Event Instalment Amount in respect of the Class E Notes shall be reduced by reference to each Class E Instalment Amount paid in respect of the Class E Notes prior to the Partial Repurchase Date.

#### *Application of the Class Redemption Factor*

The Class Redemption Factor (expressed as a percentage) in respect of each Class of Notes will be determined by reference to, among other things, the market spread for credit protection on the Reference Entity, the swap rate in respect of the relevant currency and the bespoke terms of the Credit Default Swap Transaction relating to such Class of Notes. The Class Redemption Factor is expected to be (i) between 70% and 98% in respect of the Class A Notes and (b) between 70% and 95% in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The application of the Class Redemption Factor in the calculation of the Issuer Cash Settlement Amount and the Credit Suisse Net Settlement Amount represents an automatic reduction to a Noteholder's investment following the occurrence of a Triggered Credit Event irrespective of the relevant Auction Final Price or Final Price (as applicable), but subject to any return at maturity derived from the related Fund Swap Transaction or Equity Swap Transaction (as applicable). The Class Redemption Factor in respect of each Class of Notes is to be determined by the Issuer, or the Calculation Agent on its behalf, and notified to the Noteholders on or about the Issue Date.

#### *Payment of Final Redemption Amount*

If no Credit Event has occurred and no Unsettled Credit Event (as defined below) is outstanding as at the Credit Event Observation Period End Date, on the Reference Business Day immediately preceding the Scheduled Maturity Date of the Class of Notes to which such Repo Transaction relates (the “**Repurchase Date**”):

- (a) the Repo Counterparty will pay to the Issuer an amount (such amount, the “**Repurchase Price**”) equal to the then outstanding Class Notional Amount of the related Credit Default Swap Transaction (if any); and
- (b) the Issuer will deliver to the Repo Counterparty securities equivalent to any remaining Eligible Securities held by the Custodian (provided that the Swap Counterparty has paid to the Issuer any Swap Counterparty Equity Final Exchange Amount under the related Fund Swap Transaction or Equity Swap Transaction (as applicable)).

On the Scheduled Maturity Date, in respect of each Note of the Class, the Issuer will pay an amount equal to (i) its *pro rata* share of an amount equal to the Repurchase Price (if any) *plus* (ii) the Additional Payout Amount (if any) (together, the “**Final Redemption Amount**”) to the Noteholder.

If the Class Notional Amount of such Credit Default Swap Transaction has been reduced to zero prior to the Scheduled Maturity Date due to the occurrence of any Triggered Credit Event, the Repurchase Price under the related Repo Transaction may be zero.

*Extension of the Credit Default Swap Transaction, the Repo Transaction and Payment of Partial Redemption Amount*

In certain circumstances, the termination date of each Credit Default Swap Transaction and the repurchase date of the related Repo Transaction may extend beyond the scheduled termination date and repurchase date, respectively. Such extension may occur, in summary, where the payment of any Issuer Cash Settlement Amount will fall after the Repurchase Date of the related Repo Transaction or where:

- (a) any Credit Event has occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the Calculation Agent under such Credit Default Swap Transaction (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) but which has not been confirmed as being a Credit Event or not on or prior to the Credit Event Observation Period End Date,

(each such occurrence under (a) or (b), as used herein, an “**Unsettled Credit Event**”).

In such circumstances, the Repurchase Price (if any) payable by the Repo Counterparty to the Issuer under the related Repo Transaction on the Repurchase Date will be an amount equal to the then outstanding Class Notional Amount *minus* the Reference Entity Notional Amount in respect of the applicable Reference Entity. On the Scheduled Maturity Date, in respect of each Note of the Class, the Issuer will pay an amount equal to (i) its *pro rata* share of the Repurchase Price (if any) so calculated *plus* (ii) the Additional Payout Amount (if any) (together, the “**Partial Final Redemption Amount**”) to the Noteholder in partial redemption of such Note.

In relation to the Reference Entity in respect of which the Unsettled Credit Event has occurred, if it is determined that no Credit Event has occurred under the Credit Default Swap Transaction, on the date immediately following the date of such determination (an “**Additional Repurchase Date**”) the Repo Counterparty will pay to the Issuer an amount equal to the Reference Entity Notional Amount in respect of such Reference Entity (which may be 100% of the Class Notional Amount) (the “**Additional Repurchase Price**”). On the date falling 2 Reference Business Days after the Additional Repurchase Date (an “**Unsettled Credit Event Instalment Date**”), in respect of each Note of the Class, the Issuer will pay an amount equal to its *pro rata* share of the Additional Repurchase Price (the “**Unsettled Credit Event Instalment Amount**”). The last occurring Additional Repurchase Date will be the termination date of the Repo Transaction and the Credit Default Swap Transaction relating to the relevant Class of Notes.

However, if it is determined that a Credit Event has occurred in respect of such Reference Entity on or prior to the Credit Event Observation Period End Date and/or, where applicable, an Auction Final Price or Final Price is determined following the Credit Event Observation Period End Date, the Repo Counterparty will pay the Credit Suisse Net Settlement Amount to the Issuer on the related Partial Repurchase Date (being the Issuer Cash Settlement Date under the related Credit Default Swap Transaction) and, in respect of each Note of such Class, the Issuer will pay the Credit Event Instalment Amount on the related Credit Event Instalment Date, in the manner described above under “*Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes*”.

*Payment of Class E Instalment Amounts*

In respect of the Class E Notes only, if no Triggered Credit Event has occurred and no Unsettled Credit Event (as defined above) is outstanding as at the Reference Business Day immediately preceding a Class E Instalment Date, on the Reference Business Day immediately preceding the Class E Instalment Date (the “**Interim Exchange Date**”) the Swap Counterparty will pay to the Issuer an amount (such amount, the “**Interim Exchange Amount**”) equal to 3% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date.

On the Class E Instalment Date, in respect of each Note of the Class E Notes, the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Interim Exchange Amount (being equal to each such Note’s Class E Instalment Amount).

Where a Credit Event has occurred and the Class Notional Amount of the Credit Default Swap Transaction in respect of the Class E Notes has been reduced to zero, no further Class E Instalment Amounts shall be payable on the Class E Notes.

*Suspension of payment of Class E Instalment Amounts as a result of Unsettled Credit Events*

If there is an Unsettled Credit Event (as described above) under the Credit Default Swap Transaction relating to the Class E Notes as at the Reference Business Day immediately preceding a Class E Instalment Date, the payment of any Class E Instalment Amount which may be, or may become, due by the Issuer to Noteholders in respect of the Class E Notes will be suspended.

Such suspension will continue until it is determined that a Credit Event has occurred or a Credit Event has not occurred.

The Calculation Agent shall, as soon as reasonably practicable, notify the Issuing and Paying Agent of any suspensions of payment of Class E Instalment Amounts pursuant to an Unsettled Credit Event.

Where a Credit Event has occurred, the same process as set out under “*Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes*” above will be followed.

Where it is determined that no Credit Event has occurred, the Class E Instalment Amount that would otherwise have been payable on the relevant Class E Instalment Date shall be due on the second Reference Business Day following the date of such determination.

*Worked example of the impact of a Triggered Credit Event*

The following sets out an example of the impact of a Triggered Credit Event on a Credit Default Swap Transaction and the related Repo Transaction. The figures and events used for the purposes of the example are indicative only and are not intended as a guide as to the actual or expected performance of any Class of Notes. The performance of any Class of Notes may be better or worse than set out in the following example.

The example assumes the following:

- (a) the Credit Default Swap Transaction relating to a Class of Notes references a single Reference Entity with a Reference Entity Notional Amount of SEK 1,000,000;
- (b) the Outstanding Principal Amount of the Class of Notes (and the Class Notional Amount in respect of the related Credit Default Swap Transaction) as at the Issue Date is SEK 1,000,000;
- (c) the Class Redemption Factor for the Class of Notes is 80%;
- (d) no Swap Counterparty Equity Final Exchange Amount is payable under the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to the Class of Notes; and
- (e) no Early Redemption Event (including any Event of Default) occurs in respect of the Class of Notes and all transaction parties comply with their obligations relating to the Class of Notes.

Based on these assumptions:

If a Triggered Credit Event occurs in respect of the Reference Entity prior to 1 January 2016 (and therefore prior to the Credit Event Observation Period End Date) and an Auction Final Price, expressed as a percentage, of 50% is determined in respect of such Reference Entity in the manner provided for under the Credit Default Swap Transaction (which will be identical across all Credit Default Swap Transactions), then:

- (a) on the Partial Repurchase Date under the Repo Transaction (being the same date as the Issuer Cash Settlement Date under the Credit Default Swap Transaction), the Repo Counterparty will pay to the Issuer a Credit Suisse Net Settlement Amount of SEK 400,000 (being equal to the *product of* (i) the Reference Entity Notional Amount of SEK 1,000,000, (ii) the Auction Final Price of 50% and (iii) the Class Redemption Factor of 80%). The Issuer will deliver to the Repo Counterparty securities equivalent to the Purchased Securities and the Repurchase Price will be reduced to zero (reflecting the Reference Entity Notional Amount of SEK 1,000,000); and
- (b) on the Credit Event Instalment Date, the Issuer will pay a holder of a Note of such Class having a nominal amount of SEK 10,000 a Credit Event Instalment Amount equal to SEK 4,000, being its *pro rata* share of an amount equal to the Credit Suisse Net Settlement Amount, and the outstanding

nominal amount of each Note of such Class will be reduced to SEK 1 (such SEK 1 remaining outstanding until the Scheduled Maturity Date solely for the purposes of keeping the Notes of such Class outstanding in the event that any Additional Payout Amount is payable under with respect to such Class).

Accordingly, based on this example, in respect of each Class of Notes, a holder of a Note of such Class having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will be entitled to a total of SEK 4,000 in respect of such Note, representing a loss of SEK 6,000.

### **Impact of the Fund Swap Transaction on the Class A Notes**

#### *Overview*

In respect of the Class A Notes, an Additional Payout Amount, which is expected to be funded by the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under the Fund Swap Transaction referencing a hypothetical portfolio consisting of variable exposure to the Fund's excess return performance over the prevailing three month STIBOR interest rate (the "**Fund Excess Return**"), may be payable as part of the redemption amount in respect of such Class on the Scheduled Maturity Date. The portfolio automatically adjusts its allocation to the Fund Excess Return based on the realised volatility of the Fund. The Fund Swap Transaction will be evidenced by a confirmation.

In respect of each of the Class A Notes, the performance of the reference portfolio, together with the participation percentage applicable to the Fund Swap Transaction (the "**Participation**"), will determine the Additional Payout Amounts (if any) payable in respect of such Class on the Scheduled Maturity Date. The Participation in respect of the Class A Notes is to be determined by the Issuer, or the Calculation Agent on its behalf, and notified to the Noteholders on or about the Issue Date. The Participation in respect of the Class A Notes is expected to be 225% (indicative only) but which may be higher or lower and in any event shall not be less than 180%.

#### *Volatility adjustment*

A volatility linked formula is applied to determine the exposure to the Fund by adjusting the weighting applied to the Fund Excess Return on a daily basis.

As of 10 September 2015, (the "**Reference Portfolio Value Start Date**"), being the first date on which the relevant values are calculated for the purpose of the Fund Swap Transaction, the weighting applied to the Fund Excess Return is 100%. Thereafter, a weighting with respect to the Fund Excess Return is determined on a daily basis. The mechanism for determining this weighting is formula based and aims to limit volatility to 4.5% by reducing the weighting applied to the Fund Excess Return when the historical volatility of the Fund is higher than 4.5%. In this way, the weighting applied to the Fund Excess Return may vary between 0% and 100%.

#### *Formula for calculating the Swap Counterparty Equity Final Exchange Amount and the Additional Payout Amount in respect of the Class A Notes*

The Additional Payout Amount (if any) payable in respect of the Class A Notes is expected to be funded by the corresponding Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date (the "**Swap Counterparty Equity Final Exchange Date**"). Any such Swap Counterparty Equity Final Exchange Amount will be determined by the Calculation Agent by reference to a formula.

For the purpose of determining any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Fund Swap Transaction, the Calculation Agent will apply the formula to, in summary:

- (a) determine (expressed as a percentage) (i) the arithmetic average of the Reference Portfolio Values (being based on a formula that takes into account the applicable weighting *multiplied by* the Fund Excess Return) on the Observation Dates *divided by* (ii) the Reference Portfolio Value on the Strike Date;
- (b) deduct 100% from the percentage calculated pursuant to subparagraph (a) above, generating a percentage (which may be positive or negative) indicating the performance of the reference portfolio (in accordance with the algorithm) over the life of such Fund Swap Transaction (the "**Reference Portfolio Return**");

- (c) if such Reference Portfolio Return is positive, determine the Swap Counterparty Equity Final Exchange Amount by *multiplying* the Reference Portfolio Return by the *product of* (i) the Swap Notional Amount (being equal to the Outstanding Principal Amount of the Class A Notes on the Issue Date) and (ii) the Participation.

Accordingly, a holder of a Class A Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive its *pro rata* share of the amount calculated in accordance with the formula described above. More detailed information on the formula (and each component thereof) can be found in the section of this Prospectus entitled “*Description of the Fund Swap*”.

#### *Fund Events*

Prospective investors in the Class A Notes must note that certain adjustments may be made to the terms of the Fund Swap Transaction as a result of the occurrence of certain events, including Fund Adjustment Events, Disruption Events, Fund Substitution Events and Fund Defeasance Events, as described below.

Certain risks arising as a result of such Fund Events are outlined in the section of this Prospectus entitled “*Risk Factors*”. More detailed information on the Fund Events referred to above and the resultant adjustments can be found in the section of this Prospectus entitled “*Description of the Fund Swap*”.

#### *Payment of Additional Payout Amount in respect of the Class A Notes*

If the Class A Notes remain outstanding until the Scheduled Maturity Date and a Swap Counterparty Equity Final Exchange Amount is receivable by the Issuer under the Fund Swap Transaction, a holder of a Note of such Class can expect to receive an Additional Payout Amount equal to its *pro rata* share of such Swap Counterparty Equity Final Exchange Amount.

#### *Worked examples of the determination of an Additional Payout Amount in respect of the Class A Notes*

The figures and events used for the purposes of these examples are indicative only and are not intended as a guide as to the actual or expected performance of the Class A Notes, which may be better or worse than the performance set out in the following examples.

The examples all assume the following:

- (a) the Swap Notional Amount of the Fund Swap Transaction is SEK 1,000,000;
- (b) a Participation of 200%; and
- (c) the Reference Portfolio Value is 100 per cent. at inception as of the Strike Date.

#### Example 1:

This example assumes that the Reference Portfolio Value (Average) is 105%. In this example, on the Scheduled Maturity Date, the Swap Counterparty Equity Final Exchange Amount will equal to SEK 100,000, being the *product of* (i) the Swap Notional Amount of SEK 1,000,000, (ii) the Participation of 200%, and (iii) the Reference Portfolio Return of 5%.

Accordingly, based on this example, a holder of a Class A Note having a nominal amount of SEK 10,000 will receive an Additional Payout Amount on the Scheduled Maturity Date equal to the sum of SEK 1,000 (being a *pro rata* share per Note of the Swap Counterparty Equity Final Exchange Amount).

#### Example 2:

This example assumes that the Reference Portfolio Value (Average) is 70%. In this example, on the Scheduled Maturity Date, the Swap Counterparty Equity Final Exchange Amount will equal to zero, being floored at zero.

Accordingly, based on this example, a holder of a Class A Note having a nominal amount of SEK 10,000 will not receive any Additional Payout Amount.



## Impact of the Equity Swap Transaction on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes

### Overview

In respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, an Additional Payout Amount, which is expected to be funded by the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under the Equity Swap Transaction relating to such Class and referencing the corresponding Equity Basket, may be payable as part of the redemption amount due in respect of each Note on the Scheduled Maturity Date. Equity Basket 1 (referenced by the Equity Swap Transactions relating to the Class B Notes and the Class C Notes) references a basket of shares, Equity Basket 2 (referenced by the Equity Swap Transaction relating to the Class E Notes) references a basket of shares (in each case, the “**Class Equity Basket**” in respect of each relevant Class) and the Equity Index (referenced by the Equity Swap Transaction relating to the Class D Notes) references an index of shares. Each of the Equity Swap Transactions relating to the Notes will be evidenced by a confirmation incorporating by reference the 2002 Equity Derivatives Definitions published by ISDA (the “**Equity Derivatives Definitions**”).

In respect of each of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the performance of the corresponding Class Equity Basket or the Equity Index, together with the participation percentage applicable to the Equity Swap Transaction relating to such Class (the “**Participation**”), will determine the Additional Payout Amounts (if any) payable in respect of such Class on the Scheduled Maturity Date. The Participation in respect of each of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is to be determined by the Issuer, or the Calculation Agent on its behalf, and notified to the Noteholders on or about the Issue Date, and in respect of Class B Notes is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80%, in respect of Class C Notes is expected to be 200% (indicative only) but which may be higher or lower and in any event shall not be less than 160%, in respect of Class D Notes is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80% and in respect of Class E Notes is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80%.

### Class Equity Baskets and Equity Index

The composition of Equity Basket 1, the Equity Index and Equity Basket 2 on the Issue Date is set out below. The shares or index of shares referenced in each Class Equity Basket and the Equity Index may be subject to adjustment in accordance with the terms of the corresponding Equity Swap Transaction.

#### Equity Basket 1

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class B Equity Swap Transaction and the Class C Equity Swap Transaction (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class B Notes and the Class C Notes) will depend in part on the performance of Equity Basket 1, which on the Issue Date consists of the following basket of shares:

i	Share <sub>i</sub>	Bloomberg Code	Exchange
1	ABB LTD-REG	ABB SS Equity	Stockholm Stock Exchange
2	SKANSKA AB-B SHS	SKAB SS Equity	Stockholm Stock Exchange
3	HENNES & MAURITZ AB-B SHS	HMB SS Equity	Stockholm Stock Exchange
4	SKF AB-B SHARES	SKFB SS Equity	Stockholm Stock Exchange
5	NORDEA BANK AB	NDA SS Equity	Stockholm Stock Exchange
6	TELE2 AB-B SHS	TEL2B SS Equity	Stockholm Stock Exchange
7	ASTRAZENECA PLC	AZN SS Equity	Stockholm Stock Exchange

<b>i</b>	<b>Share<sub>i</sub></b>	<b>Bloomberg Code</b>	<b>Exchange</b>
8	TELIASONERA AB	TLSN SS Equity	Stockholm Stock Exchange
9	SWEDBANK AB - A SHARES	SWEDA SS Equity	Stockholm Stock Exchange
10	SVENSKA HANDELSBANKEN- A SHS	SHBA SS Equity	Stockholm Stock Exchange

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 1 may be obtained on Bloomberg under the codes set out in the table above.

#### Equity Index

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class D Equity Swap Transaction (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class D Notes) will depend in part on the performance of the Equity Index, which on the Issue Date consists of the following index of shares:

<b>i</b>	<b>Index<sub>i</sub></b>	<b>Bloomberg Code</b>
1	IBEX 35 Index	IBEX Index

Information (including information as to their past and future performance and volatility) about the Equity Index may be obtained on Bloomberg under the code set out in the table above.

#### Equity Basket 2

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class E Equity Swap Transaction (and, accordingly, the Additional Payout Amount (if any) in respect of the Class E Notes) will depend in part on the performance of Equity Basket 2, which on the Issue Date consists of the following basket of shares:

<b>i</b>	<b>Share<sub>i</sub></b>	<b>Bloomberg Code</b>	<b>Exchange</b>
1	TELE2 AB	TEL2B SS Equity	Stockholm Stock Exchange
2	ALLIANZ SE	ALV GY Equity	XETRA
3	ENGIE	ENGI FP Equity	NYSE Euronext – Euronext Paris
4	MUENCHENER RUECKVERSICHERUNGSGESELLSCHAFT AG-REG	MUV2 GY Equity	XETRA
5	UNIBAILRODAMCO SE	UL NA Equity	Euronext Amsterdam
6	HSBC HOLDINGS PLC	HSBA LN Equity	London Stock Exchange
7	NATIONAL GRID PLC	NG/ LN Equity	London Stock Exchange
8	SWEDBANK AB	SWEDA SS Equity	Stockholm Stock Exchange
9	TELIASONERA AB	TLSN SS Equity	Stockholm Stock Exchange
10	SKANDINAVISKA ENSKILDA BANKEN AB	SEBA SS Equity	Stockholm Stock Exchange

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 2 may be obtained on Bloomberg under the codes set out in the table above.

*Formula for calculating the Swap Counterparty Equity Final Exchange Amount and the Additional Payout Amount in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes*

The Additional Payout Amount (if any) payable in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is expected to be funded by the corresponding Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date. Any such Swap Counterparty Equity Final Exchange Amount will be determined by the Calculation Agent by reference to a formula.

For the purpose of determining any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transactions relating to the Class B Notes, the Class C Notes and the Class E Notes, the Calculation Agent will apply the formula to, in summary:

- (a) determine, in respect of each share referenced in the relevant Class Equity Basket, expressed as a percentage (i) the arithmetic average of the official closing levels of such share on the monthly Averaging Dates (which are expected to be the 14th calendar day of each month from 14 June 2021 to, and including, 14 June 2023) *divided by* (ii) the official closing level of such share on the Initial Setting Date in respect of such Equity Swap Transaction (which in respect of the Class B Notes and the Class C Notes is expected to be one of a certain number of dates, as described in the section of this Prospectus entitled “*Description of the Equity Swaps*”, and in respect of the Class E Notes is expected to be 30 November 2015) (each, an “**Average Share Return**”);
- (b) deduct, in respect of each such share, 100% from the Average Share Return for that share, generating a percentage (which may be positive or negative) indicating the performance of such share (by reference to the closing levels thereof on the Averaging Dates and not any other dates) over the life of such Equity Swap Transaction (each, a “**Relative Share Return**”);
- (c) determine, by reference to the Relative Share Returns of all the shares referenced in the relevant Class Equity Basket (such performance determined as summarised in paragraphs (a) and (b) above in respect of each share), the arithmetic average performance of all the shares referenced in the relevant Class Equity Basket, generating, in effect, the average relative return of the relevant basket of shares (the “**Share Return**”); and
- (d) if such Share Return is positive, determine the Swap Counterparty Equity Final Exchange Amount by *multiplying* the Share Return by the *product of* (i) the Swap Notional Amount (being equal to the Outstanding Principal Amount of the Class of Notes to which such Equity Swap Transaction relates on the Issue Date) and (ii) the Participation.

For the purpose of determining any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction relating to the Class D Notes, the Calculation Agent will apply the formula to, in summary:

- (a) determine, in respect of the Equity Index, expressed as a percentage (i) the arithmetic average of the official closing level of such index on the monthly Averaging Dates (which are expected to be the 14th calendar day of each month from 14 June 2021 to, and including, 14 June 2023) in respect of the Equity Index *divided by* (ii) the official closing level of such index on the Initial Setting Date in respect of such Equity Swap Transaction (which is expected to be 30 November 2015) (the “**Average Index Return**”);
- (b) deduct, in respect of the index, 100% from the Average Index Return, generating a percentage (which may be positive or negative) indicating the performance of such index (by reference to the closing levels thereof on the Averaging Dates and not any other dates) over the life of such Equity Swap Transaction (the “**Index Return**”); and
- (c) if such Index Return is positive, determine the Swap Counterparty Equity Final Exchange Amount by *multiplying* the Index Return by the *product of* (i) the Swap Notional Amount (being equal to the Outstanding Principal Amount of the Class D Notes on the Issue Date) and (ii) the Participation.

Accordingly, a holder of a Note of the relevant Class having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive its *pro rata* share of the amount calculated in accordance with the formula described above. More detailed information on the formula (and each component thereof) can be found in the section of this Prospectus entitled “*Description of the Equity Swaps*”.

#### *Adjustments and disruptions*

Prospective investors in the Class B Notes, the Class C Notes and the Class E Notes must note that certain adjustments may be made to the closing levels of any of the constituent shares of Equity Basket 1 and Equity Basket 2, as applicable, and the dates on which such levels are determined for the purposes of the Equity Swap Transaction relating to the Class B Notes, the Equity Swap Transaction relating to the Class C Notes and the Equity Swap Transaction relating to the Class E Notes as a result of the occurrence of (i) non-Scheduled Trading Days and Disrupted Days, (ii) Market Disruption Events, (iii) Potential Adjustment Events or (iv) a correction of a published price in respect of a share (each of the events as defined in the Equity Derivatives Definitions incorporated by reference in the terms of the Equity Swap Transaction relating to the Class B Notes, the Equity Swap Transaction relating to the Class C Notes and the Equity Swap Transaction relating to the Class E Notes). Furthermore, the Equity Swap Transactions relating to the Class B Notes, the Class C Notes and the Class E Notes may also be subject to adjustment or early termination upon the occurrence of certain Extraordinary Events (which include a merger event, tender offer, nationalisation, delisting or insolvency) or Additional Disruption Events (which include a change in law, hedging disruption, increased cost of hedging or insolvency filing) (as defined in the Equity Derivative Definitions incorporated by reference in the terms of the relevant Equity Swap Transaction).

Prospective investors in the Class D Notes must note that certain adjustments may be made to the closing levels of the Equity Index and the dates on which the level is determined for the purposes of the Equity Swap Transaction relating to the Class D Notes as a result of the occurrence of (i) non-Scheduled Trading Days and Disrupted Days, (ii) Market Disruption Events or (iii) a correction of a published level in respect of the index (each of the events as defined in the Equity Derivatives Definitions incorporated by reference in the terms of the Equity Swap Transaction relating to the Class D Notes). Furthermore, the Equity Swap Transaction relating to the Class D Notes may also be subject to adjustment or early termination upon the occurrence of certain Index Adjustment Events (which include an index modification, index cancellation or index disruption) or Additional Disruption Events (which include a change in law, hedging disruption or increased cost of hedging) (as defined in the Equity Derivative Definitions incorporated by reference in the terms of the Equity Swap Transaction relating to the Class D Notes).

Certain risks arising as a result of such events are outlined in the section of this Prospectus entitled “*Risk Factors*”. More detailed information on the events referred to above and the resultant adjustments can be found in the section of this Prospectus entitled “*Description of the Equity Swaps*”.

#### *Payment of Additional Payout Amounts*

If a Class of Notes remains outstanding until the Scheduled Maturity Date and a Swap Counterparty Equity Final Exchange Amount is receivable by the Issuer under the Equity Swap Transaction relating to such Class of Notes, a holder of a Note of such Class can expect to receive an Additional Payout Amount equal to its *pro rata* share of such Swap Counterparty Equity Final Exchange Amount.

#### *Worked examples of the determination of an Additional Payout Amount*

The figures and events used for the purposes of these examples are indicative only and are not intended as a guide as to the actual or expected performance of any Class of Notes, which may be better or worse than the performance set out in the following examples.

The examples all assume the following:

- (a) the Swap Notional Amount of the Equity Swap Transaction relating to the relevant Class is SEK 1,000,000;
- (b) a Participation of 100% in respect of Equity Basket 1, 100% in respect of the Equity Index and 100% in respect of Equity Basket 2;
- (c) the number of shares referenced in Equity Basket 1 is 10; and
- (d) the number of shares referenced in Equity Basket 2 is 10.

Based on these assumptions:

Example 1:

This example assumes that the shares referenced in Equity Basket 1 have performed as following:

<b>Share<sub>i</sub></b>	<b>Official closing price of Share<sub>i</sub> on the Initial Setting Date (in the relevant currency unit)</b>	<b>Arithmetic mean of the official closing price of Share<sub>i</sub> on each Averaging Date (in the relevant currency unit)</b>	<b>Relative Share Return of Share<sub>i</sub></b>
Share 1	5	4.5	-10%
Share 2	10	12	20%
Share 3	10	10	0%
Share 4	8	6	-25%
Share 5	15	18	20%
Share 6	10	8	-20%
Share 7	10	12.5	25%
Share 8	20	18	-10%
Share 9	10	11	10%
Share 10	100	80	-20%

In this example, the average performance of Equity Basket 1 will be -1%, being the sum of the percentages in the column entitled “Relative Share Return of Share<sub>i</sub>” *divided by* 10 (the number of shares referenced in Equity Basket 1). Accordingly, no Swap Counterparty Equity Final Exchange Amount will be payable under the Equity Swap Transaction relating to this Class as the average performance of Equity Basket 1 is below zero.

Accordingly, based on this example, in respect of this Class of Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will not receive an Additional Payout Amount.

Example 2:

This example assumes that the shares referenced in Equity Basket 2 have performed as following:

<b>Share<sub>i</sub></b>	<b>Official closing price of Share<sub>i</sub> on the Initial Setting Date (in the relevant currency unit)</b>	<b>Arithmetic mean of the official closing price of Share<sub>i</sub> on each Averaging Date (in the relevant currency unit)</b>	<b>Relative Share Return of Share<sub>i</sub></b>
Share 1	5	5.5	10%
Share 2	10	12	20%
Share 3	10	10	0%
Share 4	8	6	-25%

Share 5	15	18	20%
Share 6	10	10.5	5%
Share 7	10	12.5	25%
Share 8	20	18	-10%
Share 9	10	11	10%
Share 10	100	95	-5%

In this example, the average performance of Equity Basket 2 will be 5%, being the sum of the percentages in the column entitled “Relative Share Return of Share<sub>i</sub>” *divided by* 10 (the number of shares referenced in Equity Basket 2), which is referred to in this example as the Equity Return. Accordingly, the Swap Counterparty Equity Final Exchange Amount payable under the Equity Swap Transaction relating to this Class will be SEK 50,000, being the *product of* (i) the Swap Notional Amount of SEK 1,000,000, (ii) the Participation of 100%, and (iii) the Equity Return of 5%.

Accordingly, based on this example, in respect of this Class of Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of SEK 500, being its *pro rata* share of the Swap Counterparty Equity Final Exchange Amount calculated above.

#### Example 3:

This example assumes that the Equity Index has performed as following:

Index <sub>i</sub>	Official closing level of Index <sub>i</sub> on the Initial Setting Date	Arithmetic mean of the official closing price of Index <sub>i</sub> on each Averaging Date	Relative Return of Index <sub>i</sub>
Index	500	550	10%

In this example, the average performance of the Equity Index will be 10%, being the percentage in the column entitled “Relative Return of Index<sub>i</sub>”, which is referred to in this example as the Equity Index Return. Accordingly, the Swap Counterparty Equity Final Exchange Amount payable under the Equity Swap Transaction relating to this Class will be SEK 100,000, being the *product of* (i) the Swap Notional Amount of SEK 1,000,000, (ii) the Participation of 100%, and (iii) the Equity Index Return of 10%.

Accordingly, based on this example, in respect of this Class of Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of SEK 1,000, being its *pro rata* share of the Swap Counterparty Equity Final Exchange Amount calculated above.

### **Early Redemption in Full**

#### *Overview*

In certain circumstances, the Notes of a Class will be redeemed in full prior to the Maturity Date and the amount receivable by holders of the Notes of such Class will depend, amongst other things, on the mark-to-market value of the Fund Swap Transaction or the Equity Swap Transaction (as applicable), the Credit Default Swap Transaction and the Repo Transaction relating to such Class (or the net mark-to-market value of the Swap Agreement and the Repo Agreement attributable to the Fund Swap Transaction or the Equity Swap Transaction (as applicable), the Credit Default Swap Transaction and the Repo Transaction relating to such Class).

#### *Early Redemption Events*

The Notes of a Class may be redeemed early, and in full, together with the Notes of each other Class, in any of the following circumstances:

- (a) both the Credit Default Swap Transaction and the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class of Notes are terminated, or the Swap Agreement as a whole is terminated;
- (b) the Repo Transaction relating to such Class of Notes is terminated, or the Repo Agreement as a whole is terminated;
- (c) upon the occurrence of certain insolvency events with respect to the Swap Counterparty or the Repo Counterparty, the occurrence of an Event of Default or a Termination Event (each as defined in the Swap Agreement), the occurrence of a Termination Event (as defined in the Swap Agreement) with respect to any Credit Default Swap Transaction, Fund Swap Transaction or Equity Swap Transaction where the Issuer has the right to terminate such transaction, the occurrence of an Event of Default (as defined in the Repo Agreement) or the occurrence of certain credit rating downgrading or withdrawal events in respect of the Swap Counterparty or the Repo Counterparty, no replacement Swap Counterparty and Repo Counterparty is appointed within 30 calendar days of such default by the Swap Counterparty or the Repo Counterparty. More detailed information on the events referred to above and the resultant replacement can be found in the section of this Transaction Description entitled “*Replacement of Swap Counterparty and Repo Counterparty*” below;
- (d) certain tax events occur in respect of payments due by the Issuer under the Notes of each Class, but not instances where (x) withholding or deduction of taxes on the Notes arises solely in respect of FATCA; (y) withholding or deduction of taxes on the Notes arises solely as a result of the Noteholder’s connection with the jurisdiction of incorporation of the Issuer (otherwise than by reason of the holding of any Note or receiving any payment in respect thereof); and (z) a withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000);
- (e) as a result of (amongst other things) the implementation or adoption of, or any change in, any applicable law, regulation or regulatory guidance or interpretation, or public or private statement or action by any court, tribunal or regulatory authority: (i) it becomes or there is a reasonable likelihood of it becoming unlawful for the Issuer to maintain the Notes or that the maintenance or the existence of the Notes would make it unlawful to maintain the existence of any other notes issued by the Issuer, to perform any duties in respect of the Notes of all Classes (including, without limitation, any transactions necessary or advisable to hedge the Issuer’s risk in connection with the Notes), to hold any Collateral (or receive payment in respect of any Collateral) or to comply with any material provision of any agreement entered into in connection with the Notes of all Classes, or (ii) the Issuer’s administrative expenses are materially increased and the Issuer is unable to obtain the costs of such increase from another party or source;
- (f) an Event of Default occurs with respect to such Class of Notes; or
- (g) the Trustee enforces the security following the occurrence of an Enforcement Event in respect of any other Class of Notes.

#### *Payments and Deliveries following an Early Redemption Event*

Upon the occurrence of one of the events listed above, the Notes of the relevant Class may be redeemed by payment to the holder of their relevant Early Cash Redemption Amount. A description of the calculation of the Early Cash Redemption Amount is set out in the section of this Prospectus entitled “*Description of the Swap Agreement*”.

#### **Security**

The Issuer will enter into an Issue Deed on the Issue Date with, amongst others, BNY Mellon Corporate Trustee Services Limited as trustee for the Notes (the “**Trustee**”) under English law pursuant to which the Notes will be constituted and secured (such Issue Deed as it supplements the Principal Trust Deed relating to the Programme, being the Trust Deed for the Notes). In accordance with such Issue Deed, the Trustee is granted English law governed security for the benefit of itself and the other secured creditors (including the Noteholders) over, among other things, the rights of the Issuer under the Swap Agreement and the Repo Agreement as continuing security for, among other things, the payment of all sums due under the Notes. The

Notes will also have the benefit of a Luxembourg law governed security interest (pledge agreement) which is granted to the Trustee (for, among other things, the benefit of itself and the other secured creditors (including the Noteholders)) over the pledged accounts allocated to Compartment GAP 2476 and 2484 – 2487 November 2015.

Under the Trust Deed, the Trustee undertakes to hold on trust the security granted to it for, among other things, the benefit of itself and the Noteholders and has the right to enforce the security upon the occurrence of an Enforcement Event in respect of any Class of Notes, for example, in the event of a non-payment of certain amounts due under any Class of Notes. If the Trustee enforces the security following the occurrence of an Enforcement Event in respect of a Class of Notes, the other Classes will be redeemed early at the same time as that Class.

While the Trustee is permitted to give notice to the Issuer of its determination that an Event of Default has occurred (and that accordingly any Class of Notes have become immediately due and payable) and to determine that an Enforcement Event has occurred and enforce the security for the Notes, it is not required to do so unless (i) the Trustee is directed by an Extraordinary Resolution passed by the Noteholders of the relevant Class to do so (in the case of either an Event of Default or Enforcement Event) or (ii) the Trustee is directed by the Swap Counterparty and/or the Repo Counterparty (whichever shall be the first to so request or direct, as the case may be) in writing (in the case of an Enforcement Event only), and, in each case, the Trustee is indemnified and/or secured and/or prefunded by the Noteholders of the relevant Class to its satisfaction.

As indicated above, the Noteholders of a Class, by passing an Extraordinary Resolution, will be entitled to direct the Trustee to give an Early Redemption Notice to the Issuer and, if necessary, enforce the security following an Enforcement Event in respect of such Class, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction. Such Extraordinary Resolution if passed by way of a signed written resolution or given by way of electronic consents through the clearing systems (where the Notes are held on behalf of a Clearing System) must be passed by Noteholders holding, in aggregate, the relevant Class at least 75% in nominal amount of all of the outstanding Notes of such Class. Given the wide distribution of the Notes, Noteholders should be aware that there may be a significant delay between the Noteholders becoming entitled to make such a direction to the Trustee and Noteholders holding a sufficient nominal amount of the Notes of the relevant Class being able to make such request and provide the required indemnification, security and/or prefunding to the Trustee.

The Trustee is obliged to pay the proceeds from the realisation or enforcement of the Mortgaged Property with the priority set out below:

- (a) the payment of amounts owing to the Repo Counterparty pursuant to Net Exposure (as defined below) (which shall be equal to the lesser of (A) the Available Proceeds, (B) the value of the Issuer's Net Margin and (C) the value of the amounts owing to the Repo Counterparty under the Repo Agreement (which shall be deemed to be zero if no such amounts are owing);
- (b) the payment or satisfaction of all taxes owing by the Issuer;
- (c) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the security (including any taxes to be paid, legal fees and remuneration);
- (d) certain amounts owing to the Custodian, the Issuing and Paying Agent and the other Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and their fees, costs, charges, expenses and liabilities;
- (e) any fees of the Disposal Agent;
- (f) any amounts owing to the Swap Counterparty under the Swap Agreement and owing to the Repo Counterparty under the Repo Agreement, on a *pari passu* and *pro rata* basis;
- (g) fees of the Corporate Services Provider; and
- (h) amounts owing to the Noteholders on a *pari passu* and *pro rata* basis.



## Margin Maintenance under the Repo Agreement

Under the Repo Agreement, the Repo Counterparty will determine any net exposure (the “**Net Exposure**”) of the Issuer or the Repo Counterparty on a weekly basis. The Issuer has a Net Exposure in respect of the Repo Counterparty if (i) (a) the aggregate of all the Issuer’s Transaction Exposures (as described below) *plus* (b) any income payments payable to the Issuer in accordance with the terms of the Repo Agreement *less* (c) the market value of any Eligible Securities provided to the Issuer as margin exceeds (ii) (a) the aggregate of all of the Repo Counterparty’s Transaction Exposures *plus* (b) any income payments payable to the Repo Counterparty in accordance with the terms of the Repo Agreement *less* (c) the market value of any Eligible Securities provided to the Repo Counterparty as margin. The amount of the Net Exposure is the amount of the excess.

The “**Transaction Exposure**”, with respect to any Repo Transaction at any time during the period from, is equal to the amount “E” determined in accordance with the formula below:

$$E = R - AV + \text{Swap MTM}$$

Where:

“**R**” means the Repurchase Price (as defined in the Repo Agreement) at such time.

“**AV**” means the market value of the equivalent Eligible Securities held by the Custodian at such time (after the application of the relevant haircut specified in the Repo Agreement).

“**Swap MTM**” means the amount which would be payable to the Issuer (expressed as a positive number) or to the Repo Counterparty, in its capacity as the Swap Counterparty under the Swap Agreement (expressed as a negative number), pursuant to the terms of the Swap Agreement if the Credit Default Swap Transaction and the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to the relevant Class of Notes were being terminated as of such time, pursuant to the terms of the Swap Agreement.

If:

- (a) E is greater than zero (a positive number), the Issuer has a Transaction Exposure equal to E; and
- (b) E is less than zero (a negative number), the Repo Counterparty has a Transaction Exposure equal to the lower of (A) the absolute value of E and (B) the value of the Purchased Securities.

If the Issuer has a Net Exposure as at the date of the weekly determination, the Repo Counterparty will be required to transfer additional Eligible Securities to the Issuer as margin such that the Net Exposure is reduced to zero. If the Repo Counterparty has a Net Exposure, the Issuer will be required to transfer Eligible Securities to the Repo Counterparty as margin such that the Net Exposure is reduced to zero. The Repo Counterparty will act for its own benefit and is not required to, and may not, take into account the interests of the Noteholders in determining what securities, meeting the required criteria, to deliver to the Issuer under the Repo Agreement as Eligible Securities.

## Replacement of Swap Counterparty and Repo Counterparty and Agents and Rights of Noteholder Facilitator

### *Replacement of Swap Counterparty and Repo Counterparty*

The terms of the Notes provide that, upon the occurrence of (i) a Counterparty Bankruptcy Credit Event; or (ii) an Event of Default (as defined in the Repo Agreement) with respect to the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event); or (iii) the delivery of a notice of termination for tax reasons pursuant to paragraph 11 of the Repo Agreement (a “**Tax Termination Event**”); or (iv) an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Credit Event); or (v) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of any Credit Default Swap Transactions (a “**CDS Termination Event**”); or (vi) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of any Fund Swap Transaction or Equity Swap Transaction (an “**Equity Swap Termination Event**”); or (vii) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty or the Repo Counterparty being withdrawn or less than Ba1 or if the short term rating assigned by Moody’s to the Swap Counterparty or the Repo Counterparty is less than P-3 (any such downgrade or withdrawal, a “**Moody’s**”

**Ba1/P-3 Downgrade**” and such event, along with each of a Counterparty Bankruptcy Credit Event, an Event of Default with respect to the Swap Counterparty or the Repo Counterparty (other than a Counterparty Bankruptcy Credit Event), a Tax Termination Event, a CDS Termination Event, an Equity Swap Termination Event and a Moody’s Ba1/P-3 Downgrade, a **“Replacement Event”**), the Issuer will not designate an Early Termination Date and will notify Garantum Fondkommission AB (as Noteholder Facilitator) as soon as reasonably practicable upon becoming aware of any such occurrence.

If (i) a Replacement Event (other than a Moody’s Ba1/P-3 Downgrade) occurs or (ii) (x) a Moody’s Ba1/P-3 Downgrade occurs and (y) the Swap Counterparty and Repo Counterparty gives their prior written consent to such direction, Garantum Fondkommission AB as the Noteholder Facilitator is entitled to direct the Issuer by notice copied to the Trustee to enter into a replacement Swap Agreement with a replacement Swap Counterparty in respect of all Credit Default Swap Transactions, the Fund Swap Transaction and all Equity Swap Transactions and a replacement Repo Agreement with a replacement Repo Counterparty in respect of all Repo Transactions, being the same entity as the replacement Swap Counterparty, identified by the Noteholder Facilitator. For the avoidance of doubt, the occurrence of a Moody’s Ba1/P-3 Downgrade will not entitle the Issuer to terminate the Swap Agreement or the Repo Agreement and the Noteholder Facilitator will not be entitled to give such a replacement direction upon the occurrence of a Moody’s Ba1/P-3 Downgrade unless the Swap Counterparty and the Repo Counterparty have given their prior written consent.

With respect to the occurrence of a Replacement Event which would otherwise have given rise to an early redemption of the Notes, if a replacement Swap Agreement and a replacement Repo Agreement are entered into by the Issuer with such replacement Swap Counterparty and replacement Repo Counterparty, respectively, within 30 calendar days of the relevant Replacement Event, then an early redemption under the Notes will not occur as a result. Instead, the ongoing payment obligations of the Swap Counterparty under the Swap Agreement would, effectively, now be ongoing payment obligations of such replacement Swap Counterparty and the ongoing payment and delivery obligations of the Repo Counterparty under the Repo Agreement would, effectively, now be ongoing payment and delivery obligations of such replacement Repo Counterparty.

Once appointed, if a replacement Swap Counterparty or a replacement Repo Counterparty were itself to be subject to a Replacement Event, the same replacement process outlined herein would apply. Again, if a replacement Swap Counterparty and a replacement Repo Counterparty was not appointed within 30 calendar days of the occurrence of a Replacement Event which gives rise to an early redemption of the Notes, then the Notes would redeem early.

In order for a replacement Swap Agreement and a replacement Repo Agreement to be entered into in these circumstances, certain requirements need to be met, including:

- (a) the replacement Swap Counterparty and the replacement Repo Counterparty must be a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, the Ba1/P-3 Rating as of the date the replacement Swap Agreement and the replacement Repo Agreement are entered into;
- (b) the replacement Swap Counterparty and the replacement Repo Counterparty must be satisfactory to the Issuer and the Trustee; and
- (c) the price such replacement Swap Counterparty is willing to pay or receive to enter into such replacement Swap Agreement must be satisfactory to the Swap Counterparty subject to the Replacement Event and the price that such replacement Repo Counterparty is willing to pay or receive to enter into such replacement Repo Agreement must be satisfactory to the Repo Counterparty subject to the Replacement Event.

Where a replacement Swap Agreement and a replacement Repo Agreement are entered into, certain costs and expenses may be incurred by the Trustee and the Issuer and these are expected to be funded by the replacement Swap Counterparty or replacement Repo Counterparty, as applicable on the date it enters into the replacement Swap Agreement or replacement Repo Agreement, as applicable.

The Swap Counterparty and the Repo Counterparty may, under these provisions, be replaced more than once during the term of the Notes as a result of defaults by any subsequent replacement Swap Counterparty or replacement Repo Counterparty. Therefore, the Swap Counterparty and the Repo Counterparty may not be

Credit Suisse International during the term of the Notes and it is not possible to know as at the Issue Date, the identity of any replacement Swap Counterparty or replacement Repo Counterparty that may enter into a replacement Swap Agreement and replacement Repo Agreement in connection with the Notes in the circumstances referred to above.

#### *Replacement of Agents*

Where the Swap Counterparty and the Repo Counterparty are replaced in the circumstances contemplated above and the existing Swap Agreement and the existing Repo Agreement have been terminated in full, it is intended that the agency roles performed by such entity, which, as at the Issue Date, include the Calculation Agent and Disposal Agent in respect of the Notes, would be transferred to another entity or entities identified by Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator), provided that certain requirements were met, including:

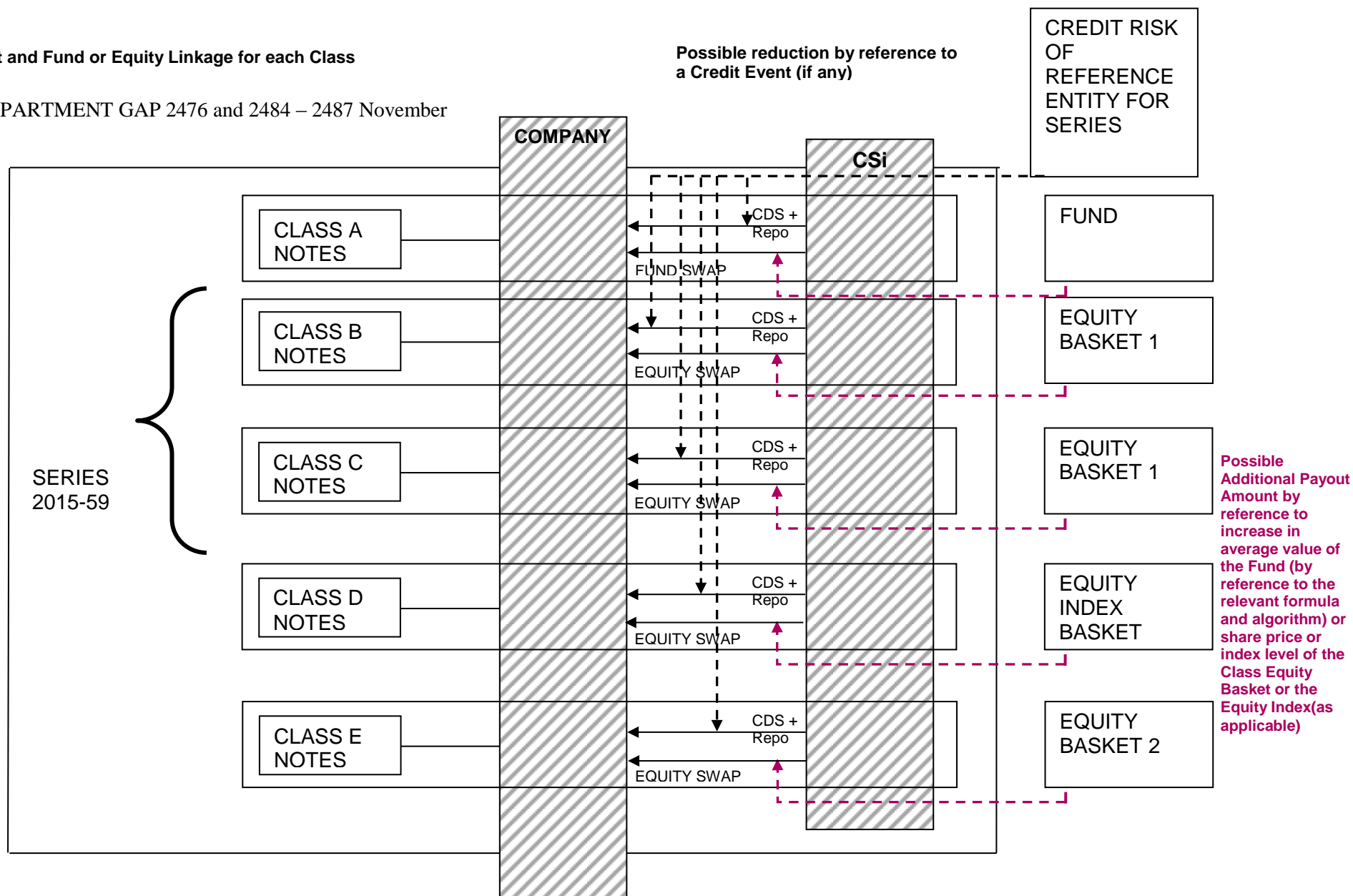
- (a) the entity or entities must be reputable financial institutions with a place of business in London which provides such agency services as part of their ongoing business activities and which has or have, as a minimum, the Ba1/P-3 Rating as of the date of appointment; and
- (b) the entity or entities must be satisfactory to the Issuer, Trustee, replacement Swap Counterparty and replacement Repo Counterparty.

Following such identification of the replacement entity or entities, the Issuer is then required to use reasonable efforts to enter into such agreements as are necessary to appoint such entity or entities to perform such agency roles on, or as soon as reasonably practicable following, the entry into of a replacement Swap Agreement with the replacement Swap Counterparty and a replacement Repo Agreement with the replacement Repo Counterparty.

The relevant Agents may, under these provisions, be replaced more than once during the term of the Notes where the Swap Counterparty and the Repo Counterparty are also replaced as described above.

# Credit and Fund or Equity Linkage for each Class

COMPARTMENT GAP 2476 and 2484 – 2487 November 2015



## QUESTIONS AND ANSWERS

*The following section answers some questions that prospective investors might have regarding the Notes, in general terms only. It does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and, in particular, the Issue Terms of the Notes, the Summary, the Risk Factors, the Transaction Description and the more detailed information in respect of the Credit Default Swap Transactions, the Repo Transactions, the Fund Swap Transaction and the Equity Swap Transactions that is contained elsewhere in this Prospectus and in the Base Prospectus or is incorporated by reference in such documents. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisers with respect to any investment in the Notes.*

*The information contained in this section is subject in its entirety to the other sections of this Prospectus.*

**What are the Notes?**

The Notes are investment instruments issued by Argentum Capital S.A. acting in respect of Compartment GAP 2476 and 2484 – 2487 November 2015 in the form of notes. The Notes are comprised of five Classes: the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. They are credit-linked to a reference entity and equity-linked or equity index-linked to the performance of either a basket of shares or an index of shares.

**Is any interest payable on the Notes?**

No. Interest is not payable in respect of any Class of Notes.

**Where is my money invested?**

The Issuer will use the issue proceeds of the Notes to enter into (a) the Fund Swap Transaction (in respect of the Class A Notes), the Equity Swap Transactions (in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) and the Credit Default Swap Transactions with the Swap Counterparty and (b) the Repo Transactions with the Repo Counterparty, and to satisfy the commission due to the Dealer. In respect of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Issuer will pay an amount equal to the issue proceeds of such Class of Notes to the Repo Counterparty under the related Repo Transaction on or around the Issue Date to purchase Eligible Securities. In respect of the Class E Notes, the Issuer will pay an amount equal to 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date to the Repo Counterparty under the related Repo Transaction on or around the Issue Date to purchase Eligible Securities and shall pay the remaining issue proceeds of the Class E Notes to the Swap Counterparty under the related Credit Default Swap Transaction.

The return on the Class A Notes is linked to the Fund Swap Transaction (referencing the performance of the Fund), the Credit Default Swap Transaction and the Repo Transaction relating to such Class. The return on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is linked to the related Equity Swap Transaction (referencing the performance of the Class Equity Basket or the Equity Index), the Credit Default Swap Transaction and the Repo Transaction relating to the relevant Class.

**Are the Notes secured on any Original Collateral?**

No. In respect of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Issuer will pay an amount equal to the issue proceeds of the Notes to the Repo Counterparty under the Repo Agreement (out of which the Repo Counterparty will pay on behalf of the Issuer the commission due to the Dealer) on the Issue Date. The Repo Counterparty will transfer to the Issuer Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than the Outstanding Principal Amount of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes as at the Issue Date.

In respect of the Class E Notes, the Issuer will pay an amount equal to 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date to the Repo Counterparty under the related Repo Transaction (out of which the Repo Counterparty will pay on behalf of the Issuer the commission due to the Dealer). The Repo Counterparty will transfer to the Issuer Eligible Securities which have an aggregate value (after the application of the relevant haircut specified in the Repo Agreement) of not less than 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date.

The Eligible Securities must be debt obligations issued by any of Italy, the United States of America, Canada, the United Kingdom, France, Germany, the Netherlands, Belgium, Sweden, Switzerland or Japan.

Under the Repo Agreement, the Repo Counterparty will determine any Net Exposure of the Issuer or the Repo Counterparty on a weekly basis. Any Net Exposure of the Issuer or the Repo Counterparty will be determined by reference to, among others, the mark-to-market value of the Swap Transactions, the Repurchase Price in respect of each Repo Transaction and the market value (after the application of the relevant haircut specified in the Repo Agreement) of securities equivalent to the Eligible Securities transferred to the Issuer. The Repo Counterparty will be required to deliver to the Custodian (on behalf of the Issuer) additional Eligible Securities in respect of an increase in the Issuer's Net Exposure. For so long as the Custodian (on behalf of the Issuer) is holding any Eligible Securities, they will comprise underlying assets for the Notes and Collateral. If the Issuer's Net Exposure decreases (or if the Repo Counterparty has a Net Exposure), the Issuer will be required to deliver Eligible Securities to the Repo Counterparty. Such Eligible Securities that are delivered by the Issuer will be released from the security and, accordingly, the overall amount of Collateral which the Issuer holds will be reduced.

More detail on margin maintenance under the Repo Agreement is provided in the section of this Prospectus entitled "*Transaction Description*".

**Is the scheduled return on each Class of Notes expected to be the same?**

No. A portion of the return on any Class of Notes will depend on the Fund Swap Transaction (which references the performance of the Fund) or the Equity Swap Transaction (which references the performance of the relevant Class Equity Basket or the Equity Index), in each case relating to such Class and as adjusted for the relevant Participation of that Class. The return under the Fund Swap Transaction and the Equity Swap Transactions may vary between Classes due to the Scheduled Maturity Date of the relevant Class of Notes and the averaging periods and the Participation. As a result, one or more Classes of Notes may perform better or worse than the other Classes of Notes.

In addition, the Class E Instalment Amounts are scheduled to be paid on the Class E Notes (in an amount equal to 3% of the Outstanding Notional Amount of the Class E Notes as at the Issue Date) on 4 July 2016, 4 July 2017, 4 July 2018, 4 July 2019, 6 July 2020, 5 July 2021 and 4 July 2022, in each case subject to adjustment in accordance with the Following Business Day Convention.

<b>When are the Notes scheduled to mature if not redeemed early?</b>	<p>The Class A Notes are scheduled to mature on 6 April 2021, and the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are scheduled to mature on 4 July 2023.</p> <p>However, the scheduled maturity of a Class of Notes may be extended beyond this date as a result of any postponement in the settlement of the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class to the latest date for payment of any Swap Counterparty Equity Final Exchange Amount to the Issuer.</p> <p>Furthermore, the maturity date of the Notes will be extended beyond the Scheduled Maturity Date, and the amount payable on redemption of the Notes in connection with such extension will change, in the event that there is any Unsettled Credit Event in respect of the Reference Entity under the Credit Default Swap Transaction as at the Credit Event Observation Period End Date. The maturity date of the Notes may also be extended beyond the Scheduled Maturity Date if a Credit Event has occurred in respect of which the settlement date under the Credit Default Swap Transaction falls after the Scheduled Maturity Date.</p>
<b>Do the Notes redeem at par on the Scheduled Maturity Date?</b>	<p>It is expected that, on the Scheduled Maturity Date, provided that no Credit Event has occurred and there is no Unsettled Credit Event under the Credit Default Swap Transactions as at the Credit Event Observation Period End Date, each Note having an outstanding nominal amount equal to SEK 10,000 will be redeemed on the Scheduled Maturity Date by payment of:</p> <ul style="list-style-type: none"> <li>(a) its <i>pro rata</i> share of an amount equal to the Repurchase Price receivable by the Issuer under the Repo Transaction relating to such Class of Notes; and</li> <li>(b) an Additional Payout Amount (if any), being its <i>pro rata</i> share of an amount (if any) equal to the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class of Notes and referencing the corresponding Fund or Class Equity Basket or the Equity Index.</li> </ul> <p>Notwithstanding the above, there can be no assurance that the Additional Payout Amount in respect of any Class of Notes will be greater than zero or that no Credit Event will have occurred. If a Credit Event does occur, the return on the Notes will be linked to the Credit Event Instalment Amount and may be significantly less than the principal initially invested.</p> <p>In respect of the Class E Notes and (a) above, the Class E Notes will not redeem at par on the Scheduled Maturity Date, as the Repurchase Price receivable by the Issuer under the Repo Transaction relating to the Class E Notes shall be 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date.</p>
<b>Who is the Swap Counterparty and the Repo Counterparty and what is its role?</b>	<p>The Swap Counterparty and the Repo Counterparty will be Credit Suisse International on the Issue Date and it will continue to act as Swap Counterparty and Repo Counterparty until the Maturity Date unless (i) it defaults under the Swap Agreement or the Repo Agreement; (ii) it becomes insolvent; (iii) the Credit Default Swap Transactions are otherwise capable of being terminated by the Issuer; (iv) any Fund Swap Transaction or Equity Swap Transaction is otherwise capable of being terminated by the Issuer or (v) a Moody's Ba1/P-3 Downgrade occurs and, in each case, the Swap Counterparty and Repo Counterparty is replaced, at the direction of Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator) in accordance with the Issue Terms of the Notes within 30 calendar days of such occurrence. There can be no assurance that any such replacement will occur</p>

even where such an event has occurred. Where such replacement does not occur within 30 calendar days following any such event (except for a Moody's Ba1/P-3 Downgrade), both the Swap Agreement and the Repo Agreement will terminate and the Notes of all Classes will redeem early.

In consideration for the issue of the Notes, the Dealer will procure that (a) the Swap Counterparty will enter into a Swap Agreement with the Issuer governing the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions in respect of the Notes and (b) the Repo Counterparty will enter into a Repo Agreement with the Issuer governing the Repo Transactions in respect of the Notes. The Issuer will pay or arrange payment of an amount to the Repo Counterparty equal to the issue proceeds of the relevant Class of Notes (out of which the Repo Counterparty will pay on behalf of the Issuer the commission due to the Dealer) and under the terms of the Swap Agreement and the Repo Agreement, the Swap Counterparty and the Repo Counterparty will pay to the Issuer certain amounts that will correspond to those amounts due to be paid on the Notes.

The Credit Default Swap Transactions are credit derivative transactions. The terms of the Credit Default Swap Transactions will be identical across all Classes save for (a) the Class Notional Amount which, in respect of each Credit Default Swap Transaction, will be equal to the Outstanding Principal Amount of the Class of Notes which such Credit Default Swap Transaction relates to (as the same may be reduced as a result of a Credit Event and, potentially, Unsettled Credit Events), (b) the Class Redemption Factor and (c) in respect of the Class E Notes only, the initial exchange amount payable by the Issuer to the Swap Counterparty and the interim exchange amounts payable by the Swap Counterparty to the Issuer (which, for the avoidance of doubt, are not payable under the Credit Default Swap Transactions relating to each other Class).

The Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under (a) the Fund Swap Transaction is linked to the performance of the Fund and the Participation applied thereto and (b) each Equity Swap Transaction is linked to the performance of the corresponding Class Equity Basket or the Equity Index and the Participation applied thereto.

**What Reference Entity is referenced in each Credit Default Swap Transaction?**

The Reference Entity referenced in the Credit Default Swap Transactions as at the Issue Date is Bank of China Limited.

This may change during the life of the Notes (including as a result of events occurring prior to the Issue Date) as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a "Universal Successor", on or after 1 January 2014).

The Class Notional Amount of each Credit Default Swap Transaction that is allocated to the Reference Entity as at the Issue Date is equal to the Outstanding Principal Amount of the relevant Class of Notes. The weighting of such allocation may vary upon the determination of one or more successor Reference Entities.

Prospective investors must note that it is possible that their investment in a Note may be reduced to SEK 1 as a result of the occurrence of a Credit Event prior to the Issue Date. In such event a Credit Event Instalment Amount will be payable on the related Credit Event Instalment Date, meaning that a Note may only pay the Additional Payout Amount that is linked to the relevant Fund Swap Transaction or Equity Swap Transaction (as applicable) at scheduled maturity. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities) is a bank with operations across the globe including in Asia,



Europe, North America and South America.

**Is it possible to change a Reference Entity?**

The Reference Entity may not be changed at the election of the Noteholders, the Issuer or the Swap Counterparty, although the determination of one or more successor Reference Entities with respect to the Reference Entity on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014) may result in its replacement (which may include the original Reference Entity).

A “**Universal Successor**” means, with respect to a Reference Entity which is not a sovereign, the single entity which assumes all of the obligations (including at least one relevant bond or loan) of the Reference Entity and at the time of the determination either (i) the Reference Entity has ceased to exist, or (ii) the Reference Entity is in the process of being dissolved (however described) and the Reference Entity has not issued or incurred any borrowed money obligation at any time since the legally effective date of the assumption.

**What is a “Successor” to a Reference Entity and how can succession affect the Notes?**

If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to the original Reference Entity, or the Calculation Agent under the relevant Credit Default Swap Transaction identifies a “Successor” to the original Reference Entity, for example where such successor assumes obligations of the original Reference Entity under the latter’s bonds or loan, or issues bonds or incurs loans in exchange for bonds or loans of the original Reference Entity, including in certain circumstances as part of a pre-determined series of steps, to which the Notes are linked, then such entity will be deemed to be a “Successor” to the original Reference Entity.

The identity of an original Reference Entity will be treated as having been amended accordingly for the purposes of the Notes so that, following the determination or announcement of a “Successor”, the Notes will be linked to the credit risk of the Successor. Where “Financial Reference Entity Terms” applies to the relevant Credit Default Swap Transaction and “Senior Level” has been specified as applicable, the successor will follow the senior debt. The credit risk associated with a Successor or Successors may be different from and could be greater than the credit risk associated with the original Reference Entity.

The Successor Backstop Date is a rolling date which is:

- (a) if a CDDC receives a request to resolve whether or not there is one or more Successors to the Reference Entity, 90 calendar days prior to the date of such request (regardless of whether the CDDC resolves to determine such matter or not); or
- (b) otherwise, 90 calendar days prior to the date on which notice of the occurrence of a succession is delivered by the Calculation Agent.

If the CDDC makes no resolution as to whether a succession has occurred or is not convened to consider the question, the Calculation Agent may determine the occurrence of a succession.

In addition, where there are changes to the Reference Entity that results in there being more than one Reference Entity, the Calculation Agent may make proportionate adjustments in respect of the Credit Default Swap Transaction relating to the Class E Notes and to the Class E Instalment Amounts payable in respect of the Class E Notes to reflect such a change.

**Can a succession occur prior to the Issue Date?**

Yes. The Successor Backstop Date may be prior to the Issue Date and therefore a succession may occur prior to the Issue Date.

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to convene a CDDC prior to the Issue Date to determine whether a succession has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website <http://www.isda.org/credit>.

**What happens if a Credit Event occurs in respect of the Reference Entity under the Credit Default Swap Transaction?**

The Credit Events applicable to the Reference Entity (and the relevant obligations relating thereto) are:

- (a) Failure to Pay;
- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of the Credit Default Swaps and the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes*”.

If a Credit Event occurs in respect of the Reference Entity referenced in the Credit Default Swap Transaction and an Event Determination Date relating thereto is determined, in respect of each Class of Notes:

- (a) an Issuer Cash Settlement Amount will be payable by the Issuer to the Swap Counterparty under the Credit Default Swap Transaction on the relevant Issuer Cash Settlement Date;
- (b) in respect of the Class E Notes only, a Swap Counterparty Additional Interim Exchange Amount will be payable by the Swap Counterparty to the Issuer under the Credit Default Swap Transaction relating to the Class E Notes on the relevant Issuer Cash Settlement Date;
- (c) a Partial Repurchase Date will occur under the related Repo Transaction on the same date as the Issuer Cash Settlement Date. On such Partial Repurchase Date, the Repo Counterparty will pay to the Issuer a Partial Repurchase Price. The Issuer will deliver to the Repo Counterparty the corresponding proportion of equivalent Eligible Securities;
- (d) the obligations of the Issuer and the Repo Counterparty to make payments of the Issuer Cash Settlement Amount under the Credit Default Swap Transaction and the Partial Repurchase Price under the Repo Transaction and, in respect of the Class E Notes only, the obligation of the Swap Counterparty to make payment of the Swap Counterparty Additional Interim Exchange Amount under the Credit Default Swap Transaction relating to the Class E Notes, will be automatically satisfied and will be replaced by an obligation by the Repo Counterparty to pay to the Issuer a Credit Suisse Net Settlement Amount equal to the *product of* (i) the Reference Entity Notional Amount (as determined under such Credit Default Swap Transaction) of the Reference Entity, (ii) the Class Redemption Factor, and (iii) the applicable Auction Final Price (or, where the Fallback Settlement Method applies, the Final Price) determined in respect of the Reference Entity;
- (d) on the next following Credit Event Instalment Date (being 2 Reference Business Days after such Issuer Cash Settlement Date), the Issuer shall pay in respect of a Note of such Class a *pro rata* share of such Credit Suisse Net

Settlement Amount receivable from the Repo Counterparty. A Credit Event Instalment Date may fall before, on or after the Scheduled Maturity Date; and

- (e) the Outstanding Principal Amount of each Class of Notes and the Class Notional Amount of the Credit Default Swap Transaction in respect of each Class of Notes will be reduced as at the relevant Credit Event Instalment Date and Issuer Cash Settlement Date, respectively, by an amount equal to the Reference Entity Notional Amount (as determined under such Credit Default Swap Transaction).

In respect of each Class of Notes, on the Reference Business Day immediately preceding the Scheduled Maturity Date (such date, the “**Repurchase Date**”), the Repo Counterparty will pay to the Issuer an amount (if any) equal to the then outstanding Class Notional Amount of the Credit Default Swap Transaction (being equal to the then Outstanding Principal Amount of the Notes of such Class).

In respect of the Class E Notes only, where a Credit Event has occurred and the Class Notional Amount of the Credit Default Swap Transaction in respect of the Class E Notes has been reduced to zero, no further Class E Instalments Amounts shall be payable on the Class E Notes, and payments of the Class E Instalment Amount will be suspended if there is any Unsettled Credit Event in respect of the Reference Entity as at the Reference Business Day immediately preceding a Class E Instalment Date.

If there is any Unsettled Credit Event in respect of the Reference Entity as at the Credit Event Observation Period End Date (which will arise not just where a Credit Event has occurred but no related Event Determination Date has yet occurred, but also if a Potential Credit Event has been determined in respect of the Reference Entity), the termination date of the Credit Default Swap Transactions, and accordingly, the final maturity date of the Notes, may be extended beyond the Scheduled Maturity Date (which may have been postponed as a result of settlement of the Fund Swap Transaction or the Equity Swap Transaction (as applicable)). In such circumstances, there may be a significant amount of time between the Scheduled Maturity Date and the date on which the Notes are redeemed in full. During such extension period, the Repo Counterparty will pay any Credit Suisse Net Settlement Amount and/or any Additional Repurchase Price (being equal to the Reference Entity Notional Amount), as applicable, to the Issuer under the related Repo Transaction. Noteholders do not receive any compensation as a result of any such extension or postponement.

More detailed descriptions of the net amounts receivable by the Issuer under each Credit Default Swap Transaction and the related Repo Transaction and thus payable to the Noteholders of the relevant Class (and the associated timing and potential adjustments thereof) are set out in the section of this Prospectus entitled “*Transaction Description*”.

**Can a Credit Event occur prior to the Issue Date?**

Yes. The earliest Credit Event Backstop Date is 29 September 2015 and therefore a Credit Event affecting the Notes may have occurred prior to the Issue Date or the date when an investor decides to invest.

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to ISDA to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website at <http://www.isda.org/credit>.

**What is the difference between the Notes and a**

The Notes give the investor exposure to the credit risk of the Reference Entity without having to own a bond or other type of debt obligation of the Reference Entity. The Reference Entity itself is not a party to the Notes nor does the Reference

<b>bond issued by the Reference Entity?</b>	Entity have a direct involvement in the issue of the Notes or the entry into the Swap Agreement, and an investor will not be able to claim against the Reference Entity for any losses it suffers from a Credit Event of the Reference Entity. Neither the Issuer nor the Swap Counterparty is obliged to hold any obligation of the Reference Entity or otherwise have any credit risk exposure to the Reference Entity. In addition to the credit risk of the Reference Entity to which the Notes are linked, an investor will also be exposed to credit risk in relation to the Agents, the Custodian and the Swap Counterparty, so even if the Reference Entity is performing well, an investor may still suffer a loss under the Notes as a result of these other credit risks. The Notes also give the investor fund linked exposure to the Fund, or equity linked exposure to Equity Basket 1, the Equity Index or Equity Basket 2, as applicable.
<b>What determines the amount of any Additional Payout Amount payable under the Notes?</b>	<p>The Additional Payout Amount forming part of the redemption amounts payable for each Class of Notes is determined by the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Fund Swap Transaction or the Equity Swap Transaction (as applicable) related to that Class of Notes.</p> <p>In respect of each Note, its <i>pro rata</i> share of an amount equal to the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to the relevant Class will be the Additional Payout Amount in respect of such Class of Notes (which will never be less than zero).</p> <p>The Swap Counterparty Equity Final Exchange Amount is also subject to the levels of Participation which: (i) in respect of the Class A Notes, may be as low as 180%; (ii) in respect of the Class B Notes, may be as low as 80%; (iii) in respect of the Class C Notes, may be as low as 160%; (iv) in respect of the Class D Notes, may be as low as 80% and in respect of the Class E Notes, may be as low as 80%, and other adjustments described in this section and the sections of this Prospectus entitled “<i>Description of the Fund Swap</i>” and “<i>Description of the Equity Swaps</i>”, so the Additional Payout Amount (if any) payable in respect of each Class of Notes may vary from the actual performance of the Fund or the relevant Class Equity Basket or the Equity Index (as applicable).</p>
<b>What is the Fund Swap Transaction?</b>	The Fund Swap Transaction is a derivative transaction entered into between the Issuer and the Swap Counterparty which tracks the performance (by reference to the increase or decrease in average value) of a hypothetical investment portfolio consisting of variable exposure to the Fund’s performance over the three month STIBOR interest rate on certain dates within a specified period of time in respect of the Class A Notes. The Fund Swap Transaction allows the Issuer, and therefore the Noteholders of the Class A Notes, to benefit to the extent of its Participation if the average value of the Fund increases above STIBOR (and as determined by reference to the relevant formula and algorithm). However, as the Swap Counterparty Equity Final Exchange Amount is subject to a floor of zero, if the average value of the Fund does not increase above STIBOR (as determined by reference to the relevant formula and algorithm), this will result in no final payment under the Fund Swap Transaction.
<b>Which fund will the Class A Notes be exposed to?</b>	Catella Fondförvaltning AB Special Funds, Catella Hedgefond, SEK retail class (ISIN: SE0001131335; Bloomberg: CATHEDG SS).
<b>Can there be any change to the fund referenced by the Fund Swap</b>	The Fund may be substituted for purposes of the Fund Swap Transaction if a Fund Substitution Event occurs.

## Transaction?

### **How will the payments under the Fund Swap Transaction be calculated?**

The Swap Counterparty Equity Final Exchange Amount determined under the Fund Swap Transaction is calculated by the Calculation Agent under the Swap Agreement using a formula that factors in the performance of the reference portfolio and the Participation for the Class A Notes.

A summary of the formula used is set out in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Fund Swap*”.

### **Are there any circumstances where payments under the Fund Swap Transaction may be adjusted, delayed or postponed?**

Yes. The terms of the Fund Swap Transaction provide for a number of Fund Events where both the amounts payable under the Fund Swap Transactions and the timing of such payments may be adjusted or postponed and/or which may lead to the early redemption of the Fund Swap Transactions in certain circumstances.

A Fund Event means, in respect of a Fund, a Disruption Event, Fund Substitution Event, Fund Adjustment Event or Fund Defeasance Event.

More detail on these factors is provided in the sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Description of the Fund Swap*”.

### **What are the Equity Swap Transactions?**

The Equity Swap Transactions are derivative transactions entered into between the Issuer and the Swap Counterparty which track the performance (by reference to the increase or decrease in average value) of a basket of shares or an index of shares over certain dates within a specified period of time in respect each Class of Notes. Each Equity Swap Transaction allows the Issuer, and therefore the Noteholders of the relevant Class of Notes, to benefit to the extent of its Participation if the average value of the basket of shares or average level of the index increases (determined by reference to the relevant formula). However, as the Swap Counterparty Equity Final Exchange Amount is subject to a floor of zero, if the average value of the basket of shares or average level of the index decreases (determined by reference to the relevant formula), this will result in no final payment under an Equity Swap Transaction.

### **Which shares or indices will the Notes be exposed to?**

Each Class of Notes will be exposed to the performance of a basket of shares or an index of shares. The Equity Swap Transactions relating to the Class B Notes and the Class C Notes references the performance of Equity Basket 1. The Equity Swap Transaction relating to the Class D Notes references the performance of the Equity Index. The Equity Swap Transaction relating to the Class E Notes references the performance of Equity Basket 2.

The baskets of shares for the Class B Notes, the Class C Notes and the Class E Notes and the index of shares for the Class D Notes are set out in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”.

### **Can there be any change to index or to the shares in the baskets?**

Yes.

With respect to Equity Basket 1 and Equity Basket 2, on the occurrence of certain events in relation to a share its issuer, including merger events, tender offers, nationalisation, insolvency or delisting, the Calculation Agent under the Swap Agreement may select a new underlying share, which will be deemed to be one of the shares in the basket in place of the original share, and the Calculation Agent may make adjustments to the terms of the relevant Equity Swap Transaction(s) to account for the economic effect on the relevant Equity Swap Transaction(s) of the event and/or the replacement of the original share. Any replacement share will, to the extent practicable, be selected from the same economic sector, be denominated in the

same currency and have a similar market capitalisation to the relevant replaced share.

With respect to the Equity Index, on the occurrence of certain events in relation to the index, including an index modification, index cancellation or index disruption, the relevant Equity Swap Transaction may be terminated, or the Calculation Agent may make adjustments to the terms of the relevant Equity Swap Transaction to account for the economic effect on such Equity Swap Transaction of the event.

These events and associated potential adjustments are described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”.

**How will the payments under the Equity Swap Transactions be calculated?**

The Swap Counterparty Equity Final Exchange Amount determined under each of the Equity Swap Transactions is calculated by the Calculation Agent under the Swap Agreement using a formula that factors in the share price or index level performance of the relevant Class Equity Basket or the Equity Index and the Participation for each Class of Notes.

A summary of the formula used is set out in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”.

**Are there any circumstances where payments under the Equity Swap Transactions may be adjusted, delayed or postponed?**

Yes. The terms of the Equity Swap Transactions provide for a number of circumstances where both the amounts payable under the Equity Swap Transactions and the timing of such payments may be adjusted or postponed and/or which may lead to the early redemption of an Equity Swap Transaction in certain circumstances.

These include, among others, as a result of:

- (a) the occurrence of certain market disruption events in respect of the stock exchanges relating to any of the basket of shares or the index of shares in the relevant Class Equity Basket or the Equity Index;
- (b) the occurrence of certain Additional Disruption Events referenced in the relevant Equity Swap Transaction; and/or
- (c) the occurrence of merger events, tender offers, delisting events, nationalisation or insolvency of any of the shares (or issuers thereof) or the occurrence of any index modification, index cancellation or index disruption with respect to the index referenced in the applicable Equity Swap Transaction.

More detail on these factors is provided in the sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Description of the Equity Swaps*”.

**What is the Participation?**

The Participation reflects the level of exposure to the performance of the index or basket of shares and is a percentage to be determined by the Issuer or the Calculation Agent on its behalf, and notified to the Noteholders on or about the Issue Date, which: (i) in respect of the Class A Notes, is expected to be 225% (indicative only) but which may be higher or lower and in any event shall not be less than 180%; (ii) in respect of the Class B Notes, is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80%; (iii) in respect of the Class C Notes is expected to be 200% (indicative only) but which may be higher or lower and in any event shall not be less than 160%; (iv) in respect of the Class D Notes is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80%; and (v) in respect of the Class E Notes is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80%. A Participation of 100% will track the performance of the basket of shares, as applicable. A Participation that is higher or lower than 100% will increase or reduce, respectively, the result of any increase in the average

value of the basket of shares, creating a higher or lower Additional Payout Amount, respectively, than would otherwise have been the case.

**What is ISDA?**

The International Swaps and Derivatives Association, Inc. (“**ISDA**”) is a trade organisation of participants in the market for over-the-counter (“**OTC**”) derivatives. It is headquartered in New York, and is responsible for creating standardised contracts such as the ISDA Master Agreement, standardised asset class provisions such as the 2014 ISDA Credit Derivatives Definitions (the “**Credit Derivatives Definitions**”) and the 2002 ISDA Equity Derivatives Definitions (the “**Equity Derivatives Definitions**”) and a wide range of related documentation, that are used to enter into derivatives transactions. Definitions, confirmations and other documents and information published by ISDA are available on ISDA's website: <http://www2.isda.org/>. Certain publications are available free of charge while others are available to subscribers of the website only.

At the date of this Prospectus, ISDA has more than 800 member institutions from 67 countries on six continents. These members include a broad range of OTC derivatives market participants: including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure including exchanges, clearinghouses and repositories, as well as law firms, accounting firms and other service providers.

**Who is the Calculation Agent?**

Credit Suisse International will act as Calculation Agent for the Notes and the Swap Agreement for so long as it maintains the role of Swap Counterparty (and, by extension, each of the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions thereunder).

**What is the role of the Calculation Agent and the Issuer in deciding certain issues related to the Notes?**

The Calculation Agent under the Swap Agreement may exercise certain discretions and make certain determinations relating to the Notes, including (but not limited to) the following: (i) determination of whether an Event Determination Date has occurred with respect to the Reference Entity, whether or not the CDDC has considered such determination, (ii) determination of whether there is a Successor with respect to the Reference Entity, whether or not the CDDC has considered such determination, and (iii) where auction settlement does not apply, the right to determine the value of the obligations selected for determination of the Final Price on the basis of bid quotations from third party dealers.

Noteholders should note that any determination and/or calculation by the Calculation Agent will, in the absence of manifest error, be final and binding on the Trustee and Noteholders.

Where a CDDC has made a determination as to whether an Event Determination Date or there is a Successor with respect to the Reference Entity, the Calculation Agent may apply the same determination for the purposes of the Notes.

**Can the Notes redeem in full prior to the Maturity Date?**

Yes. This may occur in respect of a Class of Notes if any of the following events happen:

- (a) the Credit Default Swap Transaction and the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class are terminated, or the Swap Agreement as a whole is terminated;
- (b) the Repo Transaction relating to such Class is terminated, or the Repo Agreement as a whole is terminated;
- (c) upon the occurrence of certain insolvency events in respect of the Swap

Counterparty or the Repo Counterparty, the occurrence of an Event of Default or a Termination Event (each as defined in the Swap Agreement), the occurrence of an Event of Default (as defined in the Repo Agreement), the occurrence of a Termination Event (as defined in the Swap Agreement) in respect of any Credit Default Swap Transaction, Fund Swap Transaction or Equity Swap Transaction where the Issuer has the right to terminate such transaction or the occurrence of certain credit rating downgrading or withdrawal events in respect of the Swap Counterparty or the Repo Counterparty, no replacement Swap Counterparty and Repo Counterparty is appointed within 30 calendar days of such event;

- (d) certain tax events occur in respect of payments due by the Issuer under the Notes of all Classes, but not instances where (x) withholding or deduction of taxes on the Notes arises solely in respect of FATCA; (y) withholding or deduction of taxes on the Notes arises solely as a result of the Noteholder's connection with the jurisdiction of incorporation of the Issuer (otherwise than by reason of the holding of any Note or receiving any payment in respect thereof); and (z) a withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000);
- (e) it becomes or there is a reasonable likelihood of it becoming unlawful for the Issuer to perform any duties in respect of the Notes of all Classes, to hold any Collateral (or receive payment in respect of any Collateral) or to comply with any provision of any agreement entered into in connection with the Notes of all Classes or as a result of the implementation or adoption of, or any change in, any applicable law, regulation or regulatory guidance or interpretation the Issuer's administrative expenses are materially increased and the Issuer is unable to obtain the costs of such increase from another party or source;
- (f) an Event of Default occurs in respect of such Class of Notes; or
- (g) the Trustee enforces the security following the occurrence of an Enforcement Event in respect of any other Class of Notes.

Upon the occurrence of one of the events listed above, the Notes of each Class held by a Noteholder will be redeemed by payment to such holder of a *pro rata* share of the relevant Early Cash Redemption Amount applicable to such Class. A description of the calculation of the Early Cash Redemption Amount is set out in the section of this Prospectus entitled "*Description of the Swap Agreement*".

**Will the Notes be rated?**

No. The Notes are not rated by any rating agency.

**Will there be a secondary market in the Notes?**

Credit Suisse Securities (Europe) Limited, Credit Suisse International, Credit Suisse AG, or any of their respective agents may purchase Notes subject to all regulatory requirements and the internal policies and procedures of Credit Suisse Securities (Europe) Limited, Credit Suisse International, Credit Suisse AG or such agent (as applicable). However, no assurance is given that this will be the case and investors should be prepared to retain the Notes until their maturity.

**What tax will I have to pay and how will tax affect payments made to me?**

General information relating to certain aspects of Luxembourg, Swedish and Irish taxation, to the extent applicable to you, is set out under the headings "*Luxembourg Taxation*", "*Swedish Taxation*" and "*Irish Taxation*" in this Prospectus.

In addition, general information relating to certain aspects of United Kingdom and Swiss taxation, to the extent applicable to you, is set out under the heading



“*Taxation*” in the Base Prospectus.

If withholding taxes are imposed on payments under the Notes (as described in more detail in the terms and conditions of the Notes), the Issuer will not pay any additional amounts to “gross-up” such payments.

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment (including any stamp or transfer tax) which may arise as a result of the ownership, transfer, exercise or enforcement of any Note by any person and all payments made by the Issuer will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. For the avoidance of doubt, the Issuer will not assume any responsibility for such withholding or deduction. If any such taxes apply (subject to certain exceptions including, but not limited to where withholding or deduction of taxes on the Notes arises solely in respect of FATCA), the Notes will be redeemed early as described under “*Can the Notes redeem in full prior to the Maturity Date?*” above and elsewhere in this Prospectus.

Noteholders must also carefully review, and understand, the risk factor in the section of this Prospectus entitled “*Risk Factors*” under the heading “*FATCA and the possibility of U.S. withholding tax on payments*”.

The tax treatment of the Notes for individual Noteholders may vary significantly. The general information regarding taxation set out in this Prospectus and the Base Prospectus does not consider the implications of a holding of the Notes for individual Noteholders based upon their specific circumstances. Accordingly, you must consult with your tax advisers (along with your legal and financial advisers) prior to making an investment in any of the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

The provisions of the base prospectus dated 4 September 2015 relating to the Secured Note Programme of the Company (the “**Base Prospectus**”), which has previously been published and have been filed with the CSSF and the Central Bank but excluding the “*Summary*” on pages 5 to 17 of the Base Prospectus and the section entitled “*The Swap Agreement*” on pages 255 to 258 of the Base Prospectus, shall be incorporated in, and form part of, this Prospectus.

For the purpose of this Prospectus, references in the Base Prospectus to the applicable Issue Terms or Alternative Drawdown Document (including, for the avoidance of doubt, within the sections thereof incorporated by reference and forming part of this Prospectus) shall be to the provisions set out below under “*Issue Terms*”. In the event of any inconsistency between the Issue Terms and this Prospectus on the one hand, and the Master Conditions or Base Prospectus on the other, the Issue Terms and this Prospectus will prevail. The Base Prospectus is available for viewing at the following link:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_f1058741-057c-4d37-8f67-ac45bec35c48.PDF?v=982015](http://www.ise.ie/debt_documents/Base%20Prospectus_f1058741-057c-4d37-8f67-ac45bec35c48.PDF?v=982015)

The audited financial statements of the Issuer for the financial year ended 31 December 2013 (the “**2013 Accounts**”) are incorporated in, and form a part of this Prospectus.

The 2013 Accounts are available at the following link:

<http://www.argentumcapital.lu/pdfs/financial/2013-12-31%20Argentum%20Financial%20Statements%20FULL%20SIGNED.pdf>

The audited financial statements of the Issuer for the financial year ended 31 December 2014 (the “**2014 Accounts**”), are incorporated in, and form a part of this Prospectus. There has been no material adverse change in the prospects of the Issuer since 31 December 2014, being the date of the Issuer’s last published audited financial statements.

The 2014 Accounts are available at the following link:

[http://www.argentumcapital.lu/pdfs/financial/Argentum\\_Capital\\_SA\\_aud\\_en\\_31122014\\_fully\\_signed.pdf](http://www.argentumcapital.lu/pdfs/financial/Argentum_Capital_SA_aud_en_31122014_fully_signed.pdf)

The unaudited financial statements of the Issuer for the period from 1 January 2015 to 30 June 2015 (the “**2015 Interim Accounts**”), are incorporated in, and form a part of this Prospectus.

The 2015 Interim Accounts are available at the following link:

[http://www.argentumcapital.lu/pdfs/financial/2015-06-30\\_Argentum\\_Capital\\_SA-Interim\\_Unaudited\\_FS.pdf](http://www.argentumcapital.lu/pdfs/financial/2015-06-30_Argentum_Capital_SA-Interim_Unaudited_FS.pdf)

The non-incorporated parts of the documents incorporated by reference are either not relevant for prospective investors in the Notes or covered elsewhere in this Prospectus.

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Copies of documents incorporated by reference in this Prospectus can be obtained from the specified office of the Issuing and Paying Agent for the time being in London. In addition, such documents will be available from the registered office of the Issuer.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus.

## ISSUE TERMS

### PART A – CONTRACTUAL TERMS

The Notes will be subject to the Master Conditions as set out in the Base Prospectus dated 4 September 2015 and also to the provisions set out in these issue terms (the “**Issue Terms**” which include the relevant schedule(s) attached hereto). References in such Master Conditions to the Issue Terms or Alternative Drawdown Document shall be to the provisions set out in these Issue Terms. In the case of a discrepancy or conflict with such Master Conditions, the following Issue Terms shall prevail.

#### SERIES DETAILS

1. Issuer: Argentum Capital S.A. (the “**Company**”), acting in respect of its Compartment GAP 2476 and 2484 – 2487 November 2015.
2.
  - (i) Series Number: 2015-59
  - (ii) Classes: Applicable.

This Series comprises five classes (each, a “**Class**” or “**Class of Notes**”). The Notes of each Class will rank *pari passu* and without any preference among themselves and each Class will rank *pari passu* and without any preference between the Classes.

A separate compartment has been created by the Board in respect of the Notes (“**Compartment 2476 and 2484 – 2487 November 2015**”). Compartment 2476 and 2484 – 2487 November 2015 is a separate part of the Company’s assets and liabilities. The Collateral (relating to the Notes) is exclusively available to satisfy the rights of the Secured Creditors (in accordance with the terms and conditions set out in these Issue Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of Compartment GAP 2476 and 2484 – 2487 November 2015, as contemplated by the Articles and subject to the order of priority set out therein.
3. Specified Currency: Swedish Krona (“**SEK**”)
4. Aggregate Nominal Amount of Notes:
  - (i) Series: The Aggregate Nominal Amount of the Series as at the Issue Date shall be up to SEK 1,000,000,000 (the “**Initial Aggregate Nominal Amount**”).

At any time after the Issue Date, the Aggregate Nominal Amount of the Series shall be the aggregate of the Outstanding Principal Amounts of each Class as at such date.

(ii) Classes:

The Outstanding Principal Amounts of each Class of Notes as at the Issue Date shall be as follows:

- (a) Class A: up to SEK 200,000,000 (the “**Class A Notes**”);
- (b) Class B: up to SEK 200,000,000 (the “**Class B Notes**”);
- (c) Class C: up to SEK 200,000,000 (the “**Class C Notes**”);
- (d) Class D: up to SEK 200,000,000 (the “**Class D Notes**”); and
- (e) Class E: up to SEK 200,000,000 (the “**Class E Notes**”).

The Initial Aggregate Nominal Amount of the Notes, together with the respective Outstanding Principal Amount of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, in each case, as at the Issue Date, will be specified in the Issue Deed in respect of the Notes.

The Outstanding Principal Amount of each Class and, accordingly, the Aggregate Nominal Amount of the Notes is also subject to reduction at any time and from time to time as a result of any purchase and cancellation of Notes of that Class pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*).

5. Issue Price:

- (a) Class A: 110 per cent. of the Outstanding Principal Amount of the Class A Notes as at the Issue Date;
- (b) Class B: 100 per cent. of the Outstanding Principal Amount of the Class B Notes as at the Issue Date;
- (c) Class C: 110 per cent. of the Outstanding Principal Amount of the Class C Notes as at the Issue Date;
- (d) Class D: 105 per cent. of the Outstanding Principal Amount of the Class D Notes as at the Issue Date; and
- (e) Class E: 100 per cent. of the Outstanding Principal Amount of the Class E Notes as at the Issue Date.

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| 6. | (i)   | Specified Denominations:  | SEK 10,000   |
|    | (ii)  | Calculation Amount  | SEK 10,000   |
| 7. | (i)   | Issue Date:   | 17 December 2015                                   |
|    | (ii)  | Interest Commencement Date:   | In respect of each Class of Notes: Not Applicable. |
| 8. | Maturity Date:                                  |   |  |
|    | In respect of the Class A Notes, the latest of: |   |  |
|    | (a)   | the later of (i) 6 April 2021, subject to adjustment in accordance with the Following Business Day Convention; and (ii) the Reference Business Day immediately following the Swap Counterparty Equity Final Exchange Date in respect of the Fund Swap Transaction relating to such Class (which is expected to be 6 April 2021, unless there are any postponements and/or adjustments in respect thereof pursuant to the terms of such Fund Swap Transaction) (the “ <b>Scheduled Maturity Date</b> ”); |  |
|    | (b)   | the latest Credit Event Instalment Date falling after the Scheduled Maturity Date relating to such Class (if any); and  |  |
|    | (c)   | the Potential Credit Event Extension Maturity Date relating to such Class (if any).   |  |

A Noteholder of the Class A Notes will not receive any compensation as a result of the Maturity Date falling after 6 April 2021.

In respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes the latest of:

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|-----|--|
| (a) | the later of (i) 4 July 2023, subject to adjustment in accordance with the Following Business Day Convention; and (ii) the Reference Business Day immediately following the Swap Counterparty Equity Final Exchange Date in respect of the Equity Swap Transaction relating to such Class (which is expected to be the Reference Business Day immediately preceding 4 July 2023, unless there are any postponements and/or adjustments in respect thereof pursuant to the terms of such Equity Swap Transaction) (the “ <b>Scheduled Maturity Date</b> ”); |
| (b) | the latest Credit Event Instalment Date falling after the Scheduled Maturity Date relating to  |

such Class (if any); and

- (c) the Potential Credit Event Extension Maturity Date relating to such Class (if any).

A Noteholder of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes will not receive any compensation as a result of the Maturity Date falling after 4 July 2023.

9. Interest Basis: In respect of each Class of Notes: Not Applicable.

10. Redemption/Payment Basis: In respect of each Class of Notes:

- (a) upon the occurrence of a Triggered Credit Event in respect of a Reference Entity under the Credit Default Swap Transaction relating to such Class, each Note of such Class will be redeemed in whole or in part, as the case may be, on each Credit Event Instalment Date at the Credit Event Instalment Amount (as described in paragraph 1 of Schedule 2 to these Issue Terms) and, in each case, the Outstanding Principal Amount of such Class will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to such Credit Default Swap Transaction) of the Reference Entity to which such Triggered Credit Event relates. If there is a Triggered Credit Event outstanding as at the Credit Event Observation Period End Date for which the Credit Event Instalment Date relating thereto will fall on or after the Scheduled Maturity Date, the Outstanding Principal Amount of such Class shall be deemed to have been reduced in accordance with the foregoing as at the Credit Event Observation Period End Date solely for the purpose of calculating the Partial Final Redemption Amount (if any) or the Final Redemption Amount (if any) in respect of such Class;
- (b) each Note of such Class may also be redeemed on the Scheduled Maturity Date either in whole or in part at the Final Redemption Amount or the Partial Final Redemption Amount (if any), as applicable, in accordance with paragraph 20 of Part A of these Issue Terms. In respect of each Note of such Class, following the payment of the Final Redemption Amount or the Partial Final Redemption Amount (if any), as the case may be, the Outstanding Principal Amount of such Class shall be reduced by an aggregate amount equal to the Reference Entity Notional Amount (as determined pursuant to such Credit Default Swap Transaction) of each such Reference Entity to which such payments

related; and

- (c) if there is an Unsettled Credit Event outstanding as at the Credit Event Observation Period End Date in respect of which no Credit Event is determined to have occurred, each Note of such Class will be redeemed in whole or in part, as the case may be, on each Unsettled Credit Event Instalment Date at the Unsettled Credit Event Instalment Amount (as described in paragraph 2 of Schedule 2 to these Issue Terms) and, in each case, the Outstanding Principal Amount of such Class will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to the Credit Default Swap Transaction relating to such Class) of the Reference Entity to which such Unsettled Credit Event Instalment Date relates,

provided that, where the Outstanding Principal Amount of a Class of Notes would otherwise be reduced to zero prior to the Scheduled Maturity Date as a result of the occurrence of any Triggered Credit Event, SEK 1 of each Note of such Class of Notes shall remain outstanding so as to enable any portion of the Partial Final Redemption Amount or the Final Redemption Amount, as applicable, attributable to an Additional Payout Amount to be payable to the holders of such Class on the Scheduled Maturity Date.

In addition to the above, and in respect to the Class E Notes only, prior to the occurrence of a Triggered Credit Event in respect of a Reference Entity under the Credit Default Swap Transaction relating to the Class E Notes, the Class E Notes shall be partially redeemed by the payment of the Class E Instalment Amount on each Class E Instalment Date, as set out in paragraph 25 of Part A of these Issue Terms, and following each such Class E Instalment Date, the Outstanding Principal Amount of the Class E Notes shall be reduced by an amount equal to the Class E Instalment Amount.

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| 11. | Date of Board approval for issuance of Notes obtained: | The issue of the Notes will be authorised by the Board on or about the Issue Date. |
| 12. | Method of distribution:                                | Non-syndicated.  |

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

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|-----|--------------------------------|-----------------|
| 13. | Fixed Rate Note Provisions:    | Not Applicable. |
| 14. | Floating Rate Note Provisions: | Not Applicable. |

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|-----|------------------------------|-----------------|
| 15. | Zero Coupon Note Provisions: | Not Applicable. |
| 16. | Business Day Convention:     | Not Applicable. |
| 17. | Business Centre(s):          | Not Applicable. |
| 18. | Default Interest:            | Not Applicable. |

## MORTGAGED PROPERTY

### 19. Mortgaged Property:

(i) Original Collateral: Not Applicable.

(ii) Swap Agreement: Applicable. The Issuer and the Swap Counterparty will enter into an English law governed 2002 ISDA Master Agreement and Schedule thereto (in the form of the Master Swap Terms dated 4 September 2015, as amended and supplemented by the Issue Deed) by executing an Issue Deed to be dated on or about the Issue Date, as supplemented by (a) a confirmation evidencing a credit default swap transaction relating to each Class of Notes (in respect of each Class, the “**Credit Default Swap Transaction**” relating to such Class) between the Issuer and the Swap Counterparty; (b) a confirmation evidencing a fund swap transaction relating to the Class A Notes (the “**Fund Swap Transaction**”) and (c) confirmations evidencing an equity swap transaction relating to the Class B Notes (the “**Class B Equity Swap Transaction**”), an equity swap transaction relating to the Class C Notes (the “**Class C Equity Swap Transaction**”), an equity swap transaction relating to the Class D Notes (the “**Class D Equity Swap Transaction**”) and an equity swap transaction relating to the Class E Notes (the “**Class E Equity Swap Transaction**”, and together the “**Equity Swap Transactions**”, and each an “**Equity Swap Transaction**” relating to the relevant Class), each between the Issuer and the Swap Counterparty (together, the “**Swap Agreement**”).

The confirmations evidencing each Credit Default Swap Transaction, Fund Swap Transaction and Equity Swap Transaction are available for inspection at the registered office of the Company and at the specified offices of the Issuing and Paying Agent and the Registrar during normal business hours (with respect to the location of the relevant office) on any weekday (Saturdays, Sundays and public holidays excepted).

Upon the occurrence of a Replacement Event, one or more replacement Swap Agreement(s) may be entered into as provided in paragraph 4 of Schedule 2 to these Issue Terms.



(iii)	Swap Counterparty:	Credit Suisse International
(iv)	Credit Support Annex:	Not Applicable.
(v)	Original Collateral Substitution:	Not Applicable.
(vi)	Repo Agreement:	<p>Applicable. The Issuer and the Repo Counterparty will enter into an English law governed Global Master Repurchase Agreement (2011 version), as published by the Securities Industry and Financial Markets Association and the International Capital Market Association, together with an Annex I thereto (in the form of the Master Repo Terms dated on or about the Issue Date, as amended and supplemented by the Issue Deed) by executing an Issue Deed to be dated on or about the Issue Date, as supplemented by confirmations each evidencing a repurchase transaction relating to each Class of Notes (in respect of each Class, the “<b>Repo Transaction</b>” relating to such Class) between the Issuer and the Repo Counterparty (together, the “<b>Repo Agreement</b>”).</p> <p>The confirmation evidencing each Repo Transaction is available for inspection at the registered office of the Company and at the specified offices of the Issuing and Paying Agent and the Registrar during normal business hours (with respect to the location of the relevant office) on any weekday (Saturdays, Sundays and public holidays excepted).</p> <p>Upon the occurrence of a Replacement Event, one or more replacement Repo Agreement(s) may be entered into as provided in paragraph 4 of Schedule 2 to these Issue Terms.</p>
(vii)	Repo Counterparty:	Credit Suisse International

## PROVISIONS RELATING TO REDEMPTION

20. Final Redemption Amount of each Note: Master Condition 8(a) (*Final Redemption*) shall be deleted in its entirety and replaced with the following:
- “**Final Redemption:** Provided that the Notes have not been previously redeemed in whole, each Note (or, if applicable, a part thereof) of each Class of Notes will be redeemed by the Issuer on the Scheduled Maturity Date by payment of an amount in respect of such Note equal to:
- (i) where there is no Reference Entity in respect of which (A) an Unsettled Credit Event is outstanding as at the Credit Event Observation Period End Date or (B) a Triggered Credit Event is outstanding as at the Credit Event Observation Period End Date for which the Credit Event

Instalment Date relating thereto falls on or after the Scheduled Maturity Date, the Final Redemption Amount (if any); or

- (ii) where there is any Reference Entity in respect of which there is any such Unsettled Credit Event or Triggered Credit Event, the Partial Final Redemption Amount (if any), provided that a further amount may be payable on any Credit Event Instalment Date (if any) or Unsettled Credit Event Instalment Date (if any), as applicable, falling on or after the Scheduled Maturity Date in accordance with paragraphs 1 and 2 of Schedule 2 to the Issue Terms respectively.”

21. Collateral Event: Not Applicable.

22. Early Redemption Notification Period: As per Master Conditions.

23. Regulatory Event: Applicable.

24. Trigger Event: Not Applicable.

25. Redemption by Instalments: The Notes may be redeemed by instalments as set out in paragraph 1 of Schedule 2 to these Issue Terms (following a Triggered Credit Event, in which case a Credit Event Instalment Amount shall be payable in respect of each Note), paragraph 2 of Schedule 2 to these Issue Terms (following an Unsettled Credit Event, in which case an Unsettled Credit Event Instalment Amount shall be payable in respect of each Note).

Each such Instalment Amount shall be the amount payable in accordance with such paragraph 1 or paragraph 2 of Schedule 2 and the Outstanding Principal Amount of each Class of Notes will be reduced in accordance with paragraph 10 of Part A of these Issue Terms above, notwithstanding anything to the contrary in Master Condition 8(b) (*Redemption by Instalments*).

Provided that no Triggered Credit Event has occurred in respect of a Reference Entity under the Credit Default Swap Transaction relating to the Class E Notes, and subject to Master Condition 8(b) (*Redemption by Instalments*), the Class E Notes shall be partially redeemed on each Class E Instalment Date at the Class E Instalment Amount and following each Class E Instalment Date, the Outstanding Principal Amount of the Class E Notes shall be reduced by an amount equal to the aggregate amount of the Class E Instalment Amounts paid on such Class E Instalment Date.

26. Independent Class Early Redemption: Applicable.
27. Early Cash Redemption Amount: In respect of each Class of Notes, the Early Cash Redemption Amount in respect of a Note of such Class will be its *pro rata* share of:
- (a) where one or more Classes of Notes shall remain outstanding following the early redemption of such Class of Notes, the result of the following:
    - (i) the Specified Currency Proceeds realised in respect of the Purchased Securities which have been transferred to (and are then held by or on behalf of) the Issuer in respect of the Repo Transaction relating to such Class of Notes; *plus*
    - (ii) any Class Net Termination Payment Amount payable to the Issuer by the Repo Counterparty in respect of the Class Terminated Transactions relating to such Class of Notes together, if applicable, with any interest payable thereon; or
  - (b) where no Class of Notes shall remain outstanding following the early redemption of such Class of Notes, the Class Redemption Portion of the result of the following:
    - (i) the Specified Currency Proceeds realised in respect of all Eligible Securities which have been transferred to (and are then held by or on behalf of) the Issuer in respect of the Repo Agreement; *plus*
    - (ii) any Net Termination Payment Amount (if any) payable to the Issuer by the Repo Counterparty together, if applicable, with any interest payable thereon; *minus*
    - (iii) any Net Termination Payment Amount (if any) payable to the Repo Counterparty by the Issuer together, if applicable, with any interest payable thereon.

For the purpose of the above:

“**Class Net Termination Payment Amount**” means the amount, if any, payable to the Issuer by the Repo

Counterparty upon a termination of the Class Terminated Transactions, as determined by the Calculation Agent acting in a commercially reasonable manner in accordance with the Repo Agreement and which, for the avoidance of doubt, takes into account the value of the Purchased Securities for the relevant Repo Transaction but does not take into account the value of any Equivalent Margin Securities.

**“Class Redemption Portion”** means, in respect of a Class of Notes that is redeeming early, a fraction reflecting the proportion that the Class Net Termination Payment Amount in respect of such Class bears to the aggregate of the Class Net Termination Payment Amounts in respect of all Classes of Notes redeeming.

**“Class Terminated Transactions”** means, in respect of a Class of Notes that is redeeming early, (a) the Fund Swap Transaction or the Equity Swap Transaction (as applicable) and the Credit Default Swap Transaction relating to such Class that have been entered into under the Swap Agreement and (b) the Repo Transaction relating to such Class that has been entered into under the Repo Agreement.

**“Equivalent Margin Securities”** has the meaning given to such term in the Repo Agreement.

**“Net Termination Payment Amount”** means an amount (expressed as a positive number) payable to the Issuer by the Repo Counterparty or to the Repo Counterparty by the Issuer in accordance with the Repo Agreement which shall be calculated by taking an account of the Termination Payments in respect of the Swap Agreement and the Repo Agreement, as determined in accordance with paragraph 10(n) of the Repo Agreement.

**“Purchased Securities”** has the meaning given to such term in the Repo Agreement.

28.	Early Redemption Settlement Method:	Cash Settlement, subject to the provisions set out in these Issue Terms.
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## PRODUCT SUPPLEMENTS AND ADDITIONAL CONDITIONS

29.	Applicable Product Supplement:	Not Applicable. The additional provisions contained in Schedules 1 to 3 to these Issue Terms amend the Master Conditions.
30.	Pass-through Notes:	Not Applicable.
31.	Collateral Basket CLNs:	Not Applicable.

32. Collateral Event Noteholder Payment Option: Not Applicable.
33. Credit-linked Notes: Not Applicable.

#### PROVISIONS RELATING TO DISPOSAL AGENT

34. Disposal Agent: Applicable.
- (i) Disposal Agent: Credit Suisse International.
- (ii) Liquidation: See paragraph 3 of Schedule 2 to these Issue Terms.
- (iii) Liquidation Parameters: Not Applicable.
- (iv) Quotation Dealers: Not Applicable.
- (v) Disposal Agent Fee: No.

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

35. Form of Notes:
- (i) Bearer or Registered: **Registered Notes:**
- Global Certificates of up to SEK 200,000,000 in nominal amount in respect of the Class A Notes and up to SEK 200,000,000 in nominal amount in respect of the Class B Notes and up to SEK 200,000,000 in nominal amount in respect of the Class C Notes and up to SEK 200,000,000 in nominal amount in respect of the Class D Notes and up to SEK 200,000,000 in nominal amount in respect of the Class E Notes, in each case, registered in the name of a nominee for a common depositary for Euroclear and exchangeable for Certificates in the limited circumstances specified in the respective Global Certificate for each Class of Notes.
- (ii) The Issuer intends to permit indirect interests in the Notes to be held through the CREST Depositary Interests to be issued through the CREST Depositary: Not Applicable.
36. Applicable TEFRA exemption: TEFRA Not Applicable.
37. New Global Note: No.
38. Financial Centre(s): For the purpose of Master Condition 9(d) (*Business Day Convention*), a “**Business Day**” shall mean a Reference Business Day as defined in Master Condition 1(a) (*Definitions*).

Notwithstanding anything to the contrary in the Master Conditions or these Issue Terms, the definition of Business Day shall also include a day on which the TARGET System is open for the settlement of payments in euro.

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| 39. | Reference Business Day:            | London, Stockholm and TARGET Settlement Day.   |
| 40. | Reference Business Day Convention: | Not Applicable.  |
| 41. | Agents:                            |  |
|     | (i) Calculation Agent:             | Credit Suisse International<br>One Cabot Square<br>London E14 4QJ  |
|     | (ii) Custodian:                    | The Bank of New York Mellon (Luxembourg) S.A.<br>2-4 rue Eugène Ruppert<br>Vertigo Building – Polaris<br>L-2453 Luxembourg |
|     | (iii) Disposal Agent:              | Credit Suisse International<br>One Cabot Square<br>London E14 4QJ  |
|     | (iv) Issuing and Paying Agent:     | The Bank of New York Mellon, acting through its<br>London Branch<br>One Canada Square<br>London E14 5AL                    |
|     | (v) Additional Paying Agents:      | Not Applicable.  |
|     | (vi) Registrar:                    | The Bank of New York Mellon (Luxembourg) S.A.<br>2-4 rue Eugène Ruppert<br>Vertigo Building – Polaris<br>L-2453 Luxembourg |
|     | (vii) Transfer Agent(s):           | The Bank of New York Mellon (Luxembourg) S.A.<br>2-4 rue Eugène Ruppert<br>Vertigo Building – Polaris<br>L-2453 Luxembourg |
|     | (viii) Listing Agent:              | Maples and Calder<br>75 St. Stephen's Green<br>Dublin 2<br>Ireland   |
|     | (ix) Swedish Agent:                | Skandinaviska Enskilda Banken AB (publ)<br>Kungsträdgårdsgatan 8<br>SE-106 40 Stockholm<br>Kingdom of Sweden               |

## DISTRIBUTION

42. (i) If syndicated, names of Managers: Not Applicable.
- (ii) Stabilising Manager(s) (if any): Not Applicable.
43. If non-syndicated, name of Dealer: Credit Suisse International.
44. Non-exempt Offer: An offer of the Notes may be made by Garantum Fondkommission AB (the “**Financial Intermediary**”) other than pursuant to Article 3(2) of the Prospectus Directive in the Kingdom of Sweden (“**Public Offer Jurisdiction**”) during the period from 28 October 2015 until 23 November 2015 (“**Offer Period**”).
- See further paragraph 6 of Part B – “*Other Information*” below.
45. Fees and Commissions: The total commission payable by the Issuer to the Dealer in respect of the issue of the Notes will not exceed 6.5% of the Aggregate Nominal Amount of the Notes issued. The Issuer will fund the payment of such commission using a portion of the issue proceeds, which payment will be satisfied by the Repo Counterparty paying that amount to the Dealer on the Issue Date out of the aggregate purchase price received by it from the Issuer under the Repo Agreement. The Dealer will use such commission payable by the Issuer to pay a corresponding commission to the Distributor.
46. Additional Selling Restrictions: **Sweden**
- Each of the Issuer, Credit Suisse International as Dealer, Garantum Fondkommission AB as Distributor, and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), as amended from time to time.

## PART B – OTHER INFORMATION

### 1. LISTING:

Listing and admission to trading: Application has been made by the Issuer (or on its behalf) to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's regulated market with effect from the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the Stockholm Stock Exchange.

Estimate of total expenses related to admission to trading: EUR 3,000

### 2. RATINGS:

Ratings: The Notes will not be rated.

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

Save for the fees payable to the Dealer and the Distributor, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

- |       |                           |   |
|-------|---------------------------|---|
| (i)   | Reasons for the offer:    | See the section entitled “ <i>Use of Proceeds</i> ” in the Base Prospectus. |
| (ii)  | Estimated net proceeds:   | Up to SEK 1,050,000,000   |
| (iii) | Estimated total expenses: | EUR 3,000   |

### 5. OPERATIONAL INFORMATION

ISIN Code:	In respect of the Class A Notes: XS1303770504
	In respect of the Class B Notes: XS1303770173
	In respect of the Class C Notes: XS1303770843
	In respect of the Class D Notes: XS1303770413
	In respect of the Class E Notes: XS1303770256
Common Code:	In respect of the Class A Notes: 130377050
	In respect of the Class B Notes: 130377017
	In respect of the Class C Notes: 130377084



In respect of the Class D Notes: 130377041

In respect of the Class E Notes: 130377025

Clearing system(s) and any relevant identification number(s): Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. Luxembourg.

Euroclear Sweden AB of Box 191, SE-103 23, Stockholm will also act as accountholder at Euroclear.

Delivery: Delivery free of payment.

Intended to be held in a manner which would allow Eurosystem eligibility: No.

Whilst the designation is specified as “no” at the date of these Issue Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

## 6. TERMS AND CONDITIONS OF THE OFFER

Offer Price: In respect of each Class of Notes, the Issue Price in respect of such Class *plus* a subscription fee of up to 2% of such Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Swap Counterparty.

Conditions to which the offer is subject: Offers of the Notes are conditional upon their issue and the early closure of the Offer Period.

The Issuer reserves the right for any reason to close the Offer Period early.

Any early closure of the Offer will be published on the Irish Stock Exchange's website ([www.ise.ie](http://www.ise.ie)).

Description of the application process: A prospective investor should contact the Distributor during the Offer Period. The Issuer has the right to close the Offer Period early. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.

Persons interested in purchasing Notes should contact

	<p>their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.</p>
Details of the minimum and/or maximum amount of application:	<p>The minimum amount of an application in respect of any Class of Notes is SEK 50,000. Any application in respect of any Class of Notes in excess of SEK 50,000 must be in respect of integral multiples of SEK 10,000.</p>
Description of possibility to reduce subscriptions:	<p>The Issuer has the right to terminate the Offer Period at any time and not proceed with the issuance.</p> <p>Any early closure of the Offer will be published on the Irish Stock Exchange's website (<a href="http://www.ise.ie">www.ise.ie</a>).</p>
Details of the method and time limits for paying up and delivering the Notes:	<p>The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash account on or before the Issue Date or in accordance with the procedures specified by the Distributor. Allotted Notes will be delivered to a securities account of each Noteholder as soon as practicable after the Issue Date.</p>
Manner in and date on which results of the offer are to be made public:	<p>The precise Outstanding Principal Amount of each Class of Notes will be published on the website of the Irish Stock Exchange (<a href="http://www.ise.ie">www.ise.ie</a>) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive in each case on or around the Issue Date.</p>
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	<p>Not Applicable.</p>
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	<p>Offers may be made by the Distributor in Sweden to any person.</p>
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	<p>Following the end of the Offer Period, the Distributor will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes, if any.</p> <p>Dealing may not begin before notification is made.</p>
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	<p>Taxes charged in connection with the subscription, transfer, purchase, or holding of the Notes must be paid by the Noteholders. Neither the Issuer nor the Distributor shall have any obligation in relation thereto. In this respect, prospective investors must consult</p>

professional tax advisers to determine the tax regime applicable to their own circumstances.

**Subscription fees:** In respect of each Class: up to 2% of the Issue Price of the Notes of such Class, which will be charged by, and payable to, Garantum Fondkommission AB in its capacity as Distributor of the Notes. For the avoidance of doubt, neither the Issuer nor the Swap Counterparty shall be liable to pay any subscription fees.

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	Garantum Fondkommission AB of Norrmalmstorg 16, Stockholm, Sweden (the “ <b>Distributor</b> ”) will be the sole Distributor in Sweden.
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## 7. DOCUMENTS ON DISPLAY:

For so long as any Notes remain outstanding, copies of the following documents will, when published (to the extent applicable), be available in physical form free of charge during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the specified offices of the Issuing and Paying Agent, the Registrar and the Noteholder Facilitator:

- (a) the Articles of the Company;
- (b) the articles of association of the Fund Manager;
- (c) copies of the latest annual reports and accounts of the Issuer;
- (d) the Issue Deed relating to the Notes;
- (e) the Programme Deed (and the documents incorporated therein, including, *inter alia*, the Principal Trust Deed, the Agency Agreement, the Dealer Agreement, the Mandate Agreement and the Repurchase and Cancellation Agreement), as amended from time to time;
- (f) the confirmations of the Credit Default Swap Transactions, the Fund Swap Transaction, the Equity Swap Transactions and the Repo Transactions;
- (g) a copy of the Base Prospectus and this Prospectus, together with any other document required or permitted to be published by the Irish Stock Exchange; and
- (h) any future supplements to the Base Prospectus and this Prospectus.

The Base Prospectus has been published on the Irish Stock Exchange's website at [www.ise.ie](http://www.ise.ie). This Prospectus together with any other document required or permitted to be published by the Irish Stock Exchange and any future supplements to this Prospectus will be published on the Irish Stock Exchange's website at [www.ise.ie](http://www.ise.ie).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear.

The address for Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium.

The Notes have also been accepted for clearance through Euroclear Sweden.

### **Significant or Material Adverse Change**

There has been no significant change in the financial or trading position of the Company and no material adverse change in the financial position or prospects of the Company since 31 December 2014, being the date of the Company's last published audited financial statements.

### **Litigation**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since 11 December 2013 (being the date of incorporation of the Company) which may have or have in such period had a significant effect on the financial position or profitability of the Company.

### **Company Chairman**

Alexandra Fantuz was appointed by the directors of the Company as the chairman of the Board on 8 August 2014.

### **Auditors**

The approved statutory auditors (*réviseurs d'entreprises agréés*) of the Company, which were appointed by a resolution of the Board dated 18 August 2015 until the date of the meeting of the Board resolving to submit the annual accounts of the Company for the 2015 financial period, are PricewaterhouseCoopers, Société coopérative whose address is 2, rue Gerhard Mercator, L-2182 Luxembourg and who belong to the Luxembourg institute of auditors (*Instituts des réviseurs d'entreprises*). PricewaterhouseCoopers, Société coopérative, in its capacity as auditors of the Company, have no material interest in the Company.

### **Post-Issuance Information**

The Issuer does not intend to provide any post-issuance information in relation to the Notes or Collateral.

### **Listing Agent**

Maples and Calder is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

### **Process Agent**

Law Debenture Corporate Services Limited will be appointed as the Issuer's agent for the service of proceedings issued out of the Courts of England in respect of each of the Issue Deed, the Swap Agreement and the Global Certificates relating to the Notes.

## **8. CREDIT SUISSE:**

Credit Suisse International acts as the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement.

The business of Credit Suisse International is banking and it is regulated as an EU credit institution by the Financial Conduct Authority and the Prudential Regulation Authority of England and Wales. Credit Suisse International was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was re-registered as an unlimited company under the name “Credit Suisse Financial Products” on 6 July 1990, and was renamed Credit Suisse First Boston International on 27 March 2000 and Credit Suisse International on 16 January 2006. Credit Suisse International’s registered office and principal place of business is at One Cabot Square, London E14 4QJ, telephone number +44 (0)20 7888 8888. Credit Suisse International has securities admitted to trading on the Main Securities Market of the Irish Stock Exchange. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

## SCHEDULE 1 TO THE ISSUE TERMS – ADDITIONAL DEFINITIONS

The following words and expressions shall be deemed to be inserted as additional definitions in the correct alphabetical order or, as the case may be, replace the existing definitions, in each case, in Master Condition 1(a) (*Definitions*):

“**Additional Repurchase Date**”, in respect of each Class, has the meaning given to such term in the Repo Transaction relating to such Class.

“**Additional Repurchase Price**”, in respect of each Class, has the meaning given to such term in the Repo Transaction relating to such Class.

“**Additional Payout Amount**” means, in respect of each Note of a Class, its *pro rata* share of the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under the Fund Swap Transaction (in the case of the Class A Notes) or the Equity Swap Transaction (in the case of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) relating to such Class, subject to a minimum of zero.

“**Agency Agreement**” has the meaning given to it in Master Condition 1(a) (*Definitions*), as such agreement may be amended and/or restated from time to time.

“**Class E Instalment Amount**” means, in respect of each of the Class E Notes, its *pro rata* share of an amount equal to 3% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date, subject to reduction at any time and from time to time as a result of any purchase and cancellation of any Class E Notes pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*).

“**Class E Instalment Date**” means, in respect of the Class E Notes, 4 July 2016, 4 July 2017, 4 July 2018, 4 July 2019, 6 July 2020, 5 July 2021 and 4 July 2022, in each case subject to adjustment in accordance with the Following Business Day Convention.

“**Credit Event**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Credit Event Instalment Amount**” has the meaning given to such term in paragraph 1 of Schedule 2 to these Issue Terms.

“**Credit Event Instalment Date**” means, in respect of each Class, the date falling 2 Reference Business Days immediately following the relevant Partial Repurchase Date under the Repo Transaction relating to such Class.

“**Credit Event Observation Period End Date**” means, the Reference Business Day immediately preceding 6 April 2021 (in the case of the Class A Notes) or 4 July 2023 (in the case of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes).

“**Early Redemption Event**” means a Liquidation Event, other than the occurrence of an Early Redemption Commencement Date owing to the occurrence of a Counterparty Bankruptcy Credit Event.

“**Eligible Securities**” means securities comprising the Repo Posted Collateral.

“**Final Redemption Amount**” means, in respect of each Note of a Class, the sum of (i) its *pro rata* share of an amount equal to the Outstanding Principal Amount of such Class as at the Credit Event Observation Period End Date and (ii) any Additional Payout Amount in respect of such Note.

“**Instalment Amount**” means each Credit Event Instalment Amount and Unsettled Credit Event Instalment Amount, if any.

“**Issuer Cash Settlement Amount**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Issuer Cash Settlement Date**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

**“Outstanding Principal Amount”** means, in respect of each Class, the principal amount of such Class outstanding from time to time, determined and reduced as such in accordance with paragraphs 4 and 10 of Part A of these Issue Terms.

**“Partial Final Redemption Amount”** means, in respect of each Note of a Class, the sum of (i) its *pro rata* share of an amount equal to (A) the Outstanding Principal Amount of such Class as at the Credit Event Observation Period End Date *minus* (B) if there is an Unsettled Credit Event in respect of any Reference Entity as at the Credit Event Observation Period End Date, an amount in SEK equal to the Reference Entity Notional Amount of such Reference Entity and (ii) any Additional Payout Amount in respect of such Note.

**“Partial Repurchase Date”** in respect of each Class, has the meaning given to such term in the Repo Transaction relating to such Class.

**“Partial Repurchase Price”**, in respect of each Class, has the meaning given to such term in the Repo Transaction relating to such Class.

**“Potential Credit Event Extension Maturity Date”** means, in respect of each Class, the date falling 2 Reference Business Days immediately following the Potential Credit Event Extension Termination Date of the Credit Default Swap Transaction relating to such Class.

**“Potential Credit Event Extension Termination Date”**, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

**“Reference Entity”**, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class, as the same may be adjusted from time to time in accordance with the terms of such Credit Default Swap Transaction.

**“Reference Entity Notional Amount”**, in respect of each Class and any Reference Entity, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class, as the same may be adjusted from time to time in accordance with the terms of such Credit Default Swap Transaction.

**“Repurchase Price”**, in respect of each Class, has the meaning given to such term in the Repo Transaction relating to such Class, being an amount equal to the Outstanding Principal Amount of such Class as at the Credit Event Observation Period End Date.

**“Swap Counterparty Additional Interim Exchange Amount”**, in respect of the Class E Notes only, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

**“Swap Counterparty Equity Final Exchange Amount”**, in respect of each Class, has the meaning given to such term in the Fund Swap Transaction (in the case of the Class A Notes) or the Equity Swap Transaction (in the case of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) relating to such Class.

**“Swap Counterparty Equity Final Exchange Date”**, in respect of each Class, has the meaning given to such term in the Fund Swap Transaction (in the case of the Class A Notes) or the Equity Swap Transaction (in the case of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) relating to such Class.

**“Swap Counterparty Event”** means, in accordance with the terms of the Swap Agreement, the occurrence of an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty.

**“Swap Termination Event”** means, in respect of each Class, that an Early Termination Date in respect of the Credit Default Swap Transaction and the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to such Class, as applicable, has been designated or deemed to have been designated by the Issuer or the Swap Counterparty, as applicable, under the Swap Agreement for any reason other than (i) as a result of the occurrence of a Swap Counterparty Event or (ii) as a result of the occurrence of an Early Redemption Commencement Date in respect of the Notes other than pursuant to Master Condition 8(f) (*Redemption for Termination of Swap Agreement*).

**“Trade Date”**, in respect of each Class, has the meaning given to such term in the Repo Transaction relating to such Class.

**“Triggered Credit Event”** means, in respect of each Class, the occurrence of a Credit Event on or prior to the Credit Event Observation Period End Date in respect of a Reference Entity for which the Swap Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction relating to such Class and an Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with such Credit Default Swap Transaction.

**“Unsettled Credit Event”** means, in respect of each Class:

- (a) the occurrence of a Credit Event in respect of the Reference Entity for which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has not been determined in accordance with the Credit Default Swap Transaction on or prior to the Credit Event Observation Period End Date or, in respect of the Class E Notes only, the Reference Business Day immediately preceding a Class E Instalment Date; or
- (b) an event which, in the sole and absolute determination of the Calculation Agent under the relevant Credit Default Swap Transaction, has occurred on or prior to the Credit Event Observation Period End Date and may be a Credit Event in respect of the Reference Entity thereunder, but which has not been confirmed as being a Credit Event or not as at the Credit Event Observation Period End Date or, in respect of the Class E Notes only, the Reference Business Day immediately preceding a Class E Instalment Date.

**“Unsettled Credit Event Instalment Amount”** has the meaning given to such term in paragraph 2 of Schedule 2 to these Issue Terms.

**“Unsettled Credit Event Instalment Date”** means, in respect of each Class, the date falling 2 Reference Business Days immediately following the relevant Additional Repurchase Date under the Repo Transaction relating to such Class.



## SCHEDULE 2 TO THE ISSUE TERMS – AMENDMENTS TO MASTER CONDITIONS

### 1. Credit Event Redemption

On each Credit Event Instalment Date (which, for the avoidance of doubt, may occur before or after the Scheduled Maturity Date):

- (a) each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes shall be redeemed in part (or, after the Scheduled Maturity Date, potentially in whole) by payment by the Issuer of an amount in respect of each Note of such Class (the “**Credit Event Instalment Amount**” in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes) equal to such Note’s *pro rata* share of an amount equal to: (i) the Partial Repurchase Price receivable by the Issuer under the Repo Transaction relating to such Class on the Partial Repurchase Date to which such Credit Event Instalment Date relates; *minus* (ii) the Issuer Cash Settlement Amount payable by the Issuer under the Credit Default Swap Transaction on the Issuer Cash Settlement Date to which such Credit Event Instalment Date relates; and
- (b) each of the Class E Notes shall be redeemed in part (or, after the Scheduled Maturity Date, potentially in whole) by payment by the Issuer of an amount in respect of each Note of the Class E Notes (the “**Credit Event Instalment Amount**” in respect of the Class E Notes) equal to such Note’s *pro rata* share of an amount equal to (i) the Partial Repurchase Price receivable by the Issuer under the Repo Transaction relating to such Class on the Partial Repurchase Date to which such Credit Event Instalment Date relates; *minus* (ii) the Issuer Cash Settlement Amount payable by the Issuer under the Credit Default Swap Transaction on the Issuer Cash Settlement Date to which such Credit Event Instalment Date relates; *plus* (iii) the Swap Counterparty Additional Interim Exchange Amount payable by the Swap Counterparty under the Credit Default Swap Transaction on the Issuer Cash Settlement Date to which such Credit Event Instalment Date relates.

### 2. Unsettled Credit Event Redemption

On each Unsettled Credit Event Instalment Date (which, for the avoidance of doubt, may occur before or after the Scheduled Maturity Date), the Notes of each Class shall be redeemed in part (or, after the Scheduled Maturity Date, potentially in whole) by payment by the Issuer of an amount in respect of each Note of such Class (the “**Unsettled Credit Event Instalment Amount**”) equal to such Note’s *pro rata* share of an amount equal to the Additional Repurchase Price receivable by the Issuer under the Repo Transaction relating to such Class on the Additional Repurchase Date to which such Unsettled Credit Event Instalment Date relates.

### 3. Early Redemption

Notwithstanding the provisions of Master Condition 13 (*Liquidation*) (as amended pursuant to paragraph 14 below):

- (a) if an Early Redemption Event occurs in respect of a Class of Notes and one or more Classes of Notes would remain outstanding following the early redemption of such Class of Notes, the Disposal Agent shall (in accordance with the Agency Agreement) arrange for the Liquidation of the non-cash Collateral in an amount equal to the Purchased Securities (as defined in the Repo Agreement) which have been transferred to (and then held by or on behalf of) the Issuer in respect of the Repo Transaction relating to such Class of Notes (and the security created pursuant to the Trust Deed over such Collateral shall automatically be released for the purposes of permitting such Liquidation). Following such Liquidation, the relevant Class of Notes shall be redeemed at their applicable Early Cash Redemption Amount (as defined in paragraph 27 of Part A of these Issue Terms) on the relevant Early Redemption Date by payment of such Early Cash Redemption Amount to the Noteholders of the relevant Class on a *pro rata* basis; and
- (b) if an Early Redemption Event occurs in respect of a Class of Notes and no Class of Notes would remain outstanding following the early redemption of such Class of Notes, the

Disposal Agent shall (in accordance with the Agency Agreement) arrange for the Liquidation of the non-cash Collateral (and the security created pursuant to the Trust Deed over such Collateral shall automatically be released for the purposes of permitting such Liquidation). Following such Liquidation, each Class of Notes shall be redeemed at their applicable Early Cash Redemption Amount (as defined in paragraph 27 of Part A of these Issue Terms) on the relevant Early Redemption Date by payment of such Early Cash Redemption Amount to the Noteholders of the relevant Class on a *pro rata* basis.

4. **Adjustment to Class E Instalment Amounts**

Following the occurrence an event that results in there being more than one Reference Entity, the Calculation Agent may make proportionate adjustments in its sole discretion to the terms of the Class E Notes with respect to the Class E Instalment Amounts and the terms of the Credit Default Swap Transaction relating to the Class E Notes.

5. **Suspension of Class E Instalment Amounts**

If there is an Unsettled Credit Event under the Credit Default Swap Transaction relating to the Class E Notes as at the Reference Business Day immediately preceding a Class E Instalment Date the payment of any Class E Instalment Amount which may be, or may become, due by the Issuer to Noteholders in respect of the Class E Notes shall be suspended. If, following such Unsettled Credit Event, the Calculation Agent determines:

- (a) that a Triggered Credit Event has occurred under the Credit Default Swap Transaction relating to the Class E Notes, then the provisions relating to Triggered Credit Events set out in paragraph 10(a) of these Issue Terms shall apply in respect of the Class E Notes; or
- (b) that no Triggered Credit Event has occurred under the Credit Default Swap Transaction relating to the Class E Notes, then the Class E Instalment Amount that would otherwise have been payable on the relevant Class E Instalment Date shall be due on the second Reference Business Day following the date of such determination. Noteholders of the Class E Notes shall not be entitled to a further payment as a consequence of the fact that such payment of such principal or interest is postponed pursuant to this paragraph 5.

6. **Redemption for Termination of Swap Agreement and/or Repo Agreement and Swap Counterparty and Repo Counterparty Replacement Option**

For the purposes of Master Condition 8(f) (*Redemption for Termination of Swap Agreement*), the reference to Swap Counterparty Event in item (i) of the second paragraph thereof shall be deemed to be deleted and instead refer to the occurrence of a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of all outstanding Credit Default Swap Transactions, Fund Swap Transaction and Equity Swap Transactions under the Swap Agreement.

***Swap Counterparty and Repo Counterparty Replacement Option***

Upon the occurrence of (i) a Counterparty Bankruptcy Credit Event; or (ii) a Repo Counterparty Event (other than a Counterparty Bankruptcy Credit Event); or (iii) the delivery of a notice of termination for tax reasons pursuant to paragraph 11 of the Repo Agreement (a “**Tax Termination Event**”); or (iv) a Swap Counterparty Event (other than a Counterparty Bankruptcy Credit Event); or (v) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transactions (a “**CDS Termination Event**”); or (vi) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of any Fund Swap Transaction or Equity Swap Transaction (an “**Equity Swap Termination Event**”); or (vii) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty or the Repo Counterparty being withdrawn or less than Ba1 or the short term rating assigned by Moody’s to the Swap Counterparty or the Repo Counterparty being less than P-3 (any such downgrade or withdrawal, a “**Moody’s Ba1/P-3 Downgrade**” and such event, along with each of a Counterparty Bankruptcy Credit Event, a Swap Counterparty Event or Repo Counterparty Event (other than a Counterparty Bankruptcy Credit Event), a Tax Termination Event, a CDS Termination

Event, an Equity Swap Termination Event and a Moody's Ba1/P-3 Downgrade, each a **"Replacement Event"**), the Issuer shall not designate an Early Termination Date and shall notify the Noteholder Facilitator as soon as reasonably practicable upon becoming aware of any such occurrence. Upon receipt by the Issuer of written directions (such notice to be copied to the Trustee) (a **"Replacement Counterparty Notice"**) from Garantum Fondkommission AB (or any successor thereto) (in such capacity, the **"Noteholder Facilitator"**) requesting the Issuer to enter into a replacement Swap Agreement in respect of all Credit Default Swap Transactions, the Fund Swap Transaction and all Equity Swap Transactions (the **"Replacement Swap Agreement"**) with a replacement swap counterparty (the **"Replacement Swap Counterparty"**) designated by the Noteholder Facilitator (and, provided that, in the case of a Replacement Event that is a Moody's Ba1/P-3 Downgrade, the Swap Counterparty has provided its prior written consent to such replacement) and a replacement Repo Agreement in respect of all Repo Transactions (the **"Replacement Repo Agreement"**) with a replacement repo counterparty being the same entity as the Replacement Swap Counterparty (the **"Replacement Repo Counterparty"**) the Issuer shall use reasonable efforts to enter into such Replacement Swap Agreement with such Replacement Swap Counterparty and such Replacement Repo Agreement with such Replacement Repo Counterparty; provided that (A) each such Replacement Swap Counterparty (with the Replacement Repo Counterparty being the same entity) is a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, a long term senior, unsecured rating of Ba1 and/or a short term rating of P-3 (or their equivalent ratings, in each case, as assigned by Moody's) as of the date the Replacement Swap Agreement and the Replacement Repo Agreement are entered into, (B) the Replacement Swap Counterparty and the Replacement Repo Counterparty must be satisfactory to the Trustee and the Issuer, (C) the price that the Replacement Swap Counterparty is willing to pay to, or receive from the existing Swap Counterparty (the **"Existing Swap Counterparty"**) is reasonably satisfactory to the Existing Swap Counterparty and the price that the Replacement Repo Counterparty is willing to pay to, or receive from the existing Repo Counterparty (the **"Existing Repo Counterparty"**) is reasonably satisfactory to the Existing Repo Counterparty, and (D) where such Replacement Counterparty Notice relates to a Replacement Event other than a Moody's Ba1/P-3 Downgrade, such Replacement Swap Agreement and Replacement Repo Agreement are entered into within 30 calendar days of the occurrence of the relevant Replacement Event (and provided such Replacement Event is still continuing at such time) (such period, the **"Replacement Period"**).

If the relevant Replacement Swap Agreement or Replacement Repo Agreement is not entered into following a Replacement Event other than a Moody's Ba1/P-3 Downgrade within the Replacement Period (including where, in such circumstances, no Replacement Counterparty Notice is delivered by the Noteholder Facilitator), the Swap Agreement and the Repo Agreement shall automatically terminate and, if a Swap Termination Event or a Repo Termination Event has occurred and no Early Redemption Commencement Date or Early Redemption Event has occurred pursuant to any other applicable Condition, the Issuer shall, as soon as is practicable (or, in any case, within 2 Reference Business Days after the end of the Replacement Period), give an Early Redemption Notice to the Noteholders (the date on which such Early Redemption Notice is deemed to have been given shall be an **"Early Redemption Commencement Date"**).

Following the delivery of such Early Redemption Notice, each Note shall become due and payable on the related Early Redemption Date. In connection with such redemption of each Note on the Early Redemption Date, the Disposal Agent shall (in accordance with the Agency Agreement) arrange for, and administer the sale of any Eligible Securities delivered by the Repo Counterparty to the Issuer under the Repo Agreement (and the security created pursuant to the Trust Deed over such Eligible Securities (if any) shall automatically be released for purposes of permitting such sale). Each Class of Notes will be redeemed at their applicable Early Cash Redemption Amount (as defined in paragraph 27 of Part A of these Issue Terms) on the relevant Early Redemption Date by payment of such Early Cash Redemption Amount to the Noteholders of such Class on a pro rata basis.

Any Replacement Swap Agreement or Replacement Repo Agreement shall be entered into on identical terms as the Swap Agreement (including the relevant Credit Default Swap Transactions,

Fund Swap Transaction and/or Equity Swap Transactions thereunder) or the Repo Agreement (including the relevant Repo Transaction(s) thereunder), as applicable, save for such terms as the Issuer and the Replacement Swap Counterparty or the Replacement Repo Counterparty, as applicable, acting in good faith, determine are necessary to reflect the replacement of the Existing Swap Counterparty with the Replacement Swap Counterparty or the Existing Repo Counterparty with the Replacement Repo Counterparty.

On the entry into of the Replacement Swap Agreement and the Replacement Repo Agreement, the Swap Agreement with the Existing Swap Counterparty and the Repo Agreement with the Existing Repo Counterparty shall to the extent of the relevant replacement terminate immediately and:

- (i) the amount (if any) due to the Existing Swap Counterparty or the Existing Repo Counterparty from the Issuer upon termination of the Swap Agreement or the Repo Agreement shall be funded out of the amount paid to it by the Replacement Swap Counterparty or the Replacement Repo Counterparty, as applicable, and the Existing Swap Counterparty or the Existing Repo Counterparty, as applicable, shall have no further claims against the Issuer or any other party in respect of such amounts; and
- (ii) the amount (if any) due to the Issuer from the Replacement Swap Counterparty or the Replacement Repo Counterparty upon the entry into of the Replacement Swap Agreement or the Replacement Repo Agreement shall be increased (or, as the case may be, the amount due from the Issuer to the Replacement Swap Counterparty or the Replacement Repo Counterparty shall be reduced) by an amount equal to any fees, costs and/or expenses incurred by the Issuer and/or the Trustee in relation to the appointment of the Replacement Swap Counterparty or the Replacement Repo Counterparty and any Replacement Agents appointed pursuant to paragraph 5 of this Schedule 2 to these Issue Terms below.

Following the entry into of a Replacement Swap Agreement and a Replacement Repo Agreement, all references to the Replacement Swap Counterparty or the Replacement Repo Counterparty shall be deemed to be the Swap Counterparty or Repo Counterparty, as applicable, for the purposes of these Issue Terms and any other documentation relating to the Notes. Accordingly, more than one Replacement Event may occur.

For the avoidance of doubt, and notwithstanding any other provisions of the Issue Deed, Principal Trust Deed or any other document relating to the Notes, no Swap Termination Event shall occur for the purposes of Master Condition 8(f) (*Redemption for Termination of Swap Agreement*) as a result of the termination of the Swap Agreement and entry into the Replacement Swap Agreement in accordance with the foregoing and no Repo Termination Event shall occur for the purposes of Master Condition 8(u) (*Redemption for Termination of Repo Agreement*) as a result of the termination of the Repo Agreement and entry into the Replacement Repo Agreement in accordance with the foregoing, and the consent of the Noteholders will not be sought or be required in connection with a Replacement Event in accordance with the foregoing nor for any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes that the Noteholder Facilitator certifies in writing to the Trustee are consequential to and necessary in connection with the entry into of such Replacement Swap Agreement and/or Replacement Repo Agreement (upon which certificate the Trustee shall be entitled to rely on absolutely without incurring any liability to any person for so doing (even though such certificate may later be found to have been invalidly given)). None of the Issuer, the Trustee, the Swap Counterparty, the Repo Counterparty, the Noteholder Facilitator, the Calculation Agent, the Disposal Agent, the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent, the Dealer, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with any Replacement Event and/or any entry into of a Replacement Swap Agreement or Replacement Repo Agreement or in respect of any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes which the Noteholder Facilitator has certified in writing to the Trustee are consequential and necessary in connection with the entry into of such Replacement Swap Agreement or Replacement Repo Agreement and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting

from a Replacement Event and/or any entry into of a Replacement Swap Agreement or Replacement Repo Agreement.

7. **Agent Replacement Option**

Concurrently with the appointment of a Replacement Swap Counterparty and Replacement Repo Counterparty and entry into of a Replacement Swap Agreement and Replacement Repo Agreement pursuant to paragraph 4 of this Schedule 2 to these Issue Terms above, but only where both the Swap Agreement with the Existing Swap Counterparty and the Repo Agreement with the Existing Repo Counterparty have been terminated in full, the Issuer undertakes, upon receipt of written directions from the Noteholder Facilitator requesting the Issuer to replace the existing Calculation Agent and/or Disposal Agent (a “**Replacement Agent Notice**”), to use reasonable efforts to appoint a replacement calculation agent (the “**Replacement Calculation Agent**”) and replacement disposal agent (the “**Replacement Disposal Agent**”, and together with the Replacement Calculation Agent, the “**Replacement Agents**”) designated by the Noteholder Facilitator, provided that (i) in the case of a Replacement Calculation Agent, is a reputable financial institution with a place of business in London which provides calculation agency services as part of its ongoing business activities and (ii) in the case of a Replacement Disposal Agent, is a reputable financial institution with a place of business in London which customarily sells securities in the market as part of its ongoing business activities, and in each case, are satisfactory to the Issuer, the Trustee and the Replacement Swap Counterparty. Upon receipt of such Replacement Agent Notice, the Issuer shall make reasonable efforts to effect such replacement on, or as soon as practicable following, the entry into of the Replacement Swap Agreement and Replacement Repo Agreement. The costs of appointment of the Replacement Agents shall be borne jointly and severally by the Replacement Swap Counterparty and Replacement Repo Counterparty.

Following the appointment of any Replacement Agent, all references to the Calculation Agent and/or Disposal Agent, as applicable, shall be deemed to be references to the Replacement Agent for the purposes of these Issue Terms and any other documentation relating to the Notes. Accordingly, the Calculation Agent and/or Disposal Agent may be replaced more than once.

For the avoidance of doubt, and notwithstanding Master Condition 11 (*Agents*) or any other provisions of the Issue Deed, Principal Trust Deed or any other document relating to the Notes, the consent of the Noteholders will not be sought or be required in connection with the appointment of any Replacement Agents in accordance with the foregoing nor for any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes that the Noteholder Facilitator certifies in writing to the Trustee are consequential to and necessary in connection with the appointment of such Replacement Agents upon which certificate the Trustee shall be entitled to rely absolutely without incurring any liability to any person for so doing (even though such certificate may later be found to have been invalidly given). None of the Issuer, the Trustee, the Swap Counterparty, the Repo Counterparty, the Noteholder Facilitator, the Calculation Agent, the Disposal Agent, the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent, the Dealer, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with the appointment of any Replacement Agent or in connection with any amendment which may be made to the Master Conditions insofar as the proposed amendments relate to this Series only or these Issuer Terms and any other documentation relating to the Notes which the Noteholder Facilitator has certified in writing to the Trustee are consequential to and necessary in connection with the entry into of the Replacement Swap Agreement in accordance with the foregoing and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting from any such appointment of a Replacement Agent.

8. **Amendment of Master Condition 1 (*Definitions and Interpretation*)**

- 8.1 The definition of “Actual Currency Proceeds” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:

““**Actual Currency Proceeds**” means the Available Proceeds as of the Early Valuation Date but excluding any amount paid by the Swap Counterparty to the Issuer as a result of the termination of

all outstanding Swap Transactions under the Swap Agreement relating to the Notes and/or any amount paid by the Repo Counterparty to the Issuer as a result of the termination of all outstanding Repo Transactions under the Repo Agreement relating to the Notes) provided that if any Collateral has not been Liquidated by the Early Valuation Date then the Actual Currency Proceeds in respect of such Collateral not then Liquidated shall be deemed to be the fair bid-side market value of such Collateral as of the Early Valuation Date (as determined by the Calculation Agent) net of any taxes, costs or charges that would be incurred on the sale of the Collateral.”.

- 8.2 The definition of “Available Proceeds” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:

“**Available Proceeds**” means, with respect to a Liquidation Event or Enforcement Event and as of a particular day:

- (i) all cash sums derived from any Liquidation of the Collateral for the Notes, any amount paid by the Swap Counterparty to the Issuer as a result of the termination of all outstanding Swap Transactions under the Swap Agreement relating to the Notes, any amount paid by the Repo Counterparty to the Issuer as a result of the termination of all outstanding Repo Transactions under the Repo Agreement, any amounts realised by the Trustee on enforcement of the Security and all other cash sums available to the Issuer or the Trustee, as the case may be, derived from the Mortgaged Property for such Series; less
- (ii) any cash sums which have already been applied by or on behalf of the Issuer pursuant to Master Condition 15(a) (*Application of Available Proceeds or Affected Class Collateral Proceeds of Liquidation*) on any Issuer Application Date or by the Trustee pursuant to Master Condition 15(b) (*Application of Available Proceeds of Enforcement of Security*) on any Trustee Application Date, as the case may be.”.

- 8.3 Sub-paragraph (iii) of the definition of “Calculation Agent Bankruptcy Event” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:

“(iii) the Calculation Agent is an Affiliate of the Swap Counterparty or the Repo Counterparty and a Counterparty Bankruptcy Credit Event has occurred with respect to such Swap Counterparty or Repo Counterparty, as the case may be.”.

- 8.4 The definition of “Collateral” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:

“**Collateral**” means, in connection with the issue of the Notes, the Issuer’s rights, title and/or interests in and to:

- (i) from time to time, any Repo Posted Collateral held by the Issuer; and
- (ii) any other securities, cash or other assets or property transferred or delivered to the Issuer pursuant to the Repo Agreement.”.

- 8.5 The definition of “Counterparty Bankruptcy Credit Event” in Master Condition 1 (*Definitions and Interpretation*) shall be amended by deleting each instance of “the Swap Counterparty” and replacing such with “the Swap Counterparty and/or the Repo Counterparty”.

- 8.6 Sub-paragraph (iii) of the definition of “Disposal Agent Bankruptcy Event” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:

“(iii) the Disposal Agent is an Affiliate of the Swap Counterparty or the Repo Counterparty and a Counterparty Bankruptcy Credit Event has occurred with respect to such Swap Counterparty or Repo Counterparty, as the case may be.”.

- 8.7 The definition of “Early Termination Date” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:

“**Early Termination Date**” has the meaning given to it in the Swap Agreement and/or the Repo Agreement, as applicable.”.

- 8.8 The following sub-paragraph (iv) shall be added to the definition of “**Enforcement Event**” in Master Condition 1 (*Definitions and Interpretation*):
- “(iv) following payment in full by the Issuer of any amount that has become due and payable and/or deliverable, as the case may be, to the Noteholders and the Couponholders (whether before or after the Maturity Date), the failure by the Issuer to pay any amount due and payable or deliver any securities deliverable to the Repo Counterparty on the relevant due date for payment (or delivery) under the Repo Agreement.”.
- 8.9 The definition of “Issuer Application Date” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:
- ““**Issuer Application Date**” means each of:
- (i) where no Physical Redemption Amount is payable in respect of any Notes, the Early Redemption Date or Relevant Payment Date, as applicable or, if later, the fifth Reference Business Day after the earliest date on which the amount owing to or from the Swap Counterparty under the Swap Agreement, the amount owing to or from the Repo Counterparty under the Repo Agreement and the Early Redemption Amount, the Final Redemption Amount and any interest or Instalment Amount that has become due and payable on the Maturity Date in respect of the Series or any relevant Class thereof, as applicable, have been determined pursuant to the Conditions and/or the terms of the relevant Transaction Document(s), as applicable and, to the extent not all the Collateral has been Liquidated in full or the cash proceeds of such Liquidation have not been received by or on behalf of the Issuer by such time, each day that is five Reference Business Days following receipt by the Issuer of additional proceeds resulting from the related Liquidation; and
  - (ii) in respect of each sum received by the Issuer from the Mortgaged Property that has not already been applied on the Initial Issuer Application Date, the date falling five Reference Business Days following receipt by the Issuer of such sum.”.
- 8.10 The definition of “Liquidation Commencement Date” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:
- ““**Liquidation Commencement Date**” means the later of (i) the day on which the Disposal Agent receives a Liquidation Commencement Notice and (ii) where the Repo Agreement requires the Issuer to deliver any securities equivalent to any non-cash Collateral to the Repo Counterparty upon termination thereof, the date on which the Issuer transfers such equivalent securities to the Repo Counterparty.”.
- 8.11 The definition of “Liquidation Commencement Notice” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:
- ““**Liquidation Commencement Notice**” means a notice from the Issuer or the Calculation Agent in writing to the Disposal Agent, the Custodian and the Trustee of the occurrence of a Liquidation Event, which may be in respect of the Series or of one or more Early Redeeming Classes of Notes. Any Early Redemption Notice and/or Swap Termination Notice and/or Repo Termination Notice given or copied to the Disposal Agent shall constitute a Liquidation Commencement Notice.”.
- 8.12 The following sub-paragraph (iv) shall be added to the definition of “**Mortgaged Property**” in Master Condition 1 (*Definitions and Interpretation*) and sub-paragraphs (iv) and (v) shall be renumbered accordingly:
- “(iv) the rights and interest of the Issuer in and under the Repo Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from any such Repo Agreement;”.
- 8.13 The following definitions shall be inserted into Master Condition 1 (*Definitions and Interpretation*):
- ““**Repo Agreement**” means the agreement entered into between the Issuer and Credit Suisse International by execution of the Issue Deed and which is in the form of the Global Master Repurchase Agreement (2011 version) and the Annexes thereto, together with all confirmations documenting the Repo Transactions entered into thereunder in respect of the Notes.

**“Repo Counterparty”** means Credit Suisse International as at the Issue Date.

**“Repo Counterparty Event”** means, in accordance with the terms of the Repo Agreement, the occurrence of an Event of Default (as defined in the Repo Agreement) with respect to the Repo Counterparty.

**“Repo Posted Collateral”** means securities, cash or other assets or property transferred by the Repo Counterparty to the Issuer pursuant to the Repo Agreement.

**“Repo Termination Event”** means that an Early Termination Date in respect of all outstanding Repo Transactions has been designated or deemed to have been designated by the Issuer or a Repo Counterparty, as applicable, under the Repo Agreement for any reason other than (i) as a result of the occurrence of a Repo Counterparty Event or (ii) as a result of the occurrence of an Early Redemption Commencement Date in respect of the Notes other than pursuant to Master Condition 8(u) (*Redemption for Termination of Repo Agreement*).

**“Repo Termination Notice”** means a notice of termination given under the Repo Agreement by the Issuer or the Repo Counterparty, as the case may be, in connection with which an Early Termination Date is designated or is deemed to have been designated in respect of all outstanding Repo Transactions thereunder.

**“Repo Transaction”** means a repurchase transaction entered into between the Issuer and the Repo Counterparty in relation to the Notes or a Class thereof.”.

8.14 The definition of “Secured Payment Obligations” in Master Condition 1 (*Definitions and Interpretation*) shall be amended by inserting the words “, the Repo Agreement” after the words “the Swap Agreement” and before the words “and each Note”.

8.15 The definition of “Termination Payment” in Master Condition 1 (*Definitions and Interpretation*) shall be deleted in its entirety and replaced with the following:

**“Termination Payment”** means: (i) in the case of the Swap Agreement, any Early Termination Amount (as defined in the Swap Agreement) due under the Swap Agreement; and (ii) in the case of the Repo Agreement the balance determined pursuant to paragraph 10(d) thereof.”.

8.16 The Repo Agreement is designated as a Transaction Document.

9. **Amendment of Master Condition 4(b) (Collateral)**

Master Condition 4(b) (*Collateral*) shall be deleted in its entirety and replaced with the following:

**“(b) Collateral**

In connection with the issue of the Notes, the Issuer may acquire rights, title and/or interests in and to the Collateral. In addition or in the alternative to its acquisition of rights, title and/or interests in and to the Collateral, the Issuer may enter into a Swap Agreement with respect to the Notes as specified in the applicable Issue Terms relating to the Notes and/or may enter into a Repo Agreement as specified in the applicable Issue Terms relating to the Notes.”.

10. **Amendment of Master Condition 5 (Security)**

10.1 The following sub-paragraph (V) shall be added to Master Condition 5(a)(ii) and the remaining sub-paragraphs (V) to (VIII) shall be renumbered accordingly:

“(V) an assignment by way of security of the Issuer’s rights, title and interest under the Repo Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Repo Agreement);”.

10.2 Sub-paragraph (VII) (renumbered to sub-paragraph (VIII) of Master Condition 5(a)(ii) shall be deleted in its entirety and replaced with the following:

“(VIII) a first fixed charge over (A) all sums held by the Issuing and Paying Agent to meet payments due in respect of any Secured Payment Obligation and (B) any sums received by the Issuing and Paying Agent under the Swap Agreement and/or the Repo Agreement.”.



- 10.3 The following Master Condition 5(f) (*Repo Agreement*) shall be added to Master Condition 5 (*Security*):

“(f) **Repo Agreement**

The Issuer will enter into a Repo Agreement with the Repo Counterparty pursuant to which the Issuer shall, if required in accordance with the terms of the Repo Agreement, transfer some or all of the Collateral to the Repo Counterparty. The Repo Counterparty may also, if required in accordance with the terms of the Repo Agreement, transfer to the Issuer from time to time Repo Posted Collateral. Collateral transferred by the Issuer pursuant to the Repo Agreement will be deemed to be released by the Trustee from the Security described in Master Condition 5(a) (*Security*) immediately prior to the delivery or transfer of such Collateral by or on behalf of the Issuer to the Repo Counterparty.”.

11. **Amendment of Master Condition 6 (*Restrictions*)**

- 11.1 The first sentence of Master Condition 6 (*Restrictions*) shall be amended by inserting the words “and the Repo Counterparty” after the words “and the Swap Counterparty”.

- 11.2 Master Condition 6(c) shall be deleted in its entirety and replaced with the following:

“(c) cause or permit the Swap Agreement or the Repo Agreement or the priority of the Security created by the Trust Deed or any other Security Document to be amended, terminated or discharged;”.

- 11.3 Master Condition 6(d) shall be deleted in its entirety and replaced with the following:

“(d) release any party to the Swap Agreement, the Repo Agreement, the Principal Trust Deed, the Issue Deed or any other Security Document from any existing obligations thereunder;”.

- 11.4 Master Condition 6(f) shall be deleted in its entirety and replaced with the following:

“(f) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of the Swap Agreement, the Repo Agreement, the Conditions, the Principal Trust Deed, the Issue Deed, any other Security Document or any other Transaction Document;”.

12. **Amendment of Master Condition 8 (*Redemption and Purchase*)**

- 12.1 The following Master Condition 8(u) (*Redemption for Termination of Repo Agreement*) shall be added to Master Condition 8 (*Redemption and Purchase*):

“(u) **Redemption for Termination of Repo Agreement**

The Issuer shall, as soon as is practicable after becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Repo Termination Event (or, in any case, within 2 Reference Business Days thereof), give an Early Redemption Notice to the Noteholders and each Note in respect of which no Early Redemption Commencement Date or Early Redemption Date has previously occurred pursuant to any other Condition, shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon). The date on which such Early Redemption Notice is deemed to have been given shall be an “**Early Redemption Commencement Date**”.

If, prior to the Maturity Date:

- (i) pursuant to the terms of the Repo Agreement the Issuer becomes aware that it is able to designate an Early Termination Date in respect of all outstanding Repo Transactions under the Repo Agreement pursuant to the occurrence of a Repo Counterparty Event and such right is then continuing;
- (ii) no Early Termination Date has already been designated or occurred in respect of all outstanding Repo Transactions under the Repo Agreement; and
- (iii) no Early Redemption Commencement Date or Early Redemption Date has occurred under any other Condition in respect of all Notes outstanding (which, for the

avoidance of doubt, may have occurred separately pursuant to one or more Master Conditions),

the Issuer shall, as soon as is practicable after becoming aware of the same, notify the Noteholders in accordance with Master Condition 22 (*Notices*) and the Trustee in writing of the same. Following delivery of such notice from the Issuer, the Trustee shall, if directed by an Extraordinary Resolution and provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction and that no further Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition, give notice to the Issuer that the Issuer is to designate an Early Termination Date in respect of all outstanding Repo Transactions under the Repo Agreement.

Subject to the Issuer still having such designation right, the Issuer shall, as soon as reasonably practicable, designate an Early Termination Date in respect of all outstanding Repo Transactions under the Repo Agreement and shall then notify the Noteholders in accordance with Master Condition 22 (*Notices*) and the Trustee in writing of the same. Such notice shall constitute an Early Redemption Notice for purposes of the first paragraph of this Master Condition 8(u).

For the avoidance of doubt, none of the Issuer, the Trustee or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Repo Termination Event or Repo Counterparty Event has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee and/or the Calculation Agent of the occurrence of a Repo Termination Event or Repo Counterparty Event, the Trustee and/or Calculation Agent, as the case may be, shall be entitled to rely conclusively on such notice without further investigation.”.

- 12.2 Sub-paragraph (i) of Master Condition 8(k) (*Redemption of all Classes Following the Occurrence of an Event of Default*) is deleted in its entirety and replaced with the following:

“(i) default is made for more than 14 days in the payment of any interest or Instalment Amount in respect of any Notes forming part of the Series, other than any interest or Instalment Amount due and payable on the Maturity Date, and other than where any such default occurs as a result of a Collateral Event, a Note Tax Event, an Original Collateral Tax Event, a Swap Termination Event, a Swap Counterparty Event, a Counterparty Bankruptcy Credit Event, a Repo Termination Event or a Repo Counterparty Event.”.

13. **Amendment to Master Condition 9 (*Calculations and Determinations, Rounding and Business Day Convention*)**

The final sentence of Master Condition 9(a) is deleted in its entirety and replaced with the following:

“If the Calculation Agent at any time does not make any determination or calculation or take any action that it is required to do pursuant to the Conditions, it shall forthwith notify the Issuer, the Trustee, the Issuing and Paying Agent, Swap Counterparty and/or the Repo Counterparty.”.

14. **Amendment to Master Condition 10 (*Payments and Talons*)**

Master Condition 10(h) (*Suspension of Obligations Following a Sanctions Event*) shall be amended by deleting the words “and/or the Swap Counterparty” and replacing them with “, the Swap Counterparty and/or the Repo Counterparty”.

15. **Amendment to Master Condition 11 (*Agents*)**

- 15.1 Sub-paragraphs (i) and (ii) of Master Condition 11(b) (*Calculation Agent Appointment, Termination and Replacement*) shall be deleted in their entirety and replaced with the following:

“(i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior approval of the Trustee and, provided no Counterparty Bankruptcy Credit Event in relation to the Swap Counterparty or Swap Counterparty Event has occurred, of the Swap Counterparty and, provided no Counterparty Bankruptcy Credit Event in relation to the Repo Counterparty or Repo Counterparty Event has occurred, of the Repo Counterparty

to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market that is most closely connected with the calculation(s) and/or determination(s) to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed; or

- (ii) if a Counterparty Bankruptcy Credit Event, Swap Counterparty Event or Repo Counterparty Event has occurred, and if the Issuer has been directed by an Extraordinary Resolution that the Issuer appoint a replacement Calculation Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Calculation Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as calculation agent in respect of the Notes.”.

15.2 Sub-paragraphs (i) and (ii) of Master Condition 11(c) (*Disposal Agent Appointment, Termination and Replacement*) shall be deleted in their entirety and replaced with the following:

- “(i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior written approval of the Trustee and, provided no Counterparty Bankruptcy Credit Event has occurred in relation to the Swap Counterparty, or Swap Counterparty Event has occurred, of the Swap Counterparty and, provided no Counterparty Bankruptcy Credit Event in relation to the Repo Counterparty or Repo Counterparty Event has occurred, of the Repo Counterparty to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market to act as such in its place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed; or
- (ii) if a Counterparty Bankruptcy Credit Event, Swap Counterparty Event or Repo Counterparty Event has occurred, and if the Issuer has been directed by an Extraordinary Resolution resolving that the Issuer appoint a replacement Disposal Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Disposal Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use its reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as Disposal Agent in respect of the Notes,”.

## 16. **Amendment to Master Condition 13 (*Liquidation*)**

16.1 Master Condition 13(b) (*Liquidation Process*) shall be amended by deleting the sentence beginning “The Disposal Agent shall not be liable” and replacing it with the following:

“The Disposal Agent shall not be liable to the Issuer, the Trustee, the Swap Counterparty, the Repo Counterparty, the Noteholders, the Couponholders, holders of Receipts or any other person merely because a larger amount could have been received had any such Liquidation been delayed or had the Disposal Agent selected a different method of Liquidating any such Collateral or Affected Class

Collateral, as applicable, provided that the Disposal Agent has complied with its duty to act in good faith and in a commercially reasonable manner.”.

- 16.2 Master Condition 13(k) (*Sales to Affiliates*) shall be deleted in its entirety and replaced with the following:

“In effecting any Liquidation, the Disposal Agent may sell any Collateral to Affiliates of itself or Affiliates of the Swap Counterparty or Repo Counterparty provided that the Disposal Agent sells at a price that it acting in good faith and a commercially reasonable manner believes to be a fair market price.”.

17. **Amendment to Master Condition 14(a) (*Trustee to Enforce Security*)**

Master Condition 14(a) (*Trustee to Enforce Security*) shall be amended by inserting the words “and/or the Repo Counterparty (whichever shall be the first to so request or direct, as the case may be)” after the words “directed in writing by the Swap Counterparty”.

18. **Amendment to Master Condition 15 (*Application of Available Proceeds or Affected Class Collateral Proceeds*)**

- 18.1 Master Condition 15(a) (*Application of Available Proceeds or Affected Class Collateral Proceeds of Liquidation*) shall be deleted in its entirety and replaced with the following:

“(a) **Application of Available Proceeds or Affected Class Collateral Proceeds of Liquidation**

The Issuer shall, on each Issuer Application Date, apply the Available Proceeds or the Affected Class Collateral Proceeds, as applicable, as they stand on such date as follows:

- (i) first, where immediately prior to the associated termination of the Repo Agreement, the Issuer’s Net Margin (if any, as defined in the Repo Agreement) was greater than zero, an amount (as determined by the party responsible for determining such amounts under the Repo Agreement and such amount being a “**Repo Return Amount**”) equal to the lesser of (A) the Available Proceeds or Affected Class Collateral Proceeds, as applicable (B) the value of the Issuer’s Net Margin (or the relevant portion thereof where not all outstanding Classes, if applicable, are redeeming) that was used in determining the Termination Payment payable under the Repo Agreement and (C) the value of the net amounts owing to the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, if any, which shall be deemed to be zero if no such amounts are owing (the excess of the value defined in (C) above the value defined in (B), if any, the “**Remaining Counterparty Claim Amount**”) shall be paid to the Repo Counterparty on behalf of the Swap Counterparty and the Repo Counterparty;
- (ii) secondly, in payment or satisfaction of the Issuer’s share of any taxes owing by the Company;
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees and the Trustee’s remuneration);
- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Mortgaged Property, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;
- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of:

(1) any amounts owing to the Swap Counterparty under the Swap Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(a)(i), shall be, in aggregate with any amount paid in accordance with Master Condition 15(a)(vi)(2) below, limited to the Remaining Counterparty Claim Amount), provided that where:

- (x) the Swap Agreement (or any relevant Swap Transactions thereunder) has not been subject to a designation or occurrence of an Early Termination Date; and
- (y) in addition to amounts owing to the Swap Counterparty under the Swap Agreement there are also amounts that are owed by the Swap Counterparty under the Swap Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Swap Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Swap Counterparty under this limb and no payment to any person ranking junior to the Swap Counterparty under this Master Condition 15(a) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined; and

(2) any amounts owing to the Repo Counterparty under the Repo Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(a)(i), shall be, in aggregate with any amount paid in accordance with Master Condition 15(a)(vi)(1) above, limited to the Remaining Counterparty Claim Amount), provided that where:

- (x) the Repo Agreement (or any relevant Repo Transaction thereunder) has not been subject to a designation or occurrence of an Early Termination Date; and
- (y) in addition to amounts owing to the Repo Counterparty under the Repo Agreement there are also amounts that are owed by the Repo Counterparty under the Repo Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Repo Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Repo Counterparty under this limb and no payment to any person ranking junior to the Repo Counterparty under this Master Condition 15(a) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined;

- (vii) seventhly, in payment or satisfaction of the Issuer's share of Corporate Services Provider Fees owing by the Company;
- (viii) eighthly, *pari passu* in payment of (I) any Early Redemption Amount then due and payable, (II) any Final Redemption Amount then due and payable and/or (III) any interest or Instalment Amount that became due and payable on the Maturity Date and that remains due and payable, as applicable, and, in each case, any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the holders of Notes (or any Class thereof); and
- (ix) ninthly, in payment rateably of the Residual Amount to the holders of Notes (or any Class thereof),

save that no such application shall be made at any time following an Enforcement Notice having been effectively delivered by the Trustee following the occurrence of an Enforcement Event.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

Notwithstanding the above, if, upon a Counterparty Bankruptcy Credit Event, the Swap Counterparty or the Repo Counterparty (as the case may be) or any of their respective agents or representatives has indicated that it disagrees with any calculations or determinations made in respect of the Swap Agreement or the Repo Agreement (as the case may be) or the Issuer has reasonable grounds for anticipating that there will be such a disagreement (and, for this purpose, the mere fact that a Counterparty Bankruptcy Credit Event has occurred or that the Swap Counterparty or the Repo Counterparty (as applicable) is subject to an insolvency or analogous event shall not, of itself, constitute reasonable grounds), the Issuer may prior to any payment made under this Master Condition 15(a): (i) require to be indemnified and/or secured and/or pre-funded to its satisfaction in respect of any payment that might be required to be made to the Swap Counterparty or the Repo Counterparty (as applicable) should the relevant determination or determinations be found or agreed to be incorrect, and/or (ii) make such retention as seems reasonable to it in order to provide for any payments that might be required to be made by or on behalf of the Issuer should the relevant calculations or determinations be found or agreed to be incorrect.

If, following the Initial Issuer Application Date, the Issuer receives any sum from the Mortgaged Property, the Issuer shall send a notice to the Trustee, the Issuing and Paying Agent, the Disposal Agent (where there is one), the Swap Counterparty and the Repo Counterparty of the same as soon as is reasonably practicable upon receiving any such sum.”.

- 18.2 Master Condition 15(b) (*Application of Available Proceeds of Enforcement of Security*) shall be deleted in its entirety and replaced with the following:

“(b) **Application of Available Proceeds of Enforcement of Security**

Subject to and in accordance with the terms of the Security Documents, with effect from the date on which any valid Enforcement Notice is effectively delivered by the Trustee following the occurrence of an Enforcement Event, the Trustee will hold the Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Trustee Application Date as follows:

- (i) first, where immediately prior to the associated termination of the Repo Agreement, the Issuer’s Net Margin (if any, as defined in the Repo Agreement) was greater than zero, an amount (as determined by the party responsible for determining such amounts under the Repo Agreement and such amount being a “**Repo Return Amount**”) equal to the lesser of (A) the Available Proceeds or Affected Class Collateral Proceeds, as applicable (B) the value of the Issuer’s Net Margin (or the relevant portion thereof where not all outstanding Classes, if applicable, are redeeming) that was used in determining the Termination Payment payable under the Repo Agreement and (C) the value of the net amounts owing to the Swap Counterparty under the Swap Agreement and the Repo Counterparty under the Repo Agreement, if any, which shall be deemed to be zero if no such amounts are owing (the excess of the value defined in (C) above the value defined in (B), if any, the “**Remaining Counterparty Claim Amount**”) shall be paid to the Repo Counterparty on behalf of the Swap Counterparty and the Repo Counterparty;
- (ii) secondly, in payment or satisfaction of the Issuer’s share of any taxes owing by the Company;
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee or any receiver in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Security and the Trustee’s remuneration);

- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Collateral, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;
- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of:
  - (1) any amounts owing to the Swap Counterparty under the Swap Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(b)(i), shall be, in aggregate with any amount paid in accordance with Master Condition 15(b)(vi)(2) below, limited to the Remaining Counterparty Claim Amount), provided that where:
    - (x) the Swap Agreement has not been subject to a designation or occurrence of an Early Termination Date; and
    - (y) in addition to amounts owing to the Swap Counterparty under the Swap Agreement there are also amounts that are owed by the Swap Counterparty under the Swap Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Swap Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Swap Counterparty under this limb and no payment to any person ranking junior to the Swap Counterparty under this Master Condition 15(b) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined; and
  - (2) any amounts owing to the Repo Counterparty under the Repo Agreement (which, to the extent that a Repo Return Amount has been paid to the Repo Counterparty in accordance with Master Condition 15(b)(i), shall be, in aggregate with the amount paid in accordance with Master Condition 15(b)(vi)(1) above, limited to the Remaining Counterparty Claim Amount), provided that where:
    - (x) the Repo Agreement (or any relevant Repo Transaction thereunder) has not been subject to a designation or occurrence of an Early Termination Date; and
    - (y) in addition to amounts owing to the Repo Counterparty under the Repo Agreement there are also amounts that are owed by the Repo Counterparty under the Repo Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Repo Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Repo Counterparty under this limb and no payment to any person ranking junior to the Repo Counterparty under this Master Condition 15(b) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined;
- (vii) seventhly, in payment or satisfaction of the Issuer's share of Corporate Services Provider Fees owing by the Company;

- (viii) eighthly, *pari passu* in payment of (I) any Early Redemption Amount then due and payable, (II) any Final Redemption Amount then due and payable and/or (III) any interest or Instalment Amount that became due and payable on the Maturity Date and that remains due and payable, as applicable, and, in each case, any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the holders of Notes (or any Class thereof); and
- (ix) ninthly, in payment rateably of the Residual Amount to the holders of Notes (or any Class thereof).

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

If the amount of moneys available to the Trustee for payment in respect of the Notes under this Master Condition 15(b) at any time following delivery by the Trustee of an Enforcement Notice in accordance with the Conditions, other than where the Mortgaged Property has been exhausted, amount to less than 10 per cent. of the nominal amount of the Notes then outstanding, the Trustee shall not be obliged to make any payments under this Master Condition 15(b) and shall, place such amounts on deposit as provided in paragraph (c) below and shall retain such amounts and accumulate the resulting income until the amounts and the accumulations, together with any other funds for the time being under the Trustee's control and available for such payment, amount to at least 10 per cent. of the nominal amount of the Notes then outstanding and then such amounts and accumulations (after deduction of, or provision for, any applicable taxes and negative interest) shall be applied as specified in this Master Condition 15(b).".

- 18.3 Master Condition 15(e) (*Foreign Exchange Conversion*) shall be deleted in its entirety and replaced with the following:

**“(e) Foreign Exchange Conversion**

To the extent that any proceeds payable to any party pursuant to this Master Condition 15 are not in the Specified Currency, then such proceeds shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Disposal Agent (prior to the Trustee enforcing the Security pursuant to the Security Documents and as described in Master Condition 14 (*Enforcement of Security*)) or the Trustee (following the Trustee enforcing the Security pursuant to the Security Documents and as described in Master Condition 14 (*Enforcement of Security*)), but having regard to current rates of exchange, if available. Any rate, method and date so specified shall be binding on the Issuer, the Noteholders, the Couponholders, the Swap Counterparty, the Repo Counterparty and the Custodian.

**(f) Non-Payment under Swap Agreement and/or Repo Agreement after Maturity**

If, on or after the day falling five Reference Business Days after the Maturity Date of the Notes (such fifth Reference Business Day, the “**Maturity Cut-off Date**”):

- (i) there are amounts that have become payable under the Swap Agreement by the Swap Counterparty and/or under the Repo Agreement by the Repo Counterparty and which remain unpaid as at the Maturity Cut-off Date or there are obligations that were required to be settled by delivery from the Swap Counterparty and/or the Repo Counterparty to the Issuer on or prior to the Maturity Date and which have not been so settled as at the Maturity Cut-off Date;
- (ii) no Early Termination Date has already been designated or occurred under the Swap Agreement and/or the Repo Agreement; and
- (iii) no Early Redemption Commencement Date or Early Redemption Date has occurred under any other Condition,

then the Issuer shall, as soon as is practicable after becoming aware of the same, notify the Noteholders in accordance with Master Condition 22 (*Notices*) and the Trustee in writing of



the same. Following delivery of such notice from the Issuer, the Issuer shall, if directed by an Extraordinary Resolution, exercise its right to designate an Early Termination Date in respect of all outstanding Swap Transactions under the Swap Agreement and/or all outstanding Repo Transactions under the Repo Agreement.”.

19. **Amendment to Master Condition 19 (*Meetings of Noteholders, Modification, Waiver and Substitution*)**

Master Condition 19(c) (*Substitution*) shall be amended by inserting the words “and the Repo Counterparty” after the words “written consent of the Swap Counterparty”.

20. **Amendment to Master Condition 23 (*Indemnification and Obligations of the Trustee*)**

Master Condition 23 (*Indemnification and Obligations of the Trustee*) shall be amended by inserting the words “, the Repo Counterparty” after each instance of the words “the Swap Counterparty”.

## **SCHEDULE 3 TO THE ISSUE TERMS – PROVISIONS RELATING TO EUROCLEAR SWEDEN**

### **1. General**

For so long as the Notes are represented by a Global Certificate and are shown in the records of Euroclear as being held by the Swedish CSD as defined below, the provisions of paragraph 2 of this Schedule will apply.

#### **1.1 Form of Swedish Notes**

The Global Certificate issued in respect of the Notes will be deposited upon issuance with and registered in the name of a nominee for Euroclear. The Notes will be shown in the records of Euroclear as being held by a Swedish central securities depository (the “**Swedish CSD**”) which will be Euroclear Sweden AB (“**Euroclear Sweden**”) or any successor acceptable to or substitute appointed by the Issuer. The Swedish CSD will hold all interests in the Notes for the sole purpose of enabling clearing and settlement of interests therein in uncertificated and dematerialised book-entry form in the records maintained by the Swedish CSD in accordance with the CSD Rules (as defined below) for the benefit of the ultimate beneficial owners.

Beneficial interests in the Swedish CSD's interest in the Notes will be shown in the records of the Swedish CSD pursuant to an affiliation agreement dated prior to the Issue Date entered into between the Issuer and the Swedish CSD. No owner of such a beneficial interest is entitled to transfer (and the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

The holders of the Notes expressly accept and acknowledge that the Swedish CSD will only distribute payments for the Notes that the Swedish CSD has received from Euroclear in respect of the Notes.

#### **1.2 Euroclear Sweden**

Euroclear Sweden is a subsidiary within the Euroclear group of companies. Euroclear Sweden is a limited liability company. It is authorised and regulated by the Swedish Financial Supervisory Authority as a central securities depository within the meaning of the Swedish Financial Instruments Accounts Act (1998:1479 (as amended)) and as a clearing organisation within the meaning of the Swedish Securities Markets Act (2007:528 (as amended)). All transactions relating to the beneficial interests in the Swedish CSD's interest in the Notes (such as issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) are executed as computerised book-entry registrations. Consequently, in order to effect such entries beneficial owners must establish a book-entry account through a credit institution or a securities firm acting as an account operator with the Swedish CSD (currently Euroclear Sweden). More information regarding Euroclear Sweden and its rules and operating procedures can be found at its internet web site at [www.euroclear.com](http://www.euroclear.com).

#### **1.3 Swedish Agent**

In addition, the Issuer has appointed or will appoint Skandinaviska Enskilda Banken AB (publ) as “**Swedish Agent**” in relation to the Notes pursuant to an issuing and paying agency agreement dated 16 April 2014 (the “**Swedish Agency Agreement**”).

### **2. Amendments to the Master Conditions**

The following provisions shall supplement and amend the Master Conditions and the provisions of the Global Certificate:

#### **2.1 Beneficial interests and transfer**

The beneficial interests in the Swedish CSD's interest in the Notes will be held in Swedish uncertificated and dematerialised book-entry form in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) and all such other Swedish laws, regulations and operating procedures applicable to and/or issued by the Swedish CSD (the “**CSD Rules**”). No owner of such a beneficial interest is entitled to transfer (and

the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

Such beneficial interests will be transferable only in accordance with the CSD Rules. Title to such beneficial interests shall pass in the records maintained by the Swedish CSD in accordance with the CSD Rules.

The Issuer shall be entitled to obtain information from the register of the Swedish CSD in accordance with the CSD Rules.

## **2.2 Amendments while in global form**

For the purpose of ascertaining the validity of a beneficial holding by a person on whose behalf the Swedish CSD is holding an interest in the Notes, the records of the Swedish CSD (in which regard, any electronic record, record statement, certificate or other information issued by the Swedish CSD as to the beneficial holding or the holding of any person duly authorised to act as a nominee (*Sw. förvaltare*)) shall be conclusive and final for all purposes and shall constitute commercially reasonable evidence, save in the case of manifest error.

## **2.3 Payments**

Each holder of beneficial interests in the Swedish CSD's interest in the Notes must look solely to the Swedish CSD for its share of the payments so made by the Issuer. The Swedish CSD does not assume the obligations of the Issuer and is only obliged to distribute payments it has received in its capacity of Swedish CSD in respect of the Notes. It is expected that payments in respect of the Notes will be received by holders of the beneficial interests in the Swedish CSD's interest in the Notes holding such interests at an account with the Swedish CSD no later than the seventh business day (as defined by the then applicable CSD Rules) after the date on which such payment becomes due and payable in accordance with the terms and conditions of the Notes. Pursuant to the CSD Rules, payments in respect of any such beneficial interest shall be made to the holders shown as such on the fifth business day (as defined by the then applicable CSD Rules) before the due date for such payment, or such other business day falling closer to the due date as then may be stipulated in the CSD Rules. Such day shall be the “**Record Date**” in respect of the Notes in accordance with the CSD Rules. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and will be made in accordance with the CSD Rules.

## **2.4 Notices**

So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to the Swedish CSD may be given by the Issuer delivering the relevant notice to that clearing system for communication to the Swedish CSD (along with a copy of such notice being delivered by the Issuer to the Swedish Agent pursuant to the Swedish Agency Agreement) rather than by mail as required by the Conditions (except that if and for so long as the Notes are listed on a stock exchange, all notices to holders of the Notes will be published in accordance with the rules of such stock exchange). Notices to each holder of beneficial interests in the Swedish CSD's interest in the Notes will be sent in accordance with the CSD Rules but shall be deemed to have been given to the holders of the Notes on the Reference Business Day immediately following the day on which the said notice was given to the Swedish CSD.

## **2.5 Agents**

Master Condition 11(a) (*Appointment of Agents*) will be deleted and the following substituted therefor:

“(a) **Appointment of Agents:** The Issuing and Paying Agent, the Registrar, the Transfer Agents, the Custodian, the Disposal Agent and the Calculation Agent initially appointed by the Issuer and their respective Specified Offices, along with the Swedish Agent, are listed in the applicable Issue Terms. Subject to the provisions of (i) the Agency Agreement, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Custodian, the Disposal Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or

relationship of agency or trust for or with any Noteholder and (ii) the Issuing and Paying Agency Agreement dated 16 April 2014 (in respect of the Swedish Agent), the Swedish Agent acts solely as agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any Noteholder, other than to the extent any such obligations result from mandatory provisions in the Swedish Financial Instruments Accounts Act. The Issuer reserves the right at any time with the approval of the Trustee (except that the approval of the Trustee shall not be required for the appointment of a replacement Disposal Agent or Calculation Agent where Noteholders direct the Issuer to appoint such replacement pursuant to this Condition) to vary or terminate the appointment of the Issuing and Paying Agent, the Registrar, any Transfer Agent, the Custodian, the Disposal Agent, the Calculation Agent, the Swedish Agent and the Swedish CSD and to appoint additional or other Issuing and Paying Agent(s), Transfer Agent(s), Custodian(s), Disposal Agent(s), Calculation Agent(s), Swedish Agent(s), a substitute Swedish CSD or such other agents as may be required provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Disposal Agent, (v) a Calculation Agent, (vi) a Custodian, (vii) a Swedish Agent in Sweden duly authorised under the CSD Rules, (viii) a Swedish CSD duly authorised as a central securities depository under the Swedish Financial Instruments Accounts Act, and (ix) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as approved by the Trustee (subject as provided above).

Notice of any such change or any change of any Specified Office shall promptly be given by the Issuer to the Noteholders in accordance with Master Condition 22 (*Notices*).”.

## **2.6 Substitution**

The following sentence shall be added at the end of Master Condition 19(c) (*Substitution*):

“In respect of any such substitution of the Issuer, the substitution will, in addition to the other criteria set forth above in this Master Condition 19(c), be subject to the prior written consent of the Swedish CSD.”.

## DESCRIPTION OF THE COMPANY AND THE COMPARTMENT

### Company

Argentum Capital S.A. (the “**Company**”) is a public limited liability company (*société anonyme*) incorporated under Luxembourg law and is established as a *société de titrisation* within the meaning of the Securitisation Act 2004 (as may be amended from time to time). The Company has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) as a regulated securitisation undertaking within the meaning of articles 19 et seq. of the Securitisation Act 2004 and is supervised by the CSSF.

The registered office of the Company is at 51 Avenue J.-F. Kennedy, L-1855 Luxembourg. The share capital of the Company is EUR 31,000 divided into 31,000 shares with a par value of EUR 1 (each a “**Company Share**”) all of which are fully paid. All the issued Company Shares are held by Stichting Argentum, a foundation (*stichting*) incorporated under the laws of The Netherlands (the “**Shareholder**”).

### Compartment and source of funds

In connection with the issue of the Notes, the board of directors of the Company will create a compartment of the Company (Compartment GAP 2476 and 2484 – 2487 November 2015 (the “**Compartment**”)) relating solely to these Notes separate from any other Series of Notes issued by the Company. A compartment is a separate part of the Company’s assets and liabilities. An investor’s recourse to the Issuer in respect of these Notes is limited to the assets and liabilities allocated to the Compartment created in respect of these Notes.

The principal assets of the Issuer allocated to the Compartment are the Issuer’s rights against the Swap Counterparty under the Swap Agreement and the Issuer’s rights against the Repo Counterparty under the Repo Agreement.

The ability of the Issuer to pay the intended amounts due under the Notes (as described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Issue Terms*”) will be dependent upon the payment of:

- (a) the net amounts due from the Swap Counterparty and/or the Repo Counterparty under the Swap Agreement and the Repo Agreement; and
- (b) the value of any Eligible Securities delivered to the Issuer under the Repo Agreement in certain circumstances.

Where such assets are not sufficient to meet the claims of the investors in relation to the Notes, investors will have no further recourse to any other assets of the Company. In connection with this, investors should be aware that where any Notes redeem early the assets allocated to the Compartment relating to the Notes and any amounts derived from such assets shall first be used to pay certain amounts owing to other parties, including Credit Suisse International as the Swap Counterparty and as the Repo Counterparty to the extent that any amounts are owing to it. These amounts may be significant and will reduce the amount available to investors in the Notes, potentially to zero.

Under the Securitisation Act 2004, the assets of each Compartment for each Series and the proceeds thereof are, in principle, exclusively available for distribution to the specified Noteholders and the relevant swap counterparties relating to such Series and Class of Notes. A creditor of the Company may have claims against the Company in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Mortgaged Property relating to such Series only. Upon a liquidation of a Compartment, if the Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, are not sufficient to make all payments and deliveries, as applicable, due in respect of the Notes, then the obligations of the Issuer in respect of the Notes of that Series will be limited to the Mortgaged Property of the Compartment in respect of that Series, as specified in the Master Conditions and this Prospectus. The Issuer will not be obliged to make any further payment or delivery, as applicable, for any Series of Notes in excess thereof. Following application of the relevant Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, in accordance with the Master Conditions, the claims of the relevant Noteholders and the relevant swap counterparties of the relevant Series for any shortfall shall be extinguished and the relevant Noteholders and the relevant swap counterparties (and any person acting on

behalf of any of them) may not take any further action to recover such shortfall and none of them should be able to petition for the winding-up, the liquidation or the bankruptcy of the Company or any other similar insolvency related proceedings. Failure to make any payment or delivery, as applicable, in respect of any such shortfall shall in no circumstances constitute an event of default under the Master Conditions. Any shortfall shall be borne by the Noteholders and the swap counterparties of the relevant Series in respect of which the Notes have been issued according to the priorities specified in the Master Conditions as amended by this Prospectus.

## DESCRIPTION OF THE SWAP AGREEMENT AND THE REPO AGREEMENT

### Overview of the Swap Agreement

The Swap Agreement comprises the swap agreement relating to the Notes and entered into by the Issuer and the Swap Counterparty by their execution of the Issue Deed relating to the Notes on the terms of the ISDA 2002 form of Master Agreement as amended by the Schedule set out in the Master Swap Terms (dated 4 September 2015) incorporated by reference into (and as modified and/or supplemented by) such Issue Deed and as supplemented by (a) a confirmation evidencing a credit default swap transaction relating to each Class of Notes (in respect of each Class, the “**Credit Default Swap Transaction**” relating to such Class) between the Issuer and the Swap Counterparty; (b) a confirmation evidencing a fund swap transaction relating to the Class A Notes (the “**Fund Swap Transaction**”); (c) a confirmation evidencing an equity swap transaction relating to the Class B Notes (the “**Class B Equity Swap Transaction**”); (d) a confirmation evidencing an equity swap transaction relating to the Class C Notes (the “**Class C Equity Swap Transaction**”); (e) a confirmation evidencing an equity swap transaction relating to the Class D Notes (the “**Class D Equity Swap Transaction**”); and (f) a confirmation evidencing an equity swap transaction relating to the Class E Notes (the “**Class E Equity Swap Transaction**”, and together the “**Equity Swap Transactions**” and each an “**Equity Swap Transaction**” relating to the relevant Class), each between the Issuer and the Swap Counterparty (together, the “**Swap Agreement**”).

The Issuer has assigned by way of security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, under the Swap Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Swap Agreement).

The Master Swap Terms comprised in the Swap Agreement in respect of the Notes include the following provisions:

- (A) The transactions comprised in the Swap Agreement will be capable of termination at the option of the Issuer upon the occurrence of any of the following events of default in relation to the Swap Counterparty: failure to pay or deliver, misrepresentation, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms) provided that, the Issuer may be obliged to first use reasonable efforts to enter into a replacement swap agreement with a replacement counterparty and if a replacement swap transaction is not entered into, the Swap Agreement will automatically terminate (as more fully described in the Issue Terms of the Notes). The transactions comprised in the Swap Agreement will be capable of termination at the option of the Swap Counterparty upon the occurrence of any of the following events of default in relation to the Issuer: failure to pay or deliver, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms).
- (B) In the event that it becomes unlawful for either the Issuer or the Swap Counterparty to perform its obligations under a transaction comprised in the Swap Agreement, either the Issuer or the Swap Counterparty (or both) will have the right to terminate such transaction.
- (C) In the event that a withholding or deduction is imposed on any payment to be made by the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement as a result of (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (ii) any similar or successor legislation to (i); (iii) any agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986; (iv) any regulations or guidance pursuant to any of the foregoing; (v) any official interpretations of any of the foregoing; (vi) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an “**IGA**”); or (vii) any law implementing an IGA, either the Issuer or the Swap Counterparty (or both) has the right to terminate such transaction.
- (D) Subject to sub-paragraphs (E), (F) and (G) below, in the event that a withholding or deduction for or on account of any Indemnifiable Tax is imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement, neither party is obliged to gross up such payment.

- (E) Subject to sub-paragraph (G) below, in the event that a withholding or deduction is or there is a substantial likelihood that a withholding or deduction will be imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement as a result of (i) any action taken by a taxing authority or brought in a court of competent jurisdiction or (ii) a change in tax law(s), either the Issuer or the Swap Counterparty (or both) have the right to terminate such transaction.
- (F) Subject to sub-paragraph (G) below, in the event that the Issuer or the Swap Counterparty will receive a payment from the other party from which an amount has been withheld or deducted on account of any tax (such receiving party, the “**Burdened Party**”) under a transaction comprised in the Swap Agreement solely as a result of a merger event affecting the Burdened Party, the Burdened Party has the right to terminate such transaction.
- (G) In the event that the Swap Counterparty has the right to terminate a transaction comprised in the Swap Agreement as a result of the events described in sub-paragraphs (E) or (F) above, the Swap Counterparty is required to use its reasonable endeavours to arrange for the transfer of all of its rights and obligations under the relevant transactions comprised in the Swap Agreement to an office or affiliated company of the Swap Counterparty within 30 days such that the relevant termination event described in sub-paragraph (E) or (F) above ceases to exist, failing which, the Swap Counterparty shall give notice to the Issuer and may terminate the transaction.
- (H) If an Early Redemption Commencement Date occurs or the Issuer fails to give an Early Redemption Notice when required to do so (in each case, other than in circumstance where the Swap Agreement has already terminated) then the Swap Counterparty has the right to terminate the Swap Agreement.
- (I) The Swap Counterparty has the right to terminate the Swap Agreement if any of the clauses in the Principal Trust Deed relating to pre-liquidation and enforcement of the Security, post-liquidation and enforcement of the Security or post-enforcement of the Security are amended, or if the equivalent provisions of the Conditions are amended (after the Issue Date of the Notes) such that the Issuer’s obligations to the Swap Counterparty under the Swap Agreement are further contractually subordinated to the Issuer’s obligations to any other secured creditor.
- (J) The Swap Counterparty has the right to terminate the Swap Agreement if certain amendments or waivers are made by the Issuer to the relevant Series documents without the Swap Counterparty’s prior written consent which would result in the Swap Counterparty paying more or receiving less under the Swap Agreement than would otherwise have been the case immediately prior to such amendment or waiver.
- (K) The Swap Counterparty has the right to terminate the Swap Agreement if the Issuer breaches any of the covenants contained in the Principal Trust Deed, unless the Trustee and the Swap Counterparty have given their prior written consent to such breach of a restrictive covenant in accordance with the terms of the Principal Trust Deed.
- (L) If the Notes are repurchased and cancelled by the Issuer pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*), a proportionate part of each transaction attributable to such Notes comprised in the Swap Agreement will terminate.

In the event of any inconsistency between the Master Swap Terms and the terms of any confirmation in respect of a transaction comprised in the Swap Agreement, the terms of such confirmation shall prevail.

## Overview of the Repo Agreement

The Repo Agreement comprises the repurchase agreement relating to the Notes and entered into by the Issuer and the Repo Counterparty by their execution of the Issue Deed relating to the Notes on the terms of the Global Master Repurchase Agreement (2011 version), as published by the Securities Industry and



Financial Markets Association and the International Capital Market Association, together with an Annex I thereto set out in the Master Repo Terms (dated on or about the Issue Date) (the “**Master Repo Terms**”) incorporated by reference into (and as modified and/or supplemented by) such Issue Deed and as supplemented by confirmations evidencing a repurchase transaction relating to each Class of Notes (in respect of each Class, the “**Repo Transaction**” relating to such Class) between the Issuer and the Repo Counterparty (together, the “**Repo Agreement**”).

Under each Repo Transaction relating to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Issuer will purchase Eligible Securities from the Repo Counterparty on the Issue Date at a purchase price equal to the issue proceeds in respect of the relevant Class of Notes. The value of such Eligible Securities (after the application of the relevant haircut specified in the Repo Agreement) shall be no less than the Outstanding Principal Amount of the relevant Class of Notes as at the Issue Date.

Under the Repo Transaction relating to the Class E Notes, the Issuer will purchase Eligible Securities from the Repo Counterparty on the Issue Date at a purchase price equal to 79% of the Outstanding Principal Amount of the Class E Notes as at the Issue Date (the remainder of the issue proceeds in respect of the Class E Notes being paid as an initial exchange amount by the Issuer to the Swap Counterparty under the Credit Default Swap Transaction relating to the Class E Notes). The value of such Eligible Securities (after the application of the relevant haircut specified in the Repo Agreement) shall be no less than 79% of the Outstanding Principal Amount of the relevant Class of Notes as at the Issue Date.

In respect of all Repo Transactions, such Eligible Securities may, at the option of the Repo Counterparty, comprise negotiable debt obligations issued by the governments of the Republic of Italy, the United States of America, Canada, the United Kingdom, France, Germany, the Netherlands, Belgium, Sweden, Switzerland or Japan. Subject to the occurrence of a Credit Event or an Early Redemption Commencement Date in respect of a Class of Notes, on the Business Day before the Scheduled Maturity Date of such Class of Notes, the Repo Counterparty will purchase securities equivalent to the Eligible Securities transferred to the Issuer under the Repo Transaction relating to that Class of Notes (the “**Equivalent Securities**”) from the Issuer at a price equal to the then Outstanding Principal Amount of such Class of Notes at that date (provided that such Outstanding Principal Amount has not been reduced to SEK 1 per Note) (the “**Repurchase Price**”).

The Issuer has assigned by way of security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, under the Repo Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Repo Agreement).

The Master Repo Terms comprised in the Repo Agreement in respect of the Notes include the following provisions:

- (A) The transactions comprised in the Repo Agreement will be capable of termination at the option of the Issuer or the Repo Counterparty upon the occurrence of any of the following events of default in relation to the other party:
  - (i) failure to make, when due, any payment or delivery of any asset required to be made by it if not remedied within the time period specified in the Repo Agreement;
  - (ii) failure to comply with the relevant margin maintenance provisions under the Repo Agreement, to the extent applicable;
  - (iii) failure to transfer or credit to the other party when due a sum equal to (and in the same currency as) any sum it receives as income in respect of any securities transferred to it under the Repo Agreement;
  - (iv) an act of insolvency (as such event is more particularly described in the Master Repo Terms);

- (v) any representations made by that party are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated;
- (vi) that party admitting that it is unable to, or intends not to, perform any of its obligations hereunder or in respect of any Repo Transaction;
- (vii) that party being declared in default or being suspended or expelled from membership of or participation in, any securities exchange or suspended or prohibited from dealing in securities by any regulator, supervisor or any similar official, in each case on the grounds that it has failed to meet any requirements relating to financial resources or credit rating; or
- (viii) that party failing to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so,

provided that, the Issuer may be obliged to first use reasonable efforts to enter into a replacement repurchase agreement with a replacement counterparty and if a replacement repurchase agreement is not entered into, the Repo Agreement will terminate (as more fully described in the Issue Terms of the Notes).

- (B) If any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax), has or will, in a party's reasonable opinion, have a material adverse effect on that party in the context of a Repo Transaction, that party may, subject to certain conditions, terminate the Repo Transaction on 30 days' notice.
- (C) If the Credit Default Swap Transaction or the Fund Swap Transaction or the Equity Swap Transaction (as applicable) relating to a Class of Notes is terminated, cancelled or unwound for any reason, the related Repo Transaction shall terminate on the same date automatically without the need for any notice or other action from either party.
- (D) If an Early Redemption Commencement Date occurs or the Issuer fails to give an Early Redemption Notice when required to do so (in each case, other than in circumstances where the Repo Agreement has already terminated) then the Repo Counterparty has the right to terminate the Repo Agreement.
- (E) The Repo Counterparty has the right to terminate the Repo Agreement if any of the clauses in the Principal Trust Deed relating to pre-liquidation and enforcement of the Security, post-liquidation and enforcement of the Security or post-enforcement of the Security are amended, or if the equivalent provisions of the Conditions are amended (after the Issue Date of the Notes) such that the Issuer's obligations to the Repo Counterparty under the Repo Agreement are further contractually subordinated to the Issuer's obligations to any other secured creditor.
- (F) The Repo Counterparty has the right to terminate the Repo Agreement if certain amendments or waivers are made by the Issuer to the relevant Series documents without the Repo Counterparty's prior written consent which would result in the Repo Counterparty paying more or receiving less under the Repo Agreement than would otherwise have been the case immediately prior to such amendment or waiver.
- (G) The Repo Counterparty has the right to terminate the Repo Agreement if the Issuer breaches any of the covenants contained in the Principal Trust Deed, unless the Trustee, the Swap Counterparty and the Repo Counterparty have given their prior written consent to such breach of a restrictive covenant in accordance with the terms of the Principal Trust Deed.

- (H) If the Notes are repurchased and cancelled by the Issuer pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*), a proportionate part of each transaction attributable to such Notes comprised in the Repo Agreement will terminate.

In the event of any inconsistency between the Master Repo Terms and the terms of any confirmation in respect of a transaction comprised in the Repo Agreement, the terms of such confirmation shall prevail.

### **Margin Maintenance**

Under the terms of the Repo Agreement, a weekly valuation will be performed by the Repo Counterparty as to the Net Exposure (as defined in the Repo Agreement) under the Repo Agreement and the Swap Agreement, whereupon (subject to certain thresholds being met, as set out below) the Repo Counterparty may be required to transfer Eligible Securities to the Issuer or the Issuer may be required to transfer Eligible Securities to the Repo Counterparty in order to eliminate such Net Exposure.

The Adjusted Value (as defined in the Repo Agreement) of the Eligible Securities which may be transferred as margin is 95% of their market value. This means that the minimum value of Eligible Securities required to have been transferred following any valuation will be greater than the corresponding Transaction Exposure (at around 105%).

The amount of margin required to be transferred by the Repo Counterparty or the Issuer under Repo Agreement in respect of a valuation date will depend on the Net Exposure (as defined in the Repo Agreement), which takes into account each party's net exposure under the Repo Agreement and the Swap Agreement, and the value of any net margin held by the Issuer or the Repo Counterparty, as applicable, as determined by the Repo Counterparty in accordance with the terms of the Repo Agreement.

All valuations will be by reference to the Base Currency under the Repo Agreement, being SEK.

To the extent that the value of any net margin which is provided to the Issuer or the Repo Counterparty, as applicable, exceeds such party's Net Exposure to the other party, then that party may be obliged to return any excess margin to the other party in accordance with the terms of the Repo Agreement, as more fully described in the section of this Prospectus entitled "*Transaction Description*".

### **Payments and early redemption**

Payments to the Noteholders under each Class of Notes are entirely contingent on the full and timely performance of the obligations of the Swap Counterparty under the Swap Agreement and of the Repo Counterparty under the Repo Agreement.

In respect of each Class of Notes, if the Credit Default Swap Transaction and the Equity Swap Transaction relating to such Class comprised in the Swap Agreement are terminated (or the Swap Agreement is terminated in whole) or if the Repo Transaction relating to such Class comprised in the Repo Agreement is terminated (or the Repo Agreement is terminated in whole), such Class shall be redeemed by payment of the Early Cash Redemption Amount, subject as provided in paragraph 27 of Part A of the Issue Terms and paragraph 3 of Schedule 2 of the Issue Terms of the Notes.

### **Early Cash Redemption Amount**

Where the Notes of a Class are to be redeemed early, each Noteholder shall be entitled to an amount per Note referred to as its "Early Cash Redemption Amount". The quantum of such amount will depend on the value of the Fund Swap Transaction or the Equity Swap Transaction (as applicable), the Credit Default Swap Transaction and the Repo Transaction relating to such Class, in each case from the perspective of the Issuer and as determined in accordance with the relevant Swap Agreement and the Repo Agreement. In addition, if the Swap Agreement and the Repo Agreement are terminating on the same date, then an account shall also be taken of the SEK equivalent value of the proceeds of the Collateral (that has derived from the assets transferred by the Repo Counterparty to the Issuer under the Repo Agreement) that have been realised and

are available for distribution to Noteholders (after satisfying any costs and expenses that are due to be satisfied in accordance with the terms and conditions of the Notes prior to Noteholders being paid).

### **Partial Termination of Swap Agreement in connection with the Early Redemption of a Class**

Where a Class of Notes is redeemed in circumstances where swap transactions in respect of other Classes will remain outstanding (which is possible, for example, if a Equity Swap Transaction relating to a Class is terminated early as a result of certain disruption or adjustment events described in the section of this Prospectus entitled “*Description of the Equity Swaps*”), then the Early Cash Redemption Amount for such Class of Notes shall be informed by the amount payable by the Repo Counterparty (on behalf of the Repo Counterparty and the Swap Counterparty) to the Issuer as a result of the termination of the Fund Swap Transaction or the Equity Swap Transaction (as applicable), the Credit Default Swap Transaction and the Repo Transaction relating to such Class. This is referred to in the terms and conditions of the Notes as the “Class Net Termination Payment Amount” which is payable under the Repo Agreement and is the net amount of the “Termination Payment” due under the Swap Agreement and the “Termination Payment” due under the Repo Agreement.

#### *Termination Payment under the Swap Agreement*

The Termination Payment determined in accordance with the Swap Agreement is defined under the Swap Agreement as the “Early Termination Amount”. The Early Termination Amount is determined by aggregating three components that are detailed within the terms of the Swap Agreement:

- (A) the value (expressed in SEK), considered from the Issuer’s perspective, of each of the Fund Swap Transaction or the Equity Swap Transaction (as applicable) and/or Credit Default Swap Transaction relating to such Class under the Swap Agreement (referred to in the Swap Agreement as the Close-out Amount(s) for each swap transaction being terminated, as described below); *plus*
- (B) the value (expressed in SEK) of any Unpaid Amounts (as described below) owing to the Issuer; less
- (C) the value (expressed in SEK) of any Unpaid Amounts (as described below) owing to the Swap Counterparty.

#### *Unpaid Amounts*

Unpaid Amounts are, broadly, (a) payments or (b) valuations in respect of deliveries, that were scheduled to have been made to a party on or before the date that the relevant Swap Transactions were terminated but which were not made, in each case together with interest from (and including) the date the relevant obligation was scheduled to be performed to (but excluding) the relevant early termination date. These payments or deliveries may not have been made, for example, because of a default by the payer, the deferral of payment as a result of the payee being in default or the payment obligation having terminated by reason of designation of the early termination date.

#### *Close-out Amount*

The Close-out Amount for the Credit Default Swap Transactions, the Fund Swap Transaction and the Equity Swap Transactions is, broadly, a measure of determining the value to the Issuer of such swap transactions by determining the cost that it would incur in replacing, or providing the economic equivalent of, the material terms of such swap transactions. In calculating the Close-out Amounts, Unpaid Amounts (as described above) and legal fees and out-of-pocket expenses are excluded.

In determining a Close-out Amount, the determining party (which is likely to be the Swap Counterparty other than where it has defaulted) may consider any relevant information, including, without limitation, *one or more* of the following types of information: (a) quotations for replacement transactions supplied by one or more third parties; (b) relevant market data in the relevant market supplied by one or more third parties (of the type described below), including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or (c) information of the types described in clause (a) or (b) above from internal sources (including any of the determining party’s affiliates) if that information is of the same type used by the determining party in the regular course of its business for the valuation of similar transactions. In addition, there may be situations in which it is commercially reasonable for the determining party to consider any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to the terminated transactions (or any gain

resulting from any of them), provided that there is no double-counting of such amounts in the determining party's calculation.

Commercially reasonable procedures used in determining a Close-out Amount may include the following: (a) application by the Swap Counterparty of pricing or other valuation models to relevant market data from third parties or information from internal sources, provided that, at the time of the determination of the Close-out Amount, these models are used by it in the regular course of its business in pricing or valuing transactions between the determining party and unrelated third parties that are similar transactions; and (b) application of different valuation methods to terminated transactions depending on the type, complexity, size or number of the terminated transactions.

#### *Termination Payment under the Repo Agreement*

The Termination Payment determined in accordance with the Repo Agreement consists of the following:

- (A) determining the "Default Market Value" (determined in accordance with the Repo Agreement) of the Equivalent Securities to be transferred and the Repurchase Prices and other cash amounts to be paid by each party for all Repo Transactions, provided that the Default Market Value in respect of the Equivalent Securities under the Repo Transaction relating to that Class of Notes shall be equal to the Specified Currency Proceeds realised from the liquidation of such Equivalent Securities, and shall not include the Default Market Value in respect of any Equivalent Margin Securities (described more fully below); and
- (B) on the basis of the sums so established, an account shall be taken of what is due from each party to the other under the Repo Agreement and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing). For the purposes of this calculation, all sums not denominated in SEK shall be converted into SEK.

#### *Liquidation of Collateral under the Repo Transactions*

As noted above, on the early redemption of a Class of Notes, the Equivalent Securities in respect of such Class of Notes, forming part of the Collateral, shall be liquidated by the Disposal Agent on behalf of the Issuer pursuant to the terms of the Agency Agreement in order to realise cash proceeds for the non-cash assets comprised therein, and then the remaining cash converted into SEK (the "**Repo Collateral Value**"). Such Repo Collateral Value, after satisfaction of certain costs and expenses that may be due, shall be treated as an amount due from the Issuer to the Repo Counterparty for the purposes of determining the Termination Payment under the Repo Agreement in lieu of the Issuer having to redeliver Equivalent Securities or pay any Default Market Value to the Repo Counterparty. Whilst this treatment will reduce the Termination Payment that would otherwise be determined to be payable from the Repo Counterparty or possibly reverse the payment (so that the Issuer owes the Swap Counterparty and/or the Repo Counterparty such excess), the Early Cash Redemption Amounts include the Repo Collateral Value within the amount that is ultimately payable by the Issuer to Noteholders.

The aggregate Early Cash Redemption Amounts payable to the Noteholders of the relevant redeeming Class in such circumstances are therefore expected to be (i) the portion of the Repo Collateral Value relating to the value of the swap transactions and Repo Transaction in respect of such Class, *plus* (ii) the Class Net Termination Payment Amount if payable to the Issuer (which will be the case where the combined net Termination Payments in respect of the relevant terminating transactions are due to the Issuer and exceed such portion of the Repo Collateral Value) or (iii) *minus* the Class Net Termination Payment Amount if payable to the Repo Counterparty (which will be the case where the combined net Termination Payments in respect of the relevant terminating transactions are either due to the Swap Counterparty or the Repo Counterparty irrespective of their value, or are due to the Issuer but are less than such portion of the Repo Collateral Value).

#### **Termination of the Swap Agreement and the Repo Agreement in full in connection with the Early Redemption of all Classes of the Notes**

Where all Classes of Notes are redeemed, then, as noted above, the Early Cash Redemption Amount for such Class of Notes shall be determined not only by the Close-out Amounts and Unpaid Amounts relating to the

terminating swap transactions and the Termination Payment under the Repo Agreement (as described above), but also by the Repo Collateral Value of both the Equivalent Securities and the Equivalent Margin Securities, being the SEK equivalent value of all assets transferred by the Repo Counterparty and then held by the Issuer under the Repo Agreement.

The aggregate Early Cash Redemption Amounts payable to the Noteholders of each redeeming Class in such circumstances are therefore expected to be (i) the portion of the Repo Collateral Value relating to the value of the swap transactions and Repo Transaction in respect of such Class, *plus* (ii) the portion of the Net Termination Payment Amount if payable to the Issuer (which will be the case where the combined net Termination Payments in respect of the relevant terminating transactions are due to the Issuer and exceed such portion of the Repo Collateral Value) relating to the value of the Credit Default Swap Transaction, the Fund Swap Transaction or the Equity Swap Transaction (as applicable) and Repo Transaction in respect of such Class or *minus* (iii) the portion of the Net Termination Payment Amount if payable to the Repo Counterparty (which will be the case where the combined net Termination Payments in respect of the relevant terminating transactions are either due to the Swap Counterparty or the Repo Counterparty irrespective of their value, or are due to the Issuer but are less than such portion of the Repo Collateral Value) relating to the value of the Credit Default Swap Transaction, the Fund Swap Transaction or the Equity Swap Transaction (as applicable) and Repo Transaction in respect of such Class.

## DESCRIPTION OF THE CREDIT DEFAULT SWAPS AND THE CREDIT EVENT PROVISIONS RELATING TO THE CREDIT DEFAULT SWAP TRANSACTIONS AND THE NOTES

### Credit derivatives and credit default swaps

A credit derivative transaction is a transaction which is entered into between two parties generally to transfer to one of the parties the credit risk of a third party. One of the parties to the transaction will be a purchaser of credit protection (and hence a seller of credit risk), whilst the other will be a seller of credit protection (and therefore a purchaser of credit risk). Each Class of Notes represents a funded credit derivative transaction in the form of a debt security whilst the Credit Default Swap Transaction relating to such Class includes a credit derivative component. Under the terms of each Class of Notes, the Issuer will be the buyer of credit protection and the Noteholders of such Class will be the sellers of credit protection. Under each Credit Default Swap Transaction, the Issuer will be the seller of credit protection and the Swap Counterparty will be the buyer of credit protection.

A description of the Credit Default Swap Transactions, including the amounts receivable by the Issuer thereunder and the related definitions, is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Impact of the Credit Default Swap Transactions on the Notes*”.

Credit default swaps are transactions in which settlement is triggered by one of a specified number of events, which may include default, insolvency or distressed restructuring, of a particular Reference Entity or Reference Entities referenced in the terms of such transaction. Credit default swaps are contracts rather than securities and are traded between two parties “over-the-counter”. A protection buyer will typically make one or more fixed rate payments to the protection seller. In exchange, the protection seller typically agrees to make payment to the protection buyer following the occurrence of the relevant event in relation to the Reference Entity, subject to satisfaction of certain conditions. Alternatively, the protection seller may agree in such case to purchase at par bonds or loans of the Reference Entity (which are likely to be trading in the market at a discount to par following the occurrence of the relevant event in relation to the Reference Entity). Credit default swaps are the most commonly-traded form of credit derivative transaction and many banks and financial institutions regularly quote prices for entering into credit default swaps. Credit default swaps may be entered into in relation to the credit risk of a single Reference Entity or a basket of Reference Entities. The Credit Default Swap Transactions entered into between the Issuer and the Swap Counterparty are in relation to the credit risk of one Reference Entity, which is a financial institution in Asia on the Issue Date.

### Documentation and terms of a credit default swap

Credit default swaps are typically entered into on the basis of standard definitions and provisions published by ISDA. ISDA is a trade association whose membership comprises participants in the over-the-counter derivatives markets. As at the date of this Prospectus, these definitions and provisions are primarily contained in the 2014 ISDA Credit Derivatives Definitions, referred to below as the “**Credit Derivatives Definitions**”. The full text of the Credit Derivatives Definitions is available on ISDA's website <http://www2.isda.org/> on a subscription basis. The Credit Derivatives Definitions are incorporated into the confirmation in respect of the Credit Default Swap Transactions (the “**Confirmation**”) and cross referred to in the Issue Terms of the Notes.

Certain terms of credit default swaps are subject to negotiation between the parties, for example the maturity of each transaction and the price of credit protection purchased. However, many key terms of credit default swaps - for example, the applicable Credit Events - are typically determined by reference to a matrix of market standard terms published by ISDA (referred to below as the “**Settlement Matrix**”). The Settlement Matrix recognises a variety of standard terms based on the nature of the Reference Entity (corporate, sovereign, etc.) and its location (Europe, North America, Latin America, etc.). The Settlement Matrix is updated by ISDA from time to time. The standard terms in the Settlement Matrix applicable to the Reference Entity in the Credit Default Swap Transactions is “Asia Financial Corporate”. The terms of the Confirmation are based on these key terms. As at the date of this Prospectus, the Settlement Matrix is available free of charge on ISDA's website at <http://www2.isda.org/>.

## **Credit derivatives determinations committees (“CDDCs”) have the power to make binding determinations**

The CDDCs were established in March 2009 to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Prospective Noteholders should note that a CDDC may have the power to make binding decisions that may apply to the Notes on critical issues such as whether a Credit Event has occurred and whether one or more Auctions should take place. Noteholders will be bound by any such relevant decisions that the Calculation Agent determines are applicable to the Notes and the timing and/or occurrence of any payments on the Notes may be affected by any such relevant decisions or subsequent determinations.

The CDDCs are regional and as at the date of this Prospectus there is a CDDC for each of the following five regions: the Americas, Asia (excluding Japan), Australia and New Zealand, Europe, the Middle East and Africa and Japan. The CDDC which is relevant for the Notes will be Asia (excluding Japan) (i.e. the one constituted for the region applicable to the Reference Entity to which a given determination relates).

The proceedings of each CDDC will be governed by rules published from time to time by ISDA (the “**DC Rules**”). A copy of the DC Rules published by ISDA as of 7 April 2014 (as updated from time to time) is available free of charge at <http://www2.isda.org/>. A CDDC will be convened upon referral of a question to ISDA by an eligible market participant, subject to the agreement of a specified number of the voting members of the relevant CDDC. ISDA will convene the CDDC for the region to which the referred question relates, as determined in accordance with the DC Rules. Noteholders will not have any rights to submit questions for resolution by a CDDC solely by virtue of being an investor in the Notes, and none of the Issuer, the Trustee, the Swap Counterparty, any Agent nor any entity connected with any of them will have an obligation to submit a question on behalf of any Noteholders.

In resolving that a Credit Event has occurred, a CDDC must act by a super-majority of 80 per cent. of voting members. Certain other determinations, for example, as to the initial list of eligible obligations for purposes of an Auction (see below) may be made by a majority of more than 50 per cent. of voting members. Where either a CDDC is required to resolve a particular matter by way of a super-majority, but having voted on such matter is unable to do so, or where a CDDC so resolves by a majority, questions may be submitted to an external review process which will be convened to review the question and potentially overturn the decision of the CDDC. In order for the external review panel to overturn the decision of a CDDC, (i) two out of three of the members of the panel must vote in the affirmative if the original vote of the CDDC did not exceed 60 per cent., or (ii) all three members of the panel must vote in the affirmative if the original vote of the CDDC was between 61 per cent. and 79 per cent. The external review panel will be chosen from a pool that is made of industry experts nominated by ISDA members. The members of each external review panel will be chosen with the unanimous approval of the applicable CDDC or by ISDA.

A CDDC may decline to resolve a particular question. Questions referred to the CDDC and the results of binding votes will be published on <http://www2.isda.org/>. None of the Issuer, the Trustee, the Swap Counterparty, any Agent nor any entity connected with any of them will be obliged to inform the Noteholders that a CDDC has been or is likely to be convened.

### **CDDC membership**

Each CDDC is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region. Noteholders will have no role in the composition of the CDDC.

As at the date of this Prospectus, the Swap Counterparty and certain of its affiliates are members of one or more CDDCs. In reaching decisions, neither the Swap Counterparty nor any other member of the CDDC will take account of the interests of the Noteholders and for such purpose the Swap Counterparty may ignore any conflict of interest arising from the Swap Counterparty's rights and obligations under, or in respect of, the Swap Agreement relating to the Notes. Noteholders will not have any recourse against ISDA or the members of any CDDC in relation to resolutions passed or not passed by any such CDDC.



## **Changes to the terms of market standard credit default swaps**

From time to time the terms of market standard credit default swap transactions may be subject to modification. Where such modifications are intended to affect existing transactions (in addition to transactions entered into after the date on which the relevant modification is announced), such modifications have previously been implemented by way of a protocol published by ISDA. Market participants may elect to adhere to such a protocol in order to confirm that they wish transactions to which they are a party to be subject to such modification.

If the Issuer and the Swap Counterparty wished to amend the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes, the Issuer is likely to seek consent from the Noteholders.

## **Calculation Agent Determinations and Discretions**

Noteholders should note that the Calculation Agent (under both the Notes and the Swap Agreement) is responsible for making certain determinations and has the right to exercise certain discretions with respect to the Notes and the Swap Agreement (and, by extension, each of the Credit Default Swap Transactions thereunder).

### *Determinations*

For example, the Calculation Agent is responsible for:

- (i) determining whether an Auction would apply for the purposes of the Credit Event;
- (ii) where there are multiple Auctions held concurrently, determining the Auction which will apply to the Credit Default Swap Transactions;
- (iii) where the Issuer Cash Settlement Amount is not determined by an Auction, determining the Issuer Cash Settlement Amount on the basis of bid quotations from third party dealers (in which context the Calculation Agent will be entitled to select the cheapest eligible obligation for valuation);
- (iv) notwithstanding publication by ISDA of a resolution of a CDDC, determining successor Reference Entities for the purposes of the Credit Default Swap Transactions;
- (v) determining the value of the obligations selected for determination of the Final Price, for the purpose of the Credit Default Swap Transactions; and
- (vi) determining whether, under the terms of the Credit Default Swap Transactions (and by extension, the Notes), certain obligations of the parties would be suspended pending a resolution of a CDDC.

### *Discretions*

The Calculation Agent has the right to:

- (i) elect whether to deliver a notice and supporting information to trigger an early redemption of the Notes following the occurrence of a Credit Event (whether or not a CDDC considered the same);
- (ii) (A) select a date for the valuation of the obligations selected for determination of the Final Price and (B) select third party dealers from which to obtain bid quotations for the purposes of such valuation, in each case, only in those instances where the Issuer Cash Settlement Amount is not determined pursuant to an Auction; and
- (iii) select the date on which certain valuations are undertaken to determine the Early Cash Redemption Amounts payable under the Notes.

Noteholders should note that any determination and/or calculation made by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Noteholders.

## **Reference Entities and successors**

Noteholders are exposed, through the Issue Terms, to the credit risk of one Reference Entity as at the Issue Date (as described in more detail in the section of this Prospectus entitled “*Transaction Description*”). The creditworthiness of a Reference Entity may change over time. If the creditworthiness of the Reference Entity

declines, then the market value of the Notes is likely to decline, reflecting an increase in the perceived likelihood that a Credit Event may occur in relation to the Reference Entity.

The identity of the Reference Entity, and hence the credit risk associated with the Notes, may change as a result of a succession or a series of successions (forming part of a plan evidenced by certain eligible information) in respect of relevant obligations of that Reference Entity, provided that, in the case of a sovereign Reference Entity, events such as annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar events (referred to in the Credit Derivatives Definitions as a “**Sovereign Succession Event**”) resulted in the succession. If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to any such original Reference Entity, then the identity of the original Reference Entity may be treated as having been amended accordingly for the purposes of the Notes. The credit risk associated with a successor Reference Entity or Reference Entities may be different from and could be greater than the credit risk associated with the original Reference Entity. The legally effective date of an event in which one or more entities become successor(s) to an original Reference Entity (as determined pursuant to the Credit Derivatives Definitions) is referred to in the Credit Derivatives Definitions as a “**Succession Date**”.

The Credit Derivatives Definitions set out detailed rules for the determination of successor Reference Entities. For Reference Entities which are not sovereigns (as is the case for the Notes), this will involve a determination, on the basis of certain eligible information, as to the liability which has been assumed by any potential successor in relation to the outstanding bonds and loans of the Reference Entity. It is possible that, based on such a determination, a single successor will be identified, or there may be multiple successors. The original Reference Entity may itself continue to be a Reference Entity, together with other successor Reference Entities. If multiple successor Reference Entities are identified, then each successor will be a Reference Entity and the Reference Entity Notional Amount in respect of each successor Reference Entity shall be the Reference Entity Notional Amount in respect of the original Reference Entity *divided by* the total number of successor Reference Entities. Accordingly, if such original Reference Entity has more than one successor Reference Entity as a result of such corporate event, then the Noteholders will be exposed to the creditworthiness of additional Reference Entities.

Where “Financial Reference Entity Terms” apply to a Reference Entity, a senior Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which (a) the Reference Obligation or prior reference obligation is a senior obligation or (b) there is no Reference Obligation or prior reference obligation) would follow the senior Bond or Loan Obligations of such Reference Entity, and a subordinated Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which the Reference Obligation or prior reference obligation is a subordinated obligation) would follow the subordinated Bond or Loan Obligations of such Reference Entity (or if there are no such subordinated obligations, the senior Bond or Loan Obligations).

In determining successors, a CDDC will disregard a succession that occurred more than 90 days prior to the date of the relevant request to convene the CDDC, except in the case of a Universal Successor for non-sovereign Reference Entities (referred to in the Credit Derivatives Definitions as the “**Successor Backstop Date**”). The Calculation Agent is not obliged to make any such request to a CDDC on behalf of the Noteholders, and Noteholders will have no ability to make such a request solely by virtue of being a Noteholder. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make, but will not be obliged to make, a determination as to successor Reference Entities for the purposes of the Credit Default Swap Transactions and, consequently, the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to an entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of the non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the Succession Date occurred on or after a single lookback date of 1 January 2014.

## Reference Obligations

For more commonly traded Reference Entities, it is not necessary for a Reference Obligation to be specified in the Confirmation as the Reference Obligation as, in the absence of a Reference Obligation being specified in the Confirmation, the Reference Obligation will be the obligation specified as the “**Standard Reference Obligation**” for the relevant Reference Entity for the relevant seniority level on a list to be published by ISDA (referred to in the Credit Derivatives Definitions as the “**SRO List**”). Whether the Reference Obligation is a Standard Reference Obligation or otherwise, the specification of a Reference Obligation may affect the credit risk represented by an investment in the Credit Default Swap Transaction and, consequently, the Notes. Firstly, a Reference Obligation under a credit default swap will be capable of being an “**Obligation**” or “**Deliverable Obligation**” (see below “Obligations” and “Deliverable Obligations”) regardless of whether such Reference Obligation otherwise meets the stipulated parameters. Secondly, the Reference Obligation will be taken into account as a benchmark for the purposes of the application of the “Not Subordinated” Deliverable Obligation Characteristic (see below “*Obligations Characteristics*”).

The following relates to substitution of “Non-Standard Reference Obligations” and references to Reference Obligation in the remainder of this paragraph should be construed accordingly. In certain circumstances – for example, where the specified Reference Obligation (i) is redeemed in whole; or (ii) is affected by a reduction by redemption or otherwise in the aggregate amounts due under the Reference Obligation to below USD 10,000,000 (or equivalent); or (iii) ceases to be an obligation of the Reference Entity for any reason other than the occurrence of a Credit Event (each such event a “**Substitution Event**”) – the Credit Derivatives Definitions provide for determination of a substitute Reference Obligation. Any such substitute Reference Obligation is required, amongst other things, to satisfy a number of criteria including the requirement that, where the original Reference Obligation satisfied the Deliverable Obligation Category and Characteristics when issued and immediately prior to the Substitution Event, the Substitute Reference Obligation must also satisfy such Deliverable Obligation Category and Characteristics. If ISDA publicly announces that a CDDC has resolved to treat a different obligation or obligations as a substitute or substitutes for the original Reference Obligation or Reference Obligations, and such resolution would apply to a Credit Default Swap Transaction, then those substitute reference obligations that are identified by the relevant CDDC will replace one or more Reference Obligations. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make a determination as to any substitute Reference Obligation for the purposes of the Credit Default Swap Transaction. The Calculation Agent will notify the Noteholders of any such substitute Reference Obligation.

## Event Determination Date and Notice Delivery Period

Where the relevant transaction is subject to settlement by reference to an Auction (see below), an Event Determination Date will occur if there is a public announcement by ISDA that a CDDC has resolved that a Credit Event has occurred, with effect from the date on which the relevant request was made to convene the CDDC (referred to as the “**Credit Event Resolution Request Date**”) and provided that (i) the Credit Event in question occurred no earlier than 60 days before such request date (referred to as the “**Credit Event Backstop Date**”), (ii) the date of such request fell within a specified period (referred to as the “**Notice Delivery Period**”) and (iii) (in the case of an M(M)R Restructuring Credit Event only), that one or other of the relevant parties has elected to trigger settlement of the transaction in question.

The Credit Event Backstop Date may be prior to the Trade Date of each Credit Default Swap Transaction and therefore a Credit Event may have occurred prior to the Issue Date. Noteholders should conduct their own review of any recent developments with respect to a Reference Entity by consulting publicly available information. If a request to convene a CDDC had been delivered prior to the Trade Date to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found free of charge on the ISDA website at [www.isda.org/credit](http://www.isda.org/credit). Even if a CDDC has not been convened to determine such matter as of the Trade Date, a CDDC may still be convened after the Trade Date in respect of an event which occurs up to 60 calendar days before the date of a request to convene such CDDC.

The Notice Delivery Period in relation to Credit Default Swap Transaction is the period during which a Credit Event may be triggered with respect to the relevant Reference Entity. The Notice Delivery Period will commence on the Trade Date of a Credit Default Swap Transaction (as specified in the Swap Agreement)

and will expire on the date that is 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction.

However, in certain circumstances, the Notice Delivery Period may be extended beyond the date falling 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction, if a potential Credit Event, such as a Failure to Pay (only if “Grace Period Extension” is specified as applicable or where relevant in the Confirmation) or Repudiation/Moratorium (only if such event is an applicable Credit Event), has occurred prior to the Scheduled Termination Date, which may become actual Credit Events within a specified period following the Scheduled Termination Date.

### **Credit Events and related terms**

Settlement of a credit derivative, including the Credit Default Swap Transactions (and, by extension, a redemption of the Notes), is contingent on the occurrence of a Credit Event. The Credit Events which are applicable for the purposes of a particular Reference Entity may vary from Reference Entity to Reference Entity, and will be determined by reference to the Settlement Matrix. The selection of Credit Events as applicable or not applicable will materially affect the credit risk to which Noteholders are exposed.

The Credit Derivatives Definitions provide for a number of Credit Events, with the following applying to the Credit Default Swap Transactions and the Notes:

#### **Bankruptcy**

“Bankruptcy” includes where a Reference Entity:

- (i) is dissolved (other than where this is as a result of such Reference Entity merging or otherwise combining with another entity);
- (ii) becomes insolvent or is unable to pay its debts as they become due or admits its inability to do so;
- (iii) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (iv) institutes, or has instituted against it, a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition results in a judgment of insolvency or bankruptcy or is not dismissed within 30 calendar days of such institution;
- (v) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator or equivalent official for it or for all or substantially all of its assets; or
- (vii) has a secured party take possession of all or substantially all of its assets, or such assets are subject to attachment by a creditor.

#### **Failure to Pay**

A “Failure to Pay” will occur where a Reference Entity fails to make, when and where due and after the expiration of any applicable time period (a “**Grace Period**”) during which such failure may be cured by such Reference Entity (and after the satisfaction of any conditions precedent to such Grace Period), any payments in an aggregate amount of not less than a specified amount under one or more Obligations (as defined below) in accordance with the terms of such Obligations at the time of such failure. The Grace Period, if any, will be as set out in the terms of the Obligation; if no such Grace Period is specified, a minimum Grace Period will be assumed to apply.

## Restructuring

“Restructuring” is, generally speaking, a process whereby a company or a sovereign entity facing cash flow problems or which is otherwise in financial distress, renegotiates its debts. A “Restructuring” for the purposes of the Credit Derivative Definitions will, subject to certain exemptions, occur if:

- (i) any of the following events occurs in relation to a particular obligation of a Reference Entity (save in respect of a Reference Entity that is a US Reference Entity);
  - (A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (B) a reduction in the amount of principal or premium payable;
  - (C) a postponement or other deferral of a date or dates for payment or accrual of interest, or the payment of principal or premium;
  - (D) a change in the ranking in priority of payment of such obligation resulting in such obligation becoming subordinated in its right to receive payment to one or more other obligations; or
  - (E) a redenomination of an obligation (other than to certain permitted currencies, and excluding a redenomination into Euro where the relevant currency jurisdiction joins the Euro-zone); and
- (ii) such event occurs in a form which binds all of the holders of that obligation, is agreed between the Reference Entity or a governmental authority and a sufficient number of holders of such obligation to bind all holders of the obligation (including, in each case, in respect of Bonds only, by way of an exchange) and where such event is not expressly provided for under the original terms of that obligation; and
- (iii) any such event results from a deterioration in the creditworthiness or financial condition of the relevant Reference Entity.

If a Bond exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (i)(A) to (E) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange. Unless “Multiple Holder Obligation” is specified as not applicable in relation to a particular Reference Entity in the Confirmation, a Restructuring will have occurred only if the event in question relates to an Obligation held by more than three non-affiliated holders and, where, for Obligations other than bonds, the consent of at least two-thirds of the holders of the relevant Obligation is required.

Limitations may apply as to the eligible obligations which may be taken into account for credit derivatives auction or, where applicable, delivered in settlement of a credit default swap.

### *Restructuring Maturity Limitation and Fully Transferable Obligations (“Mod R”)*

If “Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Fully Transferable Obligation” - that is, capable of being assigned or novated without consent. It must also be possible to transfer the obligation to a bank or financial institution or other entity which regularly makes, purchases or invests in loans or other financial assets. The maturity of such obligation must fall within specified limits.

### *Modified Restructuring Maturity Limitation and Conditionally Transferable Obligations (“Mod Mod R”)*

If “Mod Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Conditionally Transferable Obligation” that is, capable of being assigned or novated with consent, provided that such consent must not be unreasonably withheld. Again, the maturity of such obligation must fall within specified limits.

## **Governmental Intervention**

A “Governmental Intervention” will occur where, as a result of the action taken or announcement made by a governmental authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulations) applicable to the relevant Reference Entity, certain binding changes are made to the relevant obligations of the Reference Entity. These changes include, without limitation, a reduction in the rate or amount (as applicable) of interest, principal or premium payable when due, a postponement or other deferral of the date or dates for payment of interest, principal or premium, a change in the ranking in priority of payment of any obligation, or a mandatory cancellation, conversion or exchange.

Unlike a “Restructuring”, “Governmental Intervention” is not subject to the requirement for a deterioration in creditworthiness or financial condition of the Reference Entity or to the “Multiple Holder Obligation” requirement, and applies regardless of whether the relevant event is expressly provided for under the terms of the Obligation (for example, debt with bail-in provisions).

Note that a Credit Event will occur regardless of whether it occurs due to (for example) the relevant Reference Entity not being authorised to incur the relevant obligation, the illegality or unenforceability of any obligation, applicable law or regulation or an order of a court or tribunal or any exchange controls or capital requirements being imposed.

## **Obligations**

The occurrence of a Credit Event such as a Failure to Pay, Restructuring and Governmental Intervention will be determined by reference to eligible obligations of the relevant Reference Entity, referred to as “**Obligations**”, which may be loans, bonds or other obligations issued directly by such Reference Entity or obligations in respect of which such Reference Entity acts as guarantor. Obligations are defined by reference to the “Obligation Category” and “Obligation Characteristics” (if any) specified for each Credit Default Swap Transaction. The applicable Obligation Category and Obligation Characteristics will vary from one Reference Entity to another, according to the trading terms which apply as set out in the Confirmation. Certain Obligations may be excluded from the determination as to whether or not a Credit Event has occurred (such Obligations, “**Excluded Obligations**”). Where “Financial Reference Entity Terms” applies to a Credit Default Swap Transaction and with respect to the determination of whether a Governmental Intervention or Restructuring has occurred: (a) any subordinated obligation shall be an Excluded Obligation, if the Credit Default Swap Transaction is specified to be a “Senior Transaction”; and (b) any obligation subordinated to the obligation in (a) shall be an Excluded Obligation, if a Credit Default Swap Transaction is specified to be a “Subordinated Transaction”.

## **Obligation Categories**

The Obligation Category for the Credit Default Swap Transactions and, consequently, the Notes, is Bond or Loan (as defined below) (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions).

## **Obligations Characteristics**

Obligation Characteristics may be one or more of Not Subordinated, Not Sovereign Lender, Not Domestic Currency, Not Domestic Issuance and Not Domestic Law (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions).

## **Auction Settlement**

When a Credit Event occurs in respect of a Reference Entity that is referenced in a significant number of credit derivative transactions, a CDDC may resolve that an Auction should be held to facilitate settlement of credit default swap transactions referencing such Reference Entity at the same time and at a fixed settlement price. The price determined through an Auction is referred to as an “**Auction Final Price**”. Where an Auction is held for such Reference Entity and the Calculation Agent determines that the “Deliverable Obligations” (see below) would be substantially the same as the provisions in the relevant Credit Default

Swap Transaction for selecting the obligations for determination of the Final Price, the related Auction Final Price may be used to determine the Early Cash Redemption Amounts that will be paid to Noteholders.

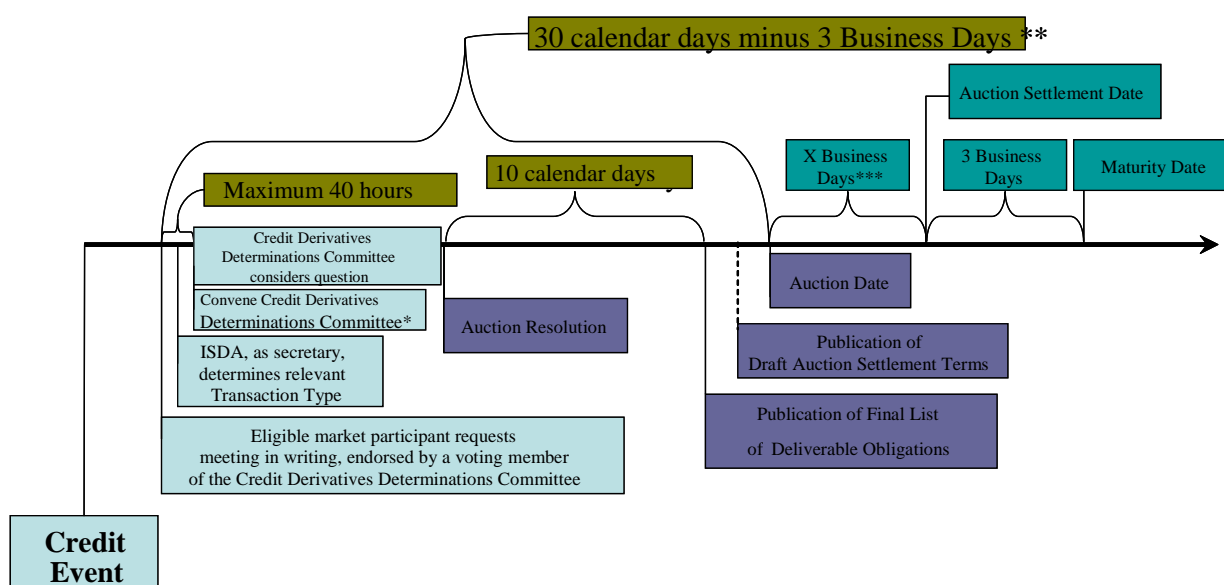
During the Auction process credit derivatives dealers participating in the Auction submit prices at which they would buy and sell the eligible obligations of the relevant Reference Entity, together with requests to buy or sell such obligations received from their customers.

As of the date hereof, the Swap Counterparty (and certain of its affiliates) is a leading dealer in the credit derivatives market. There is a high probability that the Swap Counterparty or its affiliates will act as a participating bidder in any Auction held with respect to a Reference Entity. In such capacity, the Swap Counterparty or its affiliates may take certain actions which may influence the Auction Final Price including, amongst other things, providing rates of conversion to determine the Auction currency rate and submitting bids and offers on behalf of itself or its customers. In deciding whether to take any such action (or whether to act as a participating bidder in any Auction), the Swap Counterparty or its affiliates will not be required to, and will not, consider the interests of the Noteholders. A Noteholder has no right, solely by virtue of being an investor in the Notes, to submit a bid or offer in an Auction.

If an Auction is held in respect of a Reference Entity it is expected that the relevant Auction will occur three business days immediately before the 30th calendar day after which the relevant CDDC received the request to determine whether a Credit Event has occurred with respect to such Reference Entity. However, the CDDC may decide that an Auction in respect of a Reference Entity should take place quicker than normal, for example, to ensure that quicker than normal settlement of relevant obligations occurs before any proposed bond exchange. Alternatively, the Auction process may be substantially delayed, for example because the CDDC determines that there is insufficient information available to it to establish auction terms. In such case, the payment of the Early Cash Redemption Amounts to the Noteholders may also be substantially delayed.

The expected timeline is illustrated in the diagram below which is indicative only and may be expanded or compressed by resolution of a specified majority of the relevant CDDC.

### Expected Auction Timeline for credit default swaps



### Deliverable Obligations

An Auction will be conducted in relation to eligible obligations of the relevant Reference Entity, referred to as “**Deliverable Obligations**”. Deliverable Obligations will be identified by the CDDC. Members of the relevant CDDC may propose obligations which they consider to be eligible for inclusion in an initial list to be published. Subsequently, market participants may propose additional obligations for inclusion in such list,

or challenge the eligibility of obligations already on such list, prior to publication of a final list of such Deliverable Obligations. In certain circumstances, following the occurrence of particular Credit Events, a specific asset package will be deliverable into the Auction. Noteholders will not have the ability to propose obligations for inclusion in the list of Deliverable Obligations, or to challenge the eligibility of Deliverable Obligations which are included on such list.

The Deliverable Obligation Category for each of the Credit Default Swap Transactions is “Bond or Loan” (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions). Other possible Deliverable Obligation Categories that may apply to credit derivatives in general in relation to the relevant Reference Entity (only one of which may apply at any time) are “Payment”, “Borrowed Money”, “Reference Obligations Only”, “Bond” or “Loan”.

The Deliverable Obligation Characteristics are “Not Subordinated”, “Specified Currency”, “Not Sovereign Lender”, “Not Domestic Law”, “Not Domestic Issuance”, “Assignable Loan”, “Transferable”, “Maximum Maturity” (30 years) and “Not Bearer” (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions). Other possible Deliverable Obligation Characteristics that may apply to credit derivatives in general in relation to the relevant Reference Entity (one or more of which may apply at any time) are “Consent Required Loan”, “Not Domestic Currency”, “Listed”, “Direct Loan Participation” and “Accelerated or Matured”. Certain of such characteristics will be applicable only to Obligations which are bonds (“Listed”, “Not Bearer”), which are not loans (“Transferable”) or which are loans (“Assignable Loan”, “Consent Required Loan”, “Direct Loan Participation”). In the case of “Assignable Loan”, “Consent Required Loan” and “Direct Loan Participation” the relevant Deliverable Obligation is required to satisfy one only of such characteristics.

“Accelerated or Matured” means an Obligation which on or prior to the date on which it is to be delivered in an Auction it is due to mature and due to be repaid, or as a result of downgrade/bankruptcy is due to be repaid as a result of an acceleration clause.

“Assignable Loan” means a Loan is capable of being assigned or novated to a different bank or financial institution as lender without the consent of the Reference Entity or guarantor, if any, of such Loan or any agent for the Loan.

“Bond” includes any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security but does not include any other type of Borrowed Money.

“Bond or Loan” means any Obligation which is either a Bond or a Loan.

“Borrowed Money” includes bonds and loans (except for an undrawn revolving credit facility) and deposits, but excludes repos where a security is repurchased at a higher price, the difference being equivalent to a finance charge. It also includes deposits and disbursements under letters of credit.

“Consent Required Loan” means a Loan that may be assigned or novated only with the consent of the relevant Reference Entity or guarantor, if any of such Loan or any agent for the Loan.

“Direct Loan Participation” means a Loan with a participation agreement whereby the buyer is capable of creating, or procuring the creation of, a contractual right in favour of the seller that provides the seller with recourse to the participation seller for a specified share in any payments due under the relevant loan which are received by the participation seller.

“Listed” means an obligations which is quoted, listed or ordinarily purchased and sold on an exchange.

“Loan” includes any term loan agreement, revolving loan agreement or other similar credit agreement but does not include any other type of “Borrowed Money” obligation.

“Maximum Maturity” means that the Obligation must have a maximum maturity which is no longer than the period specified in the Confirmation.



“Not Bearer” means that an obligation must not be in the form of a bearer instrument unless it is held and traded within Euroclear, Clearstream or another internationally recognised clearing system. A bearer instrument is an instrument that is payable on demand to the holder of the instrument, i.e. the entity or person physically possessing the instrument is deemed to be the owner and ownership is passed by physical delivery of the instrument.

“Not Domestic Currency” means any obligation that is payable in any currency other than the domestic currency as specified in the Settlement Matrix or Confirmation. If the currency is not specified, the domestic currency shall be that of the Reference Entity if it is a sovereign, or that of the country in which the Reference Entity is organised if it is not a sovereign.

“Not Domestic Issuance” means any obligation except any obligation that was, at the time it was issued or incurred, intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) satisfies this characteristic.

“Not Domestic Law” means any obligation that is not governed by the laws of the relevant Reference Entity, if such Reference Entity is a Sovereign, or the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

“Not Sovereign Lender” means any obligation that is not primarily owed to a sovereign or supra-national organisation.

“Not Subordinated” means that the obligation which can trigger a credit event must rank equal or higher in the Reference Entity’s capital structure than the most senior Reference Obligation of the Reference Entity in terms of priority of payment. If no Reference Obligation is specified, then “Not Subordinated” refers to any of the Reference Entity’s senior “Borrowed Money” obligations.

“Specified Currency” means an obligation that is payable in the currency or currencies specified in the Confirmation or, if no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom, the United States of America and the Euro and any successor currency to any such currencies.

“Transferable” means an Obligation that is transferable to institutional investors without any contractual, statutory or regulatory restrictions.

Deliverable Obligations may be indirect obligations of the relevant Reference Entity by way of an eligible guarantee. If the Confirmation specifies that “All Guarantees” applies to a particular Reference Entity (as is the case in respect of each of the Credit Default Swap Transactions on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each Credit Default Swap Transaction), then an eligible guarantee will be any irrevocable guarantee of the Reference Entity of all amounts due to be paid by the relevant underlying obligor, subject to exceptions e.g. where the arrangement is structured as surety bond or letter of credit, or where the terms of the arrangement provide for the reduction or discharge or assignment of the obligations of the guarantor.

Where “Financial Reference Entity Terms” and “Governmental Intervention” apply in respect of a Reference Entity and (i) there is a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond. This applies even if the resulting asset package is deemed to be zero where there are no resulting assets, and, in such case, the buyer of credit protection would receive 100 per cent.

If “All Guarantees” is not specified as applicable in the Confirmation, then eligible guarantees will only be those provided by a parent company in respect of a subsidiary (broadly speaking, a subsidiary is an where another company (the “parent company”) owns more than 50 per cent. of the shares or other interests with the power to elect the board of directors or any other similar body).

## **Auction Settlement following an M(M)R Restructuring Credit Event**

In relation to certain categories of Reference Entity and a Restructuring Credit Event, limitations on the maturity of eligible obligations to be taken into account for the purposes of the related Auction(s) will apply.

Such limitations will apply to a Reference Entity if either “Restructuring Maturity Limitation and Fully Transferable Obligation” (often abbreviated to “Modified Restructuring” or “Mod R”) or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” (often referred to as “Modified Modified Restructuring” or “Mod Mod R” as explained above) is expressed to be applicable to that Reference Entity in accordance with the Confirmation.

In cases where settlement of a credit default swap is triggered by the buyer and Mod R (being market standard for credit default swaps referencing North American corporate reference entities to which Restructuring is applicable) or Mod Mod R (being market standard for European corporate entities) is applicable, any obligation which such buyer wishes to deliver to the seller must not only constitute a Deliverable Obligation but must also satisfy additional requirements as to transferability (for Mod R, being a Fully Transferable Obligation and for Mod Mod R being a Conditionally Transferable Obligation as explained under “*Restructuring*” above) and as to its final maturity date (as explained under “*Restructuring*” above).

Where Mod R or Mod Mod R applies, several concurrent but separate Auctions may occur with respect to such Reference Entity, as determined by the relevant CDDC, with each such Auction relating to credit default swaps with maturities falling within stipulated periods (so-called “maturity buckets”) following the occurrence of the effective date of the event giving rise to the relevant Restructuring Credit Event. In general, market practice is such that a total of eight separate maturity buckets might apply in respect of a Reference Entity with respect to which a Restructuring has occurred and in respect of which Mod R is applicable. Where a Restructuring has occurred with respect to a Reference Entity and Mod Mod R applies, there are only four separate buckets which might apply with the latest maturity bucket being the 10 year bucket mentioned below. The first seven such maturity buckets (noting, as mentioned above, that only the first four maturity buckets apply where Mod Mod R is applied) will each encompass a maturity period that ends, respectively, on the first of March 20, June 20, September 20 or December 20 to occur on or immediately following the date that is 2.5 years, 5 years, 7.5 years, 10 years, 12.5 years, 15 years or 20 years following the date of the Restructuring; and the eighth maturity bucket will encompass a maturity period ending after 20 years following the date of the Restructuring (each such ending date referred to as a “**Maturity Bucket End Date**”). Where settlement of a credit default swap is triggered by the buyer, as a general rule, credit default swaps will be assigned to the maturity bucket with the Maturity Bucket End Date that occurs on or immediately following the scheduled termination date of such credit default swap.

An Auction will only be held in relation to any particular maturity bucket if there is a sufficient volume of credit default swaps with maturities falling within that period. Failing that, no Auction will be held in relation to such bucket, and each party to a standard credit default swap transaction will have the ability to (but will not have to) give a notice requiring that the Auction Final Price be determined based on the Auction conducted in relation to an alternative maturity bucket.

Where the buyer of credit protection gives such a notice, the relevant Auction used to determine the Auction Final Price will be the Auction for which a more limited number of obligations of the relevant Reference Entity are eligible or, where there are a number of such Auctions, the Auction with the widest range of such obligations (that is, the Auction corresponding to the next-shortest dated maturity bucket, which would tend to result in a higher Auction Final Price and hence a lower credit loss). Where the relevant notice is given by the credit protection seller, the relevant Auction will be the Auction with the widest range of eligible obligations (that is the Auction corresponding to the longest-dated maturity bucket, which would tend to result in a lower Auction Final Price and hence a greater loss). If both parties deliver such a notice, then the credit protection buyer's notice will prevail.

## DESCRIPTION OF THE FUND SWAP

### Fund Swaps

Fund swap transactions are usually derivative transactions entered into between two parties to create a right for the parties to make and receive payments that match or track the performance of one or more funds or pooled investment vehicles. In respect of the Class A Notes, the Fund Swap Transaction is a bespoke transaction, the final exchange amount receivable by the Issuer under which will determine any Additional Payout Amounts payable in respect of such Class of Notes. Such final exchange amount is referred to in this section as the Swap Counterparty Equity Final Exchange Amount.

The Fund Swap Transaction references the performance of the Fund. Whether any Swap Counterparty Equity Final Exchange Amount shall be receivable by the Issuer under the Fund Swap Transaction, and accordingly whether any Additional Payout Amount shall be payable as part of the redemption amounts on the Class A Notes, will depend in part on the relative performance of the Fund.

The Swap Counterparty Equity Final Exchange Amount is subject to a floor of zero. As a result, if the relative performance of the Fund calculated under the Fund Swap Transaction decreases, this will simply result in no Swap Counterparty Equity Final Exchange Amount being receivable by the Issuer under the Fund Swap Transaction, and therefore no Additional Payout Amount being taken into account when determining the Final Redemption Amount or the Partial Final Redemption Amount in respect of the Class A Notes.

A description of the Fund Swap Transaction, including of the amounts potentially receivable by the Issuer thereunder and the related definitions, is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Impact of the Fund Swap Transaction on the Class A Notes*”.

### The Fund

The Fund Swap Transaction references the performance of Catella Fondförvaltning AB Special Funds, Catella Hedgefond, SEK retail class (ISIN: SE0001131335; Bloomberg: CATHEDG SS) (the “**Asset**” or the “**Fund**”).

Information (including information as to their past and future performance and volatility) about the Fund may be obtained on Bloomberg under the code set out above.

Further information on the Fund is set out in the section of this Prospectus entitled “*Description of the Fund*”.

### Payments under the Fund Swap Transaction

The Swap Counterparty Equity Final Exchange Amount in respect of the Fund Swap Transaction will be determined by reference to a formula. A description of the formula is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Formula for calculating the Swap Counterparty Equity Final Exchange Amount and the Additional Payout Amount in respect of the Class A Notes*”.

In mathematical terms, the Swap Counterparty Equity Final Exchange Amount in respect of the Fund Swap Transaction will be an amount in SEK payable by the Swap Counterparty and determined by the Calculation Agent in accordance with the following formula:

$$\text{Swap Notional Amount} \times \text{Participation} \times \text{Max}\{0, \text{Reference Portfolio Return}\}$$

where:

“**Asset Value ER**” means, in respect of the Reference Portfolio Value Start Date (being, for the avoidance of doubt, the first date on which the Asset Value ER is calculated for the purpose of the Fund Swap Transaction), 100%. Thereafter, in respect of each Valuation Day (t), Asset Value ER (t) is calculated as follows:

$$\text{Asset Value ER}(t) = \text{Asset Value ER}(t-1) \times \left( \frac{\text{Asset Unit Price}(t)}{\text{Asset Unit Price}(t-1)} - \left( \text{STIBOR}(t-1) \times \frac{n(t-1,t)}{360} \right) \right)$$

where:

“**Asset Unit Price (t)**” means the official net asset value of the Asset in respect of Valuation Day (t).

“**Asset Unit Price (t-1)**” means Asset Unit Price (t) in respect of Valuation Day (t-1).

“**Asset Value ER (t-1)**” means the Asset Value ER (t) in respect of Valuation Day (t-1).

“**STIBOR (t-1)**” means the rate for 3 months in SEK displayed on Reuters on page “STIBOR=” on Valuation Day (t-1) or, if not so displayed, as otherwise determined by the Calculation Agent acting reasonably from prevailing swap market rates.

“**n(t-1,t)**” means the number of calendar days from and including Valuation Day (t-1) to but excluding Valuation Day (t).”

“**Asset Weight**” means, in respect of the Reference Portfolio Value Start Date (being, for the avoidance of doubt, the first date on which the Asset Weight is calculated for the purpose of the Fund Swap Transaction), 100% (“W(t)”). Thereafter, in respect of each Valuation Day (t), W(t) is calculated as follows:

$$W(t) = \begin{cases} \text{Min}(\text{Max Weight}, TW(t)), & \text{if } Abs |W(t-1) - TW(t)| > \text{Exposure Band} \\ W(t-1), & \text{otherwise} \end{cases}$$

where:

“**ABS | • |**” means the absolute value of •.

“**Exposure Band**” means 5%.

“**Max Weight**” means 100%.

“**TW(t)**” is calculated as follows:

$$TW(t) = \frac{\text{Target Volatility}}{\text{Vol}(t-2)}$$

“**Target Volatility**” means 4.50%.

“**Vol (t-2)**” means Vol (t) in respect of the second Valuation Day immediately preceding Valuation Day (t), as defined below under “**Vol**”

“**Basket Return**” means, in respect of any Valuation Day (t) from (but excluding) the Initial Valuation Date to (and including) the Reference Portfolio Value Start Date, the Basket Return is equal to  $\frac{4.5\%}{\sqrt{252}}$ . Thereafter, in respect of any Valuation Day (t), it is calculated as the following:  $\text{Basket Return}(t-1, t) = \ln\left(\frac{\text{Asset Value}(t)}{\text{Asset Value}(t-1)}\right)$

“**Calculation Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Stockholm.

“**Final Valuation Date**” means 17 March 2021 provided that where such day is not a Calculation Business Day, the Final Valuation Date shall be the first Calculation Business Day following such day.

“**Initial Valuation Date**” means 11 May 2015.

“**Observation Dates**” means the following days, provided that where such day is not a Calculation Business Day, the Observation Date shall be the first Calculation Business Day following such day:

**i Observation Dates**

- 1 17 March 2020
- 2 17 April 2020
- 3 15 May 2020
- 4 17 June 2020

5	17 July 2020
6	17 August 2020
7	17 September 2020
8	16 October 2020
9	17 November 2020
10	17 December 2020
11	15 January 2021
12	17 February 2021
13	17 March 2021

**“Participation”** means a percentage to be determined by the Issuer or the Calculation Agent on its behalf and notified to the Noteholders on or about the Issue Date which is expected to be 225% (indicative only) but which may be higher or lower and in any event shall not be less than 180%.

**“Reference Portfolio Return”** means the return (expressed as a percentage) calculated as follows:

$$\frac{\text{Reference Portfolio Value (Average)}}{\text{Reference Portfolio Value (Strike Date)}} - \text{Strike}$$

**“Reference Portfolio Value”** means, in respect of the Reference Portfolio Value Start Date (being, for the avoidance of doubt, the first date on which the Reference Portfolio Value is calculated for the purpose of the Fund Swap Transaction), 100%. Thereafter, Reference Portfolio Value (t) for each Valuation Day (t) will be determined as follows:

$$\text{Reference Portfolio Value (t)} = \text{Reference Portfolio Value (t-1)} \times \left[ 1 + W(t-1) \times \left( \frac{\text{Asset Value ER (t)}}{\text{Asset Value ER (t-1)}} - 1 \right) \right]$$

where:

**“Asset Value ER (t-1)”** is the Asset Value ER (t) in respect of the Valuation Day immediately preceding Valuation Day (t) (**“Valuation Day (t-1)”**).

**“Reference Portfolio Value (t-1)”** means the Reference Portfolio Value in respect of Valuation Day (t-1).

**“W(t-1)”** means the Asset Weight (**“W(t)”**) in respect of Valuation Day (t-1).

**“Reference Portfolio Value (Average)”** means the arithmetic average of the Reference Portfolio Value (t) in respect of Observation Dates.

**“Reference Portfolio Value (Strike Date)”** means the Reference Portfolio Value in respect of the Strike Date.

**“Reference Portfolio Value Start Date”** means 10 September 2015.

**“Strike”** means 100%.

**“Strike Date”** means 30 November 2015, provided that where such day is not a Calculation Business Day, the Strike Date shall be the first Calculation Business Day following such day.

**“Valuation Day”** means the Initial Valuation Date, the Final Valuation Date, and each day which is a Calculation Business Day from (and including) the Initial Valuation Date to (and including) the Final Valuation Date.

“**Vol**” means, on any Valuation Day (t) from (and including) two Valuation Days prior to the Reference Portfolio Value Start Date, Vol (t) is defined as:

$$\text{Vol (t)} = \text{Max (Vol a(t), Vol b(t))}$$

$$\text{Vol a(t)} = \sqrt{\frac{252}{a} \times \sum_{k=1}^a (\text{Basket Return (t - k, t - k + 1)})^2}$$

$$\text{Vol b(t)} = \sqrt{\frac{252}{b} \times \sum_{k=1}^b (\text{Basket Return (t - k, t - k + 1)})^2}$$

where:

“a”= 21

“b”= 84

The Swap Counterparty Equity Final Exchange Amount, if any, in respect to the Fund Swap Transaction will be paid to the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date.

### **Disruption Events, Fund Substitution Events, Fund Adjustment Events and Fund Defeasance Events**

#### *Consequences of a Disruption Event*

If the Calculation Agent determines that a Fund Disruption Event and/or a Market Disruption Event (each a “**Disruption Event**”) has occurred in respect of a Valuation Day (such date a “**Disrupted Valuation Day**”), the Calculation Agent may elect to take either of the following actions:

- (a) make any calculation, determination or adjustment of any variable in respect of the Fund Swap Transaction (the “**Transaction**”) and make payment of any amount under the Transaction (in cash or other consideration), using an estimate of such variable determined in its discretion, provided that such estimate shall take into account an amount in compensation for a Hypothetical Investor (as defined below) to reflect (i) the risk of holding any Fund or other financial instrument as a hedge under the Transaction, and (ii) the risk of being unable to redeem or liquidate such Fund or other financial instrument into cash in full and without any restrictions as of, or at any time after, the Disrupted Valuation Day; or
- (b) postpone any calculation in respect of the Disrupted Valuation Day until the first succeeding Calculation Business Day in respect of which a Disruption Event ceases to exist (such Valuation Day being the “**Postponed Valuation Day**”).

Where the Postponed Valuation Day falls or, in the determination of the Calculation Agent, is expected to fall, after the Termination Date (as defined below) then the Termination Date shall be postponed until the third Business Day after which the Hypothetical Investor would receive in full the proceeds in respect of the redemption of any Fund or other financial instrument that it would hold as a hedge under the Transaction, unless the Calculation Agent determines that the relevant amount can be paid earlier by the Swap Counterparty.

“**Fund Disruption Event**” means, in respect of a Fund Unit and the related Fund, any of the following events:

- (a) a failure, suspension or postponement in the reporting or publishing of the Official Net Asset Value (as defined below) in respect of the Fund as regularly scheduled taking into account the relevant cure period, or any event that prevents the Official Net Asset Value in respect of the Fund so published from being received by the people to whom it is published, whereby such event is, in the determination of the Calculation Agent, material;
- (b) any circumstances where, although the Official Net Asset Value of the Fund is published, the Calculation Agent reasonably determines that such value is not accurate or that any transaction in respect of the Fund could not be transacted at such value or with a cash consideration in full, and to

be received as regularly scheduled (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Fund Adjustment Event);

- (c) the inability of a Hypothetical Investor, if holding units of the Fund as a hedge for the Transaction, to liquidate the units of the Fund or any other interest received by the Fund when scheduled (including any change to the notice period for redemption or subscriptions, any gating, side-pocketing or other arrangement affecting the Hypothetical Investor);
- (d) a postponement, suspension or failure of the Fund to make any payment in respect of the redemption of any interest in the Fund on any day for which such payment is scheduled to be made in accordance with prospectus of the Fund; or
- (e) the Hedging Entity (as defined below) not being permitted by the Fund to subscribe for or redeem interests in the Fund on a Fund Business Day in accordance with the prospectus of the Fund

**“Market Disruption Event”** means, in respect of a Fund Unit and the related Fund, any of the following events:

- (a) when the foreign exchange market or money market in the Settlement Currency (as defined below), EUR or respective currency of the Fund, is or are closed otherwise than for ordinary public holidays or if trading thereupon is restricted or suspended and, in the determination of the Calculation Agent, this would have a material impact on the ability of the Swap Counterparty or the Calculation Agent to determine the value of the Transaction accurately, in a timely manner or at all or on the ability of the Hedging Entity to execute a hedge in respect of the Transaction in any such market; or
- (b) an event pursuant to which there is a breakdown in any means of communication normally used for the valuation by the Calculation Agent of the Fund or if the Fund Manager (as defined below) informs the Swap Counterparty or the Calculation Agent, or the Swap Counterparty or the Calculation Agent determines at its own discretion, that the last reported Official Net Asset Value should not be relied upon.

#### *Consequences of a Fund Substitution Event*

If the Calculation Agent determines that a Fund Substitution Event has occurred in respect of a Fund, then the Swap Counterparty may, at any time:

- (a) waive such Fund Substitution Event;
- (b) substitute such Fund affected by the Fund Substitution Event with one or more funds (each a **“Substitute Fund”**) which comply with the Inclusion Conditions and, in the opinion of the Swap Counterparty, have a similar geographical focus to, and close correlation with, the Fund subject to the Fund Substitution Event;
- (c) adjust the weighting of any one or more of the Funds (inclusive or any Substitute Fund, where applicable); and/or
- (d) at the discretion of Swap Counterparty, make any necessary adjustments to the terms and conditions of the Transaction to account for the economic effect on the Transaction of such Fund Substitution Event and to preserve the original economic objective and rationale of the Transaction;

As of such date of substitution of the Fund with a Substitute Fund (**“Substitution Valuation Date”**), such Substitute Fund will be deemed to be a Fund.

For the avoidance of doubt, the Swap Counterparty and Calculation Agent are under no obligation to monitor compliance of the Funds with the Inclusion Conditions, or to monitor whether a Fund Substitution Event has occurred. The Swap Counterparty and the Calculation Agent shall not be liable to any party or person for losses resulting from violations of the Inclusion Conditions or failure to effect a Fund Substitution Event.

**“Fund Substitution Event”** means, in respect of a Fund, (a) any of the following events occurs on or after the Trade Date (as defined below) in respect of investors generally, or such event actually occurs with respect to the Hedging Entity or (b) publication of a notice or other dissemination of information in respect of the Fund which indicates that any such event will occur on or after the Trade Date:

- (a) any of following events in respect of a Fund:

- (i) the winding-up, dissolution, liquidation or other cessation of trading of such Fund, or any Fund Service Provider (as defined below) unless it is replaced with a successor acceptable to the Swap Counterparty;
  - (ii) any litigation, arbitration, investigation, proceeding or regulatory or governmental action is commenced and is continuing in relation to the activities of the Fund or any Fund Service Provider for reasons of any alleged wrongdoing, breach of any rule or any regulation or other similar reason, which allegation would, if true, in the determination of the Calculation Agent, have a material effect on the Official Net Asset Value;
  - (iii) loss of an applicable licence or regulatory authorisation necessary for the conduct of the business of the Fund or any Fund Service Provider or any replacement Fund Service Provider (unless the Calculation Agent determines that such event is immaterial);
  - (iv) the instigation or resolution of any legal action, arbitration or equivalent measure (including as a result of any allegation of fraud or misdealing) against the Fund or any Fund Service Provider which proceedings, if successful, would, in the determination of the Calculation Agent, have a material adverse effect on the Fund Value;
  - (v) a material change (as determined by the Calculation Agent) to the legal constitution or management of the Fund including, but not limited to, a change in the Fund Manager, or a change in the Fund Manager's organisation or management (including, but not limited to, a merger or other reorganisation event which materially alters the nature of the Fund or the nature and role of the Fund Manager in relation to the Fund);
  - (vi) a material modification (as determined by the Calculation Agent) of the provisions relating to investment objectives, strategies, restrictions and requirements of the Fund as set out in its Fund Prospectus (the “**Investment Objective and Strategy**”);
  - (vii) a material breach (as determined by the Calculation Agent) of the Fund’s Investment Objective and Strategy and such breach has not been cured within ten calendar days to the satisfaction of the Swap Counterparty;
  - (viii) a material breach (as determined by the Calculation Agent) of the Investment Objective and Strategy on three or more separate occasions, provided that the cure period stated in (vii) above therein shall not apply in respect of any third or subsequent breach;
  - (ix) the aggregate net asset value of the Fund decreases by more than the Fund NAV Threshold (as defined below) since the Trade Date, as determined by the Calculation Agent;
  - (x) the aggregate net asset value of assets managed by the Fund Manager decreases by more than the Fund Manager NAV Threshold (as defined below) since the Trade Date, as determined by the Calculation Agent;
  - (xi) the Fund Unit’s accounting currency changes;
  - (xii) the Fund adopts series accounting or equalisation treatment or another similar mechanism, such that the Hedging Entity is not able to make a single unitised investment in a Fund Unit equivalent to the single unitised investment used in the calculation of the Fund Value, unless such application has been agreed by the Hedging Entity;
  - (xiii) a material breach by the Fund Manager or any affiliate of the Fund Manager of any agreement with the Hedging Entity in place on the Trade Date in relation to the hedging of the Transaction; or
  - (xiv) the Fund does not comply with the Inclusion Conditions;
- (b) any of the events in respect of a Fund Unit and the related Fund set out in subparagraphs (i) to (v) below that is not remedied reasonably promptly by the Fund (or within the applicable cure periods specified below) to the reasonable satisfaction of the Calculation Agent and that, in the sole determination of the Calculation Agent, has a material effect on the ability of the Hedging Entity to hedge its obligations in respect of the Transaction:



- (i) a mandatory redemption occurs (in whole or in part) in respect of any holding of the Fund Units by the Hedging Entity;
- (ii) the Fund charges the Hedging Entity a transaction fee (or equivalent) for any subscription or redemption of its Fund Units;
- (iii) the Hedging Entity is unable to subscribe for or redeem Fund Units on a Fund Business Day (as defined below);
- (iv) the subscription or redemption terms in respect of the Fund provide (a) for subscriptions or redemptions less frequently than the Subscription Frequency and Redemption Frequency (each as defined below), (b) for notification periods in respect of subscriptions or redemptions longer than the Subscription Notice Period and Redemption Notice Period (each as defined below), respectively, and (c) for settlement periods in respect of redemptions longer than the Redemption Settlement Period (as defined below); or
- (v) the Fund suffers a material adverse change in its legal, accounting, regulatory or tax treatment that would or does adversely affect the Hedging Entity as holder of the Fund Units or the Hedging Entity becomes subject to taxes or other similar fees payable in respect of a subscription or redemption of the Fund Units and in each case, such change has not been cured within 30 calendar days, provided that the Hedging Entity shall use reasonable efforts to mitigate any such effect.

**“Inclusion Condition”** means, in respect of a Fund Unit and the related Fund, each of the following conditions:

- (a) **Liquidity:** the Fund shall offer investors the ability to redeem Fund Units held by them or to subscribe for further Fund Units on each Fund Business Day based on the Fund Value for such day, provided such investors shall give notice (i) a number of Fund Business Day(s), equal to the relevant Subscription Notice Period or Redemption Notice Period (as the case may be), preceding such day and (ii) in accordance with the relevant procedures prescribed by the Fund. The Fund's terms for payout of redemption proceeds need not be on the same day, but can be up to five Business Days afterwards;
- (b) **Fee Structure:** the Fund shall not charge the Hedging Entity (i) a subscription fee for the subscription of the Fund Units or (ii) a redemption fee for the redemption of the Fund Units, or (iii) taxes or other similar fees payable in respect of a subscription or redemption of the Fund Units;
- (c) **Minimum Fund Size:** the Fund shall have an aggregate net asset value (as reported by its Fund Manager) of a minimum size equal to the Minimum Fund Size (as defined below); and
- (d) **Publication Requirement:** the Fund shall report the Fund Value for each Fund Business Day applicable to it, which Fund Value shall be reported by the Fund Manager no later than close of business on the following Fund Business Day.

#### *Consequences of a Fund Defeasance Event*

If the Calculation Agent determines that a Fund Defeasance Event has occurred in respect of a Fund, the Calculation Agent may, but is not obliged to, determine a date (the **“Defeasance Date”**) for which the Calculation Agent will calculate an amount (the **“Unscheduled Termination Amount”**), payable on the Maturity Date, in place of the Swap Counterparty Equity Final Exchange Amount.

For the avoidance of doubt, no other amount shall be payable in respect of the Transaction on account of interest or otherwise following such determination by the Swap Counterparty.

**“Fund Defeasance Event”** means, in respect of a Fund Unit and the related Fund, any of the following events in respect of the Fund:

- (a) where a Fund Substitution Event has occurred, the Calculation Agent declares that a substitution cannot be effected with a suitable Substitute Fund;
- (b) a Disruption Event exists and subsists at any time during the period from, but excluding, the Initial Valuation Date to, and excluding, the Final Valuation Date for a consecutive number of days equal to the Maximum Days of Disruption (as defined below); or

- (c) as a result of (i) any adoption of, or change in, law or regulation or its interpretation, (ii) any determination of a regulatory or taxation authority applicable to the Hedging Entity or such Fund, or (iii) the application of the Hedging Entity's regulatory capital treatment or funding treatment of the Transaction or its associated hedging arrangements or any change thereto, whereupon: (A) it becomes unlawful or prohibited for the Hedging Entity (including any adverse change in restrictions imposed by or on the Hedging Entity) to hold, purchase, sell, redeem or otherwise create, transfer or receive any interest in the Fund; (B) the cost of the hedging arrangements in respect of the Transaction would be materially increased (including circumstances (1) requiring the Hedging Entity to adversely modify any reserve, special deposit, funding arrangement or similar requirement imposed by or on the Hedging Entity, (2) that would adversely affect the amount or cost of regulatory capital that would have to be maintained in respect of its hedging arrangements, or (3) which subject the Hedging Entity to any loss or additional taxation); or (C) there would be a material decline in the Fund Value of such Fund.

Provided that the Transaction is not redeemed for reasons of illegality or due to an event of default, the **"Unscheduled Termination Amount"** means an amount in the Settlement Currency, payable on the Termination Date, equal to the value of the unpaid Swap Counterparty Equity Final Exchange Amount on the Defeasance Date (which may be equal to or greater than zero as at such date) (the **"Termination Equity Amount Value"**), as calculated by the Calculation Agent by reference to such factors as it determines appropriate (including, but not limited to, the value, expected future performance and/or volatility performance and/or volatility of the underlying asset(s)), *plus* any interest accrued on the value of the Termination Equity Amount Value from, and including, such date to, but excluding, the date on which the Transaction is redeemed (calculated by reference to the prevailing interbank overnight interest rates in the relevant currency).

Otherwise the Unscheduled Termination Amount means an amount in the Settlement Currency (which may be greater than or equal to zero) equal to the value of the unpaid Swap Counterparty Equity Final Exchange Amount immediately prior to their redemption, calculated by the Calculation Agent using its internal models and methodologies and which may be based on, amongst other things, the following:

- (a) the time remaining until the Termination Date of the Transaction;
- (b) the interest rates at which banks lend to each other;
- (c) the interest rate at which the Swap Counterparty (or its affiliates) is charged to borrow cash;
- (d) the expected future performance and volatility of the Fund;
- (e) the liquidity of each component of the Fund; and
- (f) any other information which the Swap Counterparty deems relevant.

Provided that in the case of a redemption pursuant to an event of default, the calculation of the Unscheduled Termination Amount shall not take into account the financial position of the Swap Counterparty immediately prior to the event of default (for the avoidance of doubt, the Swap Counterparty shall be presumed to be able to fully perform its obligations under such Transaction for such purposes).

Notwithstanding anything contained elsewhere in these terms, the Calculation Agent shall take into account any Fund Disruption Event, Fund Substitution Event or Fund Adjustment Event that affects any determination of the Unscheduled Termination Amount.

#### *Consequences of a Fund Adjustment Event*

If the Calculation Agent determines that a Fund Adjustment Event has occurred in respect of a Fund, the Swap Counterparty may, but is not obliged to, make any adjustment it deems appropriate to the terms and conditions of the Transaction at any time to account for the economic effect on the Transaction of such Fund Adjustment Event and to preserve the original economic objective and rationale of the Transaction.

**"Fund Adjustment Event"** means, in respect of a Fund Unit and the related Fund, any of the following events:

- (a) the Fund subdivides, consolidates, or reclassifies the Fund Units (including any sidepocket issuance) or a distribution or dividend of any Fund Units or any other interest in the Fund to any existing holder by way of bonus, capitalisation, reorganisation of the Fund or similar issue;
- (b) any circumstances where, although the Fund Value of the Fund is published, the Calculation Agent reasonably determines that such value is not accurate or that any transaction in respect of the Fund could not be transacted at such value or with a cash consideration in full, and to be received as regularly scheduled (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of a Fund Disruption Event);
- (c) the inability of the Hedging Entity to liquidate Fund Units in accordance with the Redemption Frequency, the Redemption Notice Period and the Redemption Settlement Period (including the application of any gating, side-pocketing or other arrangement affecting the Hedging Entity) and any change in the subscription or redemption terms of the Fund Units including, but not limited to, the form of payment, schedule of payments or notice periods that were not otherwise applicable to the Hedging Entity as of the Trade Date;
- (d) the Fund takes any action that may have a diluting or concentrative effect on the theoretical value of the Fund Units;
- (e) the Fund suffers a material adverse change in its accounting, regulatory or tax treatment which does or would adversely affect holders of the Fund Units, or where the Hedging Entity suffers or would suffer such adverse treatment as a result of the adoption of any accounting, regulatory or tax treatment in respect of a holding of any Fund Units;
- (f) a material change in any fee arrangement that is in place on the Trade Date, temporary or otherwise, between the Hedging Entity and a Fund or the Fund Manager of the Fund; or
- (g) a material breach by the Fund Manager or any affiliate of the Fund Manager of any agreement with the Hedging Entity in place on the Trade Date in relation to the hedging of the Transaction.

#### *Notices*

Upon making any determination with respect to any Fund Event (as defined below), the Calculation Agent shall give notice as soon as practicable to the Issuer, provided that failure to give such notice shall not affect the validity of the aforementioned events or any action taken.

#### *General Definitions*

**“Business Day”** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Stockholm.

**“Fund Administrator”** means, in respect of a Fund, the entity specified in the prospectus of the Fund as responsible for the administration and the determination and reporting of the Official Net Asset Value of such Fund.

**“Fund Business Day”** means, in respect of a Fund, a day on which the Fund Administrator shall calculate and publish an Official Net Asset Value of the Fund in accordance with its prospectus.

**“Fund Custodian”** means, in respect of a Fund, the entity specified in the prospectus of the Fund as responsible for the custody of the assets of the Fund.

**“Fund Event”** means, in respect of a Fund, a Disruption Event, Fund Substitution Event, Fund Adjustment Event or Fund Defeasance Event.

**“Fund Manager”** means, in respect of a Fund, the entity specified in the prospectus of the Fund as responsible for providing investment management advice to such Fund.

**“Fund Manager NAV Threshold”** means SEK 10,000,000,000.

**“Fund NAV Threshold”** means SEK 7,000,000,000.

**“Fund Prospectus”** means, in respect of a Fund, the offering document for that Fund, as updated, reissued or supplemented from time to time.

**“Fund Service Provider”** means, in respect of a Fund, each of the Fund Manager, the Fund Administrator, the Fund Custodian and any additional service provider (if any).

**“Fund Unit”** means, in respect of a Fund, a share or a notional unit of account of ownership of the Fund.

**“Hedging Entity”** means Credit Suisse International.

**“Hypothetical Investor”** means a hypothetical investor in the relevant Fund or any other security received as a distribution in respect of the relevant Fund located in any relevant jurisdiction.

**“Maximum Days of Disruption”** means, in respect of a Fund, a consecutive number of Fund Business Days equal to 7.

**“Minimum Fund Size”** is SEK 5,000,000,000.

**“Official Net Asset Value”**, **“Fund Value”** or **“Asset Value”** means, in respect of a Fund, the net asset value per unit as calculated and reported by the Fund Administrator, provided that, the Official Net Asset Value in respect of a Valuation Day which is not a Fund Business Day, shall be the Official Net Asset Value in respect of the Fund Business Day immediately following such date.

**“Redemption Frequency”** is daily.

**“Redemption Notice Period”** is the same day.

**“Redemption Settlement Period”** is 1 Business Day.

**“Subscription Frequency”** is daily.

**“Subscription Notice Period”** is the same day.

**“Settlement Currency”** is SEK.

**“Termination Date”** means the later of:

- (i) 6 April 2021; and
- (ii) 3 Business Days following Hedging Entity’s receipt of full redemption proceeds from the unwinding of its hedge in respect of the Final Valuation Date.

**“Trade Date”** means 26 November 2015.

## DESCRIPTION OF THE FUND

*Catella Fondförvaltning AB, as the fund manager (the “Fund Manager”) of the Fund accepts responsibility for the information contained in this section headed “Description of the Fund”. To the best of the knowledge and belief of the Fund Manager, having taken all reasonable care to ensure that such is the case, such information is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The information contained in this section headed “Description of the Fund” has been extracted from information provided to the Issuer by the Fund Manager. The Issuer confirms the accurate reproduction of the extracted information but accepts no further or other responsibility in respect of such information. So far as the Issuer is aware or able to ascertain from such published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in such information. The Issuer has not conducted any due diligence on such information. The Issuer has only made very limited enquiries with regards to such information. Otherwise, the Issuer has not made any enquiries in relation to such information. The Issuer does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of such information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.*

The Fund is a “special fund” in accordance with the Swedish Alternative Investment Fund Managers Act (the “AIFMA”). The relevant regulator in its country of establishment is the Swedish Financial Supervisory Authority (*Finansinspektionen*). The Fund was established on 1 March 2004.

The management company of the Fund is the Fund Manager, domiciled at Birger Jarlsgatan 6, SE-103 90 Stockholm, Sweden, whose telephone number is +46 8 614 2551. The Fund Manager was established in 1997 in a collaboration with two savings banks in Sweden, SparbankenFinn in Lund and Sparbanken Gripen in Ängelholm. The Fund Manager is a Swedish registered *Aktiebolag* and is under the supervision of the Swedish Financial Supervisory Authority, with registry number 556533-6210. The Fund Manager complies with the corporate governance regime applying to it under the laws of Sweden. The Fund Manager complies with the companies act of Sweden, the Swedish Investment Funds Act (SFS 2004:46) and the Regulations FFFS 2013:10 and FFFS 2013:9 of the Swedish Financial Supervisory Authority (*Finansinspektionen*) governing investment funds and alternative investment fund managers. The Fund Manager is a fully owned subsidiary of Catella AB, which is listed on Nasdaq OMX First North.

As at 28 April 2015, the Fund Manager has assets under management of approximately EUR 4.1 billion and manages approximately 27,000 accounts and portfolios. The Fund Manager manages a total of 11 funds of which one is Catella Hedgefond (the “Fund”). As at the end of 2014, the Fund’s net asset value was approximately SEK 8.09 billion.

Erik Kjellgren is the chief executive officer of the Fund Manager and Ulf Strömsten is the responsible fund manager of the Fund. Further details of the management of the Fund are set out in the prospectus of the Fund. There are no conflicts of interest among the members of the management of the Fund.

As at the date of this Prospectus, no member of the management of the Fund:

- (a) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (b) has been bankrupt or been a director of any company or been a member of the administrative, management, supervisory body of an issuer or a senior manager of an issuer at the time of any receivership or compulsory or creditors’ voluntary liquidation for at least the previous five years; or
- (c) has been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver

appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or

- (d) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (e) has been subject to any official public incrimination of him by any statutory or regulatory authority (including designated professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years.

None of the members of the management of the Fund has a service contract with the Fund providing for benefits upon termination of employment, nor are any such contracts proposed.

The depositary for the Fund is Skandinaviska Enskilda Banken (publ), corporate registration number 502032-9081 (the “**Depositary**”). The registered office of the Depositary is SE-106 40 Stockholm, Sweden and its telephone number is +46 8 763 6033. The Depositary is incorporated in Sweden and is under the supervision of the Swedish Financial Supervisory Authority. The duties of the Depositary include executing the Fund Manager’s instructions pertaining to the Fund if the instructions do not conflict with the provisions of the AIFMA, the articles of association or the rules of the Fund.

The auditor of the Fund is PricewaterhouseCoopers AB (a member of the Association of Certified Public Accountants (*Föreningen Auktoriserade Revisorer*) in Sweden) of 113 97 Stockholm, Sweden. PricewaterhouseCoopers AB has been the auditor of the Fund for the previous three financial years.

The net asset value of the Fund is calculated each banking day in Sweden by deducting liabilities related to the Fund, including accrued expenses and taxes, from the assets. Financial instruments included in the Fund are valued at fair value and if such price information is unavailable or misleading, the latest bid or ask price will be used. Accordingly, the net asset value per fund unit is calculated on each banking day and this information is published on the Fund Manager’s website. The net asset value per fund unit published on the Fund Manager’s website as at 26 October 2015 was SEK 166.46.

The Fund is intended for the general public. As at the date of this Prospectus, the portfolio of the Fund includes investments in equities, single stock derivatives, index futures, options and government and corporate bonds. The Fund is a low risk equity multi-strategy hedge fund with an objective to earn good stable absolute return on invested capital. The Fund invests mainly in the Nordic region and may use derivatives for both hedging and investment purposes.

The maximum value of leverage for the Fund is 350% based on calculations using the gross method and 150% based on calculations using the commitment method. Short term cash loans may be raised as long as they do not exceed 50% of the Fund’s value and have a term of no longer than three months. As at the date of this Prospectus, the Fund does not have an investment in which more than 20% of its gross assets are invested.

The Fund’s maximum charge is 1.15% of the net asset value of the fund per year of which fixed fees paid to the Fund Manager will not exceed 1.0% of the net asset value of the fund per year calculated on a daily basis. A performance fee of 20% shall also be paid to the Fund Manager *plus* any applicable VAT. Fixed fees paid to the Depositary shall not exceed 0.15% of the net asset value of the Fund per year.

There has been no significant change in the financial or trading position and no material adverse change in the prospects of the Fund since 31 December 2014 (the end of the last financial period for which audited financial information of the Fund has been made available).

As at the date of this Prospectus, in respect of the Fund, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Fund is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Fund.

### **Management and Supervisory Board Positions in other Companies**

In addition to their membership of the management board of the Fund, the following members are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the previous five years:

#### **Mr. KJELLGREN, Erik**

Name (client company)	Corporate Body	Position	Mandated period	Country/State
Agent Clay AB	Board Member	Chairman	May 2013 – December 2014	Sweden

The current term of office of Mr Erik Kjellgren as chief executive officer of the Fund Manager does not have a fixed expiry date. Mr Erik Kjellgren has served in that office since 1 August 2014.

#### **Mr. STRÖMSTEN, Ulf**

Mr Ulf Strömsten has not been a member of the administrative, management or supervisory bodies or a partner of any other companies or partnerships at any time in the previous five years.

The current term of office of Mr Ulf Strömsten as responsible fund manager of the Fund does not have a fixed expiry date. Mr Ulf Strömsten has served in that office since 1 March 2004.

### **Fund Documents**

The following documents relating to the Fund are attached hereto:

- (a) the prospectus of the Fund dated 22 September 2015;
- (b) the fund rules of the Fund;
- (c) the key investor document relating to the Fund dated 23 September 2015; and
- (d) the audited financial reports of the Fund for the financial years which ended on 31 December 2014, 31 December 2013 and 31 December 2012 translated into English from the original in Swedish.

# PROSPECTUS

## Catella Fondförvaltning AB Special Funds

Catella Balanserad

Catella Credit Opportunity

Catella Fokus

Catella Hedgefond

The prospectus for the funds listed above been prepared in accordance with the Swedish Alternative Investment Fund Managers Act ('AIFMA') and Swedish Financial Supervisory Authority ('Finansinspektionen') Regulations FFFS 2013:10 regarding alternative investment fund managers.

This document, the fund rules and the key investor information documents for the aforementioned funds together make up the prospectus.

### RISK INFORMATION

Investment in fund units is subject to risk. The money invested could either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. For further information, please contact us using the details below for a complete prospectus, key investor information, annual and semiannual report. You find all documents at [catella.se/fonder](http://catella.se/fonder)



AIF MANAGER  
Catella Fondförvaltning AB  
Box 7328, 103 90 Stockholm, Sweden  
Main number: +46 (0) 8 - 614 2500  
Customer Service: +46 (0) 8 - 614 2520  
Fax: +46 (0) 8 - 611 0130  
Email: [fonder@catella.se](mailto:fonder@catella.se)  
Corporate registration number: 556533-6210  
Company founded: 12 June 1996  
Share capital: SEK 5,000,000  
The company is insured against third-party liability.  
Legal form: Limited company  
Registered office and head office: Stockholm  
Ownership: The company is part of the Catella Group.

*Board of directors:*

Knut Pedersen, Chairman, CEO Catella AB (publ)  
Lars H. Bruzelius, Senior Partner BSI & Partners  
Peter Friberg, Registered Psychologist, Studentpsykologen  
Johan Nordenfalk, Chief Legal Officer Catella AB (publ) and acting CEO of the AIF Manager  
Thomas Raber, MD Alvine Capital Management Ltd  
Ando Wikström, CFO Svenska Hyreshus AB (SHH) (publ)

*Executive management:*

Erik Kjellgren, CEO and Head of Fund Operations  
Lena Andersson, Head of Business Support  
Elisabeth Hult, Compliance Officer  
Helena Eriksson, Chief Risk Officer  
Peter Elmhorn, Head of Sales

Catella Fondförvaltning AB (the 'AIF Manager') is regulated by the Swedish Financial Supervisory Authority ('Finansinspektionen'). The AIF Manager was authorized on 30 December 1997 pursuant to the Swedish Securities Funds Act. On 29 March 2010, the AIF Manager was issued a permit to engage in discretionary portfolio management and on 22 December 2004 the AIF Manager was re-authorized under the Swedish Investment Funds Act ('IFA') and on 3 December 2014 was authorized under the Swedish Alternative Investment Fund Managers Act ('AIFMA').

The AIF Manager also manages the UCITS funds Catella Avkastningsfond, Catella Reavinstfond, Catella Småbolagsfond, Catella Sverige Index and the special funds ICA Banken Modig, ICA Banken Måttlig and ICA Banken Varlig.

#### DELEGATION AGREEMENTS

The AIF Manager has engaged Catella Bank Filial to manage Catella Fokus; KPMG AB to manage the AIF Manager's internal auditing; and ISEC Services AB to manage fund portfolio administration for the funds.

#### DISTRIBUTION

The AIF Manager has agreements with distributors on the sale and marketing of the Funds. See Appendix 2.

#### DEPOSITARY

The Fund's assets are held in custody by Skandinaviska Enskilda Banken AB (publ), 106 40 Stockholm, Sweden, as the depositary ('the Depositary'). The Depositary's primary business is banking and financial services and related business. The duties of the Depositary include accepting and holding in custody Fund property and ensuring that sales and redemptions, etc., of fund units are carried out in compliance with applicable rules.

#### THE FUNDS

The information in this prospectus relates to the special funds Catella Balanserad, Catella Credit Opportunity, Catella Fokus and Catella Hedgefond ('the Fund'). The funds are special funds regulated by Finansinspektionen.

#### LEGAL STATUS OF THE FUND AND KEY LEGAL CONSEQUENCES OF INVESTMENT IN THE FUND

Investors in a fund obtain units at a value equal to the invested capital and thus become unit holders. A unit holder has the right to redeem units on the terms and conditions stated in the fund rules for the Fund and, where applicable, to receive dividends. When units are redeemed, cash is paid to the unit holder in an amount equal to the current value of the units redeemed. The Fund is not a legal person and cannot acquire rights or assume obligations. Nor may the Fund institute legal action before a court of law or other public authority. The AIF Manager represents unit holders in all legal and financial matters concerning the Fund, takes decisions concerning the property included in the Fund and exercises the rights derived from the property. In the management of the Fund, the AIF Manager acts solely in the retail interests of unit holders and management is based on the objectives and investment strategy of the Fund. The assets of the Fund are held by the Depositary, Skandinaviska Enskilda Banken AB (publ), which ensures that a unit holder will not be adversely affected if the AIF Manager were to experience financial distress. The fund rules regulate the terms and conditions for the fund saver and are appended to this prospectus.

#### PARTICULAR INFORMATION ABOUT FUNDS-OF-FUNDS

Catella Balanserad invests in funds established in Sweden and Luxembourg. Catella Balanserad may also invest in funds established in other EEA and non-EEA countries. The underlying funds are specified in the monthly reports on the Fund.

## FAIR TREATMENT

All units in the Fund are of equal size and confer, within the shareclass, equal rights to the property of the Fund. However, a single fund may include units of various types, or 'fund classes'. Fund classes in the same fund may be subject to different terms and conditions with respect to dividends, charges, minimum subscription amounts and the currency in which units are subscribed and redeemed. The units within a unit class are of equal size and confer equal rights to the property included in the Fund. This means that the principle of fair treatment of unit holders applies, adjusted for any terms and conditions that apply to a particular unit class.

## FUND UNIT CLASSES

Catella Credit Opportunity's SEK unit class and Catella Hedgefond's SEK unit class are currently open for trade. Other unit classes are not currently open for trade. The unit classes differ in terms of currency, charges and the minimum deposit, as described in greater detail in this prospectus and in the fund rules.

## UNIT HOLDER REGISTER

The AIF Manager maintains a register of all unit holders and their holdings. Unit holders receive reports in the form of half-yearly and annual statements. Fund units may also be nominee registered with a bank or securities company, which means that the unit holder is anonymous to the AIF Manager. In these cases, it is the bank or securities company that bears responsibility towards the client for registration of the holding and distribution of information from the AIF Manager.

## SALES (SUBSCRIPTION) AND REDEMPTIONS OF FUND UNITS

Requests for sale and redemption of fund units received by the AIF Manager by 4:00 pm on a full banking day and by 12:00 noon on a half banking day are settled at the selling/redemption price for that day. Payment for fund units must be in the Fund's bank account with the Depositary by 11:00 am on the next banking day after the day on which the AIF Manager receives the request. Requests received after 4:00 pm or 12:00 noon, as above, are settled at the selling/redemption price for the next banking day. The selling price and redemption price are thus unknown as of the date of the request. The AIF Manager posts information on selling and redemption prices for fund units each banking day on the AIF Manager's website.

### *Catella Fokus*

Requests for sales and redemptions of fund units received by the AIF Manager not later than five banking days before the transaction date are settled at the selling/redemption price for the month. Payment must be received by the Fund's bank account with the Depositary not later than three banking days before the transaction date. The selling price and redemption price are calculated per the transaction date and thus will be unknown as of the date of the request. The AIF Manager posts information on selling and redemption prices for fund units each month on the AIF Manager's website.

The terms and conditions of sales and redemptions of units in the Fund are otherwise provided in Section 9 of the fund rules. Further information about sales and redemptions (as well as the required forms) is available on the AIF Manager's website or may be obtained from Customer Service on +46 (0) 8 - 614 2520.

#### LIMITATION OF SALES AND REDEMPTION ORDERS

Sales and redemptions take place at a price unknown to the unit holder. Information about selling and redemption prices may be obtained from the AIF Manager. Requests for sales and redemptions may be withdrawn only if the AIF Manager consents.

#### ANNUAL REPORT, HALF-YEARLY REPORT AND THE LATEST CALCULATED NET ASSET VALUE (NAV) OF FUND UNITS.

The AIF Manager prepares annual reports and half-yearly reports for each fund. Upon request, the documents shall be sent free of charge to unit holders and shall be available at the AIF Manager and the Depositary not later than four months after the end of the financial year (for the annual report) and two months after the end of the half-year (half-yearly report). The documents are also available on the AIF Manager's website. The latest calculated net asset value (NAV) of one fund unit in each fund and, where appropriate, each unit class is published on the AIF Manager's website.

#### CESSATION OF THE FUND OR TRANSFER OF FUND OPERATIONS

If the AIF Manager decides that the Fund should cease or that the management of the Fund, following authorisation by Finansinspektionen, shall be transferred to another AIF manager, all unit holders will be informed in the manner prescribed by Finansinspektionen. If Finansinspektionen withdraws the AIF Manager's authorisation or if the AIF Manager enters into liquidation or is declared bankrupt, management shall immediately be taken over by the Depositary.

#### AUDITOR

PricewaterhouseCoopers AB, 113 97 Stockholm, Sweden. The principal auditor is Daniel Algotsson.

#### PRINCIPLES AND PROCEDURES FOR VALUATION OF FUND ASSETS

Valuation of the property included in a Fund is based on current fair value (market value). See the respective fund rules for further information about valuation of the Fund's assets.

#### RISK AND RISK MANAGEMENT

Savings in funds always entails a certain measure of risk-taking, which means that investors are at risk of recovering less than the amount they invested. Risk is normally higher for savings in a dedicated equity fund than in fixed-income or mixed funds. The main risks that may occur in connection with savings in funds are covered briefly below. The list is not exhaustive.

**Market risk:** The market for an asset class, such as the price of a share, may rise or fall in price.

**Liquidity risk:** It may not be possible to trade a security at the intended time without a significant reduction in price or substantial costs.

**Currency risk:** The value of an investment may be affected by movements in exchange rates.

**Credit/counterparty risk:** An issuer or counterparty may suspend payments.

**Interest risk:** The sensitivity of a fixed-income fund to movements in market interest rates.

**Operational risk:** Risk connected to the operations of the AIF Manager, such as IT systems, personnel, administration, etc.

The AIF Manager has classified the Fund according to the EU standard for risk classification, which entails a seven-band scale of 'Synthetic Risk and Reward Indicators' (SSRIs), where 1 indicates the lowest risk and 7 the highest risk. The classification of the Fund is disclosed in the key investor information documents for the Fund.

#### AMENDMENTS OF FUND RULES

The AIF Manager is able to amend the fund rules for the Fund. Such amendments are subject to approval by Finansinspektionen. Amendments may affect the characteristics of the Fund or a unit class, such as investment strategy, fees and charges and risk profile. Finansinspektionen may decide that the AIF Manager must inform unit holders about the changes and that the amended fund rules may not be applied until a certain time has elapsed since the decision to approve the amendments.

#### TAX RULES FOR UNIT HOLDERS

The Fund is a separate taxable entity, but since 1 January 2012 is not subject to tax on the income of the assets included in the Fund. Now, instead, the unit holders are taxed using a standard income (see below).

##### *Capital gains tax*

Individuals who are fully taxable in Sweden should report capital gains and capital losses on the divestment of units in the Fund as income from capital at a tax rate of 30 percent. Divestment includes sales and redemptions. The same rules apply to estates on condition that the deceased was fully taxable in Sweden.

Capital gains and capital losses are calculated as the difference between the sale price (less any fees) and the tax basis amount. The tax basis amount is the purchase price paid for the divested fund units. The tax basis amount is normally calculated using the average cost method.

Taxation of capital gains and capital losses is dependent on the type of fund and on whether the units are market-listed or unlisted. Generally a fund unit is considered to be market-listed if it is open for trading or redemption at least every ten days. If the fund is open for trading or redemption less often the fund units are considered to be unlisted. A fund unit that is registered or listed on a Swedish or foreign exchange is always market-listed regardless of turnover.

Capital gains on the divestment of units in the Fund are taxable in full. The following generally applies to the ability to deduct a capital loss on units in the Fund.

##### Market-listed units in equity funds

A capital loss is fully deductible against both gains on market-listed securities (except for units in fixed-income funds) and gains on unlisted shares. Securities include shares, units in securities funds and special funds and other financial instruments taxed as equities. Any remaining loss is deductible at 70 percent against other capital gains (e.g. interest and dividends).

#### Unlisted units in equity funds

Capital losses are deductible at 70 percent against any capital gains, including for example interest and dividends.

#### Market-listed units in fixed-income funds

A capital loss is fully deductible against any capital gains. This is now also applies to foreign market-listed fixed-income funds.

#### *Tax reduction*

In cases where there remains a capital loss after deduction against capital gains, a deficit arises. A tax reduction of 30 percent is allowed for deficits. If the deficit is greater than SEK 100,000, however, a tax reduction of only 21 percent is allowed for the deficit amount in excess of SEK 100,000.

#### *Standard taxation*

From income year 2012, individuals who are fully taxable in Sweden and who own units in the Fund must report a standard income of 0.4 percent of the value of the fund holding at the beginning of the year. The standard income should be reported as income from capital at 30 percent tax, which implies an effective tax levy on the value of the fund of  $(0.4 \times 0.3 =) 0.12$  percent per year. The same rules apply to estates on condition that the deceased was fully taxable in Sweden.

#### *Miscellaneous*

If the Fund is linked to an investment savings account, endowment, IPS or premium pension, special tax rules apply. For legal persons and foreign unit holders, other special tax rules apply.

#### *Statements for tax returns*

The fund management company provides statements for tax returns showing gains and losses from the sale or redemption of units in the Fund, standard income and any dividends. Statements are provided for individuals and Swedish estates.

### LIABILITY AND CAPITAL REQUIREMENTS

If a unit holder suffers a loss due to the AIF Manager's breach of this law or the fund rules for the Funds, the AIF Manager shall be liable to compensate the unit holder for the loss. The AIF Manager shall, according to AIFMA Chapter 8 section 28, pay compensation for loss caused to the Fund or its unit holders through breach of this law, other statutes that regulate the AIF Manager's operations, fund rules, or the articles of association. The equivalent shall apply if the Depositary has caused loss to unit holders or the AIF Manager. Further information concerning professional liability and certain limitations of liability is found in Section 16 of the fund rules.

### *Capital requirements*

According to AIFMA, the AIF manager is subject to certain capital requirements in order, among else, to cover potential exposure to professional liability due to error or negligence in its activities. Information about capital adequacy, including the capital base and capital requirements connected to credit, market and operational risks (cost risks) and risks of potential liability claims is published quarterly on the AIF Manager's website, [www.catella.se/fonder](http://www.catella.se/fonder)

### PRIME BROKERS

A 'prime broker' is, for example, a bank that offers services primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customised technology and operational support facilities. The AIF Manager uses prime brokers only for Catella Hedgefond and Catella Credit Opportunity; in these cases the prime broker is Skandinaviska Enskilda Banken (publ). If this occurs, it usually involves a fund lending shares to the bank against a predetermined interest rate. The fund receives collateral with low market at credit risk as surety for the equity loan. Skandinaviska Enskilda Banken (publ) segregates the provision of prime broker services from its activities as a depositary. The bank also has established procedures for identifying, managing, monitoring and reporting any conflicts of interest.

### LIQUIDITY RISK MANAGEMENT

The liquidity risk in the funds is attributable to the funds' commitments and holdings. The commitments consist of the ability of fund unit holders to sell their units under the terms and conditions set forth in the fund rules and other commitments in the fund, for example, those that may arise upon issuance of derivatives or short positions in equities. On an ongoing basis, the AIF Manager verifies that all Funds have an appropriate composition of liquid assets and that the commitments are within the frameworks that apply to the Fund. For this purpose, there are both risk measurements that are monitored and may be limited, as well as procedures that must be applied before the Fund makes investments. Regular stress tests are carried out to ascertain that the risk measurements and limits are appropriate and adequate. If the stress tests indicate a need for new or changed risk measurements or limits, an oversight process is initiated. If the risk measurement or limits indicate that the liquidity risk in the Fund is significantly higher than appropriate according to the Fund's risk profile, the AIF Manager must prepare an action plan to manage the liquidity risk. Liquidity risk may be higher in special funds than in UCITS funds, among else because special funds are permitted to have more concentrated portfolios.

### REGULAR INFORMATION ABOUT RISK AND LIQUIDITY MANAGEMENT AND LEVERAGE

The AIF Manager provides regular information about risk and liquidity management and leverage as follows. Information about the current risk profile and risk management system applied and specifications of any illiquid assets are provided in the half-yearly and annual reports for the Fund. The half-yearly and annual reports for the Fund also include information about the overall level of leverage calculated according to the gross method and the commitment method. Information about changes in the highest level of leverage that may be employed on the Fund's behalf and the right to dispose of collateral or other guarantees that have been provided according to leverage rules is

provided on the AIF Manager's website. The same applies to material changes in the Fund's liquidity risk management. Information about changes of the terms and conditions for redemption of fund units and information concerning postponement of redemption of fund units according to Chapter 4 section 13(a) IFA or that the Fund has been closed for redemptions of fund units due to extraordinary circumstances in accordance with the fund rules must be provided to unit holders by means of letter and/or information posted on the AIF Manager's website.



# Catella Balanserad

*Special fund registered in Sweden*

## OBJECTIVE AND INVESTMENT STRATEGY

The Fund is an actively managed fund-of-funds that invests in equity, fixed-income and hedge funds. The objective is to achieve high returns. In order to reach its targets, the Fund is also permitted to invest in other financial instruments, such as bonds and money market instruments.

The Fund is permitted to have a concentrated portfolio and to invest a maximum of 50 percent of the net asset value of the Fund in a single fund.

At least 50 percent of the net asset value of the Fund shall be invested in fund units, meaning, among else, units in UCITS funds and special funds and corresponding fund managers and Exchange Traded Funds (ETFs). The Fund is permitted to invest up to the entire net asset value of the Fund in such funds referred to in Chapter 5 section 16 second paragraph IFA.

The Fund is permitted to use derivatives to improve management efficiency and reduce management risk and expenses. The Fund is not permitted to use OTC derivatives.

## HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

## TARGET GROUP

The Fund is designed for investors seeking an actively managed fund-of-funds that invests in equity funds, fixed-interest fund and hedge funds. The Fund may be unsuitable for investors who plan to cash out their investment within three years.

## RISK PROFILE

The Fund measures its risk level using standard deviation, measured over rolling 24-month periods, which indicates the degree of fluctuation in value growth. The Fund's target is a standard deviation in the range of 4-15 percent.

The risk of large movements in Fund performance due to a significant downturn in a particular market or particular asset class is mitigated by investing Fund assets in funds that in turn invest in several different markets and in several different asset classes and issuers (diversification).

The main risk associated with the Fund is normally attributable to fluctuations in the equity market, which entails high risk, but also opportunity for high return.

Fund assets are also invested in funds that in turn invest in interest-bearing transferable securities and money market instruments. Consequently, the Fund may be exposed to interest rate risk; that is, the risk of changes in value as a result of changes in the general interest situation, as well as credit risk, meaning the risk of value changes consequent upon suspension of payments by issuers or market re-evaluation of issuers' credit ratings.

The Fund may also be exposed to currency risk because its assets may be invested, directly or indirectly, in financial instruments denominated in a currency other than Swedish kronor.

The Fund may employ derivatives to mitigate management risk.

The Fund will not employ complex investment strategies to more than a negligible portion of the investment strategy. The Fund therefore uses the commitment method to calculate aggregate exposure in the Fund. When calculated with the commitment method, aggregate exposure may not exceed 100 percent of the net asset value of the Fund.

#### LEVERAGE

Leverage is defined as any method by which an AIF Manager increases the exposure of an AIF it manages, whether through borrowing of cash or securities or leverage embedded in derivative positions or by any other means. Leverage is expressed as a ratio calculated in such a way that a fund's exposure is divided by its net asset value. As mentioned above, the Fund will not normally use derivatives. Nor will the Fund normally create leverage through the use of other techniques or instruments. However, under applicable law, the AIF Manager has a theoretical option to follow the rules that apply to UCITS funds in this respect. Accordingly, leverage may not exceed 300 percent calculated using the gross method or 200 percent calculated using the commitment method.

The AIF Manager may use the assets of the Fund as collateral to guarantee the performance of obligations entered into as an aspect of managing the Fund. Such provision of collateral may be made, for example, through a pledge agreement, collateral transfer or 'transfer of title', by which ownership of the property is transferred to the Fund's counterparty.

#### APPLICABLE CHARGES

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, analysis, accounting and record keeping, supervision, auditors and custody) are specified below.

Entry charge: none

Exit charge: none

Annual management fee to AIF Manager\*: 1.75 percent

Annual fee to Depositary: 0.01 percent

#### MAXIMUM CHARGES

The maximum fees that the AIF Manager may, according to the fund rules, charge upon sale and redemption of fund units and for management of the fund, see above, are specified below:

Entry charge: none

Exit charge: none

Annual management fee to AIF Manager\*: 1.75 percent

Annual fee to Depositary: 0.05 percent

Annual management fee in funds invested in 1.75 percent.

The maximum performance fee in funds that are invested in is 20 percent of excess return.

\*Fixed fees paid to the AIF Manager are calculated daily on the net asset value of the Fund. Double charges do not occur. That is, when the Fund invests in a fund managed by the AIF Manager, the Fund is not charged an annual management fee or performance fees, where applicable, for that portion of management to the AIF Manager.

Brokerage fees and other expenses connected with the purchase and sale of financial instruments and tax are paid directly from the Fund. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

VAT may be due and payable on the above fees and charges.

Please refer to the preceding year's annual report for information about the amount of fees paid to the AIF manager and the Depositary as well as the Fund's performance and growth.

# Catella Credit Opportunity

*Special fund registered in Sweden*

## OBJECTIVE AND INVESTMENT STRATEGY

The Fund is an actively managed special fund that invests primarily in interest-related transferable securities and money market instruments as well as equity related transferable securities, fund units and derivatives to the extent these have a risk and return profile similar to these stated financial instruments. This is conducted with the objective of achieving positive return regardless of general market performance. The investment strategy is global, but with focus on the Nordic countries.

The Fund is a special fund and thus is permitted to have a concentrated portfolio. However, a maximum of 10 percent of Fund assets may be invested in financial instruments issued by the same issuer, provided that those holdings in excess of 5 percent represent a maximum of 70 percent of the net asset value of the Fund. In addition, the Fund must always hold financial instruments issued by at least 13 different issuers and comply with investment limitations otherwise imposed by law and fund rules.

At least 70 percent of the Fund's assets must be invested in interest-related financial instruments and deposits with credit institutions. At least 50 percent of the Fund's assets must be invested in financial instruments issued by or derivatives exposed to issuers domiciled in or whose shares are admitted to trading on a regulated market or other marketplace in the Nordic region. No more than 10 percent of the Fund's assets can be invested in fund units in accordance with the Fund's investment strategy.

The Fund is permitted to invest a maximum of 25 percent of the net asset value of the Fund in transferable securities and money market instruments that are not admitted to trading on a regulated market.

The Fund is permitted to raise cash loans, provided that such loans do not exceed 50 percent of the net asset value of the Fund and have a term of not more than three months.

Fund assets can be invested in derivatives whose underlying assets consist of transferable securities, money market instruments, currencies and financial indices. The Fund is able to invest in OTC derivatives. This is conducted as an aspect of the Fund's investment strategy and is aimed at achieving the Fund's objective of generating returns regardless of market performance. The Fund is permitted to use derivatives for both long and short positions and to create combinations of such positions.

When price declines are anticipated, the Fund is permitted to use short selling strategies ('legitimate' short selling only) and through such strategies also create leverage in the Fund. The Fund may also borrow against its assets with the aim of increasing leverage in a controlled manner and seeking to increase the return on all or parts of the Fund's assets.

## FUND UNIT CLASSES

The fund has six unit classes: A SEK retail class; B NOK retail class; C EUR retail class; D EUR institutional class; E USD retail class; and F USD institutional class. The fund unit classes differ in terms of the currency used for calculation and publication of the net asset value of fund units, charges and the minimum deposit, as described in greater detail in this prospectus and in the fund rules. When the new fund rules entered into force on 10 September 2015, existing units were transferred for inclusion in the fund's unit class A. The other unit classes are not currently active.

## HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

## TARGET GROUP

The Fund is designed for risk-conscious investors with a medium to long investment horizon who are seeking exposure to a flexible and diversified fixed-income market and are prepared to accept high risk in exchange for the opportunity to achieve higher expected returns. The Fund may be unsuitable for investors who plan to cash out their investment within three years.

## RISK PROFILE

The Fund's holdings consist mainly of interest-bearing transferable securities and money market instruments, such as bonds and certificates, which generally have lower risk than the stock market. The risk associated with investing in fixed-income funds is affected by the Fund's interest rate risk and credit risk. The interest rate risk in the Fund arises largely from the Fund's investments in interest-bearing transferable securities that have longer fixed-rate terms. This increases the interest rate risk because the market value of such securities is affected more by movements in interest rates than are securities that have shorter fixed-rate terms. The credit risk in the Fund is affected by the Fund's investments in corporate bonds, which usually have a higher credit risk than government bonds, for example. This is because the risk that an issuer will be unable to perform its payment obligations is greater when the issuer is a company rather than a government, for example, and because the value of corporate bonds may therefore be affected more by changes in market assessments of the company's credit rating.

The Fund's assets are invested globally but with some focus on Nordic interest-bearing financial instruments. The Fund makes active use of currency hedging in order to limit its exposure to currencies other than the Swedish krona. Unit class A SEK retail class is affected only to a limited extent by foreign exchange fluctuations. The prices of other unit classes are affected by changes in the exchange rate between the denomination currency of the unit class and the Swedish krona.

The Fund may also invest in assets where liquidity in the instrument is suboptimal. Selling these assets may take time when market conditions are unfavourable.

Derivatives can be used in the Fund to both increase and decrease risk in the Fund. This occurs as an aspect of the Fund's investment strategy. When price declines are anticipated, the Fund is permitted to use short selling strategies ('legitimate' short selling only) and through such strategies

also create leverage in the Fund. Interest derivatives are employed in the form of options and futures, partly to protect the capital, but also to opportunistically increase the return. Credit Default Swaps (CDS) are used primarily to protect the capital but may also be part of a strategic transaction. The Fund may also borrow against its assets with the aim of increasing leverage in a controlled manner and seeking to increase the return on all or parts of the Fund's assets.

The Fund may employ complex investment strategies to more than a negligible part of the investment strategy and therefore uses an absolute Value-at-Risk model (VaR model) with a confidence level of 95 percent and a one-day horizon to calculate aggregate exposure in the Fund. The aggregate exposures may not exceed 500 percent of Fund assets.

#### LEVERAGE

Leverage is defined as any method by which an AIF Manager increases the exposure of an AIF it manages, whether through borrowing of cash or securities or leverage embedded in derivative positions or by any other means. Leverage is expressed as a ratio calculated in such a way that a fund's exposure is divided by its net asset value. As mentioned above, the Fund will normally use derivatives. The Fund also intends to create leverage through the use of other techniques or instruments. As noted in the fund rules, the AIF Manager has been granted exemption from Finansinspektionen's regulations and, accordingly, leverage may not exceed 500 percent calculated using the gross method.

The AIF Manager may use the assets of the Fund as collateral to guarantee the performance of obligations entered into as an aspect of managing the Fund. Such provision of collateral may be made, for example, through a pledge agreement, collateral transfer or 'transfer of title', by which ownership of the property is transferred to the Fund's counterparty.

#### APPLICABLE CHARGES

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, analysis, accounting and record keeping, supervision, auditors and custody) are specified below.

UNIT CLASS	A SEK retail class	B NOK retail class	C EUR retail class	D EUR institutional class	E USD retail class	F USD institutional class
Entry charge	None	None	None	None	None	None
Exit charge	None	None	None	None	None	None
Ongoing charges to the AIF-Manager*	0,95 percent	0,95 percent	0,95 percent	0,45 percent	0,95 percent	0,45 percent
Ongoing charges to Depositary	0,02 percent	Not active	Not active	Not active	Not active	Not active
Performance fee to the AIF-Manager**	20 percent	20 percent	20 percent	20 percent	20 percent	20 percent

## MAXIMUM CHARGES

The maximum fees that the AIF Manager may, according to the fund rules, charge upon sale and redemption of fund units and for management of the fund, see above, are specified below:

UNIT CLASS	A SEK retail class	B NOK retail class	C EUR retail class	D EUR institutional class	E USD retail class	F USD institutional class
Entry charge	None	None	None	None	None	None
Exit charge	None	None	None	None	None	None
Ongoing charges to the AIF-Manager*	0,95 percent	0,95 percent	0,95 percent	0,45 percent	0,95 percent	0,45 percent
Ongoing charges to Depositary	0,05 percent	0,05 percent	0,05 percent	0,05 percent	0,05 percent	0,05 percent
Performance fee to the AIF-Manager**	20 percent	20 percent	20 percent	20 percent	20 percent	20 percent

\*Fixed fees paid to the AIF Manager are calculated daily on the net asset value of the Fund. Double charges do not occur. That is, when the Fund invests in a fund managed by the AIF Manager, the Fund is not charged an annual management fee to the AIF Manager.

\*\*Performance fee: A performance fee shall also be paid to the AIF Manager of 20 percent on the part of the total returns for the Fund that exceeds a level of return, referred to below as the reference rate, which is defined as the OMRX-TBILL treasury bill index. For holders of unit classes B NOK retail class, C EUR retail class, D EUR institutional class, E USD retail class and F USD institutional class, the reference rate is adjusted in such a manner that the size of the performance fee is not influenced by changes in exchange rates between SEK and the currency of each unit class. The performance fee is payable on the unit class's overall performance, which may differ from the performance for the individual unit holder. The performance fee is calculated after deduction of fixed expenses and is recorded daily, which means that the unit class's daily NAV price indicates the value per unit after all fees and charges. The accrued fee is payable to the AIF Manager after the end of each month. In order to know the cumulative total return the unit class must achieve in order for the performance fee to be deducted, a high water mark is used (HWM). Each day the HWM is raised (lowered) by that day's percentage rise (fall) in the Fund's benchmark index. If the unit class's unit price after fixed expenses exceeds the high water mark for that day, twenty percent of the excess return is deducted as a performance fee and the NAV price is adjusted to reflect this. The HWM is raised to this new higher rate so that fees for the excess return are only paid once. If the unit class's cumulative return on any particular day is below the HWM, no performance fee is payable until the unit class's price per unit again exceeds the HWM. If dividends are paid to unit holders, the NAV and HWM are adjusted equally in percentage terms. The performance fee may be payable even though the return is negative, provided that the unit class's return exceeds the reference rate. An example of how performance fees are calculated is provided below.

Brokerage fees and other expenses connected with the purchase and sale of financial instruments and tax are paid directly from the Fund. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

VAT may be due and payable on the above fees and charges.

Please refer to the preceding year's annual report for information about the amount of fees paid to the AIF manager and the Depositary as well as the Fund's performance and growth.



## Example of how performance fees are calculated for Catella Credit Opportunity

*The performance fee is calculated as follows:*

The unit class's unit price and high water mark (HWM) are both set to SEK 100 on the fund's inception date, 24 November 2014. Each day, the HWM is adjusted upwards by the percentage change in OMRX-TBILL. If that day's fund unit price exceeds the new HWM, a performance fee is charged at 20 percent of the difference between the unit price and the HWM. A new unit price is thereafter calculated, which takes the fee charged into account and the HWM is raised to this new price. When the fund pays dividends, the HWM is adjusted downwards by the same percentage that the fund unit price is adjusted downwards, so that the difference, expressed as a percentage, between the HWM and the fund unit price before and after the dividend distribution is the same.

Day	Bench mark index	Value growth, %	High water mark	Unit value	Perfo rman ce fee	Remarks
1	123.50		100.00	100.00		The unit class's unit value and high water mark are set to SEK 100 on inception day
2	124.00	0.40%	100.40	100.30		No fee: the unit class's unit value is lower than the high water mark
3	124.50	0.40%	100.81	102.00	0.24	Fee of 20% of the difference between the unit class's unit value and the high water mark.
			101.76	101.76		New unit class's unit value and high water mark.
4	124.75	0.20%	101.97	101.85		No fee: the unit class's unit value is lower than the high water mark.
5	124.00	-0.60%	101.35	101.50	0.03	Fee of 20% of the difference between the unit class's unit value and the high water mark.
			101.35			
			101.47	101.47		New unit class's unit value and high water mark.
6	125.00	0.81%	102.29	102.00		No fee: the unit class's unit value is lower than the high water mark.
7	125.25	0.20%	102.49	102.25		No fee and before dividend of SEK 10.
			92.47	92.25		After dividend of SEK 10.
8	126.00	0.60%	93.02	91.00		No fee: the unit class's unit value is lower than the high water mark.
9	126.50	0.40%	93.39	94.00	0.12	Fee of 20% of the difference between the unit class's unit value and the high water mark.
			93.88	93.88		New unit class's unit value and high water mark.

# Catella Fokus

*Special fund registered in Sweden*

## OBJECTIVE AND INVESTMENT STRATEGY

The Fund's objective is to generate returns that outperform the Fund's benchmark, OMRX-TBILL, at a reasonable level of risk-taking.

The Fund is a special fund and thus has greater latitude with respect to investment strategy and a more concentrated portfolio than a traditional UCITS fund. The Fund is not controlled by an equity index and thus equity exposure may vary over time.

The Fund engages in active management on the Nordic market involving mainly Swedish equities. Active management is based on a model portfolio. Excess return is generated through actively trading in equities included in the model portfolio. The analysis process behind the Fund's investments is based on Catella's fundamental analysis and knowledge about Swedish companies.

The Fund may also invest in money market instruments and bonds issued by corporations, central governments, municipalities or housing institutions. Corporate bonds must have a minimum rating of BBB according to the Standard & Poor rating scale.

The Fund is permitted to invest a maximum of 10 percent of the net asset value of the Fund in transferable securities and money market instruments that are not admitted to trading on a regulated market.

Derivatives may be used to achieve investment objectives and to improve management efficiency. The overall objective of the Fund is to maximise value growth.

The Fund shall invest its assets in financial instruments, meaning transferable securities, fund units, money market instruments and derivatives whose underlying assets are comprised of equities and equity related instruments. The Fund's assets may be invested in a regulated marketplace, trading platform/MTF or other market that is regulated and open to the public in Sweden or within the EEA or in a corresponding marketplace in the United States, Australia, Hong Kong, Japan, Canada or Singapore. Purchases and sales of fund units are executed at the respective fund manager, AIF Manager, or fund company.

## HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

## TARGET GROUP

The Fund is designed for investors seeking an actively managed fund that invests in the Nordic market, but with focus on Swedish equities. The Fund may be unsuitable for investors who plan to cash out their investment within five to seven years.

## RISK PROFILE

The majority of Fund assets may be invested in equities, which means the Fund may be exposed to volatility in the equity market, but also provides an opportunity to achieve higher returns.

Because the Fund concentrates its investments in one region, the Fund has higher risk than a fund that spreads holdings among several regions. Individual investments may comprise a relatively large share of the portfolio's net asset value and the Fund's returns may therefore be affected by isolated events in these companies.

The Fund may also invest in assets where liquidity in the instrument is suboptimal. Selling these assets may take time if this occurs at the wrong time in the market.

The Fund is permitted to invest in derivatives such as options and futures where the underlying assets are comprised of shares and equity related instruments as part of the Fund's investment strategy. The Fund is permitted to take positions by buying and selling (writing) call options and put options and buying and selling futures. The Fund can combine the above positions. The focus of derivatives trading by the Fund may entail risk to the Fund's capital growth and risk to the total net asset value of the Fund to some extent

The Fund is permitted to trade in derivatives and thus buy and sell options and futures to a greater extent than that which corresponds to the Fund's actual holding of the corresponding underlying assets. These may both increase and decrease the market risk.

The Fund can invest to a certain extent in assets denominated in currencies other than Swedish kronor and thus increase risk in the Fund because the value of the Fund's holdings is affected by movements in exchange rates.

The Fund can in certain cases also have a minor level of interest rate risk.

## LEVERAGE

Leverage is defined as any method by which an AIF Manager increases the exposure of an AIF it manages, whether through borrowing of cash or securities or leverage embedded in derivative positions or by any other means. Leverage is expressed as a ratio calculated in such a way that a fund's exposure is divided by its net asset value. As mentioned above, the Fund will not normally use derivatives. Nor will the Fund normally create leverage through the use of other techniques or instruments. As noted in the fund rules, the AIF Manager has been granted exemption from Finansinspektionen's regulations and, accordingly, leverage may not exceed 350 percent calculated using the gross method and 150 percent calculated using the commitment method.

The AIF Manager may use the assets of the Fund as collateral to guarantee the performance of obligations entered into as an aspect of managing the Fund. Such provision of collateral may be made, for example, through a pledge agreement, collateral transfer or 'transfer of title', by which ownership of the property is transferred to the Fund's counterparty.

#### APPLICABLE CHARGES

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, analysis, accounting and record keeping, supervision, auditors and custody) are specified below.

Entry charge: none

Exit charge: none

Annual management fee to AIF Manager\*: 0.50 percent

Annual fee to Depositary: 0.01 percent

Performance fee to the AIF Manager\*\*: 15 percent

#### MAXIMUM CHARGES

The maximum fees that the AIF Manager may, according to the fund rules, charge upon sale and redemption of fund units and for management of the fund, see above, are specified below:

Entry charge: none

Exit charge: none

Annual management fee to AIF Manager\*: 1.00 percent

Annual fee to Depositary: 0.15 percent

Performance fee to the AIF Manager\*\*: 15 percent

\*Fixed fees paid to the AIF Manager are calculated daily on the net asset value of the Fund. Double charges do not occur. That is, when the Fund invests in a fund managed by the AIF Manager, the Fund is not charged an annual management fee to the AIF Manager.

\*\*Performance fee: A performance fee shall also be paid to the AIF Manager of 15 percent of the part of the total returns for each individual fund unit holder that exceeds a level of return referred to below as the Fund's reference rate, defined as the OMRX-TBILL treasury bill index. The performance fee is paid in arrears at the end of the financial year and when the fund unit holder requests redemption. See Appendix 1 for an example of how performance fees are calculated. If the individual fund unit holder during any financial year (or month in the case of redemptions) receives a return that is below the Fund's reference rate, no performance fee is charged. The performance fee is paid by the Fund but charged to the individual fund unit holder through an adjustment to the number of fund units. The number of units for the individual fund unit holder is determined by starting from the fund unit holder who will pay the highest performance fee per unit. This fund unit holder's net asset value per unit is used as the basis in calculation of the new number of units in the fund. The number of units is rounded to four decimal places. An example of how performance fees are calculated is provided below.

Brokerage fees and other expenses connected with the purchase and sale of financial instruments and tax are paid directly from the Fund. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

VAT may be due and payable on the above fees and charges.

Please refer to the preceding year's annual report for information about the amount of fees paid to the AIF manager and the Depositary as well as the Fund's performance and growth.

Example of how performance fees are calculated for Catella Fokus

<b>Year 1</b>		NAV/unit	Investor A	Investor B	Investor C	Investor D
	31-Dec	100	1			
	31-Mar	120		2		
	30-Jun	80			1	
	30-Sep	130				2
	31-Dec	120				
No. of units unadjusted			1	2	1	2
Total investment			100	240	80	260
Value before performance fee, 31 Dec			120	240	120	240
Gain before hurdle interest			20	0	40	-20
Hurdle interest 5 % full year			5	9	2	3.25
Gain after hurdle interest			15	0	38	0
Performance fee 15 %			2.25	0	5.7	0
Value after fee			117.75	240	114.3	240
NAV/unit			117.75	120.00	114.30	120.00
No. of new fund units			0.0302	0.0997	0.0000	0.0997
No. of fund units, year end			1.0302	2.0997	1.0000	2.0997
Final value			117.75	240	114.3	240

\*The net asset value per fund unit is calculated based on the unit holder (investor C) that pays the highest performance fee per unit.

<b>Year 2</b>		NAV/unit	Investor A	Investor B	Investor C	Investor D
	31-Dec	114,3	1			
	31-Mar	120		2		
	30-Jun	110			1	
	30-Sep	100				2
	31-Dec	140				
No. of units unadjusted			2.0302	4.0997	2.0000	4.0997
Total investment *			232.05	480	224.30	460.00
Value before performance fee, 31 Dec			284.23	573.96	280.00	573.96
Gain before hurdle interest			52.18	93.96	55.70	113.96
Hurdle interest 5 % full year			11.6	21	8.47	14.50
Gain after hurdle interest			40.58	72.96	47.24	99.46
Performance fee 15 %			6.09	10.94	7.085	14.92
Value after fee			278.14	563.02	272.91	559.04
NAV/unit **			137.00	137.33	136.46	136.36
No. of new fund units			0.0095	0.0292	0.0014	0.0000
No. of fund units, year end			2.0397	4.1289	2.0014	4.0997
Final value			278.14	563.02	272.91	559.04

\*Total of investment in year 2 and final value year 1.

\*\*The net asset value per fund unit is calculated based on the unit holder (investor D) that pays the highest performance fee per unit.

# Catella Hedgefond

*Special fund registered in Sweden*

## OBJECTIVE AND INVESTMENT STRATEGY

The objective of the Fund is to demonstrate consistent, positive return regardless of the performance of Nordic capital markets. At Catella, we view hedge funds as a third asset class. In that managers may decide, based on their views on stock market valuation, what portion of equity ownership is preferred, unit holders gain a flexible savings product that owns shares when justified but which under other market conditions prefers fixed-income investments.

The analysis process behind the Fund's investments consists primarily of fundamental analysis, which studies the company's earnings capacity, cash flows and so on. Complementary quantitative analysis is performed in which the historical performance of equities and their co-variations are studied. Risk analysis is a third key element of management. This involves analysis of both the aggregate risk of the Fund and the risk in each individual investment.

The Fund shall invest its assets in financial instruments, meaning transferable securities, fund units, money market instruments and derivatives whose underlying assets may comprise transferable securities, money market instruments, financial indices, interest rates and exchange rates.

The Fund's assets may be invested in a regulated marketplace, trading platform/MTF or other market that is regulated and open to the public in Sweden or within the EEA or in a corresponding marketplace in Australia, Hong Kong, Japan, Canada, Singapore or the United States. Purchases and sales of fund units are executed at the respective fund management company, AIF Manager, or fund company.

The Fund's assets may be invested in transferable securities and money market instruments that are not listed on any stock exchange or authorised marketplace corresponding to a holding of a maximum of 10 percent of the Fund's value.

The fund is permitted to invest in derivatives such as options and futures where the underlying assets may comprise transferable securities, money market instruments, financial indices, interest rates and exchange rates to a significant extent as an aspect of the Fund's investment strategy. The Fund is permitted to take positions by buying and selling (writing) call options and put options and buying and selling futures. The Fund may combine the above positions. The focus of derivatives trading by the Fund may entail risk to the Fund's capital growth and risk to the total net asset value of the Fund to some extent

Purchase and writing of call and put options and the purchase and sale of futures may occur to a greater extent than that which corresponds to the Fund's actual holdings of the related underlying assets.

The Fund will furthermore take advantage of situations in which price falls can be expected by using short selling strategies; that is, sales of financial instruments that the Fund does not own but has disposal over in what is called 'legitimate' short-selling.

The Fund will also borrow against the Fund's assets to increase leverage in a controlled manner and to seek to increase returns on all or parts of the Fund's assets. The Fund differs from a traditional UCITS fund in various ways. Among else, it is permitted to borrow against its assets and it has greater latitude to use derivatives.

#### FUND UNIT CLASSES

The fund has four unit classes: A SEK retail class; B NOK retail class; C EUR retail class; D USD retail class. The fund unit classes differ in terms of the currency used for calculation and publication of the net asset value of fund units, charges and the minimum deposit, as described in greater detail in this prospectus and in the fund rules. When the new fund rules entered into force on 10 September 2015, existing units were transferred for inclusion in the fund's unit class A. The other unit classes are not currently active.

#### HISTORICAL RETURNS

Please refer to the key investor information document for the Fund for information about the Fund's historical returns.

#### TARGET GROUP

The Fund is designed for investors who are seeking consistent returns associated with low risk. Because the return has low co-variation with the stock market and the fixed-income market, the Fund is a good complement to equities and fixed-income investments.

#### RISK PROFILE

Risk associated with the Fund arises mainly from the equity market, but because the Fund invests a significant portion of its assets in other asset classes, some of the risk in the Fund may be eliminated by diversification.

The Fund also invests in fixed- income securities and is thus exposed to interest rate risk. These fixed-income securities may include corporate bonds and the Fund may therefore also be exposed to credit risk.

The Fund invests in the Nordic countries. The fund makes active use of currency hedging in order to limit its exposure to currencies other than the Swedish krona. Unit class A SEK retail class is affected only to a limited extent by foreign exchange fluctuations. The prices of other unit classes are affected by changes in the exchange rate between the denomination currency of the unit class and the Swedish krona.

Derivatives can be used in the Fund to both increase and decrease risk in the Fund.



Because the Fund concentrates its investments in one region, the Fund has higher risk than a fund that spreads holdings among several regions. Individual investments may comprise a relatively large share of the portfolio's net asset value and the Fund's returns may therefore be affected by isolated events in these companies.

The Fund may also invest in assets where liquidity in the instrument is suboptimal. Selling these assets may take time if this occurs at the wrong time in the market.

#### LEVERAGE

Leverage is defined as any method by which an AIF Manager increases the exposure of an AIF it manages, whether through borrowing of cash or securities or leverage embedded in derivative positions or by any other means. Leverage is expressed as a ratio calculated in such a way that a fund's exposure is divided by its net asset value. As mentioned above, the Fund will normally use derivatives. Nor will the Fund normally create leverage through the use of other techniques or instruments. As noted in the fund rules, the AIF Manager has been granted exemption from Finansinspektionen's regulations and, accordingly, leverage may not exceed 350 percent calculated using the gross method and 150 percent calculated using the commitment method.

The AIF Manager may use the assets of the Fund as collateral to guarantee the performance of obligations entered into as an aspect of managing the Fund. Such provision of collateral may be made, for example, through a pledge agreement, collateral transfer or 'transfer of title', by which ownership of the property is transferred to the Fund's counterparty.

#### APPLICABLE CHARGES

The current fees that the Fund charges on the sale and redemption of fund units and for management of the Fund (including expenses for administration, analysis, accounting and record keeping, supervision, auditors and custody) are specified below.

UNIT CLASS	A SEK retail class	B NOK retail class	C EUR retail class	D USD retail class
Entry charge	None	None	None	None
Exit charge	None	None	None	None
Ongoing charges to the AIF-Manager*	1,00 percent	1,00 percent	1,00 percent	1,00 percent
Ongoing charges to Depositary	0,03 percent	Not active	Not active	Not active
Performance fee to the AIF-Manager**	20 percent	20 percent	20 percent	20 percent

#### MAXIMUM CHARGES

The maximum fees that the AIF Manager may, according to the fund rules, charge upon sale and redemption of fund units and for management of the fund, see above, are specified below:

UNIT CLASS	A SEK retail class	B NOK retail class	C EUR retail class	D USD retail class
Entry charge	None	None	None	None
Exit charge	None	None	None	None
Ongoing charges to the AIF-Manager*	1,00 percent	1,00 percent	1,00 percent	1,00 percent
Ongoing charges to Depositary	0,15 percent	0,15 percent	0,15 percent	0,15 percent
Performance fee to the AIF-Manager**	20 percent	20 percent	20 percent	20 percent

\*Fixed fees paid to the AIF Manager are calculated daily on the net asset value of the Fund. Double charges do not occur. That is, when the Fund invests in a fund managed by the AIF Manager, the Fund is not charged an annual management fee to the AIF Manager.

\*\*Performance fee: A performance fee shall also be paid to the AIF Manager of 20 percent, plus any applicable VAT, on the part of the total returns for each individual fund unit holder that exceeds a level of return referred to below as the Fund's reference rate, defined as the OMRX-TBILL treasury bill index. For holders of unit classes B NOK retail class, C EUR retail class, D USD retail class, the reference rate is adjusted in such a manner that the size of the performance fee is not influenced by changes in exchange rates between SEK and the currency of each unit class. The performance fee is calculated daily and is deducted from the Fund at the end of each month and is payable only when the unit class's relative value growth has outperformed the Fund's benchmark, defined above as the reference rate. If each unit class on any particular day attains relative value growth below the Fund's benchmark index and on a later day in the same calendar month attains positive value growth, no performance fee is payable until the earlier date's relative underperformance has been offset. Any remaining underperformance, that is, a 'loss carryforward', may be moved between calendar months, but not from one calendar year to another. An example of how performance fees are calculated is provided below.

Brokerage fees and other expenses connected with the purchase and sale of financial instruments and tax are paid directly from the Fund. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

VAT may be due and payable on the above fees and charges.

Please refer to the preceding year's annual report for information about the amount of fees paid to the AIF manager and the Depositary as well as the Fund's performance and growth.

## Appendix 1

### Catella Hedgefond

The fee is calculated as follows:

The unit class's unit price and high water mark (HWM) are both set to SEK 100 on the fund's inception date, 1 March 2004. Each day, the HWM is adjusted upwards by the percentage change in OMRX-TBILL. If that day's unit class's unit price exceeds the new HWM, a performance fee is charged at 20 percent of the difference between the unit class's unit price and the HWM. A new unit class unit price is thereafter calculated, which takes the fee charged into account and the HWM is raised to this new price. At the end of each calendar year, the high water mark is set to zero and thus equal to the unit class's unit price.

Day	Benchmark index	Value growth, %	High water mark	Unit value	Performance fee	Remarks
1	100.00		100.0000	100.0000		
2	101.00	1.00%	101.0000	102.0000		Fee of 20% of the difference between the unit value and the high water mark.
			101.8000	101.8000		New unit value and high water mark.
3	102.00	0.99%	102.8079	102.50	0.24	No fee: the unit value is lower than the high water mark.
4	102.50	0.49%	103.3119	101.0000		No fee: the unit value is lower than the high water mark.
5	103.00	0.49%	103.8158	104.0000	0.0368	Fee of 20% of the difference between the unit value and the high water mark.
			103.9632	103.9632		New unit value and high water mark.
6	104.00	0.97%	104.9725	104.5000		No fee: the unit value is lower than the high water mark.

## Distributors

May 2015

## Appendix 2

AB Fria Fond- & Försäkringsmäklare, org nr 556641-3489  
 Avanza Bank AB, org nr 556573-5669  
 Axcius Kapitalförvaltning AB, org nr 556784-9624  
 Capitalis Försäkringsmäklare AB, org nr 556613-5942  
 Catella Bank S.A. Luxemburg  
 Catella Bank Filial, org nr 516401-9910  
 Coeli AB, 556608-7648  
 Core Capital Management S.A., org nr B117431  
 Erik Penser Bankaktiebolag, org nr 556031-2570  
 Folksam Fondförsäkringsaktiebolag, org nr 516401-8607  
 Folksam LO Fondförsäkring AB, org nr 516401-6619  
 Folksam Ömsesidig Livförsäkring AB, org nr 502006-1585  
 Fond & Finans Försäkring i Sverige AB, org nr 556621-7971  
 Försäkringsaktiebolaget Skandia, org nr 502017-3083  
 FFR, Försäkria Finansrådgivning AB , org nr 556321-0110  
 Global Invest Finansförmedling Sverige AB, org nr 556706-5569  
 Humle Kapitalförvaltning AB, org nr 556544-8015  
 ICA Banken AB, org nr 516401-0190  
 Inveko Försäkring & Finans Kommanditbolag, org nr 916697-2886  
 Lux Nordic Wealth Management S.A. Luxemburg  
 Länsförsäkringar Bank AB, org nr 516401-9878  
 Länsförsäkringar Fondliv Försäkringsaktiebolag, org nr 516401-8219  
 MFEX Mutual Funds Exchange AB, org nr 556559-0634  
 Nasdaq OMX Broker Services AB, org nr 556405-0127  
 Nord Fondkommission AB, org nr 556832-1342  
 Nordnet Bank AB, org nr 516406-0021  
 Pensionsmyndigheten, org nr 202100-5034  
 Select IFA & Partner AB, org.nr. 556805-0412  
 SkandiaBanken AB, org nr 516401-9738  
 Sparbanken Nord, org nr 598800-4817  
 Sparbanken Syd, org nr 548000-7425  
 Sparbanken Öresund AB (publ), org nr 539400-6947  
 SPP Liv Fondförsäkrning AB, org nr 516401-8599  
 Storebrand Livförsäkring AS – Filial Sverige, org nr 516403-6997  
 Storebrand Livförsäkring AS, org nr NO 958995369  
 Svenska FM-G AB, 556614-3375  
 Swedbank AB, org nr 502017-7753  
 Swedbank Sjuhärad AB, org nr 516401-9852  
 Säkra Försäkringsmäklare i Malmö AB, org nr 556415-9316  
 Söderberg & Partners  
 UBS AG Zurich

Wendigo Aktiebolag, org nr 556520-3725  
Von Euler & Partners AB, org.nr. 556630-5487

## FUND RULES FOR CATELLA HEDGEFOND

### § 1 The legal status of the Fund

The name of the fund is **Catella Hedgefond** ('the Fund'). The Fund is a special fund pursuant to the Swedish Alternative Fund Managers Act ('AIFMA').

The Fund is intended for the general public (physical and legal persons) and the assets of the Fund are owned jointly by the fund unit holders. Each fund unit confers equal rights to the property that makes up the Fund, adjusted for the specific terms that apply to each unit class below. The Fund cannot acquire rights or assume obligations; nor can the Fund institute legal action before a court of law or other public authority. The Alternative Investment Fund Manager specified in § 2 (the 'AIF Manager') represents fund unit holders in all matters concerning the Fund, takes decisions concerning the property included in the fund and exercises the rights derived from the property.

The Fund is managed in accordance with these fund rules, the articles of association of the AIF Manager, the AIFMA and other applicable statutes.

The fund has four unit classes:

- A, SEK retail class.
- B, NOK retail class.
- C EUR retail class.
- D USD retail class.

The fund unit classes differ in terms of the currency used for calculation and publication of unit value and charges, and in the minimum deposit as set forth in these fund rules.

### § 2 Fund manager

The fund is managed by Catella Fondförvaltning AB, corporate registration number 5565336210 (the 'AIF Manager').

### § 3 The depositary and its duties

The Fund's depositary is Skandinaviska Enskilda Banken (publ), corporate registration number 502032-9081 ('the Depositary'). The duties of the Depositary include executing the AIF Manager's instructions pertaining to the Fund if the instructions do not conflict with the provisions of the AIFMA, the articles of association, or these fund rules.

The Depositary shall furthermore accept, verify and hold in custody the property included in the Fund, monitor the Fund's monetary flows and ensure that

- sales and redemptions etc. of fund units comply with the provisions of AIFMA, the articles of association and these fund rules,
- the net asset value per fund unit is calculated in compliance with the provisions of AIFMA, the articles of association and these fund rules;

- payment for transactions that affect Fund assets is made to the Fund without delay; and that
- Fund income is applied in compliance with the provisions of AIFMA, the articles of association and these fund rules

#### **§ 4 Characteristics of the fund**

The Fund is a hedge fund whose objective is to demonstrate consistent, positive returns regardless of performance in the equity markets. The analysis process behind the Fund's investments consists primarily of fundamental analysis, which studies the company's earnings capacity, cash flows and so on. Complementary quantitative analysis is performed in which the historical performance of equities and their co-variations are studied. Risk analysis is a third key element of management. This involves analysis of both the aggregate risk of the Fund and the risk in each individual investment.

#### **§ 5 Investment strategy**

The Fund shall invest its assets in financial instruments, meaning transferable securities, fund units, money market instruments and derivative instruments whose underlying assets may comprise transferable securities, money market instruments, financial indices, interest rates and exchange rates.

No more than 10 percent of the Fund's assets is permitted to be invested in fund units.

*The Fund's rules differ from those that apply to UCITS funds as below*

- The Fund has been granted exemption from Chapter 5, § 6, first paragraph of the Swedish Investment Funds Act (IFA) and is permitted to take positions, both held and sold (short selling), in equity related transferable securities with the same issuer amounting to a maximum of 30 percent of the net asset value of the Fund.
- The Fund has been granted exemption from Chapter 5, § 22 IFA and is permitted to take positions, both held and sold (short selling), up to a maximum of 40 percent of the net asset value of the Fund value in shares, convertible debt instruments and debt instruments with attached options issued by the same issuer. In the calculation, shares, convertible debt instruments and debt instruments with attached options in the same underlying shares are calculated as if the convertible debt instruments were converted and the options exercised.
- The Fund has been granted exemption from Chapter 5, § 23, sub-§ 3 IFA and is permitted to sell transferable securities, money market instruments, fund units or derivatives that are not included in the Fund.
- The Fund has been granted exemption from Chapter 5, § 23, sub-§ 1 IFA and is permitted to raise cash loans, provided such loans do not exceed 50 percent of the Fund's value and have a term of no longer than three months. The Fund's assets may be used as collateral for the loans.

- The Fund has been granted exemption from Chapter 5, § 19 sub-§s 2 and 3 IFA and is permitted to take positions, both held and sold (short selling), amounting to a maximum of 10 percent of a single series of an issuer's outstanding bonds, money market instruments and other debt instruments.
- The Fund has been granted exemption from Chapter 5, § 6, sub-§s 1, 2 and 3 IFA and is permitted to take positions, both held and sold (short selling), in bonds or other debt instruments in a single series up to a maximum of 30 percent of the net asset value of the Fund. If the issuer is a central government, the maximum holding is 50 percent of the net asset value of the Fund.
- The Fund has been granted exemption from Chapter 5, § 6, first paragraph IFA and is permitted to take positions, both held and sold (short selling), in equity related transferable securities from the same issuer of up to 30 percent of the net asset value of the Fund, which means the Fund and the AIF Manager may exercise significant influence over the management of a company. The Fund has consequently been granted exemption from Chapter 5, § 20, first and second paragraphs IFA. Aggregated shareholdings in the AIF Manager's funds may correspond to a maximum of 40 percent of the company's votes.
- The Fund has been granted exemption from Chapter 5, § 13, second paragraph, IFA, meaning that total exposure related to derivatives may exceed the net asset value of the Fund.
- The Fund has been granted exemption from Chapter 25, § 6 of Swedish Financial Supervisory Authority ('Finansinspektionen') Regulations FFFS 2013:9 on investment funds, which means that the total gross value of the held positions in financial instruments (where transferable securities are valued at fair value, futures are valued at the value of underlying assets and options are valued at fair value) may amount to a maximum of 350 percent of the net asset value of the Fund.
- The total positive net value of the held positions in financial instruments (where transferable securities are valued at fair value, futures are valued at the value of underlying assets and options are valued at fair value) may amount to a maximum of 150 percent of the net asset value of the Fund. Net value is calculated by subtracting sold positions from held positions.

### **Risk level and risk measurement**

The Fund measures its risk level through the Value-at-Risk method (VaR), according to which the largest anticipated loss for a given time period and the degree of probability are estimated. The Fund's target is to have a VaR and thus risk level that is higher than for Swedish fixed-income funds but lower than for Swedish equity funds.



## **§ 6 Marketplaces**

The Fund's assets may be invested in a regulated marketplace, trading platform/MTF or other market that is regulated and open to the public in Sweden or within the EEA or in a corresponding marketplace in Australia, Hong Kong, Japan, Canada, Singapore or the United States. Purchases and sales of fund units are executed at the respective fund management company, AIF Manager, or fund company.

## **§ 7 Special investment strategy**

The Fund is permitted to invest its assets in transferable securities and money market instruments referred to in Chapter 5, § 5, first paragraph IFA.

The Fund is permitted to invest in derivatives such as options and futures where the underlying assets may comprise transferable securities, money market instruments, financial indices, interest rates and exchange rates as part of the Fund's investment strategy. The Fund is permitted to take positions by buying and selling (writing) call options and put options and buying and selling futures. The Fund can combine the above positions. The focus of derivatives trading by the Fund may entail risk to the Fund's capital growth and risk to the total net asset value of the Fund to some extent.

Purchase and writing of call and put options and the purchase and sale of futures may occur to a greater extent than that which corresponds to the Fund's actual holdings of the related underlying assets.

The Fund will furthermore take advantage of situations in which price falls can be expected by using short selling strategies; that is, sales of financial instruments that the Fund does not own but has disposal over, called 'legitimate' short-selling.

The Fund will also borrow against the Fund's assets to increase leverage in a controlled manner and to seek to increase returns on all or parts of the Fund's assets. The Fund differs from a traditional UCITS fund in various ways. Among else, it is permitted to borrow against its assets and it has greater latitude to use derivatives.

Securities loans corresponding to no more than 20 percent of the net asset value of the Fund may be granted against adequate collateral and on customary market terms.

The Fund is permitted to invest in OTC derivatives (according to Chapter 5 § 12 second paragraph IFA).

## **§ 8 Valuation**

The net asset value of the Fund is calculated by deducting liabilities related to the Fund, including accrued expenses and taxes, from the assets (financial instruments, cash and cash equivalents and other assets including accrued returns).

Financial instruments included in the Fund are valued at fair value (market value). The last price paid is normally used to determine the market value of financial instruments. If such

price information is unavailable or misleading, the latest bid or ask price is used. If the AIF Manager deems the aforementioned valuation methods to be misleading, value will be determined based upon other objective grounds. Objective grounds refers to valuation based upon available information on the last price paid in relation to external transactions in instruments or an indicative bid price from a market maker, if a market maker has been appointed by the issuer. If such information is unavailable or is deemed unreliable by the AIF Manager, fair value is determined according to generally accepted valuation models based on information from independent brokers or other external independent sources.

The fair value of transferable securities and money market instruments as referred to in Chapter 5 § 5 IFA is determined according to that stated in the preceding paragraph. Public information on the latest price paid as well as the last bid and ask price is usually not available for OTC derivatives. The fair value of OTC derivatives is therefore normally determined based upon generally accepted valuation models, such as Black & Scholes, or valuation provided by a independent third party.

The net asset value per fund unit in each unit class is the net asset value of the Fund divided by the number of outstanding fund units, with adjustment made consequent upon the charges applied to each unit class. The AIF Manager calculates the net asset value in each unit class each banking day and publishes this information on the AIF Manager's website. The net asset value per fund unit is calculated and published in the following currencies for the various unit classes.

A SEK, retail class: Swedish krona.

B NOK, retail class: Norwegian krone.

C EUR, retail class: Euro.

D USD, retail class: US dollar

## **§ 9 Sales (subscription) and redemptions of fund units**

Fund units are sold (purchases by unit holders) and redeemed (sales by unit holders) by the AIF Manager. Sales can be made both through one-time deposits or monthly savings. No fees are charged for the sale and redemption of fund units.

Sales and redemptions can be made on any banking day. Sales and redemptions are arranged on a special form that may be ordered from the AIF Manager or downloaded from the AIF Manager's website. The client/unit holder must personally sign the form. Requests for sales and redemptions cannot be limited. Requests for sales and redemptions may be withdrawn only if the AIF Manager consents. More detailed terms and conditions for sales and redemptions of fund units are provided in the prospectus.

When fund units are redeemed, payment is normally made within five banking days after the redemption is executed.

The sale and redemption price for a fund unit is the net asset value of the fund unit at the date of sale or redemption calculated as in Section 8. The selling price and redemption price

are unknown as of the date of the request. The AIF Manager posts information on selling and redemption prices for fund units each banking day on the AIF Manager's website.

Fund units will be redeemed on the requested redemption date if funds are available in the Fund. If funds for the redemption must be acquired through sale of the Fund's assets, such sale shall take place and redemption shall be executed as soon as possible. If such a sale would significantly disadvantage the interests of other unit holders, the AIF Manager may delay the sale following notification to Finansinspektionen.

The Fund is not open for sales and redemptions on banking days when the Fund's assets cannot be valued in a manner that assures fair treatment of all unit holders; for example, due to the partial or full closure of one or more of the markets on which the Fund trades and/or underlying funds or due to such extraordinary circumstances referred to in Section 10

#### **§ 10 Extraordinary circumstances**

The Fund may be closed for sales and redemptions in extraordinary circumstances that prevent valuation of the Fund's assets in a manner that assures fair treatment of all unit holders.

#### **§ 11 Fees and charges**

Payment may be made from the Fund's assets for holding assets in custody, management, analysis, administration, accounting and record keeping, supervision and auditing of the Fund.

The Fund's maximum charge is 1.15 percent per year, of which fixed fees paid to the AIF Manager shall not exceed 1.0 percent per year and shall be calculated on a daily basis. Fixed fees paid to the Depositary shall not exceed 0.15 percent per year. Charges are deducted from the Fund on a monthly basis.

VAT may be due and payable on the above fees and charges.

A performance fee of 20 percent shall also be paid to the AIF Manager, plus any applicable VAT, on the part of the total returns for each individual fund holder that exceeds a level of return referred to below as the 'reference rate', which is defined as the OMRX-TBILL treasury bill index. For holders of unit classes B NOK retail class, C EUR retail class and D USD retail class, the reference rate is adjusted in such a manner that the size of the performance fee is not influenced by changes in exchange rates between SEK and the currency of each unit class.

The performance fee is calculated daily and is deducted from the Fund at the end of each month and is payable only when the each unit class relative value growth has outperformed the Fund's benchmark, defined above as the reference rate. If each unit class on any particular day attains relative value growth below the Fund's benchmark and on a later day in the same calendar month attains positive value growth, no performance fee is payable until the earlier date's relative underperformance has been offset. Any remaining

underperformance, that is, any ‘loss carryforward’ may be moved between calendar months, but not from one calendar year to another.

Brokerage fees and other expenses related to the Fund’s purchases and sales of financial instruments and taxes are paid directly from the Fund. The Fund may, to the extent permitted by current legislation, also be charged expenses for analysis.

## **§ 12 Dividends**

The Fund shall not pay dividends.

## **§ 13 Financial year**

The financial year for the Fund is the calendar year.

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

The AIF Manager shall prepare annual reports for the Fund within four months of the end of the financial year and half-yearly reports within two months of the end of the half year. The annual report and the half-yearly report shall be available to unit holders at the AIF Manager and the Depositary and provided free of charge within the stated time frames to unit holders that have requested this information.

Any decision by the board of directors of the AIF Manager to amend these fund rules shall be subject to the approval of Finansinspektionen. Decisions that entail amendment of the fund rules shall be published by being made available at the AIF Manager and the Depositary and shall be announced in the manner prescribed by Finansinspektionen.

## **§ 15 Pledging and transfer**

Unit holders are permitted to pledge fund units. In conjunction with the pledge of fund units the pledge holder and/or pledging party must notify the AIF Manager in writing. The notice shall state the identity of the unit holder, the identity of the pledge holder, the fund units covered by the pledge and any restrictions on the scope of the pledge.

The notice must be signed by the pledging party. The AIF Manager shall record the information about the pledge in the unit holder register and notify the pledging party thereof in writing. When the pledge has expired the AIF Manager shall, following notification from the pledge holder, remove the information about the pledge from the register.

The AIF Manager is entitled to charge the unit holder a fee for administering such a pledge.

Unit holders are permitted to transfer fund units.

## **§ 16 Limitation of liability**

If the Depositary has lost financial instruments held in custody at the Depositary or its custodian bank, the Depositary shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay.

The AIF Manager and the Depositary shall not, however, be liable for loss of financial instruments or other loss caused by an external event beyond the reasonable control of the AIF Manager or the Depositary, such as loss consequential upon Swedish or foreign legislation, acts of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other comparable circumstances. The reservation with respect to strikes, blockades, boycotts, and lockouts shall apply notwithstanding that the AIF Manager or the Depositary is the subject of or takes such a measure.

Loss that has arisen in cases other than those referred to in the second paragraph above shall not be compensated by the AIF Manager or the Depositary if the organisations have exercised due care. The AIF Manager and the Depositary shall not be liable in any circumstance for indirect loss or loss caused by a Swedish or foreign stock exchange or other marketplace, custodian bank, central securities depositary, clearing organisation, or other entities that provide equivalent services, or other delegates retained by the AIF Manager or the Depositary with due care, nor for loss which may arise as a consequence of restrictions on the right of disposition which may be imposed upon the AIF Manager or the Depositary. The same shall apply to loss caused by the insolvency of the aforementioned organisations or delegates.

If the AIF Manager or the Depositary is prevented from taking measures as a consequence of a circumstance set forth in the second paragraph above, these measures may be delayed until the impediment has ceased to exist. If payment is delayed, the AIF Manager or the Depositary shall not pay penalty interest. If interest has been previously agreed, the AIF Manager or the Depositary shall pay interest at the rate in effect on the due date.

If the Depositary is prevented from accepting payment for the Fund by reason of a restriction of the right of disposition specified in the third paragraph above, the Depositary shall have the right to interest for the period during which the impediment existed only in accordance with the terms in effect on the due date.

The AIF Manager shall not be liable for loss caused by the Depositary or its custodian bank. Nor shall the AIF Manager be liable for loss caused by a unit holder's breach of law or other statute or breach of these fund rules. Unit holders are hereby notified that unit holders are responsible for ensuring that the documents they provide to the AIF Manager are true, accurate and duly signed and for ensuring that the AIF Manager is informed of any changes pertaining to information provided.

The professional liability of the AIF Manager and the Depositary is otherwise regulated under Chapter 8, §§ 28-31 and Chapter 9, § 22 AIFMA.

# KEY INVESTOR INFORMATION

This document provides investors with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and risks of investing in the fund. You are advised to read it so you can make an informed decision about whether or not to invest.

**Catella Hedgefond, SEK retail class**  
ISIN-kod: SE0001131335

**Catella Fondförvaltning AB**, corporate registration number  
556533-6210 A company in the Catella Group

## OBJECTIVES AND INVESTMENT POLICY

The objective of the Fund is to demonstrate consistent, positive return regardless of the performance of Nordic equity and fixed-income markets. Consequently, the fund does not have a benchmark index.

The objective is to generate return corresponding to the risk-free rate plus 5 percentage points per year measured as an average over a period of three to five years.

The fund takes positions in the Nordic countries in the asset classes of equities, bonds and currencies. In order to manage risk and generate excess return, positions are taken in index-linked derivatives or individual instruments on the Nordic equity, bond and currency markets.

Investments in bonds and money market instruments may be issued by central governments, municipalities, housing institutions or corporations. The Fund invests in corporate bonds with rating investment grade, high yield as well as non rated bonds. The fund is permitted to invest in derivatives as part of its investment strategy.

The analysis process behind the Fund's investments consists primarily of fundamental analysis, which studies the company's earnings capacity, cash flows and so on. Complementary quantitative analysis is performed in which the historical performance of equities and their co-variations are studied. Risk analysis is a third key element of management. Global market risk and the risk in each individual investment is regularly assessed. The allocation between equities and fixed-income securities is continuous and based on our market view.

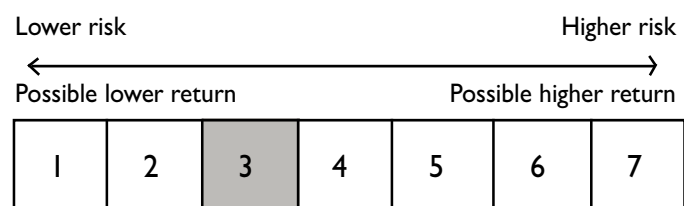
The fund is a special fund and unlike a traditional UCITS fund, the fund may go short in the equities and indices that the manager considers overvalued.

Effective 2013, the Fund does not pay dividends.

The fund is normally open for the purchase and sale of fund units on all banking days.

Recommendation: This fund may be unsuitable for investors who plan to cash out their investment within one to three years.

## RISK AND REWARD PROFILE



The risk and reward indicator illustrates the link between risk and potential returns from an investment in the Fund. The indicator is based upon the highest level of risk the fund is permitted to reach.

This fund belongs to Category 3, which entails low risk of rises and falls in net asset value. Category 1 does not imply that the fund is risk-free. On a daily basis, the value of the fund is not permitted to decrease by more than one half percent (0.5) within a 95 percent confidence range. In practice, this means that the value of the fund should not decrease by more than one half percent (0.5) on a one-day horizon more often than every twenty days.

The fund widely utilises derivative positions such as forward contracts and leverage strategies such as cash loans and short selling strategies to increase or decrease the fund's market exposure. As a result, even moderate changes in underlying markets may lead to risk of large changes in the value of the fund. The fund may be exposed to a variety of different markets, such as equity, fixed-income and currency markets. In addition, the fund's exposure may vary considerably over time.

The indicator illustrates the key risks in the fund, but does not take into account the following:

*Credit risk* - the risk of loss due to suspension of payments by an issuer of debt instruments.

*Operational risk* - the risk of loss due to inadequate or failed procedures, human error, systems failure, or external events.



## CHARGES

### One-off charges taken before or after you invest

Entry charge:	None
Exit charge:	None

The charges above are the maximum that can be deducted from your money before it is invested.

### Charges taken from the fund over the year

Ongoing charges:	1.04 %
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### Charges taken from the fund under certain specific conditions

Performance fee*:	1.65 %
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Entry and exit charges are maximum charges. Information on current charges can be obtained from your sales agent.

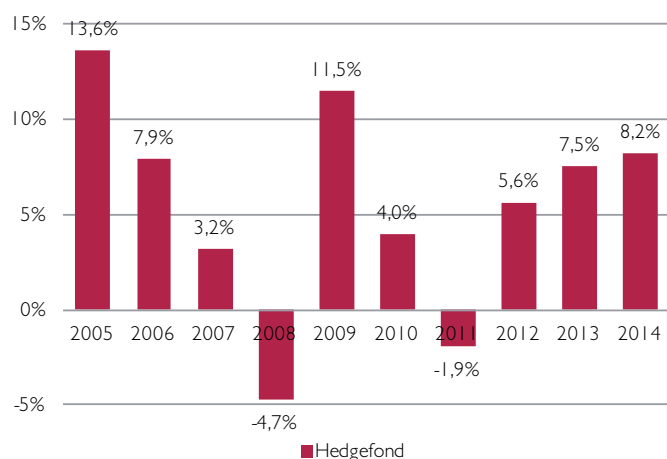
The charges are used to pay the costs of running the fund, including the costs of marketing and distributing it.

These charges reduce the fund's potential returns. The ongoing charge relates to the previous calendar year. This may vary slightly from year to year.

When units are held in funds issued within the Catella Capital group, the fund is fully compensated for fixed ongoing charges in underlying funds. If an underlying fund has a performance fee, this fee is not reimbursed by the management company.

\* Calculation: 20 percent per year of the fund's return in excess of the reference rate OMRX T-Bill.

## PAST PERFORMANCE



The fund's performance (return) is calculated after deducting the annual fee. No adjustments have been made for any entry and exit charges. The value for all years is calculated in SEK (Swedish kronor) and with dividends reinvested in the fund.

Past performance is not a guarantee of future performance.

The fund was started on 1 March 2004.

## PRACTICAL INFORMATION

Further information about Catella Hedgefond is provided in the prospectus, fund rules, annual reports and half-yearly reports. These documents are available in Swedish free of charge on our website or may be requested by phone on the number provided below.

Website: [catella.com/funds](http://catella.com/funds)

Phone: +46 8 614 25 00

Depository institution: SEB

Net asset value: The net asset value of the fund is calculated daily and is published on our website, in leading daily and is published on our website, in leading daily newspapers and on text-tv

Authorisation: This fund is authorised in Sweden and regulated by Finansinspektion.

Publication: This key investor information is accurate as at the 23 of September 2015.

Legal status of the fund: Please refer to the fund rules for information about the legal status of the fund.

Tax: Tax legislation applicable in the fund's country of authorisation may have an impact on your personal tax position.

For information about the minimum investment and monthly savings, please refer to our website [www.catella.com/funds](http://www.catella.com/funds)

Catella Fondförvaltning AB may be held liable solely on the basis of any statement in this Key Investor Information Document that is misleading, inaccurate or inconsistent with the relevant parts of the fund prospectus.

**Annual report for the Catella Hedgefond fund**

**01/01/2014 - 31/12/2014**



# A strong year for Catella Hedgefond

Despite a turbulent world, 2014 was a very successful year for the fund.

The fund grew by 8.2% during the year. The return on investments was 2.8 times the risk measured as a standard deviation. The fund has therefore performed well in competition with similar types of investments. The fund's risk level of 2.9% is much lower than the risk in the stock market as a whole, which for the Swedish Return Index SIX RX amounted to just over 13% in 2014.

Low risk is a cornerstone of the fund. We see the fund as a basic investment plan that supplements other funds with higher risks. It's also a more flexible option than traditional savings in fixed-income funds. The low risk results in the return on investments not being as dependent on the right timing as savings in equity funds, and the daily trades the fund makes means that the money is always accessible.

In this context, we have set a goal for the fund's risk level, measured by standard deviation, which should not exceed 3%. When that still happened during the significant declines in both shares and bonds in October, we responded both by reducing the net exposure of the fund and by purchasing index-based sales options. Thereby, we could limit the share price falls in the fund.

In Catella Hedgefond, there are rarely individual investments which account for the fund's performance, since the yields are distributed over many investments. Additional risk spreading is achieved by investing in both interest bearing securities such as stocks, both short and long positions, and by purchasing index-based sales options.

The trading rate of the fund is traditionally high, but during 2014, it was slightly lower, due to a large amount of investments in the fund during the year. This is due to us actively working on the fund's net exposure, adjusting it in line with the changing forecasts for the market. This is especially important in a year like 2014, affected by great uncertainty about the development of the global economy. The allocation to different types of assets is adjusted in line with our view of the market, which becomes a major priority in a turbulent year like 2014, where the interest-based share of our fund fluctuated in the range of 50-70%. The returns from the fixed-income portfolio was strong early in the year, but weakened towards the end of the year due to increasing concerns in Norway in view of falling oil prices. The returns from the equity portfolio were more even throughout the year, and compensated for the weaker results from our interest-based portfolio towards the end of the year.

The active management of the fund and a good risk spread is also shown by the fact that the largest positive contributions to our fund's performance came from such diverse industries as gaming (Unibet), engineering (Autoliv), software (IFS) and medicine (AstraZeneca). The holdings in Elekta and Lindab had the greatest negative impact on the fund's performance over the year.

All currency risks in interest-bearing investments are hedged, and the currency risks in equity investments have only had a marginal impact on our net income for the year.

*For a list of all of the fund's holdings, our income statement and balance sheet, see the following pages.*

## FUND FACTS

**Fund manager:** Ulf Strömsten

Share value	162.80 kronor
Number of shareholders	2,042
Fund assets (m SEK – in millions of kronor)	8,087

<b>YIELD IN THE PAST YEAR</b>	
Hedge fund	8.22%
Reference rate (OMRX TBill) (Swedish Treasury Bill interest rate index)	0.47%

## AVERAGE ANNUAL RETURN

<b>Last two years</b>	
Hedge fund	7.86%
<b>Last five years</b>	
Hedge fund	4.60%

<b>RISK</b>	
Hedge fund 24-month data	2.42%
Hedge fund's 1-year weekly data	2.90%
Duration	1.51
Interest rate risk due to the percentage Change in the interest rate	-1.00%

<b>TURNOVER RATE/COSTS</b>	
Turnover rate (over a year)	1.33
Transaction costs (m SEK)	16.89
As a percentage of securities traded	0.09%
Administrative costs	1.00%
Debited management fees (fixed and variable)	2.65%
Annual fees	1.04%

<b>COSTS FOR INVESTORS</b>	
Single deposit SEK 10,000	
Administrative costs (SEK)	301.64
Monthly investment of SEK 100	
Administrative costs (SEK)	14.75

<b>TRADING IN FINANCIAL INSTRUMENTS WITH RELATED SECURITIES COMPANIES</b>	
Share of the fund's total turnover.	0.08%

<b>TRADING IN FINANCIAL INSTRUMENTS MANAGED BY CATELLA FONDFÖRVALTNING</b>	
Share of the fund's total turnover	
Catella Credit Opportunity.	0.21%
Catella Sicav (unit trust fund)	0.53%

## The fund is a special fund

**Fund started:** 01/03/2004

**Initial share price:** 100 kronor

**Dividend:** The fund will, from and including 2013, not pay dividends.

**Management Company:** Catella  
Fondförvaltning AB

**Fund registration no.:** 515601-9720

**PPM Fund No.:** The hedge fund is not a PPM (private placement memorandum) fund.

# ALTERNATIVE FUNDS, CATELLA HEDGEFOND

Note 1 Securities	Quantity	Share price	Market value (in '000 kroner)	% of fund holdings
<b>FUND'S HOLDINGS OF FINANCIAL INSTRUMENTS</b>				
<b>STOCK MARKET *</b>				
<b>ENERGY</b>				
Statolhydro, Norway, NOK	134,426	131.20	18,367	0.23
TGS Nopec Geophysical Company, Norway, NOK	-135,000	161.70	-22,733	0.28
TGS Nopec Geophysical Company borrowed, Norway, NOK	135,000	161.70	0	0.00
			<b>-4,366</b>	<b>-0.05</b>
<b>RAW MATERIALS</b>				
BillrudKorsnas	925,814	112.50	104,154	1.29
Boliden (mining and smelting company)	-258,600	125.50	-32,454	0.40
Boliden borrowed	258,600	125.50	0	0.00
Inwido	796,000	67.75	53,929	0.67
Norsk Hydro, Norway, NOK	1,202,397	42.44	53,142	0.66
SSAB A	1,080,972	45.62	49,314	0.61
SSAB B	727,272	40.21	29,244	0.36
			<b>257,329</b>	<b>3.18</b>
<b>INDUSTRIAL GOODS</b>				
ABB SEK, Switzerland	520,050	165.90	86,276	1.07
Assa Abloy B	-55,000	414.80	-22,814	0.28
Assa Abloy B borrowed	55,000	414.80	0	0.00
BuFab Holding AB	790,000	58.75	46,413	0.57
ISS, Denmark, DKK	-172,134	178.10	-38,892	0.48
ISS borrowed, Denmark, DKK	172,134	178.10	0	0.00
Skanska B	194,000	167.90	32,573	0.40
Skanska B loans granted	80,000	167.90	13,432	0.17
SKF B	470,000	164.90	77,503	0.96
SKF B loans granted	50,000	164.90	8,245	0.10
Trelleborg B	875,000	132.00	115,500	1.43
Vestas Wind, Denmark, DKK	-55,000	226.50	-15,804	-0.20
Vestas Wind borrowed, Denmark, DKK	55,000	226.50	0	0.00
			<b>302,432</b>	<b>3.74</b>
<b>DURABLE GOODS</b>				
Bulten	5,000	67.00	335	0.00
Retail and Brands	1,561,279	12.50	19,516	0.24
Unibet Group SDB, Malta	946,143	492.50	465,975	5.76
			<b>485,826</b>	<b>6.01</b>
<b>HEALTHCARE</b>				
AstraZeneca, Great Britain	300,000	548.00	164,400	2.03
Elekta B	1,038,500	79.70	82,768	1.02
Medivir B	611,249	98.25	60,055	0.74
Swedish Orphan Biovitrum	553,500	79.35	43,920	0.54
			<b>351,144</b>	<b>4.34</b>
<b>FINANCE &amp; REAL ESTATE</b>				
Corem Property Group Pref	1,846,441	184.00	339,745	4.20
Fast Partner Pref	419,632	393.00	164,915	2.04
Handelsbanken A	11,702	366.60	4,290	0.05
Investor B	936,965	284.70	266,754	3.30
JM	574,415	249.00	143,029	1.77
Kinnevik Investment B	-10,000	255.30	-2,553	0.03
Kinnevik Investment B borrowed	10,000	255.30	0	0.00
NP3 Fastigheter (real estate)	668,000	34.60	23,113	0.29
Sagax Pref	4,874,250	36.00	175,473	2.17
Swedbank A	-100,000	195.50	-19,550	0.24
Swedbank A borrowed	100,000	195.50	0	0.00
			<b>1,095,217</b>	<b>13.55</b>
<b>INFORMATION TECHNOLOGY</b>				
Ericsson B	-370,000	94.35	-34,910	-0.43
Ericsson B borrowed	370,000	94.35	0	0.00
Iar Systems Group	11,923	74.75	891	0.01
IFS B	1,305,726	239.00	312,069	3.86
Nokia EUR, Finland, EUR	900,000	6.56	55,723	0.69
			<b>333,773</b>	<b>4.13</b>
<b>TELECOM COMPANIES</b>				
Millicom SDB, Luxembourg	101,000	582.50	58,833	0.73
			<b>58,833</b>	<b>0.73</b>
<b>POWER SUPPLY</b>				
Fortum, Finland, EUR	-345,000	17.97	-58,514	-0.72
Fortum borrowed, Finland, EUR	345,000	17.97	0	0.00
			<b>-58,514</b>	<b>-0.72</b>
<b>TOTAL LISTED SHARES</b>			<b>2,821,674</b>	<b>35.15</b>
<b>UNLISTED SHARES**</b>				
<b>SUPERMARKETS</b>				
DistIT	2,928	37.90	111	0.00
			<b>111</b>	<b>0.00</b>
<b>FINANCE &amp; REAL ESTATE</b>				
Akellus Residential Pref	62,223	327.50	20,378	0.25
			<b>20,378</b>	<b>0.25</b>
<b>TOTAL UNLISTED SHARES</b>			<b>20,489</b>	<b>0.25</b>
<b>LISTED BONDS * Including coupon</b>				
Akellus FRN 150625 [FRN = company reg. no.]	30,000,000	100.75	30,224	0.37
Aker FRN 220907, Norway, NOK	30,000,000	94.62	29,563	0.37
Aker Solutions FRN 170606, Norway, NOK	30,000,000	99.42	31,060	0.38
Albain Bidco FRN 201101, Norway, NOK	40,000,000	88.50	36,866	0.46
Arise Windpower FRN 190425	45,000,000	97.51	43,881	0.54
Awilco Drilling 190409, Great Britain, USD	4,800,000	81.00	30,345	0.38
BE Bio Energy FRN 190610	41,000,000	95.75	39,258	0.49

Note 1 Securities	Quantity	Share price	Market value (in '000 kroner)	% of fund holdings
Beerenberg Holding FRN 180627, Norway, NOK	40,000,000	80.50	33,533	0.41
Bonheur FRN 190709, Norway, NOK	30,000,000	87.50	27,337	0.34
BW FRN 180321, Norway, NOK	30,000,000	98.90	30,900	0.38
Cermaq FRN 190527, Norway, NOK	50,000,000	108.00	56,236	0.70
Cloetta FRN 180917	75,000,000	102.72	77,044	0.95
Color Group FRN 171218, Norway, NOK	35,000,000	95.56	34,832	0.43
Danske Bank 490215, Denmark, GBP	9,727,000	102.86	121,706	1.51
Danske Bank 490406, Denmark, EUR	5,000,000	101.61	47,948	0.59
Destia FRN 190619, Finland, EUR	6,500,000	98.50	60,428	0.75
DNB Bank 230926, Norway, EUR	6,500,000	104.67	64,211	0.79
DNB Nor 490329, Norway, GBP	14,000,000	104.57	178,074	2.20
DOF Subsea FRN 180522, Norway, NOK	48,000,000	96.50	48,238	0.60
Dong Energy 150629, Denmark, EUR	5,000,000	101.81	48,045	0.59
Dong Energy 180708, Denmark, EUR	5,000,000	106.34	50,183	0.62
FastPartner FRN 160928	34,000,000	102.13	34,725	0.43
Gjensidige FRN 441003, Norway, NOK	50,000,000	100.18	52,165	0.65
Golden Heights FRN 190618	30,000,000	99.50	29,850	0.37
Heimstaden FRN 190916	36,000,000	98.48	35,454	0.44
Hemfosa FRN 170404	35,000,000	99.14	34,698	0.43
Huvudstaden FRN 1803 2	50,000,000	102.07	51,036	0.63
ICA Gruppen FRN 180625	75,000,000	103.36	77,523	0.96
Ikano Bostad FRN 190325	65,000,000	100.46	65,299	0.81
Jacob Holm & Sonner Hold FRN 190403, Denmark	35,000,000	100.75	35,262	0.44
Kungsliden FRN 161220	50,000,000	99.22	49,612	0.61
Lloyds TSB BANK 490512, Great Britain, EUR	5,000,000	105.67	49,867	0.62
NCC Treasury FRN 180830	50,000,000	102.69	51,347	0.63
Nordea 4.5% 160615	130,000,000	106.11	137,942	1.71
Nordea Bank 490923, USD	10,000,000	99.09	77,335	0.96
Nordea Bank 491231, USD	9,700,000	101.62	76,935	0.95
Norlandia FRN 180410, Norway, NOK	35,000,000	100.50	36,631	0.45
Nykredit Realcredit 360603, Denmark, EUR	9,000,000	99.19	84,258	1.04
Polygon FRN 190416, EUR	4,000,000	90.00	33,978	0.42
Prudential 141223, Great Britain, USD	9,490,000	102.25	75,733	0.94
Rabobank Nederland 491109, Netherlands, USD	5,000,000	109.94	42,905	0.53
Ramirent 190321, Finland, EUR	4,100,000	105.97	41,005	0.51
Saab FRN 191212	75,000,000	100.31	75,229	0.93
Sampo FRN 180529, Finland	60,000,000	102.59	61,553	0.76
SAS 150401	60,000,000	100.94	60,562	0.75
SBAB FRN 181011	100,000,000	101.77	101,771	1.26
SCBC Ian 131 151118	200,000,000	103.25	206,506	2.55
Scottish Widows 5.125% 490924, Great Britain, GBP	5,000,000	100.63	61,202	0.76
Seadrill 151005, Bermuda, USD	3,800,000	100.25	29,732	0.37
Seadrill FRN 190318, Bermuda	37,000,000	77.00	28,490	0.35
SEB Bank, 490513, USD	18,500,000	99.52	143,691	1.78
SEB Bank, 150617	100,000,000	101.69	101,695	1.26
Sefyr Varne 170224	30,000,000	106.00	31,800	0.39
Siem Offshore FRN 180130, Cayman Islands, NOK	30,000,000	96.00	29,992	0.37
Solvay 490529, France, EUR	4,500,000	104.37	44,328	0.55
SPP Livforsikring (life insurance) FRN 490527	55,000,000	101.28	55,703	0.69
SSAB 190410, EUR	5,000,000	99.99	47,185	0.58
Stadshypotek 1576 150318	100,000,000	101.17	101,166	1.25
Stolt Nielsen FRN 210318, Norway, NOK	35,000,000	92.42	33,887	0.42
Stora Enso FRN 170626, Finland	50,000,000	104.90	52,452	0.65
Swedbank 490317, GBP	8,113,000	103.40	102,037	1.26
Swedbank Hypotek 183 150916	100,000,000	102.43	102,434	1.27
Swedish Orphan Biovitrum FRN 170626	40,000,000	104.40	41,760	0.52
Svensk FastighetsFinansiering FRN 171221	70,000,000	102.95	72,065	0.89
Tallink FRN 181018, Estonia, NOK	35,000,000	101.00	36,813	0.46
Teekay FRN 180903, Norway, NOK	30,000,000	99.50	31,086	0.38
Vasakronan FRN 180528	100,000,000	101.81	101,815	1.26
Vattenfall 490629, EUR	10,731,000	101.73	103,030	1.27
Veritas 190401, Norway, USD	5,600,000	96.00	41,959	0.52
Victoria Park FRN 181203	30,000,000	100.50	30,150	0.37
Volvo Finans FRN 180117	50,000,000	104.14	52,072	0.64
Volvo Treasury FRN 180226	60,000,000	102.44	61,463	0.76
Volvo Treasury 750610, EUR	4,500,000	100.30	42,597	0.53
Volvo Treasury 780310, EUR	2,500,000	100.81	23,787	0.29
VV Holding FRN 190710, Norway, NOK	50,000,000	97.67	50,855	0.63
[FRN = company registration number]			<b>4,454,137</b>	<b>55.08</b>
<b>TOTAL LISTED BONDS</b>			<b>4,454,137</b>	<b>55.08</b>
<b>UNLISTED BONDS**</b>				
<b>OTHER</b>				
AX IV EG Holding III FRN 201202, Denmark, DKK	35,250,000	97.25	43,488	0.54
Bavida FRN 190615	45,000,000	100.90	45,405	0.56
Bluewater Holding 191210, Netherlands, USD	7,200,000	90.50	50,856	0.63
Handelsbanken FRN 221012	80,000,000	105.25	84,202	1.04
Lock FRN 200815 EUR, Norway, EUR	8,000,000	100.61	75,968	0.94
North Atlantic Drilling 190201, Bermuda, USD	6,400,000	64.20	32,067	0.40
SEB 490323, USD	5,000,000	100.50	39,219	0.48
Stena 240301, USD	6,000,000	94.80	44,394	0.55
Tryg Forsikring insurance FRN 490320, Norway, NOK	40,000,000	111.27	46,349	0.57
			<b>461,950</b>	<b>5.71</b>
<b>TOTAL UNLISTED BONDS</b>			<b>461,950</b>	<b>5.71</b>
<b>TOTAL TRANSFERABLE SECURITIES</b>			<b>7,758,250</b>	<b>96.19</b>
of which positive market value			8,006,472	
of which negative market value			-248,222	

Catella Hedgefond, continued on next page.

# ALTERNATIVE FUNDS, CATELLA HEDGEFOND

Note 1 Securities	Quantity	Share price	Market value (in '000 kronor)	% of fund holdings
<b>FUNDS</b>				
Catella Credit Opportunity	400,000	100.24	40,116	0.50
Catella Nordic Corporate Bond Flex RC, Luxembourg	407,830,3426	121.47	49,539	0.61
Catella Nordic Long/Short Equity IC, Luxembourg	267,668.1695	113.28	30,321	0.37
Catella Nordic Long/Short Equity RC, Luxembourg	140,000	115.40	16,156	0.20
			<b>136,133</b>	<b>1.68</b>
<b>TOTAL FUNDS</b>			<b>136,133</b>	<b>1.68</b>
<b>TOTAL FUND SHARES</b>			<b>136,133</b>	<b>1.68</b>
<b>LISTED DERIVATIVES</b>				
<b>STOCK OPTIONS</b>				
SKF B S 150 February	3,000	0.95	285	0.00
AstraZeneca 15 K 600 January, Great Britain	-1,000	1.75	-175	0.00
AstraZeneca 15 S 510 January, Great Britain	-1,000	2.70	-270	0.00
			<b>-160</b>	<b>0.00</b>
<b>INDEX OPTIONS</b>				
OMX 14 S 1330 January	500	1.55	78	0.00
OMX 14 S 1350 January	4,000	2.00	800	0.01
OMX 15 S 1380 January	4,850	3.85	1,867	0.02
OMX 15 S 1420 January	400	6.00	240	0.00
OMX 15 S 1430 January	600	8.50	510	0.01
[OMX is the Swedish stock market index]			<b>3,495</b>	<b>0.04</b>
<b>INDEX FUTURES</b>				
OMX FUTURE 150115	-765	1,466.75	0	0.00
			<b>0</b>	<b>0.00</b>
<b>TOTAL LISTED DERIVATIVES</b>			<b>3,335</b>	<b>0.04</b>
of which positive market value			3,780	
of which negative market value			-445	
<b>OTC (over the counter) DERIVATIVES</b>				
<b>DERIVATIVES (forward foreign exchange rates)</b>				
FXFWD DKK/SEK 150122 1.2833, Denmark, DKK	-34,270,877	1.27	504	0.01
FXFWD EUR/SEK 150122 9.5256, Europe, EUR	-92,351,304	9.44	8,015	0.10
FXFWD NOK/SEK 150122 1.0187, Norway, NOK	-637,862,056	1.04	-14,086	0.17
FXFWD USD/SEK 150122 7.6509, USA, USD	-88,337,917	7.80	-13,583	0.17
FXFWD GBP/SEK 150122 12.010, Great Britain, GBP	-39,403,183	12.16	-5,979	-0.07
			<b>-25,128</b>	<b>-0.31</b>
<b>TOTAL OTC DERIVATIVES</b>			<b>-25,128</b>	<b>-0.31</b>
of which positive market value			8,519	
of which negative market value			-33,648	0.31
<b>TOTAL HOLDINGS OF FINANCIAL INSTRUMENTS</b>			<b>7,872,589</b>	<b>97.35</b>
<b>OTHER ASSETS AND LIABILITIES</b>			<b>214,202</b>	<b>2.65</b>
<b>TOTAL</b>			<b>8,086,791</b>	<b>100.00</b>

\* These are financial instruments admitted to trading on a regulated market or equivalent outside the EEA.

\*\* These are financial instruments not admitted to trading on a regulated market or equivalent outside the EEA (European Economic Area).

## LIST OF ISSUERS OF MORE THAN ONE TYPE OF SECURITY\*

Issuer	% of fund assets
SEB AB	5.87
Fast Partner AB	2.47
AstraZeneca AB	2.03
Volvo Treasury AB	1.58
SSAB AB	1.55
Handelsbanken AB	1.09
Swedish Orphan Biovitrum AB	1.06
Seadrill Ltd	0.72
Catella Nordic Long/Short Equity	0.57
OMXS30	0.04

\* The table shows the total percentage of the fund's assets invested in issuers where the Fund holds more than one type of securities issued by the same issuer.

## ADDITIONAL INFORMATION FINANCIAL INSTRUMENTS

Financial Instruments which, within one year after their issue date, are to be admitted to be traded on a regulated market:

[FRN = company registration number]

BE Bio Energy FRN 190610

Cermaq FRN 190527, Norway, NOK

Destia FRN 190619, Finland, EUR

Jacob Holm & Sonner Hold FRN 190403, Denmark

Veritas 190401, Norway, USD

Victoria Park FRN 181203

VV Holding FRN 190710, Norway, NOK

## FINANCIAL DERIVATIVES TRANSACTIONS WITH BANKS

Banking partner	Securities received
Carnegie	0
Handelsbanken	0
Nordea Bank	0
SEB Bank	0

## HISTORICAL DEVELOPMENT OF FUND ASSETS, SHARE VALUE, NUMBER OF SHARES AND DIVIDENDS

Date	Dividend in kronor per share	Share value in SEK	Quantity of shares	Fund assets in '000 SEK
31/12/2005	0.00	123.21	21,235,126	2,616,283
31/12/2006	0.00	132.94	48,969,060	6,509,704
31/12/2007	0.00	137.16	52,849,535	7,248,722
31/12/2008	2.74	128.13	34,366,768	4,403,545
31/12/2009	6.40	136.06	37,678,675	5,126,429
31/12/2010	0.86	140.57	32,831,919	4,615,325
31/12/2011	0.79	137.12	24,878,484	3,411,382
31/12/2012	4.78	139.93	25,259,078	3,534,419
31/12/2013	0.00	150.43	29,125,169	4,381,358
31/12/2014	0.00	162.80	49,674,014	8,086,791

## PROVISION FOR FOREIGN DIVIDEND TAX

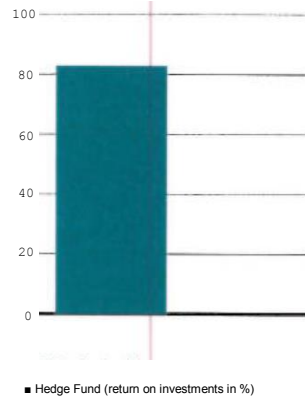
On 31/12/2014, Catella Hedgefond had expenses related to provisions for foreign dividend tax totalling 2,226,802 SEK. Provisions for future costs were set aside where a refund of dividend taxes was considered as likely.

## ALTERNATIVE FUNDS, CATELLA HEDGEFOND

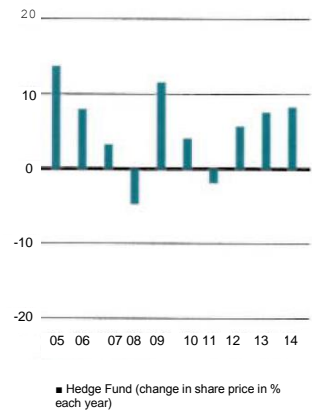
### BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET, FIGURES IN '000 SEK (KRONOR)	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>		
Negotiable securities	8,006,472	4,202,650
OTC derivatives with positive market value	8,519	6,377
Other derivatives instruments with positive market value	3,780	748
Fund shares	136,133	94,595
Total for financial instruments with positive market value	8,154,904	4,304,370
Bank deposits and other current assets	179,110	162,006
Prepaid costs and accrued income	64,619	30,977
Other assets	17,903	41,658
<b>TOTAL ASSETS</b>	<b>8,416,536</b>	<b>4,539,011</b>
<b>LIABILITIES</b>		
OTC derivative instruments with negative market value	33,648	1,116
Other derivative instruments with negative market value	445	0
Other financial instruments with negative market value	248,222	123,742
Total financial instruments with negative market value	282,315	124,858
<b>LIABILITIES</b>		
Accrued costs and pre-paid income	13,708	9,821
Other debts	33,722	22,974
<b>TOTAL LIABILITIES</b>	<b>329,745</b>	<b>157,653</b>
<b>FUND ASSETS (Note 2)</b>	<b>8,086,791</b>	<b>4,381,358</b>
<b>BALANCE SHEET ITEMS</b>		
Pledged security for borrowed financial instruments	356,615	168,935
Pledged security for OTC derivative instruments	88,627	19,768
Pledged security for other derivative instruments	25,561	41,773
<b>INCOME STATEMENT</b>	<b>2014</b>	<b>2013</b>
<b>INCOME AND VALUE CHANGES</b>		
Value change on transferable securities	566,109	213,296
Value change on OTC derivative instruments	-108,508	-6,034
Value change of other derivative instruments	-62,033	15,447
Value change for fund shares	3,319	4,851
Interest income	172,321	127,921
Dividends	60,941	34,187
Exchange-rate gains and losses, net	16,449	41,623
Other financial income	1,500	1
Other income	428	1,831
<b>TOTAL INCOME AND VALUE CHANGES</b>	<b>617,628</b>	<b>402,229</b>
<b>COSTS</b>		
Administrative costs		
Remuneration for fund management company	162,399	101,081
Payments to banks for managing deposits	2,229	1,378
Interest costs	2	42
Other financial costs	5,602	4,637
Other costs	15,912	11,956
<b>TOTAL COSTS</b>	<b>186,144</b>	<b>119,094</b>
<b>RESULT FOR THE YEAR</b>	<b>431,484</b>	<b>283,135</b>
<b>Note 2 ON BALANCE SHEET</b>		
<b>CHANGES IN THE FUND'S ASSETS</b>	<b>2014</b>	<b>2013</b>
<b>FUND ASSETS AT BEGINNING OF YEAR</b>	<b>4,381,357</b>	<b>3,534,419</b>
Share issues	4,196,773	1,397,765
Share redemption	922,823	833,961
Current year's results according to income statement	431,484	283,135
<b>FUND'S ASSETS AT END OF YEAR</b>	<b>8,086,791</b>	<b>4,381,358</b>

### RETURN ON INVESTMENTS SINCE START OF OPERATIONS



### CHANGE IN SHARE VALUE YEAR ON YEAR IN %



### DERIVATIVES TRADING

The Fund has, according to its fund policies, the option of trading in derivatives as a part of fund investments. The Fund has not, during the period, exercised its right to provide securities on loan, but has exercised its right to receive securities on loan.

Leverage is calculated as the sum of the derivative instruments' underlying exposed gross value.

Highest leverage	Lowest leverage	Average leverage
56.80%	27.62%	33.49%

Risk assessment method for calculation of the total exposure risks: Value at Risk

Value at Risk: The Fund uses a Monte-Carlo VaR model with a holding period of one day and a confidence interval of 95%

As at 31/12/2014	Highest 2014	Lowest 2014	Average 2014
0.41%	0.64%	0.22%	0.36%

### **Your share of the fund's costs**

On the financial statement for your account, which you received from us in January 2015, we outlined your share of the Fund's expenses during 2014.

The management costs are your share of the fund's costs in 2014 for analysis, management, accounting, information, marketing, auditing and fees to banks managing our deposits.

The remaining costs are your share of the fund's costs for securities trading, e.g. commissions.

The total costs are the sum of these two above-mentioned costs.

These costs are not deductible in your tax return.

### **Accounting principles**

Special funds apply the Swedish law (2013:561) on managers of alternative investment funds and the Swedish Financial Supervisory Regulations (FFFS 2013:10) on managers of alternative investment funds.

All funds abide by the Swedish Investment Fund Association's applicable recommendations for accounting and the guidelines of ESMA (the European Securities and Markets Authority).

The fund balance sheet valued the funds' assets at their market value as of 30/12/2014. These market values mean the closing prices. Different valuation methods are applied to assess the market valuations, depending on the financial instruments referred to and in which market the instrument is traded. To determine the value of the fund's shares, the last reported share value is used. To determine the value of listed instruments and other instruments actively traded in an established market, the last traded price is normally used. To determine value of instruments other than those referred to in the preceding sentence, the latest buying or selling price is normally used. If the above-mentioned methods are misleading in the opinion of the fund management company, the value will be determined on another objective basis. An objective basis means a valuation based on available information on the latest prices paid in external transactions of the instruments or indicative bid prices from market traders, if these are available for the issuer. If such information is not available or Catella considers that it is not reliable, the market value is determined according to generally accepted valuation models based on information from independent brokers or other external, independent sources.

The exchange rates used are the closing rates of currencies compared to the Swedish krona on 31/12/2014:

Danish kroner (DKK)	1.2686
Euros (EUR)	9.4382
British pounds (GBP)	12.1639
Norwegian kroner (NOK)	1.0414
US dollars (USD)	7.8048

### **Tax payable by shareholders**

The fund is a separate taxable entity, but since 1 January 2012, has been tax-exempt for income from the assets which are invested in the fund. Now, instead, the shareholders are subject to income tax at a standard rate (see below).

#### *Capital gains taxation*

People who are resident in Sweden and fully subject to tax there must include capital gains and losses on the sale of their shares in the fund as capital gains at a tax rate of 30%. The 'sale' of shares includes, among other things, the sale and redemption of shares. The same rules apply for inherited estates provided that the deceased was fully subject to tax in Sweden.

The capital gain or capital loss is calculated as the difference between the sale price (after deducting any fees) and the cost price. The cost price is the purchase price that was paid by the shareholder to buy the fund's shares. The cost price is normally calculated by the averaging method.

The tax calculated for capital gains and losses depends on the type of fund and on whether the shares are listed or unlisted. A fund's shares are generally considered as publicly listed if the fund is open for trading or redemption at least once every ten days. If the fund is open for trading or redemption less frequently than that, the fund's shares are considered unlisted. A fund share which is registered or listed on the Swedish stock exchange or a foreign stock market will always be considered as listed, regardless of how many of them are bought and sold.

Capital gains from the sale of shares in the fund are taxable in full. The right to deduct capital losses on shares in the fund is generally subject to the following rules.

#### Listed shares in equity funds

Capital losses are fully tax-deductible against both gains from listed shareholders' rights (except for shares in fixed-interest funds) and gains from unlisted shares. Shareholders' rights include, amongst other things, shares, holdings in securities and special funds and other taxable shares and financial instruments. Excess losses are tax-deductible at 70% against other capital gains (such as interest and dividends).

#### Unlisted shares in equity funds

Capital losses are tax-deductible at 70% against all capital gains, including, for example, interest and dividends.

#### Listed shares in fixed-interest funds

Capital losses are fully tax-deductible against all capital gains. This now also applies to fixed-interest funds listed in markets outside Sweden.

#### *Tax reduction*

In the event that there remains a capital loss after deduction of this loss against capital gains, this will be considered as an overall loss for tax purposes. Tax reductions of 30% are granted for losses. If a loss is greater than 100,000 Swedish kronor (SEK), a tax reduction will be granted, but only 21% for the part of the losses which exceed SEK 100,000.

#### *Flat-rate taxation*

People who are resident in Sweden and fully subject to tax there, and who own shares in the fund will, starting from the tax year 2012, will be subject to a standard income tax of 0.4% of the value of their fund holdings at the beginning of the year. This standard income shall be included in their tax on capital income at 30%, resulting in an effective tax levy on the value of their fund holdings of  $(0.4 \times 0.3 =) 0.12\%$  per year. The same rules apply to inherited estates, on the condition that the deceased was fully subject to tax in Sweden.

#### *Other taxes*

If the fund is linked to investment savings accounts, fund insurance, individual pension schemes (IPS) or premium pensions, special tax rules apply. For legal entities (companies) and foreign fund share owners, special tax rules also apply.

#### *Reporting data*

The fund management company must submit statements of their profits or losses on the sale or redemption of shares in the fund, standard income and any dividends. Information is to be provided to the tax authorities on private individuals and inheritances in Sweden.

### **Our owner's policy**

#### **1. Introduction**

According to the Swedish Financial Supervisory Authority's regulations (FFFS 2013:9) on securities funds, part 15 section 9 and according to the EU commission's implementing regulations article 37, the board of a fund management company and a manager of an alternative investment fund must establish internal regulations which set out what strategies the company will follow to determine when and how to use the voting rights which are linked to the financial instruments which are included in each fund. The purpose of this document is to show how and in what situations the voting rights granted to investors in the Catella Fondförvaltning AB (Catella Fund Management companies, referred to below as the "Catella Funds") should be used, and how Catella otherwise exercises its ownership rights over the funds' holdings. The basic principle for all situations is that the Catella Funds must act exclusively in the common interests of the shareholders, and voting rights are only to be used for the benefit of the respective fund. The goal is that the funds will provide as high a return as possible. The owner's role is to ensure that the company's valuation and thus the value of shares in the fund are maximised in the long term.

The funds' assets are not included in the Catella Funds' balance sheets and the shareholders can at any time withdraw their money from the funds. Therefore, it is important that the Catella Funds are able to sell their shares when necessary and without delay.

## **2. Participation in general meetings of companies**

The Catella Funds will normally participate in the general meetings of the companies where the funds are major shareholders, as well as in other voting where key issues are addressed, and will use their voting rights on such occasions.

## **3. Use of voting rights**

1. Within the Catella group ("Catella"), there are several companies who invest on their own account or on behalf of their clients. The operations within the Catella Funds are clearly separated. This means that the Catella Funds represent the shareholders in the funds, and will in that role always vote on the basis of what is considered best for the share holders, regardless of any other interests Catella may have in the companies concerned. If the Catella Funds exercise their voting rights, then that will be done in accordance with each fund's objectives and investment policy, as set out in each fund's policy guidelines. In connection with the Catella Funds exercising their voting rights, an assessment is made in each case of whether a conflict of interest may arise for the fund or the shareholders, and how this can or should be managed.
2. The ultimate responsibility for monitoring the companies' operations and for ensuring that a fund votes in accordance with the fund's investment objectives and goals at general meetings rests with the administrator responsible. The Catella Funds work, however, on the basis that all the funds should have a consensus on important issues which affect the companies' operations. For this purpose, the Catella Funds have appointed a person responsible to the shareholders, who in consultation with the responsible managers, decides how the fund will vote at the meetings. The person responsible to the shareholders will also report to the Catella Funds' CEO, and ultimately to the Catella Funds' Board of Directors.
3. The different fund managers are therefore responsible for their funds voting in accordance with the funds' investment policies, and that conflicts of interest are dealt with appropriately.
4. The Catella Funds can, if it is considered appropriate, delegate power of attorney to a third party to represent the Catella Funds in voting. Such authorisation must be preceded by all the appropriate preparations, so that it will be as if the Catella Funds themselves were represented at the meeting by one of their employees.

The Catella Funds must provide statements to the shareholders on request and free of charge on the Catella Funds' positions on significant individual issues affecting the shareholders, and on the reasons for these.

Questions on the Catella Funds' policies on issues affecting the shareholders should be directed to the company's manager responsible to the shareholders, or to the company's CEO.

*This management policy is prepared in line with the Swedish Investment Fund Association's guidelines for fund management companies.*

### **The Swedish code for fund management companies.**

Catella Fondförvaltning AB ('Catella Fund Management company') is a member of the Swedish Investment Fund Association. The Funds Association has summarised the governing principles that should guide the management of fund operations in Sweden, in the "Swedish Code of fund management companies". The code promotes sound management of funds, and thereby maintains public confidence in this sector. Our company applies this Code. All the company's managers are licensed by the Swedish securities market regulator SwedSec. We have also made sure that half of our Board of Directors consists of independent members.

**Information published according to the Swedish Code of fund management companies**

The remuneration to the staff of the fund management company includes fixed salaries and bonuses related to the performance of the company.

**Underwriting share issues**

All funds are able, based on their policies and the Swedish law (2013: 561) on management of alternative investment funds, to guarantee their share issues. In 2014, Catella Hedgefond exercised that option.

**Related transactions**

Trading with Nordic Fixed Income AB has taken place in interest-bearing bonds, see details under Fund facts on page 2 above.

**Board of Catella AB**

Johan Ericsson, Chairman, CEO of Catella AB (public limited company)

Lars H. Bruzelius, Senior partner BSI & Partners

Peter Friberg, Director of the Sankt Lukas (St. Luke) foundation in Uppsala, Sweden

Johan Nordenfalk, company lawyer for Catella AB (public limited company)

Thomas Raber, CEO of Alvine Capital Management Ltd

Ando Wikström, CFO of Catella AB (public limited company)

**Risk***Overall Risk*

The traditional way to measure how much the fund is exposed to the risk of volatility in share prices, or to the risk of losing money, is to measure how much the fund's returns on investments have varied. For a fund with high overall risks (for example, an equity fund), yields fluctuate more than for a fund with low overall risks (for example, a fixed-interest fund with short-term investments in interest-bearing assets). However, risks and returns are linked, and higher risks may provide higher returns. The value of the total risk indicates where the range of the annual returns should be (with a 66 % probability), i.e. a fund with an average return of 5% and a total risk of 2% indicates that the fund's annual returns should be between 3 and 7% ( $5\% \pm 2\%$ ).

Catella follows the Swedish Investment Fund Association's recommendations that 24 monthly values shall be used in these measurements. Another name for the total risk is the standard deviation calculated on an annual basis, or volatility. The total risk for a fund provides an indication of the level of historical risks of the fund, but is not an infallible forecasting tool. A fund category or fund that previously had a low overall risk may in fact be high-risk and may incur losses if, for instance, share prices fall, due to such circumstances as a bad economic situation, and the opposite can also be true.

*Active risk*

Another type of risk is that the fund performs better or worse than the assets in the market where the investments are made. Buyers of shares in equity funds, for example using Swedish shares, should check the risk the fund has had in its investments, vis-a-vis the index it is compared with. A measure of this is the active risk, also called the tracking error. This measurement indicates how close the fund is to its benchmark index, and a high tracking error indicates that the fund deviates significantly from this index. Unlike correlation, active risk does not depend on just the upward or downward trend in the yields, but also their size. That is to say a fund which has a small percentage of shares and where the rest of its holdings are bonds can also have a correlation of 1 compared to the stock market, but it would have a high active risk on the stock market. The active risk is calculated as the standard deviation of the relative returns compared with the reference index. To calculate the active risk, Catella also uses the monthly values (over 24 months).



## Duration

Duration is the most common measurement of interest-rate risks, and indicates the average investment period for the fund's interest-bearing securities. The longer the duration, the more sensitive the fund is to interest rate changes. Duration is normally expressed in years. All the Catella funds which have holdings in interest-bearing securities have their durations specified. The duration used in the annual report is the "effective duration", which takes into account the tied interest period and the options, for example, for floating-rate notes (FRN) and callable bonds.

## Interest-rate risk with a 1 percentage point change in interest rates

The interest-rate risk with a 1% change in interest rates shows how much the fund's value would decrease (or increase) if the interest rate went up by 1% over the entire yield curve, i.e. the interest rate goes up by 1% on all maturity dates. This measurement is provided for all the Catella funds which have holdings in interest-bearing securities.

[Initials]

Catella Fondförvaltning AB ('Catella Fund Management Co.')

Stockholm, 13 February 2015

*Annual accounts for 2014 for Catella Hedgefond (company reg. no. 515601-9720)*

[Signature]  
Knut Pedersen  
Chairman

[Signature]  
Erik Kjellgren  
CEO

[Signature]  
Lars H. Bruzelius

[Signature]  
Peter Friberg

[Signature]  
Johan Nordenfalk

[Signature]  
Thomas Raber

[Signature]  
Ando Wikström

Our audit report was submitted on 13 February 2015

PricewaterhouseCoopers AB

[Signature]

Daniel Algotsson  
Certified Auditor

[Logo: pwc]  
**Auditors' report**

**To the share owners of Catella Hedgefond, company reg. no. 515601-9720**

**Report on the annual accounts**

In our capacity as auditors of Catella Fondförvaltning AB ('Catella Fund Management Co.'), Swedish company registration number 556533-6210, we have performed an audit of the annual accounts for Catella Hedgefond for 2014.

*The Fund Management Company's responsibility for the Annual Report*

The fund management company is responsible for the annual accounts, and for the Swedish Law on Alternative Investment Funds and the Financial Supervisory Authority's regulations on managers of alternative investment funds being applied in the preparation of these accounts, and for such internal audits as the Management Company deems necessary to compile annual accounts which do not contain material misstatements, whether these are due to fraud or errors.

*The Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts, based on our audit. We conducted our audit in accordance with the International Standards on Auditing, and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical guidelines, and plan and perform the audit to obtain reasonable assurance that the annual reports do not contain material misstatements.

An audit involves carrying out procedures to obtain auditing evidence about the amounts and disclosures in the annual accounts. The auditor chooses which actions to take, including assessing the risks of material misstatements in the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to how the fund management company prepares the annual accounts in order to design investigative measures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund management company's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the fund management company's accounting estimates, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Statements*

In our opinion, the annual accounts are prepared in accordance with the Swedish law on Alternative Investment Fund Managers and the Financial Supervisory Authority's regulations on managers of alternative investment funds, and in all material aspects, present a fair view of the Catella Hedgefond's results and positions.

**Report on the other requirements under Swedish laws and regulations**

In addition to our audit of the annual report, we have also conducted an audit of the fund company's management for Catella Hedgefond for 2014.

*The Fund Management Company's responsibility*

The fund management company is responsible for administration according to the law on alternative investment funds, and the fund policies.

*The Auditor's responsibility*

Our responsibility is to express a reasonable opinion on the management, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement on the management, we have in addition to our audit of the annual reports examined significant decisions, actions and circumstances of the fund, in order to assess if the fund management company has acted in contravention of the law on the management of alternative investment funds, or the fund policies.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a sound basis for our opinion

*Statements*

According to our opinion, the management company has not acted in contravention of the law on alternative investment funds or the fund's policies.

Stockholm, 13 February 2015

PricewaterhouseCoopers AB

[Signature]

Daniel Algotsson  
Certified Auditor

**Annual report for the Catella Hedgefond fund**

**01/01/2013 - 31/12/2013**

## FUND FACTS

**Fund manager:** Ulf Strömsten

Share price ..... 150.43 kronor  
Number of shareholders ..... 2,364  
Fund assets (m SEK – million kronor) ..... 4,381

### RETURN ON INVESTMENT IN THE LAST YEAR

Hedge fund ..... 7.50%  
Reference interest rate (OMRX TBill) ..... 0.88%  
(Swedish Treasury Bill interest rate index)

### AVERAGE ANNUAL RETURN ON INVESTMENT

#### Last two years

Hedge fund ..... 6.56%

#### Last five years

Hedge fund ..... 5.23%

### RISK

Hedge fund, 24-month data ..... 2.22%  
Hedge fund, 1-year data ..... 1.80%  
Duration ..... 0.90 years  
Interest risk with a 1% change in interest rates ... -0.65%

### TURNOVER RATE/COSTS

Turnover rate (over 1 year) ..... 1.79  
Transaction costs (m SEK) ..... 12.82  
as a percentage of securities traded ..... 0.09  
Management fees ..... 1.00%  
Debited management fee  
(fixed and variable) ..... 2.61%  
Annual fees ..... 1.04%

### COSTS FOR INVESTORS

One-time deposit SEK 10,000  
Administrative costs (SEK) ..... 269.40  
Monthly investment SEK 100  
Administration costs (SEK) ..... 17.71

### CHANGES TO THE FUND'S ASSETS

Total change ..... 23.96%  
Total value change ..... 7.50%  
Total net flow per shareholder ..... 15.95%  
Dividends paid out ..... 0.00%

### TRADING IN FINANCIAL INSTRUMENTS WITH RELATED SECURITIES COMPANIES

Share of the fund's total turnover ..... 1.71%

### TRADE WITH SECURITIES MANAGED BY CATELLA FONDFÖRVALTNING (FUND MANAGEMENT)

Share of the fund's total turnover  
Catella Sicav (unit trust fund) ..... 2.58%

**Fund started:** 01/03/2004

**Initial share price:** SEK 100 (100 kronor)

**Dividend:** Since 2013, the fund has not paid out any dividends.

**Fund Management Company:** Catella  
Fondförvaltning AB ('Catella Fund Management Co.')

**Fund registration number:** 515601-9720

**PPM fund number:** The hedge fund is not a PPM  
(private placement memorandum) fund.

## ALTERNATIVE FUNDS – CATELLA HEDGEFOND

# Another strong year

Catella Hedge Fund grew by 7.5% during the year. Our risk, measured by the standard deviation method, was a low 2%, and the risk-adjusted returns on investment in the Fund therefore remain high.

Despite rising interest rates and continued falling profit forecasts, 2013 was a good year on the stock exchange. At the same time, there were great differences between the performances of listed shares, and the election of new directors for our company played a considerably bigger role than normal.

Low risk is a cornerstone of Catella Hedgefond. We see the fund as a basic investment plan that complements other funds with higher risks. It's also a more flexible option than traditional savings in fixed-income funds. The low risk results in the return on investments not being as dependent on the right timing as savings in equity funds, and the daily trades the fund makes means that the money is always accessible.

The past year has once again been a successful year for Catella Hedgefond. The yield was 7.50%, which is nearly 4 times the risk measured as a standard deviation. The Fund therefore compares well with other similar forms of investments. The Fund's risk level of just under 2% is much lower than the risk in the stock market as a whole, which for the Swedish Return Index SIX RX amounted to 12.6% in 2013.

The turnover speed or trading rate of the Fund is traditionally high, and 2013 has been no exception. This is due to us actively working on the fund's net exposure to risks, adjusting it in line with the changing forecasts for the market. This is especially important in a year which is affected by great uncertainty about the development of the global economy.

In Catella Hedgefond, there are rarely individual investments which account for the fund's performance, since the yields are distributed over many investments.

Additional risk spreading is achieved by investing in both interest-bearing securities and in shares. Interest-bearing investments accounted for about 65% of our portfolio in 2013. This year is somewhat lower than 2012, and reflects our view that a gradual improvement in the economy will lead to higher interest rates. Meanwhile, our portfolio management has been very successful, so that the returns on investments in our portfolio were divided fairly equally between these two types of investments. All our currency risks in interest-bearing investments are hedged, and the currency risks in equity investments only had a marginal impact on our result for the year 2013.

Our active management of the Fund and a balanced risk spread is also shown by the fact that the largest positive contributions to our fund's performance this year came from such diverse sectors as gaming (Unibet), engineering (Autoliv), software (IFS) and property (Catena). The good returns on investments in our portfolio are also largely due to the balanced spread between shares and fixed-interest investments. On the negative side, our worst performers were both companies in the oil industry: Alliance Oil and Norwegian North Atlantic Drilling.

*For a list of all of the fund's holdings, our income statement and balance sheet, see the following pages.*

# ALTERNATIVE FUNDS - CATELLA HEDGEFOND

Note 1 - Securities	Quantity	Share price	Market value (in '000 kroner)	% of fund holdings
<b>THE FUND'S HOLDINGS OF FINANCIAL INSTRUMENTS</b>				
<b>STOCK MARKET</b>				
<b>ENERGY</b>				
Odffjell Drilling, Bermuda, NOK	150,000	36.30	5,805	0.13
Seadrill, Bermuda, NOK	-50,000	247.60	-13,199	-0.30
Seadrill, loaned shares, Bermuda, NOK	50,000	247.60	0	0.00
[NOK / DKK – Norwegian / Danish kroner]			<b>-7,394</b>	<b>-0.17</b>
<b>RAW MATERIALS</b>				
BillrudKorsnäs	285,287	81.25	23,180	0.53
Christian Hansen, Denmark, DKK	91,929	215.40	23,613	0.54
Norsk Hydro, Norway, NOK	1,500,000	27.07	43,293	0.99
Rautaruukki K (ironworks), Finland, EUR	322,052	6.74	19,303	0.44
SCA B	-135,000	198.00	-26,730	0.61
SCA B, loaned shares	135,000	198.00	0	0.00
SSAB A	500,000	49.30	24,650	0.56
			<b>107,309</b>	<b>2.45</b>
<b>INDUSTRIAL GOODS</b>				
Assa Abloy B	-55,000	339.80	-18,689	-0.43
Assa Abloy B, loaned shares	55,000	339.80	0	0.00
Atlas Copco A	300,000	178.30	53,490	1.22
Loomis	-100,000	152.50	-15,250	0.35
Loomis, loaned shares	100,000	152.50	0	0.00
Saab B	193,924	172.50	33,452	0.76
Securitas	442,500	68.35	30,245	0.69
			<b>83,248</b>	<b>1.90</b>
<b>DURABLE GOODS</b>				
Autoliv SDB, USA	232,139	592.00	137,426	3.14
Finnveden Bolters	506,300	50.25	25,442	0.58
Husqvarna B	-169,473	38.72	-6,562	-0.15
Husqvarna B, loaned shares	269,473	38.72	0	0.00
Retail and Brands	1,606,572	13.25	21,287	0.49
Unibet Group SDB	715,047	310.50	222,022	5.07
			<b>399,615</b>	<b>9.12</b>
<b>CONSUMABLES</b>				
Cloetta	700,000	19.40	13,580	0.31
Kesko B, Finland, EUR	6,769	26.80	1,613	0.04
Marine Harvest, Norway, NOK	-1,500,000	7.38	-11,811	-0.27
Marine Harvest, loaned shares, Norway, NOK	1,500,000	7.38	0	0.00
			<b>3,382</b>	<b>0.08</b>
<b>HEALTHCARE</b>				
Elektro B	946,960	98.35	93,134	2.13
Medivir B	196,000	84.50	16,562	0.38
			<b>109,696</b>	<b>2.50</b>
<b>FINANCE &amp; REAL ESTATE</b>				
Corem Property Group Pref	774,223	150.00	116,133	2.65
Fast Partner Pref	105,600	339.00	35,798	0.82
Handelsbanken A	-50,000	316.00	-15,800	-0.36
Handelsbanken A, loaned shares	50,000	316.00	0	0.00
Investor B	493,139	221.30	109,132	2.49
JM	255,150	181.50	46,310	1.06
Nordea Bank	800,000	86.65	69,320	1.58
Platzer Fastigheter (Property) Holding B	999,700	27.00	26,992	0.62
Sagax Pref	2,119,610	31.50	66,768	1.52
SEB A	150,000	84.80	12,720	0.29
			<b>467,373</b>	<b>10.67</b>
<b>INFORMATION TECHNOLOGY</b>				
Ericsson B	-200,000	78.50	-15,700	-0.36
Ericsson B, loaned shares	200,000	78.50	0	0.00
IFS B	511,139	154.00	78,715	1.80
			<b>63,015</b>	<b>1.44</b>
<b>TOTAL LISTED SHARES</b>				
[FRN = company registration number]			<b>1,226,244</b>	<b>27.99</b>
<b>LISTED BONDS* Including coupon</b>				
Akeliu FRN 150675	50,000,000	103.82	51,908	1.18
Aker FRN 220907, Norway, NOK	30,000,000	104.12	33,305	0.76
Aker Solutions FRN 170606, Norway, NOK	30,000,000	104.11	33,302	0.76
Albain Bidco FRN 201101, Norway, NOK	40,000,000	100.40	42,818	0.98
Aviva 491128, Great Britain, EUR	4,000,000	100.84	35,870	0.82
Bonheur FRN 170210, Norway, NOK	30,000,000	104.71	33,491	0.76
Bravida FRN 190615	35,000,000	102.69	35,942	0.82
BW FRN 180321, Norway, NOK	30,000,000	100.78	32,235	0.74
Castellum FRN 180926	75,000,000	100.75	75,562	1.72
Clerical Medical Finance 490624, Great Britain, EUR	4,675,000	100.31	41,705	0.95
Cloetta FRN 180917	50,000,000	102.72	51,358	1.17
Danske Bank 490215, Denmark, GBP	4,602,000	101.98	50,284	1.15
Danske Bank FRN 490215, Denmark	54,500,000	91.07	49,635	1.13
DNB Bank 230926, Norway, EUR	6,500,000	100.84	58,289	1.33
DNB Nor 490329, Norway, GBP	6,000,000	104.84	67,400	1.54
DOF Subsea FRN 180522, Norway, NOK	48,000,000	100.67	51,519	1.18
Dong Energy 180708, Denmark, EUR	5,000,000	105.10	46,731	1.07
Eksportfinans 161010, Norway, EUR	3,568,797.38	113.00	35,863	0.82
FastPartner FRN 160928	30,000,000	102.88	30,863	0.70
Gefinge FRN 180521	55,000,000	102.06	56,134	1.28
ICA Gruppen FRN 180625	75,000,000	102.04	76,533	1.75
Intrum Justitia FRN 180628	40,000,000	103.33	41,330	0.94
Klövren FRN 170119	30,000,000	104.38	31,313	0.71
Kungsleden FRN 161220	50,000,000	100.11	50,054	1.14
Landshypotek Bank 140218	45,000,000	100.39	45,177	1.03
Lloyds TSB BANK 490512, Great Britain, EUR	5,000,000	89.96	40,000	0.91

Note 1 - Securities	Quantity	Share price	Market value (in '000 kroner)	% of fund holdings
<b>Meda, FRN 180405 [FRN = company registration number]</b>				
Meda, FRN 180405 [FRN = company registration number]	40,000,000	104.39	41,756	0.95
Millicom FRN 171030, Luxembourg	50,000,000	105.67	52,836	1.21
NCC treasury FRN 180830	50,000,000	101.49	50,745	1.16
Nordea Hypotek 5526 140618	100,000,000	101.42	101,420	2.31
Norlandia FRN 180410, NOK	30,000,000	101.50	32,466	0.74
Sampo FRN 180529, Finland	60,000,000	101.21	60,725	1.39
SAS FRN 171115	45,000,000	106.18	47,783	1.09
SBAB 140409	50,000,000	100.83	50,416	1.15
SBAB FRN 181011	100,000,000	100.50	100,501	2.29
SCBC 180321	50,000,000	107.07	53,536	1.22
SEB Bank, 140618	70,000,000	101.65	71,153	1.62
Sefyr Värme 170224	30,000,000	106.25	31,875	0.73
Siern Offshore FRN 180130, Cayman Islands, NOK	30,000,000	101.38	32,426	0.74
Stolt - Nielsen FRN 180319, Norway, NOK	20,000,000	105.12	22,417	0.51
Stora Enso FRN 170626, Finland	50,000,000	106.89	53,447	1.22
Storebrand Livförsäkring insurance FRN 490627, Norway, NOK	40,000,000	100.51	42,866	0.98
Swedbank Hypotek 166 140505	50,000,000	101.98	50,988	1.16
Swedbank Hypotek 180919	50,000,000	105.92	52,962	1.21
Swedish Ophran Biovitrum FRN 170626, Finland	40,000,000	106.09	42,434	0.97
Svensk FastighetsFinansiering FRN 171221	70,000,000	102.60	71,820	1.64
Tallink Ferries, FRN 181018, Estonia, NOK	35,000,000	102.90	38,399	0.88
Teekay FRN 180903, Norway, NOK	30,000,000	100.75	32,226	0.74
Tele2 FRN 170224, Norway, NOK	55,000,000	102.83	60,303	1.38
Vasakronan FRN 170327	30,000,000	100.80	30,241	0.69
Volvo Finans FRN 180117	50,000,000	103.14	51,571	1.18
Volvo Treasury FRN 180226	60,000,000	101.62	60,975	1.39
			<b>2,536,911</b>	<b>57.90</b>
<b>TOTAL LISTED BONDS</b>				
<b>UNLISTED BONDS** Including coupon</b>				
<b>OTHER</b>				
ARLA FRN 180604, Denmark	30,000,000	101.52	30,457	0.70
Austevoll Seafood FRN 170207, Norway, NOK	20,000,000	104.00	22,177	0.51
AX IV EG Holding III FRN 201202, Denmark, DKK	24,750,000	99.85	29,470	0.67
Bluewater Holding 191210, Netherlands, USD	7,200,000	100.75	46,688	1.07
Color Group FRN 171218, Norway, NOK	35,000,000	99.75	37,224	0.85
Handelsbanken FRN 221012	100,000,000	105.21	105,212	2.40
Tryg Forsikring (insurance), FRN 490320, Norway, NOK	40,000,000	104.40	44,525	1.02
[FRN = company registration number]			<b>315,753</b>	<b>7.21</b>
<b>TOTAL UNLISTED BONDS</b>				
			<b>315,753</b>	<b>7.21</b>
<b>TOTAL TRANSFERABLE SECURITIES</b>				
of which, with a positive market value			<b>4,078,909</b>	<b>93.10</b>
of which, with a negative market value			-123,741	
<b>FUNDS</b>				
Catella Nordic Corporate Bond Flex IC, Luxembourg	438,855,1710	119.34	52,373	1.20
Catella Nordic Long/Short Equity IC, Luxembourg	267,668,1695	102.87	27,535	0.63
Catella Nordic Long/Short Equity RC, Luxembourg	140,000	104.91	14,687	0.34
			<b>94,595</b>	<b>2.16</b>
<b>TOTAL FUNDS</b>				
			<b>94,595</b>	<b>2.16</b>
<b>TOTAL FUND SHARES</b>				
			<b>94,595</b>	<b>2.16</b>
<b>EXCHANGE-TRADED DERIVATIVES</b>				
<b>STOCK OPTIONS</b>				
Assa Abloy 14 S 330 February	500	530	3	0.00
Assa Abloy 14 S 330 January	1,500	1.64	2	0.00
			<b>5</b>	<b>0.00</b>
<b>INDEX OPTIONS</b>				
OMX 14 S 1220 January	1,500	0.85	128	0.00
OMX 14 S 1240 January	1,500	1.10	165	0.00
OMX 14 S 1260 January	1,000	1.70	170	0.00
OMX 14 S 1280 January	1,000	2.80	280	0.01
[OMX is the Swedish stock market index]			<b>743</b>	<b>0.02</b>
<b>INDEX FUTURES</b>				
OMX FUTURE 140117	325	1,335.00	0	0.00
			<b>0</b>	<b>0.00</b>
<b>TOTAL EXCHANGE-TRADED DERIVATIVES</b>				
of which, with a positive market value			<b>748</b>	<b>0.00</b>
of which, with a negative market value			0	
<b>OTC (over the counter) DERIVATIVES</b>				
<b>CURRENCY FUTURES (forward foreign exchange rates)</b>				
FXFWD DKK/SEK 140129 1.2088, Denmark, DKK	-24,700,000	1.19	387	0.01
FXFWD EUR/SEK 140129 9.0257, Europe, EUR	-29,300,000	8.90	3,764	0.09
FXFWD GBP/SEK 140129 10.7356, Great Britain, GBP	-11,500,000	10.72	208	0.00
FXFWD NOK/SEK 140129 1.067294, Norway, NOK	13,500,000	1.07	-23	0.00
FXFWD NOK/SEK 140129 1.0678, Norway, NOK	-571,400,000	1.07	1,255	0.03
FXFWD NOK/SEK 140303 1.0518, Norway, NOK	-70,000,000	1.06	-915	0.02
FXFWD NOK/SEK 140303 1.07, Norway, NOK	35,000,000	1.06	-179	0.00
FXFWD USD/SEK 140129 6.5440, USA, USD	-7,300,000	6.44	763	0.02
			<b>5,261</b>	<b>0.12</b>

Catella Hedgefond continued on next page.

# ALTERNATIVE FUNDS - CATELLA HEDGEFOND

Note 1 - Securities	Quantity	Price	Market value (in '000kronor)	% of fund holdings
<b>TOTAL OTC (over the counter) DERIVATIVES</b>			<b>5,261</b>	<b>0.12</b>
of which, with a positive market value			6,377	
of which, with a negative market value			-1,116	0.12
<b>TOTAL HOLDINGS OF FINANCIAL INSTRUMENTS</b>			<b>4,179,513</b>	<b>95.39</b>
<b>OTHER ASSETS AND LIABILITIES</b>			<b>201,845</b>	<b>4.61</b>
<b>TOTAL</b>			<b>4,381,358</b>	<b>100.00</b>

\* These are financial instruments admitted for trading on a regulated market or equivalent outside the EEA (European Economic Area).  
 \*\* These are financial instruments not admitted to trading on a regulated market or equivalent outside the EEA.

## LIST OF ISSUERS OF MORE THAN ONE TYPE OF SECURITY\*

Issuer	% of fund assets*
SEB Bank	5.73
SBAB Bank AB	3.44
DnB Bank ASA	2.87
Danske Bank A/S	2.28
Handelsbanken AB	2.04
Fast Partner AB	1.52
Cloetta AB	1.48
Catella Nordic Long/Short Equity	0.97
OMXS30	0.02
Assa Abloy AB	-0.43

\* The table shows the total percentage of the fund's assets invested in issuers where the Fund holds more than one type of securities issued by the same issuer.

## ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Financial instruments which, within one year after their issue date, are to be admitted to be traded on a regulated market:

[FRN = company registration number]  
 Albain Bidco FRN 2011101, Norway, NOK  
 Bravida FRN 190615  
 Kungsleden FRN 161220  
 Norlandia FRN 180410, NOK

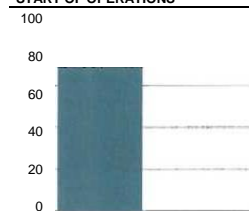
## FINANCIAL DERIVATIVE TRANSACTIONS WITH BANKS

Banking partner	Securities received
Nordea Bank	0
SEB Bank	0
Carnegie	0

## DIVIDENDS

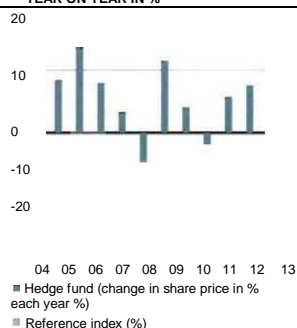
Date	Dividend in kronor per share	Share value in kronor	Number of shares	Fund assets in '000 kronor
31/12/2004	0.00	108.47	4,724,110	512,408
31/12/2005	0.00	123.21	21,235,126	2,616,283
31/12/2006	0.00	132.94	48,969,060	6,509,704
31/12/2007	0.00	137.16	52,849,535	7,248,722
31/12/2008	2.74	128.13	34,366,768	4,403,545
31/12/2009	6.40	136.06	37,678,675	5,126,429
31/12/2010	0.86	140.57	32,831,919	4,615,325
31/12/2011	0.79	137.12	24,878,484	3,411,382
31/12/2012	4.78	139.93	25,259,078	3,534,419
31/12/2013	0.00	150.43	29,125,169	4,381,358

## RETURN ON INVESTMENTS SINCE START OF OPERATIONS



■ Hedge fund (return on investments in %)  
 ■ Reference index (%)

## CHANGE IN SHARE VALUE YEAR ON YEAR IN %



■ Hedge fund (change in share price in % each year %)  
 ■ Reference index (%)

## BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET, FIGURES IN '000 KRONOR (SEK)	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>		
Negotiable securities	4,202,650	3,447,314
OTC-derivatives with a positive market value	6,377	8,737
Other derivative instruments with a positive market value	748	1,080
Fund shares	94,595	93,542
Total financial instruments with a positive market value	4,304,370	3,550,673
Bank deposits and other current assets	162,006	106,909
Pre-paid costs and accrued income	30,977	36,890
Other assets	41,658	71,529
<b>TOTAL ASSETS</b>	<b>4,539,011</b>	<b>3,766,001</b>

## LIABILITIES

OTC derivative instruments with a negative market value	1,116	996
Other derivative instruments with a negative market value	0	52
Other financial instruments with a negative market value	123,742	169,309
Total financial instruments with a negative market value	124,858	170,357

## LIABILITIES

Accrued costs and pre-paid income	9,821	6,643
Other liabilities	22,974	54,582
<b>TOTAL LIABILITIES</b>	<b>157,653</b>	<b>231,582</b>

## FUND ASSETS - Note 2

	<b>4,381,358</b>	<b>3,534,419</b>
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## BALANCE SHEET ITEMS

Pledged securities for borrowed financial instruments	168,935	470,234
Pledged securities for OTC derivatives	19,768	25,939
Pledged securities for other derivatives	41,773	50,773

## INCOME STATEMENT

### INCOME AND VALUE CHANGES

Value changes on negotiable securities	213,296	160,889
Value change on OTC derivative instruments	-6,034	6,743
Value change on other derivatives	-15,447	1,383
Value change on fund shares	4,851	11
Interest income	127,921	69,628
Dividends	34,187	47,189
Exchange-rate gains and losses, net	41,623	-5,458
Other financial income	1	386
Other income	1,831	0
<b>TOTAL INCOME AND VALUE CHANGES</b>	<b>402,229</b>	<b>280,771</b>

## COSTS

Administrative costs		
Fees paid to fund management company	101,081	70,623
Payments to banks for managing deposits	1,378	890
Interest costs	42	3
Other financial costs	4,637	11,760
Other costs	11,956	12,593
<b>TOTAL COSTS</b>	<b>119,094</b>	<b>95,869</b>

## RESULT FOR THE YEAR

	<b>283,135</b>	<b>184,902</b>
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## Note 2 ON THE BALANCE SHEET

### CHANGES IN THE FUND'S ASSETS

	2013	2012
<b>FUND ASSETS AT BEGINNING OF YEAR</b>	<b>3,534,419</b>	<b>3,411,382</b>
Share issues	1,397,765	858,729
Share redemption	-833,961	-803,135
Result for the year according to the income statement	283,135	184,902
Dividend paid out	0	-117,459
<b>FUND ASSETS AT END OF YEAR</b>	<b>4,381,358</b>	<b>3,534,419</b>

## DERIVATIVES TRADING

The Fund has, according to its fund policies, the option of trading in derivatives as a part of fund investments. The Fund has not, during the period, exercised its right to provide securities on loan, but has exercised its right to receive securities on loan.

Leverage is calculated as the sum of the derivative instruments' underlying gross value exposed to risk.

Highest leverage	Lowest leverage	Average leverage
35.73%	5.79%	26.13%

Risk assessment method for calculating the total exposure to risk: value at risk

Value at Risk: The Fund uses a Monte-Carlo VaR model with a holding period of one day and a confidence interval of 95%.

As at 31/12/2013	Highest 2013	Lowest 2013	Average for 2013
0.29%	0.35%	0.17%	0.24%

### **Your share of the fund's costs**

On the financial statement for your account, which you received from us in January 2014, we outlined your share of the Fund's expenses during 2013.

The management costs are your share of the fund's costs in 2013 for analysis, management, accounting, information, marketing, auditing and fees to banks managing our deposits.

The remaining costs are your share of the fund's costs for securities trading, e.g. commissions.

The total costs are the sum of these two above-mentioned costs.

These costs are not deductible in your tax return.

### **Accounting principles**

Special funds apply the Swedish law on Securities (2004:46) as amended before 22 July 2013, the Swedish Financial Supervisory Regulations (FFFS 2008:11) on investment funds, the Swedish Investment Fund Association's applicable recommendations for accounting and the guidelines of ESMA (the European Securities and Markets Authority).

In the funds' balance sheets, the fund's holdings have been estimated at market value as of 30/12/2013. Different valuation methods are applied to assess the market valuations, depending on the financial instruments referred to and in which market the instrument is traded. To determine the value of the fund's shares, the last reported share value is used. To determine the value of listed instruments and other instruments actively traded in an established market, the last traded price is normally used. To determine value of instruments other than those referred to in the preceding sentence, the latest average buying or selling price is normally used. If the above-mentioned methods are misleading in the opinion of the fund management company, the value will be determined on another objective basis. An objective basis means a valuation based on generally accepted valuation models or assessments provided by independent third parties.

The exchange rates used are the closing rates of currencies compared to the Swedish krona on 31/12/2013:

Danish kroner (DKK)	1.1925
Euros (EUR)	8.893
British pounds (GBP)	10.7147
Norwegian kroner (NOK)	1.0662
US dollars (USD)	6.4362

### **Tax payable by shareholders**

Capital gains and capital losses on the sale of shares are calculated according to the average method and are to be declared by the shareholder.

### **The new fund tax – annual income from fund holdings**

Starting from the tax year 2012, Swedish shareholders of Swedish and foreign funds are subject to a standard income tax of 0.4% of the value of their fund holdings at the beginning of the year.

The income of individuals and inheritances from Swedish estates is classified as capital income which is taxed at 30%. This means an effective tax levy of  $(0.4 \times 0.3 =) 0.12\%$  per year. Fully taxable legal entities (companies) must also pay tax on their income from fund holdings at the beginning of the year. This tax is 0.4% of the value as income from commercial operations. For them, the tax rate is 22%. Thus the effective tax rate is  $(0.4 \times 0.22 =)$  approximately 0.08% per year.

The minimum amount of income for calculating state income tax for individuals and inheritances from estates was also raised in 2012 from 100 to 200 Swedish kronor (SEK), which meant that only those who receive over SEK 200 in income from capital must pay state income tax (as tax on capital income for individuals) on their income from fund holdings. SEK 200 as the minimum amount subject to income tax corresponds to a fund holding of SEK 50,000 ( $\text{SEK } 50,000 \times 0.4\% = \text{SEK } 200$ ). Note that other income in the same income category is added to their standard income. Individual taxpayers must combine their standard income with their income from capital, whereas legal entities (companies) must include it with their income from their commercial operations.

The tax must be paid by the fund shareholder at the same time as other taxes on income from capital, which are normally paid on 3rd May in the year following the year in which this income was received, so that no interest will be charged on this.



### *Tax declaration obligations*

Income from fund holdings which has already been reported to the tax authorities does not need to be declared if the investor only has this income (or other types of income which also do not need to be declared).

### **Reporting data**

The fund management company must submit statements to the tax authorities on their capital gains and losses. Starting from 2013, with statements for the tax year 2012, the fund management company must report their income from its holdings in the funds, and that will be the basis for the new fund tax on shareholders. See above for more details.

### **Our company policy**

#### **1. Introduction**

According to the Swedish Financial Supervisory Authority's regulations (FFFS 2008:11) on investment funds, part 12 section 9, a company which manages an investment fund must have internal regulations which define what strategies the company will follow to determine when and how to use the voting rights which are linked to the financial instruments which are included in each fund.

The purpose of this document is to show how and in what situations the voting rights granted to investors in the Catella Fondförvaltning AB (Catella Fund Management companies, referred to below as the "Catella Funds") should be used, and how Catella otherwise exercises its ownership rights over the investment funds' holdings. The basic principle for all situations is that the Catella Funds must act exclusively in the common interests of the shareholders, and voting rights are only to be used for the benefit of the respective fund. The goal is that the funds will provide as high a return as possible. The owner's role is to ensure that the company's valuation and thus the value of shares in the fund are maximised in the long term. The funds' assets are not included in the Catella Funds' balance sheets and the shareholders can at any time withdraw their money from the funds. Therefore, it is important that the Catella Funds are able to sell their shares when necessary and without delay.

#### **2. Use of voting rights**

1. Within the Catella group ("Catella"), there are several companies which invest on their own account or on behalf of their clients. The operations within the Catella Funds are clearly separated. This means that the Catella Funds represent the shareholders in the funds, and will in that role always vote on the basis of what is considered best for the shareholders, regardless of any other interests Catella may have in the companies concerned. If the Catella Funds exercise their voting rights, then that will be done in accordance with each fund's objectives and investment policy, as set out in each fund's policy guidelines. In connection with the Catella Funds exercising their voting rights, an assessment is made in each case of whether a conflict of interest may arise for the fund or the shareholders, and how this can or should be managed.
2. The ultimate responsibility for monitoring the companies' operations and for ensuring that a fund votes in accordance with the fund's investment objectives and goals at general meetings rests with the administrator responsible. The Catella Funds work, however, on the basis that all the funds should have a consensus on important issues which affect the companies' operations. For this purpose, the Catella Funds have appointed a person responsible to the shareholders, who in consultation with the responsible managers, decides how the fund will vote at the meetings. The person responsible to the shareholders will also report to the Catella Funds' CEO, and ultimately to the Catella Funds' Board of Directors.
3. The different fund managers are therefore responsible for their funds voting in accordance with the funds' investment policies, and that conflicts of interest are dealt with appropriately.

4. The Catella Funds can, if it is considered appropriate, delegate power of attorney to a third party to represent the Catella Funds in voting. Such authorisation must be preceded by all the appropriate preparations, so that it will be as if the Catella Funds themselves were represented at the meeting by one of their own employees.

The Catella Funds must provide statements to the shareholders on request and free of charge on the Catella Funds' positions on significant individual issues affecting the shareholders, and on the reasons for these.

Questions on the Catella Funds' policies on issues affecting the shareholders should be directed to the company's manager responsible to the shareholders, or to the company's CEO.

*This management policy was prepared in line with the Swedish Investment Fund Association's guidelines for fund management companies.*

#### **The Swedish code for fund management companies**

Catella Fondförvaltning AB ('Catella Fund Management company') is a member of the Swedish Investment Fund Association. The Funds Association has summarised the governing principles that should guide the management of fund operations in Sweden, in the "Swedish Code of fund management companies". The code promotes sound management of funds, and thereby maintains public confidence in this sector. Our company applies this Code. All the company's managers are licensed by the Swedish securities market regulator SwedSec. We have also made sure that half of our Board of Directors consists of independent members.

#### **Information published according to the Swedish Code of fund management companies**

The remuneration to the staff of the fund management company includes fixed salaries and bonuses linked to the performance of the company.

#### **Related transactions**

Trading with Nordic Fixed Income AB has taken place in interest-bearing bonds, see details under Fund facts on page 2 above.

#### **Board of Catella Fondförvaltning AB ('Catella Fund Management company')**

Johan Ericsson, Chairman, CEO of Catella AB (public limited company)

Lars H. Bruzelius, Senior partner, BSI & Partners AB

Peter Friberg, Director of the Sankt Lukas (St. Luke) foundation in Uppsala, Sweden

Johan Nordenfalk, company lawyer for Catella AB

Thomas Raber, CEO of Alvine Capital Management Ltd

#### **Risk**

##### *Overall Risk*

The traditional way to measure how much a fund is exposed to the risk of volatility in share prices, or to the risk of losing money, is to measure how much the fund's returns on investments have varied. For a fund with high overall risks (for example, an equity fund), yields fluctuate more than for a fund with low overall risks (for example, a fixed-interest fund with short-term investments in interest-bearing assets). However, risks and returns are linked, and higher risks may provide higher returns. The value of the total risk indicates where the range of the annual returns should be (with a 66 % probability), i.e. a fund with an average return of 5% and a total risk of 2% indicates that the fund's annual returns should be between 3% and 7% ( $5\% \pm 2\%$ ).

Catella follows the Swedish Investment Fund Association's recommendations that 24 monthly values shall be used in these measurements. Another name for the total risk is the standard deviation calculated on an annual basis, or volatility. The total risk for a fund provides an indication of the level of historical risks of the fund, but is not an infallible forecasting tool. A fund category or fund that previously had a low overall risk may in fact be high-risk and may incur losses if, for instance, share prices fall, due to such circumstances as a bad economic situation, and the opposite can also be true.

#### *Active risk*

Another type of risk is that the fund performs better or worse than the assets in the market where the investments are made. Buyers of shares in equity funds, for example using Swedish shares, should check the risk the fund has had in its investments, vis-a-vis the index it is compared with. A measure of this is the active risk, also called the tracking error. This measurement indicates how close the fund is to its benchmark index, and a high tracking error indicates that the fund deviates significantly from this index. Unlike correlation, active risk does not depend on just the upward or downward trend in the yields, but also their size. That is to say a fund which has a small percentage of shares and where the rest of its holdings are bonds can also have a correlation of 1 compared to the stock market, but it would have a high active risk on the stock market. The active risk is calculated as the standard deviation of the relative returns compared with the reference index. To calculate the active risk, Catella also uses the monthly values (over 24 months).

#### *Duration*

Duration is the most common measurement of interest-rate risks, and indicates the average investment period for the fund's interest-bearing securities. The longer the duration, the more sensitive the fund is to interest rate changes. Duration is normally expressed in years. All the Catella funds which have holdings in interest-bearing securities have their durations specified. The duration used in the annual report is the "effective duration", which takes into account the tied interest period and the options, for example, for floating-rate notes (FRN) and callable bonds.

#### *Interest-rate risk with a 1 percentage point change in interest rates*

The interest-rate risk with a 1% change in interest rates shows how much the fund's value would decrease (or increase) if the interest rate went up by 1% over the entire yield curve, i.e. the interest rate goes up by 1% for all maturity dates. This measurement is provided for all the Catella funds which have holdings in interest-bearing securities.

Catella Fondförvaltning AB ('Catella Fund Management company')  
Stockholm, 14 February 2014

[Signature]  
Knut Pedersen  
Chairman

[Signature]  
Mats Andersson  
CEO

[Signature]  
Lars H. Bruzelius

[Signature]  
Peter Friberg

[Signature]  
Johan Nordenfalk

[Signature]  
Thomas Raber

[Signature]  
Ando Wikström

Our audit report was submitted on 14 February 2014

PricewaterhouseCoopers AB

[Signature]  
Patrik Adolfson  
Certified Auditor  
Auditor in charge

[Signature]  
Daniel Algotsson  
Certified Auditor

## Auditors' report

To the shareholders of Catella Hedgefond,  
Company registration no. 515601-9720

### Report on the annual accounts

In our capacity as auditors of Catella Fondförvaltning AB ('Catella Fund Management company'), company registration number 556533-6210, we have carried out an audit of the annual accounts for Catella Hedgefond for 2013.

### *The Fund Management Company's responsibility for the Annual Report*

The fund management company is responsible for the annual accounts, and for compliance with the Swedish Law on Securities in its version before the amendments of 22 July 2013 and the Swedish Financial Supervisory Authority's regulations on the management of alternative investment funds in the preparation of these accounts, and for such internal controls as the fund management company considers necessary to draw up annual accounts which do not contain material misstatements, whether these are due to fraud or errors.

### *The Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts, based on our audit. We conducted our audit in accordance with the International Standards on Auditing, and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical guidelines, and plan and carry out the audit to obtain reasonable assurance that the annual reports do not contain material misstatements.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. An auditor chooses which actions to take, including by assessing the risks of material misstatements in the annual report, whether due to fraud or error. In such risk assessments, the auditor will assess the internal control systems which are relevant to the fund company's preparation of its annual report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund company's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the fund management company's accounting estimates, as well as evaluating the overall presentation of the accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a sound basis for our opinion.

### *Statements*

In our opinion, the annual accounts are prepared in accordance with the Swedish Law on Securities as amended before 22 July 2013, and the Swedish Financial Supervisory Authority's regulations on investment funds, and in all material aspects, they present a true and fair view of Catella Hedgefond's results and positions.

### Report on the other requirements of Swedish laws and regulations

In addition to our audit of the annual report, we have also conducted an audit of the fund company's management of Catella Hedgefond for 2013.

### *The Fund Management Company's responsibility*

The fund management company is responsible for its administration according to the Swedish law on securities as amended before 22 July 2013 and the fund's own policies.

### *The Auditor's responsibility*

Our responsibility is to express a reasonably well-founded opinion on the management, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement on the management, we have in addition to our audit of the annual reports examined the significant decisions and actions taken and the situation of the fund, in order to assess whether the fund management company has acted in contravention of the law on securities funds as amended before 22 July 2013, or against the fund's own policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a sound basis for our opinion.

### *Statements*

In our opinion, the fund management company has not acted in contravention of the Swedish securities act as amended before 22 July 2013 or against the fund's own policies.

Stockholm, 14 February 2014

PricewaterhouseCoopers AB

[signature]

Patrik Adolfson

Certified Auditor

Auditor in charge

[signature]

Daniel Algotsson

Certified Auditor

**Annual report for the Catella Hedgefond fund**

**01/01/2012 - 31/12/2012**

# High risk-adjusted returns on investments

Catella Hedgefond grew by 5.62% in 2012. The return on investments was almost 3 times the level of risk in the fund, measured on daily data.

Falling interest rates and rising share prices were dominant market trends in 2012. In such an environment, it is normally easy to achieve good returns on investments. The difficulty is in managing the risks. Catella Hedgefond is a low-risk fund. Since it was set up in 2004, its yield per year has averaged 5.28% with a risk level of 2.74%, based on daily data.

Low risk is a cornerstone of Catella Hedgefond's policy, and this results in the returns on investments not being as dependent on the right timing as savings in equity funds, and the daily trades the fund makes means that the money is always accessible.

The past year has been a successful year for Catella Hedgefond. The yield increased to 5.62%, which is nearly 3 times the risk measured as a standard deviation. The Fund therefore compares well with other similar forms of investments. The Fund's risk level of just under 2% in 2012 is much lower than the risk in the stock market as a whole, which for the Swedish Return Index SIX RX amounted to 18% based on daily data.

The turnover speed or trading rate of the Fund is traditionally high, and 2012 has been no exception. This is due to us actively working on the fund's net exposure to risks, adjusting it in line with the changing forecasts for the market. This is especially important in a year which is affected by great uncertainty about the development of the global economy. This becomes especially important in a year such as this, strongly characterised by pessimism and uncertainty surrounding the economic situation in Europe.

In Catella Hedgefond, there are rarely individual investments which account for the fund's performance, since the yields are distributed over many investments.

Additional risk spreading is achieved by investing in both interest-bearing securities and in shares. Interest-bearing investments accounted for about 70% of our portfolio in 2012, and this reflects our expectation of declining interest rates during the year. Meanwhile, our portfolio management has been very successful, so that the returns on investments in our portfolio were divided fairly equally between these two types of investments. All our currency risks in interest-bearing investments are hedged, and the currency risks in equity investments only had a marginal impact on our result for the year 2012.

Among our individual investments which made themselves worthy of attention, we find both Swedish and Norwegian companies. The largest positive contributors to our annual returns were Aker Solutions, IFS software, North Atlantic Drilling and Unibet, while some of the most negative results were those of AP Möller, Getinge and Storebrand.

At the end of the year, we increased our exposure to the stock market again. This change is partly due to our expectation that interest-bearing securities will yield lower returns when the room for manoeuvre in further reductions in interest rates is reduced. Another factor was that there are good indications that the downturn in the European economy is now slowing, which suggests that 2013 could be a good year for the stock markets.

*For a list of all of the fund's holdings, our income statement and balance sheet, see the following pages.*

## FUND FACTS

**Fund manager:** Ulf Strömsten

Share price ..... 139.93 kronor  
Number of shareholders ..... 2,879  
Fund assets (m SEK – millions of kronor) ..... 3,534

### YIELD IN THE PAST YEAR

Hedge fund ..... 5.62%  
Reference rate (OMRX TBILL) ..... 1.21%  
(Swedish Treasury Bill interest rate index)

### AVERAGE ANNUAL RETURN

#### Last two years

Hedge fund ..... 1.78%

#### Last five years

Hedge fund ..... 2.72%

### RISK

Hedge fund, 24-month data ..... 3.02%  
Hedge fund, 1-year data ..... 1.94%  
Duration, as of 31/12/2012 ..... 0.71 years  
Interest rate risk with a 1% interest change ... -0.58%

### TURNOVER RATE/COSTS

Turnover rate of our shares (over one year) ..... 2.18  
Transaction costs (in m SEK) ..... 15.10  
As a percentage of our securities traded ..... 0.10  
Management fees ..... 1.00%  
Debited management fees  
(fixed and variable) ..... 2.07%  
Annual fees ..... 1.07%

### COSTS FOR INVESTORS

One-time deposit SEK 10,000  
Management costs (SEK) ..... 213.12  
Monthly investments of SEK 100  
Administration costs (SEK) ..... 11.01

### CHANGES IN THE FUND'S ASSETS

Total change ..... 3.61%  
Total change in value ..... 5.62%  
Total net change for shareholders ..... 1.63%  
Dividends paid out ..... -3.38%

### TRADING IN FINANCIAL INSTRUMENTS WITH RELATED SECURITIES COMPANIES

Share of the fund's total turnover ..... 1.71%

### TRADING WITH SECURITIES MANAGED BY CATELLA

FONDFÖRVALTNING (FUND MANAGEMENT)  
Share of Catella SICAV (unit trusts) in the fund's  
total turnover ..... 1.10%

**Fund started:** 01/03/2004

**Initial share price:** 100 Swedish kronor (SEK)

**Dividend:** The fund will not pay any dividends, starting from 2013.

**Fund management company:** Catella  
Fondförvaltning AB ('Catella Fund Management Co.')

**Fund registration no.:** 515601-9720

**PPM Fund no.:** The hedge fund is not a PPM  
(private placement memorandum) fund.

# ALTERNATIVE FUNDS - CATELLA HEDGEFOND

	Quantity	Share price	Market value ('000 SEK)	% of fund holdings
<b>Note 1 - Securities</b>				
<b>THE FUND'S HOLDINGS OF FINANCIAL INSTRUMENTS</b>				
<b>STOCK MARKET*</b>				
<b>ENERGY</b>				
Lundin Petroleum	200,000	149.50	29,900	0.85
Petroleum Geo Services, loaned shares, Norway, NOK	99,322	95.35	0	0.00
			<b>29,900</b>	<b>0.85</b>
<b>RAW MATERIALS</b>				
Aker Solutions, Norway, NOK	245,982	112.90	32,468	0.92
Boliden (mining and smelting)	100,000	122.10	12,210	0.35
Stora Enso SEK, Finland	600,000	44.90	26,940	0.76
Yara, Norway, NOK	-80,000	273.80	-25,608	-0.72
Yara, loaned shares, Norway, NOK	80,000	273.80	0	0.00
			<b>46,010</b>	<b>1.30</b>
<b>INDUSTRIAL GOODS</b>				
Assa Abloy B	-25,166	242.90	-6,113	-0.17
Assa Abloy B, loaned shares	25,166	242.90	0	0.00
Atlas Copco A	150,000	178.30	26,745	0.76
FLSmidth & Co, Denmark, DKK	-40,000	327.20	15,034	-0.43
FLSmidth & Co, loaned shares, Denmark, DKK	40,000	327.20	0	0.00
Metso, Finland, EUR	125,000	32.04	34,399	0.97
Saab B	373,455	135.10	50,454	1.43
Skanska B	415,000	106.20	44,073	1.25
Volvo B	-180,000	88.80	-15,984	-0.45
Volvo B, loaned shares	109,776	88.80	0	0.00
			<b>118,539</b>	<b>3.35</b>
<b>DURABLE GOODS</b>				
Autoliv SDB, USA	114,500	432.50	49,521	1.40
Electrolux B	-132,500	170.50	-22,591	-0.64
Electrolux B, loaned shares	132,500	170.50	0	0.00
Hennes & Mauritz B	95,000	224.50	21,328	0.60
Unibet Group SOB	441,650	207.50	91,642	2.59
			<b>139,900</b>	<b>3.96</b>
<b>CONSUMABLES</b>				
Marine Harvest, Norway, NOK	5,919,935	5.12	35,435	1.00
			<b>35,435</b>	<b>1.00</b>
<b>HEALTHCARE</b>				
AstraZeneca, Great Britain	-50,000	306.40	-15,320	-0.43
AstraZeneca, loaned shares, Great Britain	50,000	306.40	0	0.00
Elektra B	125,000	101.40	12,675	0.36
Getinge B	-144,808	220.00	-31,858	-0.90
Getinge B, loaned shares	144,808	220.00	0	0.00
GN Store Nord, Denmark, DKK	-200,000	81.80	-18,793	-0.53
GN Store Nord, loaned shares, Denmark, DKK	200,000	81.80	0	0.00
Novozymes, Denmark, DKK	-2,420	159.20	-443	-0.01
Novozymes, loaned shares, Denmark, DKK	2,420	159.20	0	0.00
			<b>-53,739</b>	<b>-1.51</b>
<b>FINANCE &amp; REAL ESTATE</b>				
Catena	428,300	63.00	26,983	0.76
Corem Property Group Pref	486,140	131.00	63,684	1.80
Handelsbanken A	100,000	232.40	23,240	0.66
Sagax Pref	2,683,050	29.60	79,418	2.25
			<b>193,326</b>	<b>5.47</b>
<b>INFORMATION TECHNOLOGY</b>				
IFS B	623,244	103.75	64,350	1.82
			<b>64,350</b>	<b>1.82</b>
<b>TELECOM COMPANIES</b>				
TDC, Denmark, DKK	121,519	40.04	5,589	0.16
Tele 2 B	-150,000	117.10	-17,565	0.50
			<b>-11,976</b>	<b>-0.34</b>
<b>POWER SUPPLIERS</b>				
Fortum, Finland, EUR	160,296	14.15	19,481	0.55
			<b>19,481</b>	<b>0.55</b>
<b>TOTAL LISTED SHARES</b>				
			<b>581,226</b>	<b>16.45</b>
<b>UNLISTED SHARES**</b>				
<b>ENERGY</b>				
North Atlantic Drilling, Bermuda, NOK	805,000	58.00	54,585	1.54
			<b>54,585</b>	<b>1.54</b>
<b>TOTAL LISTED SHARES</b>				
			<b>54,585</b>	<b>1.54</b>
<b>LISTED BONDS * Incl coupon</b>				
<b>OTHER</b>				
[FRN = company registration number]				
Akelius FRN 150625	30,000,000	100.75	30,226	0.86
Aker FRN 220907, Norway, NOK	30,000,000	101.75	35,687	1.01
Aker Solutions FRN 170606, Norway, NOK	30,000,000	103.62	36,344	1.03
Barclays Bank 221121, Great Britain, USD	3,000,000	99.62	19,454	0.55
Bonheur FRN 170210, Norway, NOK	30,000,000	102.25	35,861	1.01
Cidron Delfi Intressenter 171127, EUR	3,000,000	100.25	25,831	0.73
Clerical Medical Finance 490624, Great Britain, EUR	3,675,000	83.51	26,359	0.75
Danske Bank 490215, Denmark, GBP	2,602,000	92.63	25,505	0.72
Danske Bank FRN 490215, Denmark	54,500,000	82.50	44,962	1.27
DNB Nor 490329, Norway, GBP	6,000,000	103.08	65,447	1.85
DOF Subsea FRN 151015, Norway, NOK	33,000,000.00	102.80	39,661	1.12
Eksportfinans 161010, Norway, EUR	3,568,797	110.25	33,794	0.96
Farstad FRN 170215, Norway, NOK	25,000,000	102.28	29,894	0.85
FastPartner FRN 160928	30,000,000	100.78	30,235	0.86
Getinge FRN 150924	30,000,000	100.74	30,223	0.86
Intrum Justitia FRN 130313	35,000,000	103.46	36,212	1.02
Klövern FRN 170119	30,000,000	99.09	29,727	0.84

	Quantity	Share price	Market value ('000 SEK)	% of fund holdings
<b>Note 1 - Securities</b>				
<b>Landshypotek Bank 140218</b>				
Landshypotek Bank 140218	45,000,000	103.03	46,362	1.31
Leaseplan FRN 150105	50,000,000	101.42	50,712	1.43
Millicom FRN 171030, Luxembourg	50,000,000	100.63	50,313	1.42
NCC FRN 160525	40,000,000	101.48	40,592	1.15
Nordea Hypotek Bank 5526 140618	200,000,000	103.91	207,813	5.88
Sampo FRN 130916, Finland	60,000,000	100.70	60,421	1.71
SCBC lan 125 130410	200,000,000	100.73	201,463	5.70
Seadrill FRN 140213, Norway, NOK	40,000,000	101.12	47,288	1.34
SEB Hypotek Bank 556 130619	220,000,000	101.37	223,013	6.31
Sefyr Varne 170224	41,700,000	105.00	43,785	1.24
Ship Finance Intl. FRN 171019, Bermuda, NOK	15,000,000	99.00	17,361	0.49
Songa Offshore FRN 150611, Cyprus, NOK	25,500,000	91.00	27,129	0.77
Stadshypotek 1574 130918	210,000,000	103.32	216,979	6.14
Stolt - Nielsen FRN 180319, Norway, NOK	20,000,000	100.23	23,436	0.66
Stora Enso FRN 170626, Finland	50,000,000	101.50	50,751	1.44
Storebrand Livförsäkring FRN 490627, Norway, NOK	45,000,000	100.00	52,610	1.49
Swedbank FRN 140514	50,000,000	101.24	50,620	1.43
Swedbank Hypotek 177 130619	100,000,000	101.60	101,598	2.87
Swedbank Hypotek 183 150916	50,000,000	102.93	52,966	1.50
Swedish Orphan Biovitrum FRN 170626, Finland	30,000,000	105.69	30,808	0.87
Talvivaara Mining 170404, Finland, EUR	2,500,000	71.00	15,245	0.43
Teekay FRN 151009, Norway, NOK	30,000,000	101.25	35,511	1.00
Tele2 FRN 170224, Norway, NOK	55,000,000	101.06	64,985	1.84
Teliasonera FRN 160323	60,000,000	105.62	63,370	1.79
Vasakronan FRN 170906	60,000,000	101.41	60,848	1.72
Volvo Finans FRN 130121	50,000,000	100.08	50,040	1.42
[FRN = company registration number]			<b>2,461,440</b>	<b>69.64</b>
<b>TOTAL LISTED BONDS</b>			<b>2,461,440</b>	<b>69.64</b>
<b>UNLISTED BONDS**</b>				
<b>OTHER</b>				
Austevoll Seafood FRN 170207, Norway, NOK	28,500,000	100.62	33,529	0.95
Handelsbanken FRN 221012	100,000,000	102.44	102,445	2.90
Medstop 160515	50,000,000	89.56	44,780	1.27
			<b>180,754</b>	<b>5.11</b>
<b>TOTAL UNLISTED BONDS</b>			<b>180,754</b>	<b>5.11</b>
<b>TOTAL TRANSFERABLE SECURITIES</b>			<b>3,278,005</b>	<b>92.74</b>
of which, with a positive market value			3,447,314	
of which, with a negative market value			-169,309	
<b>FUNDS</b>				
Catella Nordic Corporate Bond Flex IC, Luxembourg	458,093.2420	110.49	50,615	1.43
Catella Nordic Long/Short Equity IC, Luxembourg	267,668.1695	104.50	27,971	0.79
Catella Nordic Long/Short Equity RC, Luxembourg	140,000	106.83	14,956	0.42
			<b>93,542</b>	<b>2.65</b>
<b>TOTAL FUNDS</b>			<b>93,542</b>	<b>2.65</b>
<b>TOTAL SHARES</b>			<b>93,542</b>	<b>2.65</b>
<b>EXCHANGE TRADED DERIVATIVES</b>				
<b>STOCK OPTIONS</b>				
Meda 12 K 75 March	5,000	0.43	218	0.01
			<b>218</b>	<b>0.01</b>
<b>INDEX OPTIONS</b>				
OMX 13 S 1020 February	500	5.00	250	0.01
OMX 13 S 1020 January	1,750	1.50	26.2	0.01
OMX 13 S 1040 January	1,750	2.00	35.1	0.01
OMX 13 S 960 February	-250	2.10	-52	0.00
[OMX is the Swedish stock market index]			<b>810</b>	<b>0.02</b>
<b>INDEX FUTURES</b>				
OMX FUTURE 130118	1,276.00	1,107.75	0	0.00
			<b>0</b>	<b>0.00</b>
<b>TOTAL EXCHANGE TRADED DERIVATIVES</b>			<b>1,028</b>	<b>0.03</b>
of which positive market value			1,080	
of which negative market value			-52	
<b>OTC-DERIVATIVES</b>				
<b>CURRENCY FUTURES</b>				
(FXFWD: forward foreign exchange rates)				
FXFWD EUR/SEK 130123 8.67970, Europe, EUR	-12,000,000	8.59	1,028	0.03
FXFWD GBP/SEK 130123 10.7473, Great Britain, GBP	6,185,544	10.59	-996	-0.03
FXFWD GBP/SEK 130123 10.76900, Great Britain GBP	-15,300,000	10.59	2,796	0.08
FXFWD NOK/SEK 130123 1.164, Norway, NOK	22,806,102	1.17	108	0.00
FXFWD NOK/SEK 130123 1.178650, Norway, NOK	-432,000,000	1.17	4,273	0.12
FXFWD USD/SEK 130122 6.6904, USA, USD	-3,000,000	6.51	533	0.02
			<b>7,742</b>	<b>0.22</b>
<b>TOTAL OTC (over-the-counter) DERIVATIVES</b>			<b>7,742</b>	<b>0.22</b>
of which, with a positive market value			8,738	
of which, with a negative market value			-996	
<b>TOTAL HOLDINGS OF FINANCIAL INSTRUMENTS</b>			<b>3,380,317</b>	<b>95.64</b>
<b>OTHER ASSETS AND LIABILITIES</b>			<b>154,102</b>	<b>4.36</b>
<b>TOTAL</b>			<b>3,534,419</b>	<b>100.00</b>

\* These are financial instruments admitted to trading on a regulated market or equivalent outside the EEA (European Economic Area).

\*\* These are financial instruments not admitted to trading on a regulated market or equivalent outside the EEA.

[Initials]



## ALTERNATIVE FUNDS - CATELLA HEDGEFOND

### LIST OF ISSUERS OF MORE THAN ONE TYPE OF SECURITY \*

Issuer	% of the fund's assets*
SEB AB (Bank)	9.55
Handelsbanken AB	3.56
Danske Bank A/S	1.99
Aker Solution ASA	1.95
Tele2 AB	1.34
Catella Nordic Long/Short Equity	1.21
OMXS30	0.02
Getinge AB	-0.04

\* The table shows the total percentage of the fund's assets invested in issuers where the Fund holds more than one type of securities issued by the same issuer.

### GUARANTEES

The Fund's holdings of tradable securities and market instruments guaranteed by the Swedish National Debt Office under guarantees are:  
Swedbank FRN 140514

### ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

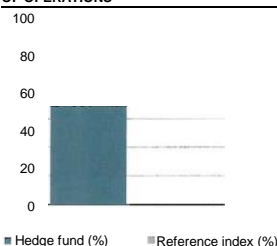
Financial instruments which, within one year after their issue date, are to be admitted to be traded on a regulated market:

[FRN = company registration number]  
Cidron Delfi Intressenter 171127, EUR  
Teekay FRN 151009  
Songa Offshore FRN 150611  
Seadrill FRN 140213  
Ship Finance Intl. FRN 171019

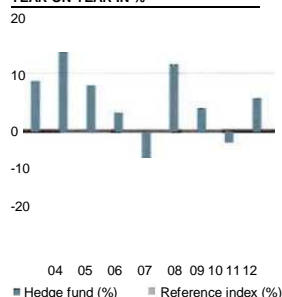
### DIVIDENDS

Date	Dividend in SEK per share	Share value in SEK	Number of shares	Fund assets in '000 SEK
31/12/2004	0.00	108.47	4,724,110	512,408
31/12/2005	0.00	123.21	21,235,126	2,616,283
31/12/2006	0.00	135.94	48,969,060	6,509,704
31/12/2007	0.00	137.16	52,849,535	7,248,722
31/12/2008	2.74	128.13	34,366,768	4,403,545
31/12/2009	6.40	136.06	37,678,675	5,126,429
31/12/2010	0.86	140.57	32,831,919	4,615,325
31/12/2011	0.79	137.12	24,878,484	3,411,382
31/12/2012	4.78	139.93	25,259,078	3,534,419

### RETURN ON INVESTMENTS SINCE START OF OPERATIONS



### CHANGE IN SHARE VALUE YEAR ON YEAR IN %



### BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET, IN '000 KRONOR (SEK)	31 DEC 2012	31 DEC 2011
<b>ASSETS</b>		
Negotiable securities	3,447,314	3,636,933
Market instruments	-	39,715
OTC derivatives with a positive market value	8,737	1,796
Other derivative instruments with a positive market value	1,080	1,798
Fund shares	93,542	59,585
Total financial instruments with a positive market value	3,550,673	3,739,870
Bank funds and other current assets	106,909	15,319
Prepaid costs and accrued interests	108,419	35,550
Other assets	-	14,761
<b>TOTAL ASSETS</b>	<b>3,766,001</b>	<b>3,805,500</b>

### LIABILITIES

OTC derivative instruments with a negative market value	996	797
Others derivative instruments with a negative market value	52	85
Other financial instruments with a negative market value	169,309	379,609
Total financial instruments with a negative market value	170,357	380,490
Accrued costs and prepaid income	61,225	3,714
Other liabilities	-	10,415
<b>TOTAL LIABILITIES</b>	<b>231,582</b>	<b>394,119</b>

### FUND ASSETS - Note 2

BALANCE SHEET ITEMS	31 DEC 2012	31 DEC 2011
Pledged security for borrowed financial instruments	165,184	389,875
Pledged security for other derivative instruments	7,953	33,398

### INCOME STATEMENT

<b>INCOME AND VALUE CHANGES</b>		
Value change on transferable securities	160,889	-143,972
Value change on OTC derivative instruments	6,743	2,712
Value change on other derivative instruments	1,383	11,240
Value change on fund shares	11	2,519
Interest income	69,628	126,130
Dividends	36,767	37,682
Foreign currency gains and losses, net	-5,458	7,498
Other financial income	386	3,827
<b>TOTAL INCOME AND VALUE CHANGES</b>	<b>270,349</b>	<b>4,736</b>

### COSTS

Management costs		
Remuneration to fund management company	70,623	58,833
Payments to banks for managing deposits	890	1,192
Interest costs	3	21
Other financial expenses	1,337	1,082
Other expenses	12,593	22,590
<b>TOTAL COSTS</b>	<b>85,447</b>	<b>83,718</b>

### ANNUAL RESULTS

	<b>184,902</b>	<b>-78,982</b>
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### Note 2 ON BALANCE SHEET

CHANGES TO FUND ASSETS	2012	2011
<b>FUND ASSETS AT BEGINNING OF YEAR</b>	<b>3,411,382</b>	<b>4,615,325</b>
SHARE DIVIDENDS	858,729	746,744
Share redemption	-803,135	1,847,622
Annual results based on income statement	184,902	78,982
dividend payout	-117,459	24,083
<b>FUND ASSETS AT END OF YEAR</b>	<b>3,534,419</b>	<b>3,411,382</b>

### DERIVATIVES TRADING

The Fund has, according to its fund policies, the option of trading in derivatives as a part of fund investments. The Fund has not, during the period, exercised its right to provide securities on loan, but has exercised its right to receive securities on loan.

Leverage is calculated as the sum of the derivative instruments' underlying gross value exposed to risk.

Highest leverage	Lowest leverage	Average leverage
40.40%	25.00%	31.60%

Risk assessment method for calculation of the total risk exposure: Value at Risk

Value at Risk: The Fund uses a Monte-Carlo VaR model with a holding period of one day and a confidence interval of 95%.

As of 31/12/2012	Highest 2012	Lowest 2012	Average 2012
0.22%	0.51%	0.16%	0.27%

### **Your share of the fund's costs**

On the financial statement for your account, which you received from us in January 2013, we outlined your share of the Fund's costs in 2012.

The management costs are your share of the fund's costs in 2012 for analysis, management, accounting, information, marketing, auditing and fees to banks managing our deposits.

The remaining costs are your share of the fund's costs for securities trading, e.g. commissions.

The total costs are the sum of these two above-mentioned costs.

These costs are not deductible in your tax return, since the fund will report these costs in its tax returns.

### **Accounting principles**

The funds apply the Swedish law (2004:46) on investment funds and the Swedish Financial Supervisory Authority Regulations FFFS 2008:11 and the Swedish Investment Fund Association's recommendations for investment funds' accounting.

In the funds' balance sheets, the fund's holdings have been estimated at market value as of 28/12/2012.

The market value means the closing prices on that date. If this value is not available, the asset will be valued at its latest traded price or bid price.

Shares not admitted to trading on a regulated market have been valued at their latest transaction price, adjusted for events which are considered to affect the value of these shares.

Derivatives and interest-bearing securities, which are not admitted to trading on a regulated market, have been valued at their current discounted value, except commercial papers or licence certificates, which have been valued in an assessment by independent, external parties.

The exchange rates used are the closing rates of currencies compared to the Swedish krona on 31/12/2012.

Currency	Exchange rate
Euros (EUR)	8.5889
Norwegian kroner (NOK)	1.1691
US dollars (USD)	6.5091

### **Tax payable by shareholders**

Capital gains and capital losses on the sale of shares are calculated according to the average method and are to be declared by the shareholder. Dividends paid out by Catella Hedgefond are subject to withholding tax for persons resident in Sweden and for inheritances from Swedish estates, alternatively dividend tax according to double taxation agreements for those living abroad.

### **The new fund tax – annual income from fund holdings**

Starting from the tax year 2012, Swedish shareholders of Swedish and foreign funds are subject to a standard income tax of 0.4% of the value of their fund holdings at the beginning of the year.

The income of individuals and inheritances from Swedish estates is classified as capital income which is taxed at 30%. This means an effective tax levy of  $(0.4 \times 0.3 =) 0.12\%$  per year. Fully taxable legal entities (companies) must also pay tax on their income from fund holdings at the beginning of the year. This tax is 0.4% of the value as income from commercial operations. For them, the tax rate is 26.3%. Thus the effective tax rate is  $(0.4 \times 0.263 =)$  approximately 0.11% per year.

The minimum amount of income for calculating state income tax for individuals and inheritances from estates was also raised in 2012 from 100 to 200 Swedish kronor (SEK), which meant that only those who receive over SEK 200 in income from capital must pay state income tax (as tax on capital income for individuals) on their income from fund holdings. SEK 200 as the minimum amount subject to income tax corresponds to a fund holding of SEK 50,000 ( $\text{SEK } 50,000 \times 0.4\% = \text{SEK } 200$ ). Note that other income in the same income category is added to their total income. Individual taxpayers must combine their standard income with their income from capital, whereas legal entities (companies) must include it with their income from their commercial operations.

The tax must be paid by the fund shareholder at the same time as other taxes on income from capital, which are normally paid on 3rd May in the year following the year in which this income was received, so that no interest will be charged on this.

### *Tax declaration obligations*

Income from fund holdings which has already been reported to the tax authorities does not need to be declared if the investor only has this income (or other types of income which also do not need to be declared).

### **Reporting data**

The fund management company must submit statements to the tax authorities on the dividends paid out, the withholding tax retained, and capital gains and losses.

Starting from 2013, with statements for the tax year 2012, the fund management company must report its income from its holdings in the funds, and that will be the basis for the new fund tax on shareholders. See above for more details.

### **Our company policy**

#### **1. Introduction**

According to the Swedish Financial Supervisory Authority's regulations (FFFS 2008:11) on investment funds, part 12 section 9, a company which manages an investment fund must have internal regulations which define what strategies the company will follow to determine when and how to use the voting rights which are linked to the financial instruments which are included in an investment fund.

The purpose of this document is to show how and in what situations the voting rights granted to investors in the Catella Fondförvaltning AB (Catella Fund Management companies, referred to below as the "Catella Funds") should be used, and how Catella otherwise exercises its ownership rights over the investment funds' holdings. The basic principle for all situations is that the Catella Funds must act exclusively in the common interests of the shareholders, and voting rights are only to be used for the benefit of the respective fund. The goal is that the funds will provide as high a return as possible. The owner's role is to ensure that the company's valuation and thus the value of shares in the fund are maximised in the long term. The funds' assets are not included in the Catella Funds' balance sheets and the shareholders can at any time withdraw their money from the funds. Therefore, it is important that the Catella Funds are able to sell their shares when necessary and without delay.

#### **2. Use of voting rights**

1. Within the Catella group ("Catella"), there are several companies which invest on their own account or on behalf of their clients. The operations within the Catella Funds are clearly separated. This means that the Catella Funds represent the shareholders in the funds, and will in that role always vote on the basis of what is considered best for the shareholders, regardless of any other interests Catella may have in the companies concerned. If the Catella Funds exercise their voting rights, then that will be done in accordance with each fund's objectives and investment policy, as set out in each fund's policy guidelines. In connection with the Catella Funds exercising their voting rights, an assessment is made in each case of whether a conflict of interest may arise for the fund or the shareholders, and how this can or should be managed.
2. The ultimate responsibility for monitoring the companies' operations and for ensuring that a fund votes in accordance with the fund's investment objectives and goals at general meetings rests with the administrator responsible. The Catella Funds work, however, on the basis that all the funds should have a consensus on important issues which affect the companies' operations. For this purpose, the Catella Funds have appointed a person responsible to the shareholders, who in consultation with the responsible managers, decides how the fund will vote at the meetings. The person responsible to the shareholders will also report to the Catella Funds' CEO, and ultimately to the Catella Funds' Board of Directors.
3. The different fund managers are therefore responsible for their funds voting in accordance with the funds' investment policies, and that conflicts of interest are dealt with appropriately.

4. The Catella Funds can, if it is considered appropriate, delegate power of attorney to a third party to represent the Catella Funds in voting. Such authorisation must be preceded by all the appropriate preparations, so that it will be as if the Catella Funds themselves were represented at the meeting by one of their own employees.

The Catella Funds must provide statements to the shareholders on request and free of charge on the Catella Funds' positions on significant individual issues affecting the shareholders, and on the reasons for these. Questions on the Catella Funds' policies on issues affecting the shareholders should be directed to the company's manager responsible to the shareholders, or to the company's CEO.

*This management policy was prepared in line with the Swedish Investment Fund Association's guidelines for fund management companies.*

#### **The Swedish code for fund management companies.**

Catella Fondförvaltning AB ('Catella Fund Management Company') is a member of the Swedish Investment Fund Association. The Funds Association has summarised the governing principles that should guide the management of fund operations in Sweden, in the "Swedish Code of fund management companies". The code promotes sound management of funds, and thereby maintains public confidence in this sector. Our company applies this Code. All the company's managers are licensed by the Swedish securities market regulator SwedSec. We have also made sure that half of our Board of Directors consists of independent members.

#### **Information published according to the Swedish Code of fund management companies**

The remuneration to the staff of the fund management company includes fixed salaries and bonuses linked to the performance of the company.

#### **Related transactions**

Trading with Catella Förmögenhetsförvaltning AB ('Catella Asset Management Company') has taken place in interest-bearing bonds, see details under Fund facts on page 2 above.

#### **The Board of Catella Fondförvaltning AB ('Catella Fund Management Company')**

Johan Ericsson, Chairman, CEO of Catella AB (public limited company)

Lars H Bruzelius, Senior partner, BSI & Partners AB

Peter Friberg, Director of the Sankt Lukas (St. Luke) foundation in Uppsala, Sweden

Johan Nordenfalk, Company lawyer for Catella AB

Thomas Raber, CEO of Alvine Capital Management Ltd

#### **Risk**

##### *Overall Risk*

The traditional way to measure how much a fund is exposed to the risk of volatility in share prices, or to the risk of losing money, is to measure the fund's overall risk. The overall risk shows how large the changes in the fund's value have been, averaged over a certain period of time and converted to an annual value. Catella follows the Swedish Investment Fund Association's recommendations that 24 monthly values shall be used in these measurements. Another name for the total risk is the standard deviation calculated on an annual basis, or volatility. The overall risk may vary considerably between different fund categories, depending on which assets the funds have invested in. Equity funds investing in Swedish shares, for example, carry a higher overall risk than interest-bearing funds with short maturity dates on interest-bearing assets. The overall risk is a good basis for comparisons of different fund categories, but also if you want to compare funds in the same category. The total risk for a fund provides an indication of the level of historical risks of the fund, but is not an infallible forecasting tool. A fund category or fund that previously had a low overall risk may in fact be high-risk and may incur losses if, for instance, share prices fall, due to such circumstances as a bad economic situation, and the opposite can also be true.

#### *Active risk*

Another type of risk is that the fund performs better or worse than the assets in the market where the investments are made. Buyers of shares in equity funds, for example using Swedish shares, should check the risk the fund has had in its investments, vis-a-vis the index it is compared with. A measure of this is the active risk, also called the tracking error, i.e. the risks taken by the fund resulting in its share price deviating from the relative changes compared with the reference index. To calculate the active risk, Catella also uses the monthly values (over 24 months).

#### *Duration*

Duration is the most common measurement of interest-rate risks, and indicates the average investment period for the fund's interest-bearing securities. The longer the duration, the more sensitive the fund is to interest rate changes. Duration is normally expressed in years. All the Catella funds which have holdings in interest-bearing securities have their durations specified. The duration used in the annual report is the "effective duration", which takes into account the tied interest period and the options, for example, for floating-rate notes (FRN) and callable bonds.

#### *Interest-rate risk with a 1 percentage point change in interest rates*

The interest-rate risk with a 1% change in interest rates shows how much the fund's value would decrease (or increase) if the interest rate went up by 1% over the entire yield curve, i.e. the interest rate goes up by 1% for all maturity dates. This measurement is provided for all the Catella funds which have holdings in interest-bearing securities.

Catella Fondförvaltning AB ('Catella Fund Management Company')  
Stockholm 15 February 2013

[Signature]  
Johan Ericsson  
Chairman

[Signature]  
Mats Andersson  
CEO

[Signature]  
Lars H. Bruzelius

[Signature]  
Peter Friberg

[Signature]  
Johan Nordenfalk

[Signature]  
Thomas Raber

Our audit report was submitted on 15 February 2013

PricewaterhouseCoopers AB

[Signature]  
Patrik Adolfson  
Certified Auditor

## Auditors' report

To the shareholders of the investment fund Catella Hedgefond

Company registration no. 515601-9720

### Report on annual accounts

In our capacity as auditors of Catella Fondförvaltning AB ('Catella Fund Management Company'), company registration number 556533-6210, we have carried out an audit of the annual accounts for Catella Hedgefond for 2012.

#### *The Fund Management Company's responsibility for the Annual Report*

The fund management company is responsible for the annual accounts, and for compliance with the Swedish Law on investment funds and the Swedish Financial Supervisory Authority's regulations on the management of alternative investment funds in the preparation of these accounts, and for such internal controls as the fund management company considers necessary to draw up annual accounts which do not contain material misstatements, whether these are due to fraud or errors.

#### *The Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts, based on our audit. We conducted our audit in accordance with the International Standards on Auditing, and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical guidelines, and plan and carry out the audit to obtain reasonable assurance that the annual reports do not contain material misstatements.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. An auditor chooses which actions to take, including by assessing the risks of material misstatements in the annual report, whether due to fraud or error. In such risk assessments, the auditor will assess the internal control systems which are relevant to the fund company's preparation of its annual report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund company's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the fund management company's accounting estimates, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a sound basis for our opinion.

#### *Statements*

In our opinion, the annual accounts are prepared in accordance with the Swedish law on investment funds and the Swedish Financial Supervisory Authority's regulations on investment funds.

### Report on the other requirements of Swedish laws and regulations

In addition to our audit of the annual report, we have also conducted an audit of the fund company's management of Catella Hedgefond for the year 2012.

#### *The Fund Management Company's responsibility*

The fund management company is responsible for its administration according to the Swedish law on investment funds.

#### *The Auditor's responsibility*

Our responsibility is to express a reasonably well-founded opinion on the management, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement on the management, we have in addition to our audit of the annual reports examined the significant decisions and actions taken and the situation of the fund, in order to assess whether the fund management company has acted in contravention of the Swedish law on investment funds, or against the fund's own policies.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a sound basis for our opinion.

#### *Statements*

In our opinion, the fund management company has not acted in contravention of the Swedish law on investment funds or against the fund's own policies.

Stockholm 15 February 2013

PricewaterhouseCoopers AB

[Signature]

Patrik Adolfson

Certified Auditor

## DESCRIPTION OF THE EQUITY SWAPS

### Equity Swaps

Equity swap transactions are usually derivative transactions entered into between two parties to create a right for the parties to make and receive payments that match or track the performance of one or more shares or indices of shares. In respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the related Equity Swap Transaction is a bespoke transaction, the final exchange amount receivable by the Issuer under which will determine any Additional Payout Amounts payable in respect of Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Such final exchange amounts are referred to in this section as the Swap Counterparty Equity Final Exchange Amount.

The Equity Swap Transactions relating to the Class B Notes and the Class C Notes reference the performance of Equity Basket 1. The Equity Swap Transaction relating to the Class D Notes references the performance of the Equity Index. The Equity Swap Transaction relating to the Class E Notes references the performance of Equity Basket 2. Whether any Swap Counterparty Equity Final Exchange Amount shall be receivable by the Issuer under each Equity Swap Transaction, and accordingly whether any Additional Payout Amount shall be payable as part of the redemption amounts on the Notes in respect of the relevant Class, will depend in part on the relative performance of the basket of shares or index of shares.

The Swap Counterparty Equity Final Exchange Amount is subject to a floor of zero. As a result, if the relative performance of the basket of shares or index of shares calculated under the relevant Equity Swap Transaction decreases, this will simply result in no Swap Counterparty Equity Final Exchange Amount being receivable by the Issuer under such Equity Swap Transaction, and therefore no Additional Payout Amount being taken into account when determining the Final Redemption Amount or the Partial Final Redemption Amount in respect of the Class of Notes to which such Equity Swap Transaction relates.

A description of the Equity Swap Transactions, including of the amounts potentially receivable by the Issuer thereunder and the related definitions, is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Impact of the Equity Swap Transaction on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes*”.

### Basket of shares or index

#### Equity Basket 1

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class B Equity Swap Transaction and the Class C Equity Swap Transaction (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class B Notes and the Class C Notes) will depend on the performance of Equity Basket 1, which on the Issue Date consists of the following basket of shares:

i	Share <sub>i</sub>	Bloomberg Code	Exchange
1	ABB LTD-REG	ABB SS Equity	Stockholm Stock Exchange
2	SKANSKA AB-B SHS	SKAB SS Equity	Stockholm Stock Exchange
3	HENNES & MAURITZ AB-B SHS	HMB SS Equity	Stockholm Stock Exchange
4	SKF AB-B SHARES	SKFB SS Equity	Stockholm Stock Exchange
5	NORDEA BANK AB	NDA SS Equity	Stockholm Stock Exchange
6	TELE2 AB-B SHS	TEL2B SS Equity	Stockholm Stock Exchange
7	ASTRAZENECA PLC	AZN SS Equity	Stockholm Stock Exchange
8	TELIASONERA AB	TLSN SS Equity	Stockholm Stock Exchange



<b>i</b>	<b>Share<sub>i</sub></b>	<b>Bloomberg Code</b>	<b>Exchange</b>
9	SWEDBANK AB - A SHARES	SWEDA SS Equity	Stockholm Stock Exchange
10	SVENSKA HANDELSBANKEN- A SHS	SHBA SS Equity	Stockholm Stock Exchange

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 1 may be obtained on Bloomberg under the codes set out in the table above.

#### Equity Index

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class D Equity Swap Transaction (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class D Notes) will depend on the performance of the Equity Index, which on the Issue Date consists of the following index of shares:

<b>i</b>	<b>Index<sub>i</sub></b>	<b>Bloomberg Code</b>
1	IBEX 35 Index	IBEX Index

Information (including information as to past and future performance and volatility) about the indices included in the Equity Index may be obtained on Bloomberg under the code set out in the table above.

#### Equity Basket 2

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class E Equity Swap Transaction (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class E Notes) will depend in part on the performance of Equity Basket 2, which on the Issue Date consists of the following basket of shares:

<b>i</b>	<b>Share<sub>i</sub></b>	<b>Bloomberg Code</b>	<b>Exchange</b>
1	TELE2 AB	TEL2B SS Equity	Stockholm Stock Exchange
2	ALLIANZ SE	ALV GY Equity	XETRA
3	ENGIE	ENGI FP Equity	NYSE Euronext – Euronext Paris
4	MUENCHENER RUECKVERSICHERUNGSGESELLSCHAFT AG IN MUENCHEN	MUV2 GY Equity	XETRA
5	UNIBAIL-RODAMCO SE	UL NA Equity	Euronext Amsterdam
6	HSBC HOLDINGS PLC	HSBA LN Equity	London Stock Exchange
7	NATIONAL GRID PLC	NG/ LN Equity	London Stock Exchange
8	SWEDBANK AB	SWEDA SS Equity	Stockholm Stock Exchange
9	TELIASONERA AB	TLSN SS Equity	Stockholm Stock Exchange
10	SKANDINAVISKA ENSKILDA BANKEN AB	SEBA SS Equity	Stockholm Stock Exchange

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 2 may be obtained on Bloomberg under the codes set out in the table above.

### Payments under the Equity Swap Transactions

The Swap Counterparty Equity Final Exchange Amount in respect of each Equity Swap Transaction will be determined by reference to a formula. A description of the formula is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Formula for calculating the Swap Counterparty Equity Final Exchange Amount and the Additional Payout Amount in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes*”.

In mathematical terms:

- (a) the Swap Counterparty Equity Final Exchange Amount in respect of each of the Class B Equity Swap Transaction, the Class C Equity Swap Transaction and the Class E Equity Swap Transaction will be an amount in SEK payable by the Swap Counterparty and determined by the Calculation Agent in accordance with the following formula:

$$\text{Swap Notional Amount} \times \text{Participation} \times \text{Max}\{0, \text{Equity Return}\}$$

- (b) the Swap Counterparty Equity Final Exchange Amount in respect of the Class D Equity Swap Transaction will be an amount in SEK payable by the Swap Counterparty and determined by the Calculation Agent in accordance with the following formula:

$$\text{Swap Notional Amount} \times \text{Participation} \times \text{Max}\{0, \text{Equity Index Return}\}$$

where:

“**Averaging Dates**” means:

- (a) in respect of the Class B Equity Swap Transaction, the 14th calendar day of each month from, and including, 14 June 2021 to, and including, 14 June 2023, subject to adjustments to account for certain disruptions in respect of the relevant Share<sub>i</sub>;
- (b) in respect of the Class C Equity Swap Transaction, the 14th calendar day of each month from, and including, 14 June 2021 to, and including, 14 June 2023, subject to adjustments to account for certain disruptions in respect of the relevant Share<sub>i</sub>;
- (c) in respect of the Class D Equity Swap Transaction, the 14th calendar day of each month from, and including, 14 June 2021 to, and including, 14 June 2023, subject to adjustments to account for certain disruptions in respect of the relevant Index<sub>i</sub>; and
- (d) in respect of the Class E Equity Swap Transaction, the 14th calendar day of each month from, and including, 14 June 2021 to, and including, 14 June 2023, subject to adjustments to account for certain disruptions in respect of the relevant Share<sub>i</sub>.

“**Equity Index Return**” means, in respect of the Class D Equity Swap Transaction, the return (expressed as a percentage) calculated as follows:

$$\frac{\text{Final Level}_i}{\text{Initial Level}_i} - 100\%$$

“**Equity Return**” means, in respect of the Class B Equity Swap Transaction, the Class C Equity Swap Transaction and the Class E Equity Swap Transaction, the return (expressed as a percentage) calculated as follows:

$$\frac{1}{10} \sum_{i=1}^{10} \left( \frac{\text{Final Level}_i}{\text{Initial Level}_i} - 100\% \right)$$

“**Final Level<sub>i</sub>**” means:

- (a) in respect of each of the Class B Equity Swap Transaction, the Class C Equity Swap Transaction and the Class E Equity Swap Transaction, the arithmetic mean of the official closing level of Share<sub>i</sub> on each Averaging Date, as determined by the Calculation Agent; and

- (b) in respect of the Class D Equity Swap Transaction, the arithmetic mean of the official closing price of Index<sub>i</sub> on each Averaging Date, as determined by the Calculation Agent.

“**i**” means:

- (a) in respect of the Class B Equity Swap Transaction and the Class C Equity Swap Transaction, a unique integer from one (1) to ten (10), each representing an individual Share, as specified in the table under the heading “*Equity Basket 1*” above;
- (b) in respect of the Class D Equity Swap Transaction, a unique integer one (1) representing an individual Index, as specified in the table under the heading “*Equity Index*” above; and
- (c) in respect of the Class E Equity Swap Transaction, a unique integer from one (1) to ten (10), each representing an individual Share, as specified in the table under the heading “*Equity Basket 2*” above.

“**Initial Level<sub>i</sub>**” means:

- (a) in respect of each of the Class B Equity Swap Transaction and the Class C Equity Swap Transaction, the lowest of the official closing prices of Share<sub>i</sub> on the Initial Setting Dates, as determined by the Calculation Agent;
- (b) in respect of the Class D Equity Swap Transaction, the official closing level of Index<sub>i</sub> on the Initial Setting Date, as determined by the Calculation Agent; and
- (c) in respect of the Class E Equity Swap Transaction, the official closing price of Share<sub>i</sub> on the Initial Setting Date, as determined by the Calculation Agent.

“**Initial Setting Date**” is expected to be:

- (a) in respect of each of the Class B Equity Swap Transaction and the Class C Equity Swap Transaction each of: 30 November 2015, 7 December 2015, 14 December 2015, 21 December 2015, 28 December 2015, 4 January 2016, 11 January 2016, 18 January 2016, 25 January 2016, 1 February 2016 and 8 February 2016, subject to adjustments to account for certain disruptions in respect of the relevant Share<sub>i</sub>; and
- (b) in respect of the Class D Equity Swap Transaction, 30 November 2015, subject to adjustments to account for certain disruptions in respect of the relevant Index<sub>i</sub>.

“**Max**” means, when followed by a series of amounts (or values) inside brackets, whichever is the greater of the amounts (or values) separated by a comma inside those brackets.

“**Participation**” means:

- (a) in respect of the Class B Equity Swap Transaction, a percentage to be determined by the Issuer or the Calculation Agent on its behalf and notified to the Noteholders on or about the Issue Date which is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80% as determined by the Issuer or the Calculation Agent on or about the Issue Date;
- (b) in respect of the Class C Equity Swap Transaction, a percentage to be determined by the Issuer or the Calculation Agent on its behalf and notified to the Noteholders on or about the Issue Date which is expected to be 200% (indicative only) but which may be higher or lower and in any event shall not be less than 160% as determined by the Issuer or the Calculation Agent on or about the Issue Date;
- (c) in respect of the Class D Equity Swap Transaction, a percentage to be determined by the Issuer or the Calculation Agent on its behalf and notified to the Noteholders on or about the Issue Date which is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80% as determined by the Issuer or the Calculation Agent on or about the Issue Date; and
- (d) in respect of the Class E Equity Swap Transaction, a percentage to be determined by the Issuer or the Calculation Agent on its behalf and notified to the Noteholders on or about the Issue Date which is expected to be 100% (indicative only) but which may be higher or lower and in any event shall not be less than 80% as determined by the Issuer or the Calculation Agent on or about the Issue Date.

**“Swap Notional Amount”** means:

- (a) in respect of the Class B Equity Swap Transaction, an amount in SEK equal to the Outstanding Principal Amount of the Class B Notes as at the Issue Date;
- (b) in respect of the Class C Equity Swap Transaction, an amount in SEK equal to the Outstanding Principal Amount of the Class C Notes as at the Issue Date;
- (c) in respect of the Class D Equity Swap Transaction, an amount in SEK equal to the Outstanding Principal Amount of the Class D Notes as at the Issue Date; and
- (d) in respect of the Class E Equity Swap Transaction, an amount in SEK equal to the Outstanding Principal Amount of the Class E Notes as at the Issue Date,

in each case, subject to reduction at any time and from time to time as a result of any purchase and cancellation of Notes of that Class pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*).

The Swap Counterparty Equity Final Exchange Amount, if any, in respect to each Equity Swap Transaction will be paid to the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date.

### **Adjustments and disruptions**

In respect of the Class B Equity Swap Transaction, the Class C Equity Swap Transaction and the Class E Equity Swap Transaction certain adjustments may be made to the closing levels of any of the constituent shares of Equity Basket 1 and Equity Basket 2, as applicable, and the dates on which such levels are determined for the purposes of the relevant Equity Swap Transaction as a result of the occurrence of: (i) non-Scheduled Trading Days and Disrupted Days; (ii) Market Disruption Events; (iii) Potential Adjustment Events or; (iv) a correction of a published price in respect of a share. Any adjustment or disruption due to the occurrence of any such event may delay any Averaging Dates.

In respect of the Class D Equity Swap Transaction, certain adjustments may be made to the closing levels of any of the constituent indices of the Equity Index and the dates on which such levels are determined for the purposes of the Class D Equity Swap Transaction as a result of the occurrence of (i) non-Scheduled Trading Days and Disrupted Days, (ii) Market Disruption Events or (iii) a correction of a published level in respect of an index.

Pursuant to the terms of:

- (a) the Class B Equity Swap Transaction and the Class C Equity Swap Transaction, Extraordinary Events in respect of the shares referenced in Equity Basket 1 (including Merger Events, Tender Offers, De-listing, Nationalization and Insolvency), as well as certain Potential Adjustment Events, may occur;
- (b) the Class D Equity Swap Transaction, Index Adjustment Events in respect of the Equity Index (including an Index Modification, Index Cancellation and Index Disruption) may occur; and
- (c) the Class E Equity Swap Transaction, Extraordinary Events in respect of the shares referenced in Equity Basket 2 (including Merger Events, Tender Offers, De-listing, Nationalization and Insolvency), as well as certain Potential Adjustment Events, may occur.

On the occurrence of one of these events in relation to a share or an index, the affected Equity Swap Transaction may be terminated, or the Calculation Agent may:

- (a) select a new underlying share, which will be deemed to be one of the shares in the basket in place of the share, and make adjustments to the terms of the relevant Equity Swap Transaction to account for the economic effect of the event and/or the replacement of the share. Any replacement share will, to the extent practicable, be selected from the same economic sector, have shares denominated in the same currency and have a similar market capitalisation to the relevant replaced share; or
- (b) (i) make adjustments to terms of the relevant Equity Swap Transaction to account for the economic effect of the event and determine the effective date of that adjustment, or (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable

result, notify the parties that the relevant consequence shall be the termination of such Equity Swap Transaction, in which case such Equity Swap Transaction will be terminated,

in each case, in accordance with the terms of the relevant Equity Swap Transaction.

The Equity Swap Transactions may also be subject to adjustment or early termination upon the occurrence of certain Additional Disruption Events including:

- (a) in respect of each of the Class B Equity Swap Transaction, the Class C Equity Swap Transaction and the Class E Equity Swap Transaction, a Change in Law, Insolvency Filing, Hedging Disruption and Increased Cost of Hedging;
- (b) in respect of the Class D Equity Swap Transaction a Change in Law, Hedging Disruption and Increased Cost of Hedging.

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Calculation Agent under the Swap Agreement may determine:

- (a) the appropriate adjustment, if any, to be made to any one or more of the terms of the relevant Equity Swap Transaction, including without limitation, any variable or term relevant to settlement or payment under such Equity Swap Transaction, as the Calculation Agent determines appropriate to account for the economic effect of such Additional Disruption Event, as applicable, on such Equity Swap Transaction, and determine the effective date of that adjustment; or
- (b) that no adjustments to the terms of the relevant Equity Swap Transaction would achieve a commercially reasonable result, and determine that such Equity Swap Transaction shall be terminated.

The termination of each Equity Swap Transaction will trigger the termination of the corresponding Credit Default Swap Transaction and an early redemption of the Class of Notes to which it relates.

For the avoidance of doubt, where the Calculation Agent is required to act or make a determination under the Swap Agreement, it will be its own decision and will do so in good faith and in a commercially reasonable manner.

These adjustment and disruption events (and the related definitions) are summarised below, and certain risks in respect of such events are set out in the section of this Prospectus entitled “*Risk Factors*”. Prospective investors must refer to the terms of the relevant Equity Swap Transaction and the Equity Derivatives Definitions incorporated therein by reference for the full meaning and effect of these events.

**Exchange and Related Exchange:** In respect of a Share<sub>i</sub> or an Index<sub>i</sub>, the exchange or quotation system specified as such in or determined in accordance with the terms of the relevant Equity Swap Transaction. In relation to the Class D Notes, if “Multiple Exchange” is specified as applicable to an index in the relevant Equity Swap Transaction, such index shall be referred to as a Multi-Exchange Index below.

**Non-Scheduled Trading Days:** If any Averaging Date in relation to any index or share is not a Scheduled Trading Day, such date will be the next following Scheduled Trading Day. A “**Scheduled Trading Day**” is one on which each Exchange or Related Exchange are scheduled to be open for trading for their respective regular trading sessions. In respect of a Multi-Exchange Index, a “**Scheduled Trading Day**” means any day on which: (i) the index sponsor is scheduled to publish the level of the index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

**Disrupted Days:** A Disrupted Day is any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred. In respect of a Multi-Exchange Index, a Disrupted Day is any Scheduled Trading Day on which: (i) the index sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

If any Averaging Date is a Disrupted Day, the Averaging Date for each index or share in the basket not affected by the occurrence of a Disrupted Day shall not change, but the Averaging Date for any index or share that is affected by the occurrence of a Disrupted Day shall be the next Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur (such date being a “**Valid Date**”) in relation to such index or share. If the first Valid Date in respect of the index or

share has not occurred in eight Scheduled Trading Days following the original date, that eighth Scheduled Trading Day will be deemed to be the Averaging Date and the Calculation Agent will determine the relevant level for that Averaging Date.

**Market Disruption Events:** Market Disruption Events include, as determined by the Calculation Agent: (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the share on the Exchange (or, where applicable, relating to securities that comprise 20 per cent. or more of the level of the relevant index), or (ii) in futures or options contracts relating to the index or share on any relevant Related Exchange; (b) any event (other than an early closure) that disrupts or impairs the ability of market participants in general (i) to effect transactions in, or obtain market values for, the relevant shares on the Exchange (or, where applicable, securities that comprise 20 per cent. or more of the level of the relevant index), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the index or share on any relevant Related Exchange; and (c) the closure on any exchange business day of the Exchange (or, where applicable, any relevant Exchange relating to securities that comprise 20 per cent. or more of the level of the relevant index) or the Related Exchange prior to its scheduled closing time (subject to certain exceptions). In respect of a Multi-Exchange Index, a Market Disruption Event means the occurrence or existence of any of such events specified above in respect of any component security of such index (and that the aggregate of all component securities in respect of which any such event occurs or exists comprises 20 per cent. or more of the level of the index) or futures or options contracts relating to the index, as determined by the Calculation Agent.

**Potential Adjustment Events:** Following a Potential Adjustment Event, the Calculation Agent will determine whether it has a diluting or concentrative effect on the theoretical value of the relevant shares and, if so, will (i) make the adjustments, if any, to any one or more of the variables relevant to the terms of the relevant Equity Swap Transaction to account for that diluting or concentrative effect and (ii) determine the effective date of the adjustment.

Potential Adjustment Events include, but are not limited to: (i) certain subdivisions, consolidations or reclassifications of relevant shares; (ii) free distributions or dividends of any such shares to existing holders; (iii) extraordinary dividends; (iv) calls by an issuer in respect of shares that are not fully paid; (v) a repurchase of shares by the issuer; (vi) events affecting shareholders' rights; and (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant shares.

**Extraordinary Events:** Extraordinary Events include a Merger Event, Tender Offer, Nationalization, Delisting or Insolvency.

**Merger Event:** A Merger Event includes, but is not limited to: (i) transfer of or an irrevocable commitment to transfer all of such shares outstanding to another entity or person; (ii) consolidation, amalgamation, merger or binding share exchange into another entity or person; (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding shares of the issuer; or (iv) consolidation, amalgamation, merger or binding share exchange of the issuer or its subsidiaries with or into another entity in which the issuer is the continuing entity and which does not result in a reclassification or change of all such shares outstanding, but results in the shares before the event representing less than 50% of the shares immediately following such event.

**Tender Offer:** A Tender Offer includes, but is not limited to, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the issuer of the shares, as determined by the Calculation Agent.

**Nationalization:** Nationalization occurs when all the shares or all or substantially all the assets of an issuer of relevant shares are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**Delisting:** Delisting occurs when an Exchange announces that pursuant to the rules of such Exchange, the shares will cease to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country

as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

**Insolvency:** Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an issuer, (i) all the shares of that issuer are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the shares of that issuer become legally prohibited from transferring them.

**Index Disruption Events:** If (i) on or prior to any valuation date a relevant index sponsor announces that it will make a material change in the formula for or the method of calculating that index or in any other way materially modifies that index (other than a modification prescribed in that formula or method to maintain that index in the event of changes in constituent stock and capitalisation and other routine events) (an “**Index Modification**”) or permanently cancels the index and no successor index exists (an “**Index Cancellation**”) or (ii) on any valuation date the index sponsor fails to calculate and announce a relevant index (an “**Index Disruption**” and, together with an Index Modification and an Index Cancellation, each an “**Index Adjustment Event**”).

**Correction of a published Share Price and Index Level:** In the event that any price or level published on the Exchange which is used for any calculation or determination made under the Equity Swap Transactions is subsequently corrected and the correction is published after the original publication by the Exchange within the period it would usually take for settlement of a transaction in the shares to occur under the rules of the Exchange, the Swap Counterparty may notify the parties of that correction in which case the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Equity Swap Transaction to account for such correction.

**Additional Disruption Events:** Change in Law, Insolvency Filing, Hedging Disruption and Increased Cost of Hedging, as applicable.

**Change in Law:** On or after the Trade Date due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines (following receipt of a request from either party for such a determination) in good faith that (i) it has become illegal for a party to the Equity Swap Transaction to hold, acquire or dispose of hedge positions relating to such transaction, or (ii) it will incur a materially increased cost in performing its obligations under such transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) provided that this event shall not apply if the Calculation Agent determines that such party could have taken reasonable steps to avoid such illegality.

**Insolvency Filing:** The share issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the share issuer shall not be deemed an insolvency filing.

**Hedging Disruption:** The Swap Counterparty is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the relevant transaction, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging:** The Swap Counterparty would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the relevant transaction, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to

the deterioration of the creditworthiness of the Swap Counterparty shall not be deemed an Increased Cost of Hedging.



## **INDEX DISCLAIMER**

### **IBEX 35 Index**

Sociedad de Bolsas, owner of the IBEX 35® Index and registered holder of the corresponding trademarks associated with it, does not sponsor, promote, or in any way evaluate the advisability of investing in the Securities and the authorisation granted to Credit Suisse for the use of IBEX 35® trademark does not imply any approval in relation with the information offered by Credit Suisse or with the usefulness or interest in the investment in the above mentioned Securities. Sociedad de Bolsas does not warrant in any case nor for any reason whatsoever the continuity of the composition of the IBEX 35® Index exactly as it is today

or at any other time in the past, the continuity of the method for calculating the IBEX 35® Index exactly as it is calculated today or at any other time in the past, the continuity of the calculation, formula and publication of the IBEX 35® Index, the precision, integrity or freedom from errors or mistakes in the composition and calculation of the IBEX 35® Index, or the suitability of the IBEX 35 Index for the anticipated purposes for this Security.

## DESCRIPTION OF CREDIT SUISSE INTERNATIONAL

Credit Suisse International (which undertakes various roles in respect of the Notes, including acting as Swap Counterparty and Repo Counterparty as at the Issue Date) (“**CSI**”) was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was re-registered as an unlimited company under the name “Credit Suisse Financial Products” on 6 July 1990, and was renamed “Credit Suisse First Boston International” on 27 March 2000 and “Credit Suisse International” on 16 January 2006. CSI is a UK domiciled bank established under English law, is an indirectly wholly owned subsidiary of Credit Suisse Group AG. Its registered head office is in London and is located at One Cabot Square, London E14 4QJ and its telephone number is +44 (0)20 7888 8888.

CSI is an English bank and is regulated as an EU credit institution by the Financial Conduct Authority (“**FCA**”) and the Prudential Regulation Authority (“**PRA**”). The PRA has issued a scope of permission notice authorising CSI to carry out specified regulated investment activities.

CSI is an unlimited company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSI in the event of its liquidation. The joint, several and unlimited liability of the shareholders of CSI to meet any insufficiency in the assets of CSI will only apply upon liquidation of CSI. Therefore, prior to any liquidation of CSI, the creditors may only have recourse to the assets of CSI and not to those of its shareholders.

CSI commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSI is to provide comprehensive treasury and risk management derivative product services. CSI has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Investment Banking Division of Credit Suisse AG in the Europe, Middle East and Africa region, and is supported by Credit Suisse AG’s Shared Services Division, which provides business support services in such areas as finance, legal, compliance, risk management, and information technology.

CSI has debt securities listed and admitted to trading on the regulated markets of the Luxembourg Stock Exchange and the Irish Stock Exchange, amongst others.

## DESCRIPTION OF THE REFERENCE ENTITY

### Bank of China Limited

*The following has been taken from the Offering Circular of Bank of China Limited dated 6 December 2013 and supplemented on 7 May 2014 and as amended from time to time and is subject to and qualified by such Offering Circular.*

Bank of China Limited (the “**Bank**”) is one of the four largest commercial banks in the People’s Republic of China (“**PRC**”) in terms of total assets with the most extensive international branch network among PRC commercial banks. The Bank has also been listed by the Financial Stability Board as one of the global systemically important financial institutions since 2011.

The Bank provides a comprehensive range of financial services to customers across mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Bank’s scope of business encompasses three main areas, namely commercial banking, investment banking and insurance. Commercial banking is the Bank’s traditional core business. It includes corporate banking, personal banking and financial market business (mainly treasury operations). The combination of commercial banking, investment banking and insurance businesses has created a universal banking platform that allows the Bank to provide integrated services to its customers.

The Bank was incorporated as a joint stock company in the PRC on 26 August 2004. The Bank is headquartered in Beijing with operations in mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Group’s operating profits were RMB168,128 million, RMB186,767 million and RMB211,685 million for the years ended 31 December 2011, 2012 and 2013, respectively. For the year ended 31 December 2013, the Group’s corporate banking, personal banking, treasury operations and investment banking and insurance lines of business before inter-segment elimination accounted for 48.25 per cent., 29.16 per cent., 16.59 per cent. and 4.17 per cent. of its operating income respectively.

The address of the Bank’s registered office is No. 1 Fuxingmen Nei Dajie, Beijing 100818, People’s Republic of China.

At the date of this Prospectus and as stated on Bloomberg page 3988 HK, the Bank has securities listed on the Shanghai Stock Exchange, Hong Kong Stock Exchange and on the regulated market of the Dusseldorf Stock Exchange, amongst other exchanges. Information as to the past and future performance of the Bank may be obtained on Bloomberg page 3988 HK.

## DESCRIPTION OF THE REFERENCE OBLIGATION

The Reference Obligation with respect to each Credit Default Swap Transaction shall be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA. Where there is no such Standard Reference Obligation, the Reference Obligation shall be USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by Bank of China Limited (ISIN: XS1016655349) to but excluding the first date of publication of such Standard Reference Obligation, subject to the terms of such Credit Default Swap Transaction.

## LUXEMBOURG TAXATION

*The following summary is of a general nature only. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

### Taxation of the Issuer

The Company will be considered a fiscal resident of Luxembourg from a Luxembourg tax law perspective and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Company will be liable for Luxembourg corporation taxes. The standard applicable rate in Luxembourg city, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is currently 29.22 per cent. Liability for such corporation taxes extends to the Company's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Company is computed by application of all rules of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities.

Under certain conditions, dividends received by the Company from qualifying participations and capital gains realised by the Company on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption. The Company may further deduct from its taxable profits interest payments made to Noteholders.

A fixed registration duty (*droit fixe spécifique d'enregistrement*) of EUR75 is payable at the moment of the amendment of the Articles. The transfer or sale of securities of the Issuer or the Company (as appropriate) will not be subject to Luxembourg registration or stamp duty.

The Company will be exempt from wealth tax (*impôt sur la fortune*).

### Taxation of the Noteholders

#### Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders or so-called residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders or so-called residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") with effect as from 1 January 2015. Payments of interest or repayments of principal by Luxembourg paying agents to non resident individual Noteholders or to certain entities are thus no longer subject to any Luxembourg withholding tax.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 10 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

#### Income Taxation

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

A Noteholder who is a resident of Luxembourg for tax purposes or a foreign Noteholder who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on, or any other income derived from, the Notes. An individual Luxembourg resident Noteholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest or any other income received, except if withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realised by an individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Notes. An individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid interest in respect of the Notes in his taxable income, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual Noteholder has opted for the application of a 10 per cent. tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a member state of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Savings Directive.

The withholding tax or self-applied tax are the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth.

Gains realised by a corporate Noteholder or by an individual Noteholder, who acts in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal, in any form whatsoever, of Notes are subject to Luxembourg income tax.

A Luxembourg Noteholder that is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, will not be subject to any Luxembourg income tax in respect of interest received or accrued on the Notes, or on gains realised on the sale or disposal, in any form whatsoever, of Notes.

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Gains realised by a non-resident Noteholder, who does not have a permanent establishment or fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal of Notes are not subject to Luxembourg income tax.

### **Wealth tax**

A corporate Noteholder, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the Noteholder is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on Notes.

### **Other Taxes**

Under present Luxembourg tax law, in the case where a Noteholder is a resident for inheritance tax purposes of Luxembourg at the time of his death, the Notes are included in his taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of Notes, if the gift is recorded in a Luxembourg deed.

## SWEDISH TAXATION

*The following summary outlines certain Swedish tax consequences relating to holders of Notes that are considered to be Swedish residents for Swedish tax purposes. The summary is based on the laws of Sweden as effect as at the date of this Prospectus. The summary does not constitute tax or legal advice but is intended to provide general information only. The summary does for example not address situations where Notes are held in an investment savings account (Sw. investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.*

### **Swedish tax residents**

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. life insurance companies. Further, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes.

If amounts that are considered to be interest for Swedish tax purposes are paid by Euroclear Sweden AB or by another legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by Euroclear Sweden AB or the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on securities and receivables (but not capital gains), if the return is paid out together with such a payment of interest referred to above. Swedish preliminary taxes are withheld at 30 per cent. less any foreign withholding tax.

## IRISH TAXATION

*The following is a summary based on the laws and practices currently in force in Ireland of Irish withholding tax on interest and addresses the tax position of investors who are the absolute beneficial owners of the Notes. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.*

### **Withholding Tax**

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes may be treated as having an Irish source if:

- (a) the Issuer is resident in Ireland for tax purposes; or
- (b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- (c) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; and (iii) bearer Notes will not be physically located in Ireland and the Issuer will not maintain a register of any registered Notes in Ireland.

### **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) on any interest, dividends or annual payments paid on the Notes issued by a company not resident in Ireland, where such interest, dividends or annual payments are collected or realised by a bank or encashment agent in Ireland for payment to any holder of the Notes who is Irish resident.

Encashment tax does not apply where the holder of the Notes is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

### **European Union Directive on Taxation of Savings Income**

Ireland has implemented the EC Council Directive 2003/48/EC (the “**Savings Directive**”) on the taxation of savings income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Noteholder (including the Noteholder’s name and address) to the Irish Revenue Commissioners who in turn are obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

Prospective holders of Notes should note that an amended version of the Savings Directive was adopted by the European Council on 24 March 2014, which is intended to close loopholes identified in the current Savings Directive. The amendments, which must be transposed by Member States prior to 1 January 2016 and which will apply from 1 January 2017, will extend the scope of the Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.



## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) and in the Dealer Agreement, the Dealer will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the Kingdom of Sweden from the time the Prospectus has been approved by the Central Bank of Ireland, being the competent authority in Ireland, and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden until 23 November 2015, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

### Ireland

Each of Credit Suisse International as Dealer and Garantium Fondkommission AB as Distributor has represented and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 1963 – 2013 (as amended) of Ireland (as amended), the Central Bank Acts 1942 - 2012 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

### Sweden

Each of the Issuer, Credit Suisse International as Dealer and Garantium Fondkommission AB as Distributor and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering,

unless in compliance with the Swedish Financial Instruments Trading Act (Sw. lag (1991:980) om handel med finansiella instrument), as amended from time to time.

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