



PYN Elite Fund (non-UCITS)

Fund Prospectus 17.1.2018



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This fund prospectus contains statutory information on the special common fund, the fund manager, the fund's custodian and transactions with the fund. This fund prospectus is supplemented by the rules of the special common fund and the key investor information document. This document was originally prepared in Finnish. Should there be any inconsistency between the Finnish language document and the document in another language, the Finnish language document shall prevail.

GENERAL INFORMATION ON PYN ELITE FUND (NON-UCITS)

The Finnish name of the fund is PYN Elite Erikoissijoitusrahasto (hereinafter the Fund). The Fund commenced operations on 1st of February 1999. The updated rules of the Fund are in force as of 1st of March 2017. The Fund is an alternative investment fund as provided in the Act on Alternative Investment Fund Managers (162/2014, Fi: Laki vaihtoehtorahastojen hoitajista) as well as a special common fund as provided in the Act on Common Funds (48/1999, Fi: Sijoitusrahastolaki), which may deviate from the rules and restrictions of the Act on Common Funds concerning common funds, such as restrictions concerning investment objects, diversification, valuation, subscriptions, redemptions and borrowing. The Fund is divided into fund units of equal size, which entitle unit holders to equal right to the assets of the Fund. The persons and companies invested in the Fund own the assets of the Fund in proportion to the number of units they own. The Fund is not a separate legal entity, and the Fund Manager represents the Fund.

Fund Manager

The Fund is managed by PYN Fund Management Ltd, an alternative investment fund manager, which is registered in the trade register maintained by the Finnish Patent and Registration Office with business identification number 0665275-5 (hereinafter the Fund Manager). The Fund Manager was founded on 29 September 1998 and is domiciled in Helsinki. The Fund Manager is engaged in the mutual fund activity as defined in the Act on Common Funds and acts as fund manager according to the Act on Alternative Investment Fund Managers. The share capital of the Fund Manager is EUR 151,369.14. The Fund Manager is an independent company owned by its management. The Fund Manager invests assets acquired from the public on behalf of fund unit holders in accordance with the rules of the Fund. The Fund Manager acts in its own name on behalf of the Fund and uses rights pertaining to the assets of the Fund.

The Chief Executive Officer of the Fund Manager is Eino Laitinen, and his deputy is Chief Finance Officer Tuija Tötterström. The portfolio manager of the Fund is Petri Deryng.

Board of Directors of PYN Fund Management Ltd

Kimmo Myllymäki, (Chair), MSc (Tech.), Toip Oy
Petri Deryng, portfolio manager, PYN Fund Management Ltd

The members of board appointed by fund unit holders: Markku Ellilä, DSc (Tech.), Pridor Oy
Jussi Savonen, Attorney, Partner, DLA Piper Finland Ltd

Custodian

The custodian of the Fund is Skandinaviska Enskilda Banken AB (publ), Helsinki branch, address Eteläesplanadi 18, PO Box 630, 00101 Helsinki (hereinafter the Custodian). The Custodian is engaged in credit institution operations, and it is domiciled in Stockholm, Sweden.

The Custodian is responsible for ensuring that the operations of the Fund and the Fund Manager are conducted in compliance with the law, the rules of the Fund and regulations, as well as managing other responsibilities of the Custodian pursuant to Finnish law. For the purpose of managing its responsibilities the Custodian may use companies specialized in custody services supervised by the Financial Supervisory Authority or similar foreign authority (hereinafter Sub-custodian). The Custodian shall to the best of its ability ensure that the assets of the Fund are segregated from the assets of the Custodian and Sub-custodians, if any, in the event of potential insolvency of the Custodian or Sub-custodian.

The assets of the Fund shall be segregated from the assets of the Fund Manager and the Custodian. The finances of the Fund Manager must be completely separated from the assets of the Fund, and the assets of the Fund cannot be used to cover liabilities of the Fund Manager or the Custodian.

Unless otherwise provided for in the Act on Alternative Investment Fund Managers, the Custodian shall compensate the Fund and its investors on the basis of strict liability (i.e. regardless of negligence or lack thereof) for damage caused due to loss of a financial instrument in custody. The Custodian shall primarily compensate the loss by returning a financial instrument of identical type or corresponding amount of money to the Fund or Fund Manager. However, the Custodian shall not incur liability if it can prove that the damage was incurred due to an external, unusual and unexpected event that the Custodian could not prevent and the effects of which it could not reasonably have avoided. In the event damage is caused due to loss of financial instruments in the custody of a Sub-custodian, the Custodian can avoid liability if it has nominated the Sub-custodian with due care and in compliance with the applicable legislation to take custody of the financial instruments, and has furthermore agreed in writing to transfer liability to said Sub-custodian, and furthermore the Fund and/or the Fund Manager can under said written agreement make a claim against

said Sub-custodian to compensate damage incurred due to loss of the financial instrument(s).

Skandinaviska Enskilda Banken (publ), Helsinki branch provides custodian services to its own and external clients. This may lead to conflicts of interest. In order to manager and avoid conflicts of interest, the due separation of business operations has been taken into account in arranging custodian and fund operations of the Custodian. Custodian services are conducted separately from the Custodian's own fund operations.

Auditors

The auditor of the Fund and the Fund Manager is PriceWaterhouseCoopers Oy, Authorised Public Accountants, the responsible auditor is Pekka Loikkanen, APA, and the deputy auditor is Jonas Blomqvist, APA. The auditor selected by the Fund's unit holders is Taru Mäenpää, APA, and the deputy auditor selected by the same is Noora Komulainen, APA.

Financial period, closing date and reporting

The financial period of the Fund Manager and the Fund is the calendar year. The annual report of the Fund Manager and the Fund shall be sent, upon request, to unit holders within three months of the ending of the financial period. The information referred to in Chapter 12 Section 5 and 6 of the Act on Alternative Investment Fund Managers, such as risk profile and information on possible leveraging, shall be made available in the key investor information document of the Fund.

General Meeting of unit holders

The general meeting of the Fund unit holders shall be held annually by the end of April at the latest on a date determined by the board of directors of the Fund Manager. An extraordinary general meeting of Fund unit holders shall be held if the board of directors of the Fund Manager deems it necessary or if an auditor or Fund unit holders holding together at least one-twentieth of all Fund units in circulation so demand in writing for the handling of a matter specified by them.

The meetings of Fund unit holders are convened by the board of directors of the Fund Manager. In the general meeting of the Fund unit holders, one Fund unit entitles to one vote. Accordingly, a fraction of Fund unit shall be entitled to as many fractions of a vote as there are fractions of Fund units. In the event a unit holder holds less than one whole unit, he/she shall nevertheless have one vote in the general meeting of Fund unit holders. In order to attend the general meeting, Fund unit holders shall register for

the meeting with the Fund Manager no later than the registration date indicated in the notice of the general meeting.

External services

The Fund Manager may use external management and advisory services for the purposes of managing the Fund, for example accounting, portfolio management, legal, internal audit and ICT services. In addition, the Fund Manager uses representatives for the purpose of receiving orders for subscription or redemption of fund units. Compensation may be payable to a representative based on an agreement between the Fund manager and the representative. Said compensation will not be added to expenses borne by investors, but will instead be included in the fees charged from the Fund by the Fund Manager. The purpose of this kind of cooperation is to improve service quality by enabling the Fund to be offered to a broader base of investors.

The fund does not use a prime broker, and therefore does not have conflicts of interest relating thereto.

Merger history of the Fund

On 30 September 2013 non-UCITS Fund Populus, managed by the Fund Manager, merged into the Fund.

Supervising authority

PYN Fund Management Ltd and PYN Elite Fund (non-UCITS) are supervised by the Financial Supervisory Authority, Snellmaninkatu 6, PO Box 103, 00101 Helsinki, Finland, phone +35810 831 51, kirjaamo@finanssivalvonta.fi.

INVESTMENT OPERATIONS OF THE FUND

Aim of the investment operations of the Fund

The aim of the Fund is with active portfolio management in the long term to achieve significant increases in value through substantial company and market exposure, and to provide unit holders with maximum return on invested capital through controlled risk taking. The Fund seeks significantly higher profits than funds with more broadly diversified investments.

Investment strategy and investment restrictions

The scope of the Fund is the whole world, but the Fund aims to allocate all investments on a maximum of three countries at the same time. The Fund deviates in its investment policy from the restrictions set forth in the Common Funds Act as specified in the Fund's rules. The Fund Manager shall make investments in accordance with the rules of the Fund according to its own, independent discretion.

The key factors taken into account in the Fund's investment decisions are the expected significant

potential for increase in the value of share of the target company and the same of the relevant market, which on the other hand includes a risk relating to expected value, i.e. uncertainty regarding when the potential increase will actualise. Essential factors when contemplating an investment are:

- An inexpensive market;
- Focusing equity analysis resources on identifying, in an inexpensive market, on the most exceptionally undervalued companies and their shares; and
- The expected company specific returns.

The Fund primarily invests its assets into publicly traded shares and share-based instruments. As part of its investment operations, the Fund may also invest in, e.g., shares that are not publicly traded, bonds and OTC forward foreign exchange contracts. The Fund may use forward foreign exchange contracts for both hedging and investment. The base currency of the Fund is euro. The Fund may also invest assets in fixed income securities and money market instruments, in the event no securities market meeting the investment strategy criteria of the Fund is found for the purpose of allocating assets.

The Fund's investment operations are subject to the restrictions set forth in Section 5 of the Fund's rules:

- The Fund may own a maximum of 20 % of the issued shares of any single issuer;
- The Fund's investments in any single issuer's securities may not exceed 20 % of the Fund's assets;
- There may be a maximum of two (2) investments in any single issuer's securities that exceed 10 % of the Fund's assets;
- The Fund's assets must at all times be invested into securities of at least eight (8) different issuers;
- The Fund may also invest in securities that are not publically traded a maximum 15 % of the Fund's assets.
- The counterparty risk caused by the counterparty of a forward foreign exchange contract may be at maximum 10 % of the Fund's assets.
- The collateral requirement of a forward foreign exchange contracts may not exceed 30 % of the value of the Fund.
- The nominal value of forward foreign exchange contracts may not, at the time of entering into the contract, exceed the value of the Fund.
- Investments in any single issuer's bonds and money market instruments may not exceed 20 % of the assets of the Fund;
- The Fund cannot own a bond in such a way that it would own over 20 % of the whole issued principal of the loan.
- The Fund may acquire at maximum 10 % of any single issuer's bonds and money market instruments.

- The Fund may have at maximum two (2) investments in bonds and money market instruments of a single issuer exceeding 10 % of the Fund's assets.
- Irrespective of the above, 100 % of the Fund's assets may be invested in bonds or money market instruments of any single issuer or underwriter if the issuer or underwriter is a member of the European Union or the European Economic Area. In the event more than 35 % of the assets are invested in the bonds or money market instruments of any single issuer, they must in that case be derived from at least six (6) different issuances, and no more than 30 % of the Fund's assets may be invested in any one issuance.
- In total, a maximum of 30 % of the Fund's assets may be invested in securities, money market instruments and deposits of any single issuer, or in forward foreign exchange contracts that will cause a counterparty risk for the Fund with respect to the issuer in question.
- At maximum 30 % of the Fund's assets may be kept in deposits.

The Fund does not use leveraging in its investment operations to a significant extent. In deviation from the provisions of the ACF, the Fund Manager may however temporarily raise a loan in the name of the Fund for the purposes of the Fund's operations, which loan shall not to exceed 10 % of the assets of the Fund.

The board of directors of the Fund Manager shall decide upon amendments to the Fund's investment strategy. Amendments to the rules of the Fund do not require confirmation by the Financial Supervisory Authority, but the rules will however be notified to the Financial Supervisory Authority and shall also be notified to fund unit holders before their entry into force in the manner set forth in the rules of the Fund.

Collateral and re-use of assets

In accordance with the rules of the Fund, the Fund may use its assets as collateral for its loans or other obligations.

In order to promote effective asset management, loans or buyback agreements can be concluded for securities and money market instruments that are part of the Fund's assets, provided that they are cleared by a clearing organization referred to in the Act on the Book-Entry System and Clearing Operations or foreign clearing organization of the kind. In the event clearing takes place elsewhere, the counterparty of the agreement must be an investment firm according to the Act on Investment Firms or similar party offering investment services, and the terms of the agreement must be standard and generally known in the markets.

Portfolio manager

The portfolio manager of the Fund is Petri Deryng (b. 1961), who has acted as portfolio manager of the Fund since its founding in 1999. Petri Deryng has on numerous occasions been recognized as one of the most successful portfolio managers in Finland and Europe for example by Citywire, Morningstar and the Arvopaperi - magazine. He has 30 years of experience of strategic, successful equity investments. Before becoming a full time portfolio manager, Deryng worked alongside his investment activities as a media entrepreneur for example producing radio and TV programs. Regarding education, Petri Deryng has studied for MSc (Econ.). From 2003 onward Petri Deryng has lived in Asia, where the target markets of the Fund are located.

Targeted investor group and equal treatment

The Fund is a high risk fund intended for long term investments for demanding investors who are very familiar with the financial markets. The Fund is not suitable for investors who intend to redeem their Fund units within five years of subscription.

The Fund Manager treats investors equally in its operations. The Fund Manager has internal guidelines for possible conflicts of interest in accordance with Chapter 7 Section 8 of the Act on Alternative Investment Fund Managers, and thereby seeks to ensure that the unit holders of the Fund are treated equally.

The investor is solely responsible for the Fund being suitable for the investor's purposes, and so the investor is expected to carefully inspect this prospectus, the key investor information document and the rules. The Fund Manager does not provide asset management, investment advice or other investment services.

Investor letter

The Fund Manager publishes Investor letter quarterly, in which the views on the markets are shared and the investments and targets are briefly introduced. The Investor letter is only published in Finnish language.

Profit history of the Fund

The value of an investment into the Fund may rise or fall, and when redeeming his or her share, an investor may receive less money than he or she originally invested into the Fund. Past fund performance is no guarantee of future performance. The Fund is not covered by the Investors' Compensation Fund or the Deposit Guarantee Fund.

The value of one fund unit was EUR 10 when the Fund was founded in 1 February 1999. The latest published value of a fund unit as well as the profit history of the Fund can be seen on the webpage of the Fund Manager.

Profit information per 31 December 2017

12 months	3 years	5 years	From founding p.a.
21,2%	32,5%	110,9%	20.0%

SUBSCRIPTION AND REDEMPTION OF FUND UNITS

Subscribing for fund units

Units of the Fund can be subscribed for every month on the last Finnish banking day of the calendar month. The subscription order must be submitted to the Fund Manager at the latest on the Subscription Day. Subscription can also be carried out using an online service at www.pyn.fi with electronic identification. We request that in connection with subscription you provide the information requested on the subscription form. The Fund Manager has right to reject subscription if the required information on the subscriber or the ultimate beneficiary and his or her identity has not been submitted.

The minimum subscription amount is EUR 10,000. The minimum additional subscription is EUR 2,000. The additional subscription can be less than EUR 2,000 in case it is done by asset manager using its fees from the Fund Manager.

The subscription price shall be paid well in advance in order to be received on the Fund's account on the subscription date by 6 PM Finnish time at the latest. A subscription fee, if any, shall be deducted from the subscription amount. A written confirmation of subscription shall always be sent to the fund unit holder.

Fund's accounts:

Bank	BIC	IBAN
Nordea	NDEAFIHH	FI60 1572 3000 3842 97
OP	OKOYFIHH	FI73 5710 0420 1368 89
SEB	ESSEFIHX	FI48 3301 0001 1300 20

Under Finnish law, minors and persons under guardianship generally need the permission of the local register office (Fi: maistraatti) to make subscriptions in non-UCITS funds. According to the law, a fund unit holder or a person intending to become a fund unit holder do not have a statutory right to cancel a subscription/redemption.

More detailed information on subscribing for fund units can be found in the rules of the Fund.

Redemption of Fund units

Fund units can be redeemed every month on the last Finnish banking day of the calendar month. The redemption notice must be submitted to the Fund Manager at the latest on the last Finnish banking day of the previous calendar month. The redemption request must be made in writing using a redemption notification form, signed and sent to the Fund Manager by mail, fax or e-mail (info@pyn.fi). A redemption request may also be made online at www.pyn.fi. A fund unit holder may simultaneously redeem all or a part of his or her fund units. A redemption request can only be cancelled with the consent of the Fund Manager.

In the event a unit certificate has been issued for fund units to be redeemed, the redemption request can be executed only when both the written redemption form and the original unit certificate for the units to be redeemed have been received.

Example: A unit holder submits a redemption request to the Fund Manager on 25 March. In such a case, redemption will be carried out based on the Fund valuation of 30 April, and paid to the account of the unit holder in early May.

As a rule, the Fund will pay out redemptions at the value of Fund units on the applicable redemption day from its cash funds. However, in the event cash funds for redemption must be acquired by selling securities of the Fund, the redemption may be delayed due to the market situation and liquidity of the target market. In such a case, the redemption shall take place at the value of the Fund units on the day on which redemption is possible.

The Fund Manager shall always send written confirmation of completed redemption to unit holders.

More detailed information on redemption of fund units can be found in the rules of the Fund.

Determination of subscription and redemption price of fund units

The subscription and redemption is carried out at the fund unit value calculated and confirmed on the next Finnish banking day following the subscription or redemption day by deducting the debts of the Fund, if any, and fees payable to the Fund Manager from the market value of investments of the Fund on subscription/redemption day, and the outcome (net value) is divided by the number of the fund units in circulation. The values applicable from time to time shall be posted on the webpage of the Fund Manager, and a subscription confirmation shall be sent to fund unit holders who have subscribed for fund units by post or e-mail.

The cut off dates for subscription and redemption assignments and the valuation dates for investments into the Fund are presented in the rules of the Fund.

Suspending subscription and redemption assignments

In certain situations set forth in the law, the Financial Supervisory Authority has the right to suspend redemption of Fund units.

The board of directors of the Fund Manager can temporarily suspend redemption of Fund units if, in the view of the Fund Manager, the equal treatment of Fund unit holders or other weighty interest so requires, for example in a situation where the value of Fund units cannot be reliably calculated or calculation is obstructed, or if an exceptional event disrupts the operation of the financial markets or, due to circumstances on the financial markets, investment of funds received by the Fund from subscriptions has become difficult.

Information on regulated marketplaces

The fund units are not subject to public trading on any regulated market place.

VALUATION OF FUND UNITS, PUBLISHING VALUE, REPORTS AND ERRORS IN VALUATION

Valuation of fund units and publishing value

The Fund Manager shall calculate and confirm the value of Fund units for each Finnish banking day in the manner described in the rules of the Fund. The value of the Fund is calculated in such a way that the debts of the Fund (compensation pursuant to the rules to the Fund Manager and other debts) are subtracted from the assets of the Fund (securities, cash funds and other assets and receivables). The value of Fund units is calculated and published with a delay of one business day. Information on the value of a Fund unit can be accessed on the webpage of the Fund Manager (www.pyn.fi) and the Mutual Fund Report of Finnish Investment Research Ltd (www.rahastoraportti.fi). The value of a Fund unit is calculated and published in euro denomination, with accuracy of one thousandth of an euro.

Reporting

The Fund prospectus, key investor information document, rules, semi-annual and annual reports are published on the webpage of the Fund Manager (www.pyn.fi) in a document format of common use. Furthermore, these documents can be accessed at the Fund Manager and shall be sent free of charge to unit holders or aspiring unit holders upon request.

The Fund unit holders shall be sent a report on their ownership of the Fund units and the amendments to the value of units on a quarterly basis.

Correcting substantial valuation errors

The margins set forth in a recommendation of the Financial Supervisory Authority shall be complied with in correcting substantial valuation errors. According to this recommendation, the minimum amount of an error that must be corrected depends on the volatility of the fund. At the moment, the annual volatility of the Fund is over 10 %, so the margin for a substantial error is 0.5 % of the value of the Fund. The Fund Manager shall notify substantial and non-substantial errors in valuation to the Financial Supervisory Authority. A list, available at the Fund Manager, shall be kept of substantial errors in valuation. The margin for a substantial error shall be reviewed annually.

FEES AND EXPENSES

Fees for subscription and redemption of Fund units

A fee can be charged for subscription, the amount of which shall not exceed 5 % of the subscription amount. The board of directors of the Fund Manager shall decide on the amount of the subscription fee. Said subscription fee shall be paid to the Fund. The subscription fee, if any, shall be deducted from the subscription amount paid by a unit holder to the Fund, and the remaining amount shall be used to subscribe for Fund units for the unit holder. In the event the subscription amount minus the subscription fee, if any, is not divisible into Fund units and their sub-units, the amount of Fund units shall be rounded down to the closest sub-unit, and the remainder shall be added to the assets of the Fund. The paid subscription fee shall be added to the assets of the Fund on the relevant subscription day.

The board of directors of the Fund Manager shall confirm the amount of the subscription fee and the principles applicable to the same in force from time to time. In accordance with the price list confirmed by the board of directors of the Fund Manager (4 June 2015), the subscription fee shall only be charged on one-time subscriptions exceeding EUR 3,000,000. The amount of the subscription fee for such subscriptions shall be 5% of the subscription amount.

No fees shall be charged for redemption of fund units.

Management fee

The Fund Manager shall be paid a management fee of 1 % of the value of the Fund annually. The fee payable to the Custodian is also included in the management

fee. The management fee shall be paid every calendar month after the end of each month directly from the cash funds of the Fund. The accrued management fee shall be taken into account in the daily valuation of the Fund.

A return based fee

The return based fee shall be calculated based on the Fund's return during any particular calendar month, and the amount of the fee shall be 12% of the said return. For the purposes of calculating the return based fee, the "high water mark" principle shall be applied: if on the last banking day of the calendar month the Fund unit value is lower than the Fund unit value on the last banking day of the Fund's best-performing previous calendar month, no return based fee shall be paid to the Fund Manager.

Accrued return based fee, if any, shall be taken into account when calculating the daily value of the Fund. The return based fee shall be charged from the Fund every calendar month after the end of the month.

A simple example of the calculation of the return based fee:

31 December

Value of a Fund unit EUR 100.00

31 January

Value of Fund unit before return based fee is EUR 110.00. Profit is EUR 10.00 per Fund unit, of which is return based fee 12 %, i.e. EUR 1.20 per Fund unit. Value of Fund unit after deduction of the fee (EUR 1.20) is EUR 108.80. HWM value of Fund is then EUR 108.80.

28 February

Value of Fund unit before return based fee is EUR 105.00. Value is smaller than present HWM value (EUR 108.80), therefore no return based fee is payable, and value of Fund unit is EUR 105.00. HWM is still EUR 108.80.

31 March

Value of Fund unit before return based fee is EUR 115.00. Fund therefore pays return based fee amounting to 12% of the difference between market value and HWM value, i.e. $12\% \times (115.00 - 108.80)$. Value of Fund unit after profit based compensation (EUR 0.74) is EUR 114.26. New HWM is then EUR 114.26.

Custodian fee and other expenses

All expenses relating substantially to the investment activities of the Fund shall be paid from the Fund assets, as well as transaction fees of the Custodian and the same of securities exchanges, banking expenses, as well as other expenses incurred attributable to trading

of the investment objects. The fees of the Custodian are based on the custodian agreement between the Fund Manager and the Custodian, and are included in the management fee payable to the Fund Manager.

Fund expenses and portfolio turnover rate

The Fund's TER (total expense ratio), ongoing charges and portfolio turnover rate for recent financial years are:

Year	TER	Ongoing charges	Portfolio turnover rate
2017	3.51%	1.02%	50.19%
2016	1.31%	1.02%	21.25%
2015	1.01%	1.01%	54.02%

The TER includes the management fee and return based fee, but does not include the trading expenses paid by the Fund. Ongoing charges and turnover rate have been calculated in accordance with the recommendations of the European Commission. Ongoing charges do not include the return based fee or trading expenses paid by the Fund. The formulae for the calculations quoted above are available at the Fund Manager.

Profit sharing

The Fund operates as a growth fund, and does not distribute a share of the profit. The Fund reinvests the sales profits, interest and dividends that it receives. The possible profit of unit holders is realized upon redemption of their Fund units. A Fund unit entitles to an undivided right of ownership to the assets of the Fund in proportion to the number of Fund units held.

RISKS AND RISK MANAGEMENT RELATING TO INVESTMENT OBJECTS AND MARKETS

Investment activities always carry financial risk. Past profits are no guarantee of future profits. The value of investments and the profit accrued thereby may rise or fall, and an investor may not be able to receive his or her original investment.

Key risks relating to the Fund's investment activities

For example, the following risks relate to the Fund's investment activities:

Market risk

When investing in shares, there is a risk of fluctuation in market value of the investment, and the market value of the investment can vary significantly. The Fund mainly invests in small and midsize companies in emerging and frontier markets, where market risk is particularly high.

When investing in fixed income instruments, there is a risk of fluctuation in market value of the investment. An investment may lose value when market interest rates change.

Risks related to the implemented view

An active fund management style may substantially affect the value of the Fund and fluctuations therein. The Fund seeks to focus investments in a small number of markets and to make significant allocations in individual securities and companies, and consequently the successful or unsuccessful selection of shares invested may substantially affect the value of Fund units.

The development in value of investments in an individual field of business, country or geographic area may substantially deviate from the general development in value of the securities market.

Liquidity risk

Only a small portion of the Fund's assets is in cash. The risk of the Fund being unable to convert investments into cash within the planned schedule and for a reasonable price therefore exists. This may affect the payment of redemptions. In emerging and frontier markets, liquidity can have a substantial effect on profits from investments.

The Fund can also invest in securities that are not publicly traded or with restrictions relating to their assignment. These investments increase the liquidity risk of the Fund.

Foreign exchange risk

The assets of the Fund carry a foreign exchange risk, as the Fund mainly invests in non-euro denominated currencies. The Fund may from time to time seek to hedge foreign exchange risk for example by using OTC forward foreign exchange contracts.

Extraordinary events and country-related risk

There is a risk of unforeseen events and political events in the target markets of the Fund. In addition, said target markets also involve, e.g., risk relating to general economic development, development of local legislation, exchangeability of currencies and developments in taxation. There is also a risk of extraordinary events relating to individual investments, and said risk may have an effect on the value and liquidity of such individual investments. When investing in emerging and frontier markets, the above risks can have a substantial effect on profits from investments.

Counterparty risk

The Fund bears the risk of the counterparty of a security transaction or issuer of a security or derivative being unable to or unwilling to honor its obligations, such as delivery or payment of securities.

Operative risk

Operative risk means risk of losses relating to the Fund due to insufficient internal procedures or faults relating to persons or system as well as external events.

Force majeure

Risk of force majeure means the risk that an insurmountable obstacle outside the control of the Fund Manager or the counterparty in an investment arises, which is substantial for continuing the operations of the Fund. This kind of obstacle may be, e.g., a natural disaster, pandemic, strike, revolt, coup, war or other armed conflict.

Derivatives risk

Using derivatives for hedging or risk management may decrease risk and expected profits. However, use of derivatives, even for hedging, may for example increase counterparty and operative risks. The Fund can also use derivatives as part of its investment activities.

Risk management principles of the Fund Manager

The Fund has risk management principles approved by its board of directors, describing a set of procedures for constantly supervising and managing the risks present in the operations of the Fund Manager and Fund. The Fund Manager monitors the amount of liquid assets of the Fund in order to ensure that the Fund is duly and sufficiently solvent. For example, the Fund Manager carries out regular stress tests in order to assess the Fund's liquidity risk, by measuring the predicted realization period for the investments of the Fund in comparison to the portions owned by the biggest investors into the Fund. Redemption of Fund units may be suspended in certain circumstances.

Covering liability risks

The Fund Manager has a liability insurance as provided for in Chapter 6 Section 4 of the Act on Alternative Investment Fund Managers in order to cover damage for which the Fund Manager, as manager of the Fund, is legally liable for.

Personal business operations and conflicts of interest

The Fund Manager has implemented a policy on business operations that may lead to conflict of

interest, and monitors participation of the decision makers of the Fund Manager in such operations.

PRINCIPLES OF OWNER CONTROL IN THE FUND

At its meeting on 25 March 2014, the Board of Directors of PYN Fund Management Ltd approved the principles employed by the Fund concerning ownership control. According to these, the Fund shall primarily aim to own liquid Non Voting Rights shares, which do not entitle the holder to exercise voting rights at general meetings. Should the Fund own shares that entitle the holder to voting rights, the voting rights at general meetings will be exercised by the Fund's portfolio manager, managing director of the Fund Manager or person authorized by the managing director. The goals in the use of voting rights at general meetings are promoting the company's transparency, active dividend policy and fair treatment of minority shareholders of the respective company. The Fund portfolio manager decides upon participation in an individual general meeting.

TAXATION OF THE FUND AND UNIT HOLDERS

The Fund is a special common fund registered in Finland. A special common fund registered in Finland is exempt from income and property taxation. However, withholding tax in accordance with the applicable tax treaty and local legislation shall be payable for sales, dividend and interest income from abroad.

Sales profit from sale of Fund units by Fund unit holders (natural person with general tax liability in Finland) are deemed capital gains, for which tax is payable regardless of the duration of ownership. The Fund Manager shall notify the tax authorities of Fund unit ownership as of the end of the year, and of redemptions of Fund units carried out during the year. However, Fund unit holders must of their own initiative notify in their tax return or as a supplement to their tax proposal the capital gains or losses incurred through redemption of Fund units. When redeeming only a part of a holder's Fund units, the Fund units shall be deemed to be redeemed in their order of acquirement in such a way that the first Fund units to be acquired shall be redeemed first. However, the Fund unit holder can in connection with redemption notify the Fund Manager of which Fund units he or she is redeeming, in which case the acquisition cost shall be determined based on these Fund units.

More detailed information and the tax rates applicable from time to time can be accessed at www.vero.fi. Due to individual circumstances, each investor should separately clarify the taxation applicable to him or her from a competent tax authority or tax advisor.

ADDITIONAL INFORMATION CONCERNING DISTANCE SALES

The information herein has been provided in accordance with Chapter 6a of the Finnish Consumer Protection Act (38/1978, Fi: Kuluttajansuojalaki). Information and services relating to the Fund are provided in the Finnish language. Consumers shall not have the right of cancellation of distance sales of fund units of the kind referred to in Chapter 6a of the Consumer Protection Act.

LEGAL REMEDIES

In the event of a dispute between the Fund Manager and a unit holder relating to an investment in the Fund and said dispute cannot be resolved through negotiations, the fund unit holder may bring the matter before the Securities Complaints Board (Fi: Arvopaperilautakunta) using a free-form application. More information on the procedure can be obtained from the customer service of the Finnish Financial Ombudsman Bureau, phone +3589 6850 120, and online at www.fine.fi.

The operations of the Fund Manager and the Fund are governed by Finnish law. Finnish legislation includes provisions on recognizing and enforcing judgments, for example the Brussels I Regulation of the EU on international recognition and enforcement of judgments in civil and commercial matters.

RESTRICTION CONCERNING US CUSTOMERS

Persons contemplating an investment into the Fund should be aware that Fund units are neither registered nor will they be registered in accordance with the securities legislation of the US, Canada, Japan, Australia or New Zealand or elsewhere outside Finland. PYN Fund Management Ltd has not carried out the actions necessary to ensure that units of the Fund could be purchased in accordance with any other legislation than the legislation in force in Finland. Therefore, the Fund is only marketed for Finnish investors in Finland. In particular, investors residing in the United States (US) cannot invest in the Fund nor can the Fund be marketed, offered or sold directly or indirectly in the US, to US citizens, US companies or on behalf of the same.

