



The Rules for PYN Elite Fund (non-UCITS)

The board of directors of PYN Fund Management Ltd has approved the rules on 9 January 2017. The rules have been notified to the Financial Supervisory Authority in accordance with the Act on Common Funds on 10 January 2017. The rules are in force as of 1 March 2017. 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.

§ 1 Fund

The name of the fund is PYN Elite Erikoissijoitusrahasto, PYN Elite Special-placeringsfond in Swedish and PYN Elite Fund (non-UCITS) in English (hereinafter the Fund). The Fund is a special common fund (non-UCITS) as provided in the Act on Common Funds (hereinafter ACF). The Fund is also an alternative investment fund as provided in the Act on Alternative Investment Fund Managers (AIF).

The Fund is a special common fund (non-UCITS), because

- Units can only be subscribed for and redeemed on a monthly basis; and
- Risk in the Fund does not, pursuant to the rules, need to be diversified as broadly as with UCITS funds.

When investing the Fund's assets, the provisions of the ACF can be deviated from as specified in Section 5 herein.

§ 2 Fund Manager

The manager of the Fund is PYN Fund Management Ltd (hereinafter the Fund Manager).

The Fund Manager represents the Fund in its own name and acts on its behalf in matters concerning the Fund, as well as exercises rights relating to the assets in the Fund.

The Fund Manager may use external management and advisory services for the purposes of managing the Fund. External services shall be specified in the Fund prospectus. Expenses arising from the use of external services shall be included in the management fee referred to in Section 11 herein.

§ 3 Custodian

The custodian for the securities belonging to the Fund shall be Skandinaviska Enskilda Banken AB (publ), Helsinki branch, which shall act as the Fund's custodian (hereinafter the Custodian) in accordance with the custodian agreement between the Fund Manager and the Custodian. The Custodian may use companies specializing in custodian services supervised by the Financial Supervisory Authority or corresponding foreign regulatory body for the purposes of assisting with its duties.

§ 4 Purpose of the Fund's Investment Activity

The purpose of the Fund's investment activities is to provide unit holders in the long term with maximum return on invested capital at a carefully considered risk level.

The purpose of the Fund's investment activities is to seek significant increases in value through substantial company and market exposure, by investing the Fund's assets in the stock markets of countries with weak development due to economic reasons. In the event it is impossible or not appropriate to invest in the above mentioned markets or such markets do not exist, the Fund may invest its assets in other objects as specified in Section 5 herein.

Regarding equity instruments, the Fund's risk position is monitored daily on the basis of total exposure, and regarding derivative agreements on the basis of the collateral requirement and the delta ratio of the exposure.

§ 5 Investment of the Fund's Assets

The scope of the Fund is the entire world. The Fund Manager maintains an up-to-date list of market places used by the Fund. The list shall be available at the Fund Manager. The Fund invests, pursuant to the restrictions of the ACF, in securities and money market instruments traded publicly on the list of a securities exchange or on another regulated, regularly operating, recognized and to the public open marketplace. Securities means shares and share-based instruments, and, as specified below, bonds or other corresponding instruments.

The Fund deviates from the diversification requirements of the ACF to the extent that:

- 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; and
- there may be a maximum of two (2) investments in any single issuer's securities that exceed 10 % of the Fund's assets.

However, the Fund's assets must at all times be invested in securities of at least eight (8) different issuers.

The Fund may also invest in securities that are not publicly traded. In deviation from

the ACF, at maximum 15 % of the Fund's assets may be invested in such securities.

As part of its investment activities, the Fund's assets may also be invested in OTC forward foreign exchange contracts between US dollar (USD) and euro (EUR). When investing in OTC forward foreign exchange contracts, eligible to act as counterparties are only credit institutions and investment firms in the European Economic Area or that are active in the market, are supervised by a recognized supervision authority and have sufficient credit rating. The counterparty risk caused by the counterparty of a forward foreign exchange contract may be at maximum 10% of the Fund's assets. In order to hedge the Fund's assets from foreign exchange risks, the assets may be invested in forward foreign exchange contracts in currencies in which the Fund has investments.

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.

The value and development of the Fund's forward foreign exchange contracts shall be monitored on a daily basis by means of market contacts.

The Fund may invest its assets in fixed income securities and money market instruments, such as debt instruments, bonds and certificates of deposit, in the event no securities exchange meeting the investment strategy criteria of the Fund is found for the purpose of allocating assets into shares or share-based instruments.

Investments can be made in fixed income securities and money market instruments with the following restrictions:

- Investments in any single issuer's bonds and money market instruments may not exceed 20 % of the assets of the Fund;
- The Fund may not own an amount of bonds exceeding 20 % of the total bond capital issued
- The Fund may acquire at maximum 10 % of any single issuer's bonds and money market instruments; and
- 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.

However, the Fund's assets must in any case be invested in bonds and money market instruments of at least eight (8) different issuers.

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.

The Fund must at all times have sufficient cash reserves required for its operations. The cash reserves shall be deposited with a credit institution domiciled in the European Economic Area. 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 exceed 10 % of the assets of the Fund.

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.

§ 6 Profit distribution

The Fund operates as a growth fund, and does not distribute a share of the profit. The

profits of the Fund shall be re-invested as provided in the rules of the Fund.

§ 7 Fund Units

Fund units shall be divided into fractions in such a way that each unit shall be divided into ten thousand (10,000) sub-units of equal size. Fund units are of equal size and entitle unit holders to equal right to the assets of the Fund. The Fund shall contain only growth units.

§ 8 Value of the Fund and the Fund Units

The value of the Fund shall be calculated by deducting the Fund's debts (accumulated compensation under Section 11 herein and other debts) from the Fund's assets (securities, cash assets and other assets and receivables). The value is calculated on every Finnish banking day (hereinafter the Valuation Day).

Securities belonging to the Fund shall be valued at their market value as of 4 PM Finnish time on the Valuation Day. The market value shall be the latest trading price of the security, or if such price is not available, the latest purchase quotation. If such quotations do not exist or they, in the opinion of the Fund Manager, considerably deviate from the level at which the security was traded during that day, the Fund Manager can determine the value based on objective grounds.

Fixed income securities belonging to the Fund shall as a rule be valued according to the purchase quotations of fixed instruments available at 3 PM Finnish time from the interbank markets and published through public price monitoring systems. Money market instruments with a remaining duration of not more than one year shall however be valued at the Euribor interest rate of respective period quoted on the Valuation Day.

In the event a fixed income security is not quoted on the interbank market, it shall be valued in accordance with valuation principles applied by the Fund Manager at a given time.

The deposits of the fund shall be valued by adding the accrued interest to the capital in accordance with the schedule determined by the board of directors of the Fund Manager. When determining the value of the Fund, the Fund Manager shall as a rule apply the foreign exchange rates and forward foreign exchange contract quotations for each Valuation Day confirmed by the European Central Bank, or alternatively if so decided by the board of directors of the Fund Manager, the same by a commercial bank in the European Economic Area. In the event such rates or quotations are not available, or, in the view of the Fund Manager, significantly deviate from the trading level

on the Valuation Day, the Fund Manager may define the applicable rate or quotation based on objective grounds.

The board of directors of the Fund Manager shall provide more specific instructions for the calculation of the value of the Fund.

The value of a Fund unit is the value of the Fund calculated in the above-mentioned way, divided by the number of units of the Fund in circulation.

The Fund Manager shall confirm and publish the value of a Fund unit for each Finnish banking day. The value of the Fund shall be calculated and published with a delay of one banking day. Information on the Fund unit value shall be available to the public at the Fund Manager or on the webpage of the Fund Manager.

All values of the Fund shall be calculated and published in euro denomination.

§ 9 Subscription and Redemption Price

The subscription price for a Fund unit shall be the Fund unit value calculated in accordance with Section 8 herein on the subscription date plus the potential subscription fee set by the Fund Manager at a given time. The redemption price of a Fund unit shall be the value of the Fund unit calculated in accordance with Section 8 herein on the redemption date.

The Fund Manager reserves the right to decide on the minimum subscription amount.

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 size of the subscription fee. The subscription fee shall be paid to the Fund. The subscription fee, if any, shall be deducted from the subscription amount paid to the Fund by a unit holder, 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. More detailed information on the fee applicable at a given time shall be provided in the key investor information document and the Fund prospectus, available at the Fund Manager.

No fee shall be charged for redemption.

§ 10 Subscription and Redemption of Fund Units

Fund units can be subscribed for and redeemed once a month, on the last Finnish banking day of each calendar month

(hereinafter the Subscription Day, the Redemption Day). The board of directors of the Fund Manager can decide on permitting subscriptions for Fund units on dates other than those mentioned above. When deciding on an alternative subscription date, the board of directors of the Fund Manager shall declare such additional subscription date.

Fund units shall be subscribed for by placing a subscription order with the Fund Manager, and by paying the subscription amount including subscription fee, if any, to the bank account of the Fund. Placing of a subscription order is binding for the unit holder. The subscription payment shall be on the bank account of the Fund at the latest by 6 PM Finnish time on the Subscription Day. The subscription for Fund units shall be carried out at the Fund unit value confirmed for that Subscription Day in such a way that the number of Fund units subscribed for is calculated by dividing the subscription amount, less the subscription fee, if any, by the value of a Fund unit on the Subscription Day.

In order for a subscription to be confirmed, the Fund Manager shall have received the subscription payment in a manner approved by the Fund Manager on behalf of the Fund as well as the Fund has or is provided without delay appropriate and sufficient information concerning the subscriber and his/her identity. The Fund Manager shall have the right to reject a subscription order or to delay fulfilment of such order in the event the Fund Manager does not have sufficient information concerning the subscriber or his/her identity. The fulfilment of subscription orders may, should the equal treatment of Fund unit holders or other weighty interest so require, be temporarily suspended for example in a situation where the value of a Fund unit cannot be reliably calculated or an exceptional event disrupts the operations of the financial markets, or the investment of assets accrued from subscriptions of units of the Fund becomes difficult due to circumstances prevailing on the financial markets.

The holders of Fund units have the right to request redemption of their Fund units for the value on the applicable Redemption Day. Such a request shall be made in writing to the Fund Manager at the latest on the last Finnish banking day of the preceding calendar month prior to the anticipated Redemption Date referred to herein. Fund units shall primarily be redeemed at the value of Fund units on the applicable Redemption Date. In the event cash funds for redemption must be acquired by selling securities of the Fund, such a sale shall take place without undue delay, however no later than two (2) weeks after the intended Redemption Day. In such an event, the redemption shall take place once the assets from the sale of securities

have been received on the bank account of the Fund. The redemption value of the Fund units shall then be their value on that date.

Redemption requests shall be carried out in the order in which they are received. The Financial Supervisory Authority may for a special reason grant permission to exceed the two week term for selling securities pursuant to the rules. A request for redemption can be cancelled only in the event the Fund Manager agrees to the cancellation.

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 the Fund units cannot be reliably calculated or calculation is obstructed, or if an exceptional event disrupts the operation of the financial markets.

§ 11 Compensation to the Fund Manager and the Custodian

Compensation for the management of the Fund shall be paid to the Fund Manager from the assets of the Fund.

A management fee of 1.0 % of the value of the Fund shall be paid to the Fund Manager on an annual basis. The fee shall be paid every calendar month after the end of the month, and shall be calculated from the value of the Fund on the last Finnish banking day of each calendar month (value of Fund x the number of banking days between the last Finnish banking day of the calendar month and the last Finnish banking day of the preceding calendar month / 365 x management fee percentage). The management fee payable to the Fund Manager shall also include the compensation payable to the Custodian in accordance with the terms of the custodian agreement.

In addition, the Fund Manager shall be paid a return based fee which shall be a maximum of 12 % of the Fund's return during any particular calendar month. The return based fee shall be paid every calendar month after the end of the month, and calculated from the value of the Fund as of the last Finnish banking day of the calendar month after the calculation of management fees.

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.

In addition to the above, all essential expenses relating to the investment activities of the Fund, as well as transaction fees of the Custodian and securities exchanges, banking expenses and other expenses incurred due to trading in investment objects shall be paid from the Fund's assets.

§ 12 Financial Period of the Fund and the Fund Manager

The financial period of the Fund and Fund Manager shall be the calendar year.

§ 13 Publishing of Fund Prospectus, Key Investor Information Document, Annual Report and Interim Report

The Fund Manager shall publish a Fund prospectus and key investor information document for the Fund. These shall be available at the Fund Manager and on the webpage of the Fund Manager.

The Fund Manager shall prepare annual accounts and semi-annual and annual reports on the Fund, which are available at the Fund Manager within three (3) months after the end of the financial year. The Fund prospectus, key investor information document, Fund annual accounts, semi-annual and annual reports shall be sent to unit holders or persons intending to become unit holders upon their request free of charge.

The annual accounts and annual report of the Fund shall be available at the Fund Manager.

§ 14 General Meeting of Unit Holders

The general meeting of 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. The invitation to the meeting shall be published in at least one national newspaper published in Helsinki at the latest two (2) weeks before the meeting. The meeting shall decide at minimum upon the following matters:

1. Election of a chairman of the meeting.
2. Preparation of a list of votes.
3. Election of two keepers of the minutes and two vote counters.
4. Confirmation of the legality of the meeting and the presence of a quorum.

5. Presentation of the financial statements and annual report of the Fund and the Fund Manager, as presented at the annual general meeting of the Fund Manager.
6. Election of a representative of the Fund to for the delegation of the Funds managed by the Fund Manager, or in the event there is only one Fund, appointment of board members of Fund Manager as well as an auditor and a deputy auditor to be chosen by the Fund unit holders in accordance with the articles of association of the Fund Manager.
7. Handling of any other matters, if any.

In the general meeting of 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.

Other announcements shall be brought to the attention of the Fund unit holders by sending a letter to the addresses entered into the register of the Fund unit holders or by publishing a notice concerning the matter in a national newspaper published in Helsinki.

§ 15 Members of the Fund Manager's Board of Directors and the Auditor elected by unit holders

At the meeting of Fund unit holders, each Fund managed by the Fund Manager shall appoint from its members a representative for the delegation of the Funds. The term of a representative shall end at the conclusion of the next annual meeting to follow the election. Representatives appointed to the delegation shall assemble to appoint one auditor and an auditor's deputy for the Fund Manager and for the Fund, as well as a number of members for the board of the Fund Manager as determined by the meeting of shareholders of the Fund Manager.

In the event the Fund Manager is only managing one Fund, the holders of Fund units shall, instead of appointing a representative to the delegation, directly appoint one third (1/3) of the members of the board of directors of the Fund Manager, as well as one auditor and a deputy auditor. Appointment shall take place at the annual meeting of Fund unit holders of the Fund. The appointment shall be notified to the Fund Manager within one (1) month of

the date of the annual meeting of the Fund Manager.

§ 16 Amendment to Rules

The board of directors of the Fund Manager shall decide upon amendments to the rules of the Fund. Amendments to the rules, which shall be available at the Fund Manager, shall be notified to unit holders by sending a letter to the addresses entered into the register of the Fund unit holders. Unit holders shall be deemed to have received knowledge of an amendment to the rules after five (5) days after the letter has been posted. The amendments to the rules shall enter into force at the earliest one (1) month after the amendment has been brought to the knowledge of the Fund unit holders. Upon entering into force, an amendment to the rules shall be binding upon all unit holders. In the event the rules of the Fund are amended, the Fund is merged or demerged or responsibility for its management is transferred from the Fund Manager, Fund unit holders shall be reserved an extraordinary opportunity to redeem their units before entry into force of the above measure. The board of the Fund Manager shall decide on a possible extraordinary redemption date, and it shall be brought to the knowledge notified to Fund unit holders in the way provided for in the first paragraph of this Section. The Fund unit holder must notify the Fund Manager of his/her intention to exercise the right of extraordinary redemption ten (10) banking days before the extraordinary redemption date.

§ 17 Disclosure of information

The Fund Manager shall have the right to disclose information concerning the Fund unit holders in accordance with the legislation in force at a given time.

§ 18 Applicable law and settlement of disputes

These rules are governed by Finnish law. PYN Fund Management Oy, PO Box 139 00101 Helsinki, Phone +3589 270 70400, www.pyn.fi, business ID 0665275-5