

Half Year Report for Catella Avkastningsfond

I January 2016 – 30 June 2016

Continued downward pressure on market interest rates

The Swedish Riksbank and the ECB continue to buy bonds, with the result that large parts of the yield curve in Sweden and Europe are trading at negative interest rates.

The fund rose 0,47 percent after fees, and the risk level was low.

Swedish market rates at the short end of the yield curve fell slightly after the Riksbank lowered its policy rate from -0.35 percent to -0.5 percent. Inflation remains below the Riksbank's target, and the market is pricing in a negative policy rate until the first quarter of 2018. Longer maturities fell sharply alongside the Riksbank's purchases of real and nominal government bonds. Given the Riksbank and European Central Bank have indicated low policy rates and continue to buy bonds in the open market, this is likely to contribute to keeping market rates at low levels for the remainder of the year. Swedish market interest rates up to 5 years currently provide a negative yield. German 10-year government bonds are currently trading at negative interest. The fund's maturity will be kept relatively short through a large proportion of securities that are not sensitive to rising market rates.

The maturity, or duration, has increased slightly as the proportion of mortgage bonds has increased. At the end of June, the duration was 1,20 years.

The corporate bond market started the year on a low note as oil prices dropped rapidly and concerns intensified over the Chinese economy. Corporate bonds traded weakly in the early months of the year, especially subordinate debt issued by banks and loans issued by companies active in oil services. The ECB's decision to initiate a comprehensive corporate bond purchase program caused sentiment to turn, and prices of corporate bonds ticked upward in March and April.

We have long focused on improving returns through investments in fixed income securities that yield more than conventional treasury bills, government bonds and mortgage bonds. Our assessment is that savings options like liquidity funds, money market funds and bond funds with longer maturity have largely played out their role with the current low interest rates. We strongly believe corporate bonds will be well placed to generate better returns than government bonds in the coming years.

The largest positive contributors to the fund were holdings in bonds issued by DONG, Yara, Gjensidige Forsikring, Vattenfall and Storebrand. Bonds issued by SHB, DNB, Seadrill, Swedbank and SEB had a negative impact on performance.

Large new investments were made in Kommuninvest, LKAB, DSV, Sandvik, Bilia, Stadshypotek, SBAB Hypotek, Tele2, TRYG Forsikring and Södra Skogsägarna. Large sales were made in, among others, Cargotech, Fortum, Steen & Ström, Hoist, DNB, Boliden, Cloetta, CLS, Getinge, Hemsö, Alfa Laval, Kinevik, Nordax, Citycon, Hexagon, Castellum, Santander Consumer and Postnord.

Currency fluctuations did not affect fund performance since all currency exposure is reduced using currency forwards.

Fundfacts

Fund manager: Magnus Nilsson

Unit value 127.21
 Number of unit holders..... 380
 Net fund assets (SEKm) 8 617

YIELD PAST HALF YEAR

Catella Avkastningsfond **0.47%**
 Benchmark index
 (50% OMRX TBill + 50% OMRX TBond)...2.80%

AVERAGE ANNUAL YIELD

Past two years

Catella Avkastningsfond **0.34%**
 Benchmark index
 (50% OMRX TBill + 50% OMRX TBond).2.83%

Past five years

Catella Avkastningsfond **2.34%**
 Benchmark index
 (50% OMRX TBill + 50% OMRX TBond).2.78%

RISK

Catella Avkastningsfond **1.08%**
 Benchmark index
 (50% OMRX TBill + 50% OMRX TBond).2.22%
 Active risk.....2.35%
 Duration, 30 Jun 2016 (years)..... 1.20
 Interest-rate risk from 1% change in
 interest rate, %..... -1.21%

TURNOVER/COSTS

Rate of turnover (times/year) 0.39
 TTC, Transaction costs (SEKm)..... 1.15
 percentage of securities traded0.00%
 SC costs (SEKm).....0.00
 Management fee.....0.70%
 Ongoing charges.....0.72%
 TER, Total Expense Ratio.....0.72%

TURNOVER THROUGH ASSOCIATED SECURITIES INSTITUTIONS

Percentage of total turnover0.00%

TURNOVER OF FINANCIAL INSTRUMENTS MANAGED BY CATELLA FONDFÖRVALTNING

Percentage of total turnover0.00%

The Fund is an investment fund

Fund inception: 1 February 1999

Opening price: SEK 100

Dividends: From 2013 the fund will pay no dividend.

Management company: Catella Fondförvaltning AB

Corporate registration number of fund: 504400-5147

PPM fund number: I 12 755

BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET, SEKK	30-Jun-16	31-Dec-15
ASSETS		
Transferable securities (Note 1)	7 900 134	10 405 645
OTC derivatives with positive market value (Note 1)	19 656	39 516
Total financial instruments with positive market value	7 919 790	10 445 161
Bank balances and other cash and cash equivalents	670 363	834 189
Prepaid expenses and accrued income	64 309	62 734
Other assets	–	–
TOTAL ASSETS	8 654 462	11 342 084
LIABILITIES		
OTC derivatives with negative market value (Note 1)	28 649	0
Total financial instruments with negative market value	28 649	0
Accrued expenses and prepaid income	9 262	6 938
Other liabilities	0	22 640
TOTAL LIABILITIES	37 911	29 578
NET FUND ASSETS Note 2	8 616 551	11 312 506
MEMORANDUM ITEMS		
Collateral pledged for OTC derivatives	54 750	0
INCOME STATEMENT, SEKK	30-Jun-16	31-Dec-15
INCOME AND CHANGES IN VALUE		
Change in value of transferable securities	–30 598	–415 103
Change in value of OTC derivatives	–32 995	–9 915
Change in value of money market instruments	0	–18
Change in value of fund units	0	1 647
Interest income	84 289	254 949
Net foreign exchange gains and losses	47 615	198 984
Other income	0	224
TOTAL INCOME AND CHANGES IN VALUE	68 311	30 768
EXPENSES		
Management costs		
Payments to companies conducting fund operations	33 724	92 672
Payments to depositary	762	2 157
Interest costs	959	819
Other expenses	0	32
TOTAL EXPENSES	35 445	95 680
PROFIT FOR THE YEAR	32 866	–64 912
Note 2 TO BALANCE SHEET		
CHANGE IN NET FUND ASSETS	30-Jun-16	31-Dec-15
NET FUND ASSETS AT BEGINNING OF YEAR	11 312 506	12 556 422
Unit sales	559 855	5 253 957
Unit redemptions	–3 288 676	–6 432 961
Profit for the year per income statement	32 866	–64 912
NET FUND ASSETS AT END OF PERIOD	8 616 551	11 312 506

FUND'S HOLDINGS OF FINANCIAL INSTRUMENTS

Note Securities	QUANTITY	PRICE	(SEKk)	%
MARKET –LISTED BONDS* Incl coupon				
GOVERNMENT				
Statsobligation loan 1047 201201	20 000 000	124.58	24 916	0.29
Statsobligation loan 1050 160712	20 000 000	100.08	20 016	0.23
Statsobligation loan 1051 170812	20 000 000	104.98	20 997	0.24
Statsobligation loan 1052 190312	20 000 000	113.28	22 657	0.26
Statsobligation loan 1054 220601	50 000 000	122.63	61 315	0.71
Statsobligation loan 1058 250512	20 000 000	121.81	24 362	0.28
			174 263	2.02
OTHER				
AF FRN 200512	60 000 000	99.14	59 482	0.69
Aker FRN 190724, Norway	67 000 000	98.79	66 192	0.77
Atrium FRN 171115	45 000 000	100.92	45 414	0.53
Bilia FRN	24 000 000	101.89	24 454	0.28
Billerud Korsnäs FRN 180327	50 000 000	103.25	51 624	0.60
Danske Bank 490215, Denmark, GBP	5 000 000	100.61	56 575	0.66
Danske Bank FRN 180403, Denmark	200 000 000	100.27	200 541	2.33
Danske Bank FRN 240605, Denmark	55 000 000	101.94	56 070	0.65
Delarka 201113	60 000 000	103.50	62 100	0.72
DNB Bank 200326, Norway, USD	15 000 000	95.05	120 587	1.40
DNB Bank 490329, Norway, GBP	17 000 000	101.00	193 102	2.24
DNB Bank FRN 200226, Norway, NOK	80 000 000	93.00	75 211	0.87
Dong Energy 200810, Denmark, EUR	15 000 000	98.35	138 525	1.61
DSV FRN 220318, Denmark, DKK	100 000 000	101.25	127 848	1.48
FastPartner FRN 190922	30 000 000	98.97	29 692	0.34
Fingrid FRN 181119, Finland	50 000 000	99.95	49 976	0.58
Fortum FRN 190916	27 000 000	100.34	27 092	0.31
Gjensidige FRN 441003, Norway, NOK	112 000 000	92.61	104 850	1.22
Handelsbanken 210301, USD	16 000 000	95.18	128 810	1.49
Heimstaden FRN 190916	10 000 000	98.03	9 803	0.11
Hemsö FRN 200604	190 000 000	98.13	186 445	2.16
Hexagon FRN 191126	95 000 000	100.46	95 435	1.11
Husqvarna FRN 210503	55 000 000	101.05	55 578	0.65
ICA Gruppen FRN 190617	170 000 000	101.61	172 743	2.00
Ikano Bank FRN 181114	70 000 000	99.60	69 722	0.81
Ikano Bostad FRN 190325	100 000 000	101.04	101 037	1.17
Klövern FRN 180404	30 000 000	102.16	30 649	0.36
Kommunal Landspensjonkasse 450610, Norway, EUR	5 430 000	97.31	49 617	0.58
Kommuninvest 190312	100 000 000	106.56	106 556	1.24
Landshypotek FRN 180427	100 000 000	100.43	100 431	1.17
Leaseplan FRN 200405, Netherlands	100 000 000	98.02	98 017	1.14
Lifco 180403	100 000 000	101.06	101 058	1.17
LKAB FRN 191209	45 000 000	98.13	44 158	0.51
Länsförsäkringar Bank FRN 200609	180 000 000	93.67	168 604	1.96
Länsförsäkringar Bank FRN 230328	40 000 000	101.06	40 424	0.47
MTG FRN 180319	100 000 000	101.31	101 314	1.18
Nibe FRN 200528	44 000 000	100.01	44 004	0.51
Nordea Bank 210913, USD	11 700 000	93.31	92 339	1.07
Nordea Hyp 210519	200 000 000	103.72	207 443	2.41
Nya Svensk Fastighets Finansiering FRN 200309	170 000 000	98.58	167 583	1.94
Nykredit Realkredit 360603, Denmark, EUR	5 000 000	97.92	45 976	0.53
Olav FRN 180528, Norway	80 000 000	99.19	79 348	0.92
Pohjola FRN 250825, Finland	100 000 000	96.80	96 795	1.12
Saab FRN 191212	120 000 000	100.30	120 359	1.40
Sagax FRN 200618	55 000 000	98.52	54 184	0.63
Sandvik FRN 200114	120 000 000	100.01	120 016	1.39
SBAB FRN 210617	50 000 000	98.33	49 164	0.57
SBAB FRN 250611	190 000 000	96.42	183 195	2.13

SCBC loan 200617	200 000 000	106.93	213 869	2.48
SEB 180620	100 000 000	106.40	106 404	1.23
SEB 200617	200 000 000	105.07	210 135	2.44
SEB 490513, USD	8 000 000	95.40	64 552	0.75
SEK 231114, USD	18 030 000	97.92	149 335	1.73
Sparbanken Syd FRN 191021	50 000 000	99.48	49 740	0.58
Sparbanken Öresund FRN 160118	63 000 000	101.84	64 158	0.74
Stadshypotek 200617	200 000 000	115.88	231 765	2.69
Steen FRN 171208, Norway	25 000 000	100.38	25 096	0.29
Stena Metall Finans FRN 201127	40 000 000	98.87	39 549	0.46
Storebrand FRN 180529, Norway, NOK	80 000 000	100.01	80 879	0.94
Storebrand FRN 490331, Norway, NOK	70 000 000	94.76	67 052	0.78
Sveaskog FRN 231030	100 000 000	96.30	96 298	1.12
Swedbank 190619	200 000 000	111.16	222 321	2.58
Swedbank 490317, USD	5 000 000	98.32	41 579	0.48
Södra Skogsägarna FRN 210607	70 000 000	100.02	70 014	0.81
Tele2 FRN 210511	75 000 000	100.55	75 409	0.88
Telenor FRN 190319, Norway	132 000 000	99.82	131 759	1.53
Telia Company FRN 231108	150 000 000	97.38	146 072	1.70
Teollisuuden FRN 200317, Finland	100 000 000	94.89	94 886	1.10
Trelleborg FRN 210118	100 000 000	98.93	98 932	1.15
Tryg Forsikring FRN 460526, Denmark	100 000 000	100.38	100 384	1.17
Vacse FRN 190603	120 000 000	102.01	122 416	1.42
Vasakronan FRN 200122	100 000 000	98.57	98 568	1.14
Vattenfall FRN 770319	100 000 000	89.85	89 848	1.04
Vattenfall 220319	185 000 000	92.57	171 257	1.99
Wihlborgs FRN 190218	75 000 000	99.56	74 667	0.87
Willhem FRN 200127	150 000 000	99.22	148 832	1.73
Volvo Treasury FRN 190415	80 000 000	100.50	80 401	0.93
Yara FRN 191218, Norway, NOK	150 000 000	98.63	149 555	1.74
			7 725 871	89.66

TOTAL MARKET-LISTED BONDS			7 900 134	91.69
TOTAL TRANSFERABLE SECURITIES			7 900 134	91.69

OTC-DERIVATIVES

FX-Forwards

FXFWD DKKSEK 160816 1.2552, Denmark, DKK	-101 141 719	1.26	-708	-0.01
FXFWD EURSEK 160816 9.3375, Europe, EUR	-25 342 594	9.39	-1 260	-0.01
FXFWD GBPSEK 160816 12.0865, Great Britain, GBP	-22 961 139	11.23	19 656	0.23
FXFWD NOKSEK 160816 0.9939, Norway, NOK	-475 456 181	1.01	-7 221	-0.08
FXFWD USDSEK 160816 8.2133, USA, USD	-83 261 529	8.45	-19 460	-0.23
			-8 992	-0.10

TOTAL OTC-DERIVATIVES			-8 992	-0.10
OTC DERIVATIVES WITH POSITIVE MARKET VALUE			19 656	
OTC DERIVATIVES WITH NEGATIVE MARKET VALUE			-28 649	

TOTAL HOLDINGS OF FINANCIAL INSTRUMENTS			7 891 142	91.58
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OTHER ASSETS AND LIABILITIES			725 409	8.42
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TOTAL			8 616 551	100.00
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* Financial instruments admitted to trading on a regulated market or equivalent market - outside EEA.

SUMMARY, ISSUERS*

ISSUER	% of net fund assets*
SEB AB	11.99
DnB Bank ASA	4.51
Danske Bank A/S	3.64
Vattenfall AB	3.03

* The table shows the total percentage share of the net fund assets per issuer in those cases the fund holds more than one type of security issued by the same issuer.

ADDITIONAL DISCLOSURES, FINANCIAL INSTRUMENTS

Financial instruments expected to be admitted to trading on a regulated market within one year of issue are:
Tryg Forsikring FRN 460526

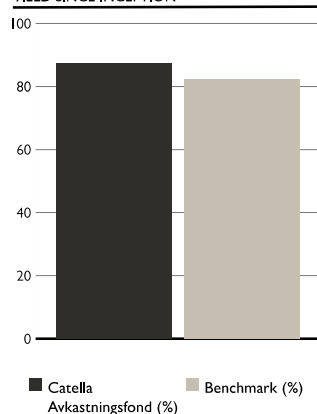
COUNTERPARTS FINANCIAL DERIVATIVE TRANSACTIONS

COUNTERPART	Collateral received
SEB	0

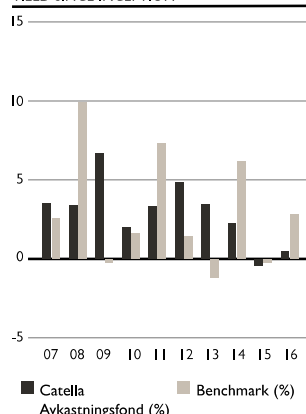
HISTORICAL FUND ASSET, NET ASSET VALUE, NUMBER OF UNITS AND DIVIDENDS

Date	Dividend	Unit Value	No of	Net fund assets
	SEK/unit	SEK	units	SEKk
071231	3.40	113.70	4 162 547	473 268
081231	4.95	112.49	3 305 270	371 804
091231	2.60	117.32	9 829 838	1 153 253
101231	1.89	117.74	18 024 405	2 122 222
111231	3.68	117.94	15 701 555	1 851 768
121231	3.27	120.26	25 119 593	3 020 900
131231	0.00	124.40	50 483 539	6 279 941
141231	0.00	127.17	98 740 463	12 556 422
151231	0.00	126.61	89 352 751	11 312 506
160630	0.00	127.21	67 735 832	8 616 551

YIELD SINCE INCEPTION



YIELD SINCE INCEPTION



TRADE IN DERIVATIVES

In accordance with its fund rules, the fund may trade in derivatives as part of its investment strategy and aims to create leverage in the fund. Leverage means that the fund's investment scope is greater than the investment scope consequent upon capital contributed by unit holders.

During the period the fund did not exercise its right to issue securities lending.

Derivatives used during the period have been currency forward contracts to reduce currency risk.

Leverage calculated as the sum of the derivative instruments' underlying exposed gross values

Maximum leverage	Minimum leverage	Average leverage
29.86%	1.04%	23.44%

Risk assessment method for the calculation of total exposures: Commitment method

Your share of the fund's costs

In the account statements you will receive from us in January 2017 we will report your share of the fund's costs for 2016. Management costs are your share of the fund's expenses in 2016 for management, accounting, information, marketing, auditing, and fees to the depositary.

Other costs are your share of the fund's expenses for securities trading such as analysis and brokerage fees.

Total costs are the sum of the two expenses above.

You cannot deduct these costs in your tax return since the fund does this in its own return.

Accounting policies

The fund apply the Swedish Investment Funds Act (SFS 2004:46), and the regulations of Finansinspektionen (the Swedish Financial Supervisory Authority) FFFS 2013:9, the guidelines of Fondbolagens förening (the Swedish Investment Fund Association) for accounting of investment funds and the guidelines of ESMA.

Fund holdings in the fund balance sheets have been recognised at market value at June 30, 2016. The market value is the closing price. Various valuation methods are used to determine the market value depending on the financial instrument and the market in which the instrument is traded. The last reported net asset value per unit is used to determine the value of fund units. The last price paid is normally used to determine the value of market-listed instruments and other instruments that are actively traded on an established market. The last bid and/or ask price is normally used to determine the value of instruments other than those referred to in the preceding sentence. If the management company 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 Catella, market value is determined according to generally accepted valuation models based on information from independent brokers or other external independent sources.

Exchange rates are the closing prices on June 30, 2016.

EUR	9.3902
GBP	11.2463
NOK	1.0109
USD	8.4581
DKK	1.2627

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.

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.

OUR OWNERSHIP POLICY

1. Introduction

Chapter 15, Section 9 of Swedish Financial Supervisory Authority (Finansinspektionen) Regulations regarding investment funds and Article 37 of the EU Commission Delegated Regulation, require the board of directors of a fund management company and an alternative investment fund manager to adopt internal rules specifying the strategies the company shall apply to determine when and how voting rights linked to the financial instruments included in each fund are to be exercised.

The purpose of this document is to present how Catella Fondförvaltning AB ("Catella Fonder") exercises its shareholder influence, including how and in what situations the voting rights linked to investments made within the context of the company's business shall be exercised. The fundamental precept in all situations is that Catella Fonder shall act solely in the joint interests of fund unit holders and that voting rights shall be exercised to the exclusive benefit of each fund. The objective is that the funds should generate the highest possible return. The ownership role is exercised so as to maximise the long term value of portfolio companies and thus fund units. Fund assets are not included in the balance sheet of Catella Fonder and unit holders may at any time withdraw their money from the funds. It is therefore essential that Catella Fonder is able to sell its shares as necessary and without delay.

2. Policy for exercising shareholder influence

Catella Fonder invests on behalf of the funds, primarily in equities, bonds and other debt instruments and derivative instruments. The development of companies in which Catella Fonder invests is continuously monitored and if a company's development gives reason for discontent, Catella Fonder may elect to express this discontent by selling its holding, engaging in dialogue with management or exercising influence through the rights conferred by the funds' ownership.

As a shareholder, Catella Fonder shall actively intervene in a portfolio company, either independently or jointly with other shareholders, if in the judgement of Catella Fonder it is possible thereby to create financial added value for unit holders. The potential to create added value varies among portfolio companies and depends upon factors including the size of the funds' holding, the funds' potential return from the holding, what opportunities exist for improving governance of the portfolio company and the ownership structure of the portfolio company in other respects.

3. Attendance at general meetings

Catella Fonder shall normally attend general meetings of the companies in which the funds are major shareholders as well as the general meetings of other companies at which key issues are raised, and shall exercise its voting rights at these meetings. Catella Fonder considers itself a "major shareholder" if the funds own 5 percent or more of equity and/or voting rights in a portfolio company. Depending upon the ownership structure in other respects and existing opportunities for owner cooperation, Catella Fonder may also actively intervene in other portfolio companies.

4. Participation in nominating committees, etc.

If it is possible in Catella Fonder's judgement to create added value for unit holders, Catella Fonder may exercise shareholder influence by having representatives on the nominating committees of portfolio companies. In exceptional cases, Catella Fonder may also appoint representatives to the boards of directors of portfolio companies. Decisions to nominate representatives to the nominating committee or board of directors of a portfolio company are at the discretion of the CEO of Catella Fonder.

5. Exercising voting rights and monitoring corporate actions

- I. There are several companies within the Catella group ("Catella") that invest on their own behalf or on behalf of clients. Operations within Catella Fonder are clearly separated from these other operations, and Catella Fonder shall therefore in exercising its voting rights consider only the best interests of unit holders, irrespective of any interests Catella may otherwise have in the company concerned. However, this does not preclude that coordinated action between Catella Fonder and another Catella company (or, for that matter, an external owner) concerning specific matters may be deemed to the benefit of unit holders. When Catella Fonder exercises its voting rights, it does so in accordance with the investment objectives and policy of each fund as set

forth in the fund rules for each respective fund. When Catella Fonder exercises its voting rights, an assessment is made in every instance as to whether any conflict of interest may arise for the fund or fund unit holders and, if so, how such conflicts should be managed.

2. The fund manager is ultimately responsible for monitoring corporate actions and for ensuring that the fund votes at general meetings in accordance with the investment objectives and policy. However, Catella Fonder applies the fundamental precept that all funds must be in consensus concerning important matters affecting the company's operations. To this end, Catella Fonder has appointed an ownership representative who, in consultation with fund managers, decides how the fund shall vote at general meetings. The ownership representative in turn reports to the CEO of Catella Fonder and ultimately to the Board of Directors.
3. The foregoing policy that each fund manager is responsible for that a fund votes in accordance with the fund's investment policy ensures that conflicts of interest are managed.
4. Catella Fonder may, if deemed appropriate, issue a proxy to a third party to represent Catella Fonder at general meetings. Such a proxy shall be preceded by the same preparatory work as if Catella Fonder itself, through an employee, were to be represented at the meeting.

Upon request and free of charge, Catella Fonder will subsequently report to unit holders its positions on key individual ownership issues and the underlying rationale in each case.

6. Information policy concerning social and environmental responsibility and governance

Catella Fonder has taken a clear ethical position by becoming a signatory to UNPRI (United Nations Principles for Responsible Investment), preparing an ethics policy and reporting our ethics programme. This is the framework of our ethical profile. Initiated at our own volition, in combination with the preferences of our clients, this has resulted in the integration of social and environmental responsibility and governance aspects in our fund management operations. The policy applies to Catella Fonder's equity funds, except Catella Sverige Index, and their Nordic equity holdings. However, equity holdings held for less than one (1) month are exempt.

7. Management of insider information in the exercise of shareholder influence

Catella Fonder's mandate in connection with the management of investment funds and alternative investment funds is to act exclusively in the joint interests of unit holders. Accordingly, Catella shall as far as possible avoid restrictions to fund management. Catella therefore avoids, to the greatest possible extent, accessing information that affects prices and which is not generally known or is non-public (insider information), or accessing information bordering on insider information, that is, grey zones, referred to generally as "insider situations." Despite this, Catella will from time to time find itself in insider situations. Policies are in place to manage these situations, including that the group of individuals informed about the insider situation must be restricted as far as possible and that Catella Fonder must take action to prevent employees from using the information for personal gain or in the company's operations.

Please direct any questions concerning Catella Fonder's ownership policy to the company's ownership representative or the CEO.

This ownership policy has been prepared in accordance with the "Guidelines for investment fund managers as shareholders" issued by the Swedish Investment Fund Association.

Swedish code of conduct for fund management companies

Catella Fondförvaltning AB (the Company) is a member of the Swedish Investment Fund Association. Through its "Swedish Code of Conduct for fund management companies", the Association summarises the overall principles that apply when conducting fund management activities in Sweden. The Code is designed to promote sound fund activities and thereby to safeguard public confidence in the industry. The Company complies with the Code. All fund managers, executive management, employees in Risk and Compliance, and those responsible for Business Support and Sales etc. at the Company are licensed by SwedSec. The Company has also ensured that half of the board of directors comprises independent members.

Disclosures in accordance with the Swedish code of conduct for fund management companies

Remuneration to the staff of the fund management company comprises salary and bonuses related to the performance of the Company.

Information on remuneration

Information on remuneration for Catella Fondförvaltning AB is provided on the website (www.catella.se/fonder) and in the Company's annual report for 2015. Unit holders that wish to have Catella Fondförvaltning AB's annual report sent to them are requested to contact us by calling +46 8 614 25 00.

Underwriting issues

All funds are able, under the provisions of their fund rules and the Investment Funds Act (SFS 2004:46) to underwrite issues. During the first half of 2016 the Catella Avkastningsfond has not exercised this ability.

Related-party transactions

No transactions have been done with related party.

Board of directors of Catella Fondförvaltning AB

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)
 Thomas Raber, Managing Director Alvine Capital Management Ltd
 Ando Wikström, CFO Svenska Hyreshus AB (SHH)

Risk

Total risk

The traditional way to measure the price volatility of a fund, or the risk of losing money, is to measure how much the fund's returns have varied. If a fund has a high total risk (for example, an equity fund), the returns have varied more than for a fund with low total risk (for example, a fixed income fund with short term to maturity on interest-bearing assets). However, risk and return are linked, and a higher risk may yield a higher return. The value of total risk indicates the range within which the annual return should end up (with 66 percent probability), which means that a fund with an average return of 5 percent and a total risk of 2 percent indicates that the fund's annual return should be between 3 percent and 7 percent (5 percent \pm 2 percentage points).

In this respect, Catella follows the recommendation of the Swedish Investment Fund Association to use 24 monthly values in this measurement. Another name for the total risk is standard deviation, calculated on an annual basis, or volatility. The total risk in a fund gives an indication of the historical risk level of the fund, but is not a secure forecasting tool. A fund category or fund that has previously had low total risk may, in fact, be risky and lead to price losses if, for example, the stock market is about to decline due to, for example, an economic downturn. Of course, the opposite is also true.

Active risk

Another type of risk is that the fund performs better or worse than the assets on the market in which it invests. Investors buying an equity fund of, for example, Swedish equities, will probably want to check how much risk the fund has had in its investments compared to the index it is benchmarked against. One measure of this is the active risk, also called tracking error. This measurement indicates how "closely" the fund follows its benchmark index. A high active risk indicates that the fund differs significantly from its index. Unlike correlation, active risk is dependent not only on the direction of return but also the magnitude. This means that a fund with a small proportion of equities and the remainder in bonds may still have a correlation of 1 to the stock exchange, but it would still have a high active risk against the stock market. Active risk is calculated as the standard deviation of the relative returns compared to the benchmark. Catella also uses monthly values (24 months) in the calculation of active risk.

Duration

Duration is the most common measure of interest-rate risk, and indicates the average term to maturity of the fund's fixed-income securities. The higher the duration, the more sensitive the fund is to changes in interest rates. Duration is normally expressed in years. The fund duration is presented for all Catella funds that have investments in fixed-income securities. The measure of duration used in the annual report is the "effective duration", which takes into account the period of fixed interest and optionality for, for example, FRNs and callable bonds.

Interest-rate risk for a 1 percentage change in interest rates

The interest-rate risk for a 1 percentage point change in interest rates shows how much the fund's value would decrease (or increase) if the interest rate were to rise by 1 percentage point across the entire yield curve, i.e. the interest rate rises by 1 percentage point on all maturities. This measure is presented for all Catella funds that have holdings in fixed-income securities.

Important Information:

Investments in fund units are associated with risk. Past performance is no guarantee of future returns. The money invested in a fund can increase and decrease in value and it is not certain that you will get back the full amount invested. No consideration is given to inflation. Catella Avkastningsfond may use derivatives and may have a larger proportion of the fund invested in bonds and other debt instruments issued by individual national and local authorities and within the EEA than other mutual funds, in accordance with Chapter 5, Article 8 of the Swedish Investment Funds Act (SFS 2004:46). For more details, complete prospectuses, key investor information, and annual and half-yearly reports, please refer to our website at catella.se/fonder or phone +46 8 614 25 00.