

Half Year Report for Catella Hedgefond

I January 2016 – 30 June 2016

## Turbulent start to the year

The Catella Hedgefond fund fell 3.52 % in the first half of the year, mainly as a result of a very weak January.

As revealed in our monthly comments, we have long held a cautious approach to the stock market. The main expression of this is that the net exposure of the fund has been low, in the range 9-20% (excluding preference shares). Worries about the economy have also been reflected in our choice of companies, with four criteria being important when selecting positions in the fund.

- We have focused on companies whose performance is less influenced by economic trends
- We have focused on companies that benefit more from the strength of the Swedish economy
- In our choice of cyclical companies we have focused on those that are relatively more influenced by European developments
- We have been short in Norway, where concerns about the economy intensified in the wake of falling oil prices

This strategy had the desired outcome, and after the weak start we saw a strong recovery in the fund at low risk. Turbulence intensified again in June, with the approach of the Brexit referendum, and the unexpected result impacted the performance of both the market and the fund during the month.

It is seldom that individual investments explain the performance of the Catella Hedgefond fund, and in addition to active stock picking we widely utilise derivatives (futures and options) to protect the portfolio against unexpected price drops. Low risk is a cornerstone of the fund, and our target is that the standard deviation should not exceed 3 percent. In the first half of the year, this measure of risk was 4.9% and thus exceeded the target. If risk exceeds the target we act quickly by reducing net exposure in the fund. The first step to achieve this is to sell index futures.

While the holdings in futures directly protect us from price declines, prices of the options are also dependent on changes in the market's perception of risk (volatility). At the beginning of the year we did not experience the increase in volatility that normally follows from increased market turbulence, and the positive contribution of held put options was therefore less than expected. But viewed over the entire period, derivatives have worked well to balance portfolio risk.

At the company level, the biggest negative contributions to the portfolio came from Unibet, Billerud and AstraZeneca. In the case of Unibet, this can be explained largely by increased concerns about higher gaming taxes in countries like the Netherlands and Belgium. As a consequence, we have considerably reduced our holdings in both Unibet and AstraZeneca. On the positive side, the largest contributions were made by Electrolux, Marine Harvest and holdings in preference shares. All currency exposure in fixed income investments is hedged, and the currency risk in equity investments has had only a marginal impact on this halfyear's results.

*Ulf Strömsten, portfolio manager*

Responsibility for the fund management was taken over on July 11, 2016 by the team that already included Martin Nilsson, Henrik Gripenvik and Sven Thorén, after Ulf Strömsten chose to leave the company. Newly recruited Martin Jonsson and Anders Wennberg will join the team on September 1, 2016.

## Fund facts

Fund manager: Ulf Strömsten until 10 July 2016, since then the remaining team took over the responsibilities for the fund.

Unit value ..... 164.50  
 Number of unit holders..... 770  
 Net fund assets (SEKm) ..... 14 627

### YIELD PAST HALF YEAR

Catella Hedgefond.....-3.52%  
 Reference rate OMRX TBill .....-0.27%

### AVERAGE ANNUAL YIELD

#### Past two years

Catella Hedgefond..... 1.14%

#### Past five years

Catella Hedgefond..... 3.67%

### RISK

**Catella Hedgefond 24-month data..... 3.96%**

Catella Hedgefond, weekly data, 1 year.....4.36%

Duration. 30 June 2016 (years)..... 1.83

Interest-rate risk from 1% change in  
 interest rate. %.....-1.30%

Active Share (Relevant benchmark not  
 Available).....NA

### TURNOVER/COSTS

Rate of turnover (times/year) ..... 1.07

Transaction costs (SEKm).....20.43

Percentage of securities traded ..... 0.12

SC costs (SEKm) ..... 5.03

Management fee..... 1.00%

Management fee charged

(fixed and variable) ..... \*

Ongoing charges.....\*

\* For funds with a performance fee, the expenses will  
 be presented in the annual report.

### TURNOVER THROUGH ASSOCIATED SECURITIES INSTITUTIONS

Percentage of total turnover .....0.00%

### TURNOVER OF FINANCIAL INSTRUMENTS MANAGED BY CATELLA FONDFÖRVALTNING

Percentage of total turnover .....0.00%

The Fund is an investment fund

Fund inception: 1 March 2004

Opening price: SEK 100

Dividends: From 2013 the fund will pay no dividend.

Management company: Catella Fondförvaltning AB

Corporate registration number of fund: 515601-9720

PPM fund number: Catella Hedgefond is not a fund within PPM

## BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET. SEKk	30-Jun-16	31-Dec-15
<b>ASSETS</b>		
Transferable securities (Note 1)	14 456 929	14 837 463
OTC derivatives with positive market value (Note 1)	54 833	54 861
Other derivatives with positive market value (Note 1)	6 564	2 001
Fund units (Note 1)	271 816	276 570
<b>Total financial instruments with positive market value</b>	<b>14 790 142</b>	<b>15 170 895</b>
Bank balances and other cash and cash equivalents	530 721	490 506
Prepaid expenses and accrued income	427 664	112 410
Other assets	0	35 336
<b>TOTAL ASSETS</b>	<b>15 748 527</b>	<b>15 809 147</b>
<b>LIABILITIES</b>		
OTC derivatives with negative market value (Note 1)	48 110	0
Other derivatives with negative market value (Note 1)	0	0
Other financial instruments with negative market value (Note 1)	996 925	282 072
<b>Total financial instruments with negative market value</b>	<b>1 045 035</b>	<b>282 072</b>
Accrued expenses and prepaid income	40 398	19 766
Other liabilities	35 796	14 131
<b>TOTAL LIABILITIES</b>	<b>1 121 229</b>	<b>315 969</b>
<b>NET FUND ASSETS Note 2</b>	<b>14 627 298</b>	<b>15 493 178</b>
<b>MEMORANDUM ITEMS</b>		
Collateral pledged for borrowed financial instruments	1 167 937	419 004
Collateral pledged for OTC derivatives	103 315	34 905
Collateral pledged for other derivatives	342 868	76 845
<b>INCOME STATEMENT. SEKk</b>		
<b>INCOME AND CHANGES IN VALUE</b>		
Change in value of transferable securities	-632 452	312 547
Change in value of OTC derivatives	-15 550	-29 446
Change in value of other derivatives	-108 424	-52 623
Change in value of fund units	-4 754	10 437
Interest income	139 485	233 049
Dividends	152 480	132 689
Net foreign exchange gains and losses	37 308	193 983
Other financial income	0	3 000
Other income	2 130	880
<b>TOTAL INCOME AND CHANGES IN VALUE</b>	<b>-429 777</b>	<b>804 516</b>
<b>EXPENSES</b>		
<b>Management costs</b>		
Payments to companies conducting fund operations	75 192	257 488
Payments to depositary	2 721	4 558
Interest costs	1 488	838
Other financial expenses	30 486	13 195
Other expenses	13 635	19 406
<b>TOTAL EXPENSES</b>	<b>123 522</b>	<b>295 485</b>
<b>PROFIT FOR THE YEAR</b>	<b>-533 299</b>	<b>509 031</b>
<b>Note 2 TO BALANCE SHEET</b>		
<b>CHANGE IN NET FUND ASSETS</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
<b>NET FUND ASSETS AT BEGINNING OF YEAR</b>	<b>15 493 178</b>	<b>8 086 791</b>
Unit sales	2 819 017	10 025 979
Unit redemptions	-3 131 598	-3 128 623
Profit for the year per income statement	-553 299	509 031
<b>NET FUND ASSETS AT END OF PERIOD</b>	<b>14 627 298</b>	<b>15 493 178</b>

## FUND'S HOLDINGS OF FINANCIAL INSTRUMENTS

Note   Securities	QUANTITY	PRICE	(SEKK)	%
<b>MARKET-LISTED EQUITIES*</b>				
<b>ENERGY</b>				
Aker, Norway, NOK	30 000	213.00	6 460	0.04
			6 460	0.04
<b>MATERIALS</b>				
BillerudKorsnäs	1 153 327	125.30	144 512	0.99
Christian Hansen, Denmark, DKK	-120 000	437.90	-66 352	-0.45
Christian Hansen borrowed, Denmark, DKK	120 000	437.90	0	0.00
Gränges	1 900 000	73.00	138 700	0.95
Holmen B	190 000	269.80	51 262	0.35
Norsk Hydro, Norway, NOK	315 575	30.32	9 673	0.07
Outokumpu, Finland, EUR	2 100 000	3.76	74 066	0.51
SSAB A	350 000	19.48	6 818	0.05
SSAB B BTA I 6	525 000	15.93	8 363	0.06
Stora Enso EUR, Finland, EUR	-1 270 000	7.18	-85 625	-0.59
Stora Enso EUR borrowed, Finland, EUR	1 270 000	7.18	0	0.00
Yara, Norway, NOK	-306 644	263.80	-81 774	-0.56
Yara borrowed, Norway, NOK	306 644	263.80	0	0.00
			199 643	1.38
<b>INDUSTRIALS</b>				
ABB SEK, Switzerland	755 693	165.90	125 369	0.86
Atlas Copco A	690 000	217.30	149 937	1.03
Cramo, Finland, EUR	675 000	18.51	117 324	0.80
Dong Energy, Denmark, DKK	10 000	240.30	3 034	0.02
DSV DC, Denmark, DKK	185 600	280.20	65 667	0.45
Inwido	1 429 402	94.00	134 364	0.92
Metso, Finland, EUR	72 957	21.03	14 407	0.10
Skanska B	970 000	175.40	170 138	1.16
SKF B	-475 000	134.10	-63 698	-0.44
SKF B borrowed	46 257	134.10	0	0.00
Tomra Systems, Norway, NOK	980 000	88.75	87 923	0.60
Trelleborg B	2 435 000	148.70	362 084	2.48
Troax	329 077	112.25	36 939	0.25
Valmet, Finland, EUR	680 000	11.95	76 305	0.52
Volvo B	1 401 109	83.00	116 292	0.80
Wärtsilä B, Finland, EUR	-110 000	36.55	-37 753	-0.26
Wärtsilä B borrowed, Finland, EUR	110 000	36.55	0	0.00
			1 358 332	9.29
<b>CONSUMER DISCRETIONARY</b>				
Autoliv SDB, USA	102 000	900.50	91 851	0.63
Electrolux B	762 724	228.50	174 282	1.19
Hennes & Mauritz B	-210 000	246.50	-51 765	-0.35
Hennes & Mauritz B borrowed	210 000	246.50	0	0.00
Husqvarna B	650 000	62.55	40 658	0.28
Nobia	1 270 000	73.00	92 710	0.63
Pandora, Denmark, DKK	41 544	907.00	47 579	0.33
Retail and Brands	293 848	11.30	3 320	0.02
Schibsted, Norway, NOK	-361 958	248.70	-91 000	-0.62
Schibsted borrowed, Norway, NOK	361 958	248.70	0	0.00
Unibet Group SDB, Malta	8 370 000	77.30	647 001	4.42
Zalando, Tyskland, EUR	-208 039	23.96	-46 799	-0.32
Zalando borrowed, Tyskland, EUR	208 039	23.96	0	0.00
			907 837	6.21
<b>CONSUMER STAPLES</b>				
Axfood	920 000	161.40	148 488	1.02
Marine Harvest, Norway, NOK	464 583	139.50	65 516	0.45
SCA B	300 000	269.00	80 700	0.55
Swedish Match B	103 597	292.50	30 302	0.21
			325 006	2.23

**HEALTH CARE**

AstraZeneca, Great Britain	360 000	506.00	182 160	1.24
Attendo	855 000	82.00	70 110	0.48
Coloplast B, Denmark, DKK	-160 000	497.70	-100 552	-0.69
Coloplast B borrowed, Denmark, DKK	160 000	497.70	0	0.00
Getinge B	-410 000	172.70	-70 808	-0.48
Getinge B borrowed	410 000	172.70	0	0.00
GN Store Nord, Denmark, DKK	-471 823	120.30	-71 671	-0.49
GN Store Nord borrowed, Denmark, DKK	471 823	120.30	0	0.00
Novozymes, Denmark, DKK	-210 912	319.60	-85 115	-0.58
Novozymes borrowed, Denmark, DKK	210 912	319.60	0	0.00

-75 876      -0.52

**FINANCIALS**

Corem Property Group Pref	2 502 696	148.50	371 650	2.54
Danske Bank, Denmark, DKK	100 000	175.40	22 148	0.15
Fast Partner Pref	577 826	318.50	184 038	1.26
Investor B	939 500	280.90	263 906	1.80
Kinnevik Investment B	-345 388	200.00	-69 078	-0.47
Kinnevik Investment B borrowed	345 388	200.00	0	0.00
Nordea	-150 000	70.90	-10 635	-0.07
Nordea borrowed	150 000	70.90	0	0.00
Resurs Holding	1 986 888	47.90	95 172	0.65
Sagax Pref	7 995 047	33.00	263 837	1.80
Storebrand, Norway, NOK	2 250 000	31.36	71 329	0.49

1 192 367      8.15

**INFORMATION TECHNOLOGY**

Ericsson B	-1 000 000	64.30	-64 300	-0.44
Ericsson B borrowed	850 000	64.30	0	0.00
Mycronic Mydata	685 000	62.75	42 984	0.29
Nokia EUR, Finland, EUR	211 247	5.11	10 127	0.07

-11 189      -0.08

**TELECOMMUNICATION SERVICES**

Tele 2 B	1 620 000	73.55	119 151	0.81
Telia Company	2 779 000	39.72	110 382	0.75

229 533      1.56

**ALTERNATIVE INVESTMENTS**

Nexstim, Finland, EUR	88 417	0.95	789	0.01
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789      0.01

**TOTAL MARKET-LISTED EQUITIES**

**4 132 902      28.27**

**NOT MARKET – LISTED EQUITIES\*\***
**CONSUMER DISCRETIONARY**

Kambi Group, Malta	150 000	122.50	18 375	0.13
			18 375	0.13

**INFORMATION TECHNOLOGY**

DistIT	17 428	51.00	889	0.01
Leo Vegas AB	1 390 000	32.20	44 758	0.31
			45 647	0.32

**TOTAL NOT MARKET-LISTED EQUITIES**

**64 022      0.45**

**MARKET – LISTED BONDS\* Incl coupon**
**GOVERNMENT**

Kommuninvest I Sverige 200216	300 000 000	102.75	308 236	2.11
			308 236	2.11

**OTHER**

A.P. Møller Maersk FRN 210622, Denmark, NOK	75 000 000	99.80	75 669	0.52
Akelius FRN 190327	75 000 000	102.71	77 032	0.53
Aker Solutions FRN 170606, Norway, NOK	54 500 000	101.02	55 655	0.38
Arise Windpower FRN 190425	40 909 050	92.49	37 835	0.26
Aviva 490727, Great Britain, GBP	7 000 000	98.97	77 911	0.53
Axa 190122, France, USD	10 700 000	102.74	92 983	0.64

Barclays Bank 490615, Great Britain, GBP	10 000 000	121.51	136 649	0.93
BE Bio Energy FRN 190610	41 000 000	82.00	33 620	0.23
Beerenberg Holding FRN 180627, Norway, NOK	40 000 000	86.00	34 775	0.24
Bonheur FRN 190709, Norway, NOK	30 000 000	93.59	28 384	0.19
BW FRN 180321, Norway, NOK	30 000 000	74.67	22 645	0.15
Castellum FRN 220414	100 000 000	95.32	95 316	0.65
Cloetta FRN 180917	75 000 000	103.71	77 782	0.53
Color Group FRN 171218, Norway, NOK	42 000 000	101.56	43 119	0.29
Corral Petroleum 11,75% 210515, EUR	3 000 000	94.98	26 758	0.18
Danske Bank 490215, Denmark, GBP	12 727 000	100.61	144 005	0.98
Danske Bank 490406, Denmark, EUR	5 000 000	98.55	46 269	0.32
Danske Bank 490815, Denmark	39 000 000	103.79	40 477	0.28
Destia FRN 190619, Finland, EUR	6 500 000	101.50	61 952	0.42
DNB Bank 490329, Norway, GBP	17 400 000	101.00	197 645	1.35
DNB Bank FRN 200226, Norway, NOK	100 000 000	93.00	94 014	0.64
Dong Energy 180708, Denmark, EUR	5 000 000	105.34	49 459	0.34
Dong Energy 200810, Denmark, EUR	10 000 000	98.35	92 350	0.63
Eniro 200414	30 000 000	35.62	10 688	0.07
Exmar FRN 170707, Netherlands, NOK	30 000 000	96.00	29 114	0.20
FastPartner FRN 190922	50 000 000	98.97	49 486	0.34
Gjensidige FRN 441003, Norway, NOK	50 000 000	92.61	46 808	0.32
Golar LNG Partners FRN 171012, Bermuda, NOK	40 000 000	97.62	39 476	0.27
Golden Heights FRN 190618	25 000 000	100.25	25 062	0.17
Handelsbanken 210301, USD	12 000 000	95.18	96 608	0.66
Hemfosa FRN 170404	35 000 000	100.90	35 315	0.24
Hexagon FRN 191126	75 000 000	100.46	75 344	0.52
ICA Gruppen FRN 190617	28 000 000	101.61	28 452	0.19
Ikano Bank FRN 200415	45 000 000	98.50	44 325	0.30
Ikano Bostad FRN 190325	72 000 000	101.04	72 747	0.50
ING 250416, Netherlands, USD	5 000 000	91.67	38 768	0.27
Klövern FRN 190302	50 000 000	101.37	50 686	0.35
Kommunal Landspensjonkasse 450610, Norway, EUR	6 250 000	97.31	57 110	0.39
Kommuninvest 190312	250 000 000	106.56	266 388	1.82
Kungsleden FRN 190623	30 000 000	100.14	30 042	0.21
Landshypotek FRN 210519	200 000 000	100.51	201 014	1.37
Landshypotek FRN 260525	80 000 000	100.65	80 519	0.55
Lantmännen FRN 201207	100 000 000	100.29	100 290	0.69
Lauritz 190617, Denmark	12 000 000	100.00	12 000	0.08
Leaseplan FRN 190405, Netherlands	100 000 000	98.64	98 642	0.67
Lifco 180403	100 000 000	101.06	101 058	0.69
LLoyds TSB Bank 490512, Great Britain, EUR	5 000 000	105.08	49 335	0.34
Lock FRN 200815 EUR, Norway, EUR	8 000 000	98.71	74 151	0.51
Länsförsäkringar Bank FRN 200415	50 000 000	100.46	50 228	0.34
Länsförsäkringar Bank FRN 260426	50 000 000	100.60	50 302	0.34
Millicom 200522, Luxembourg, USD	4 000 000	100.76	34 090	0.23
Millicom 211015, Luxembourg, USD	2 000 000	103.09	17 439	0.12
Municipality Finance 220401, Finland, EUR	10 000 000	106.04	99 578	0.68
Nibe FRN 200528	44 000 000	100.01	44 004	0.30
Nordea 190619	300 000 000	106.72	320 161	2.19
Nordea Bank 490923, USD	10 000 000	95.50	80 777	0.55
Nordea FRN 150612	80 000 000	94.28	75 420	0.52
Norlandia FRN 180410, Norway, NOK	30 000 000	100.75	30 554	0.21
Norwegian Air Shuttle FRN 170703, Norway, NOK	40 000 000	99.00	40 032	0.27
Nykredit Realkredit 271117, Denmark, EUR	5 000 000	98.84	46 406	0.32
Nykredit Realkredit 360603, Denmark, EUR	4 000 000	97.92	36 781	0.25
Pohjola FRN 250825, Finland	100 000 000	96.80	96 795	0.66
Polygon FRN 190416, EUR	6 300 000	99.00	58 567	0.40
Protector Forsikring FRN 460419, Norway, NOK	40 000 000	100.22	40 525	0.28
Rabobank Nederland 491109, Netherlands, USD	5 000 000	104.93	44 376	0.30
Ramirent 190321, Finland, EUR	4 100 000	106.22	40 895	0.28
Saab FRN 191212	75 000 000	100.30	75 224	0.51
Sagax FRN 210427	30 000 000	100.73	30 219	0.21
Sampo FRN 180529, Finland	60 000 000	101.50	60 899	0.42

SBAB FRN 201210	300 000 000	100.47	301 412	2.06
SBAB FRN 210617	130 000 000	98.33	127 826	0.87
SBAB FRN 251110	100 000 000	97.91	97 906	0.67
SEB 200617	300 000 000	105.07	315 202	2.15
SEB 490513, USD	10 000 000	95.40	80 689	0.55
Siemens Fin 660914, Netherlands, GBP	10 000 000	100.63	113 169	0.77
Solvay 490529, France, EUR	8 000 000	101.78	76 461	0.52
SPP Livförsäkring FRN 490527	5 000 000	100.09	5 005	0.03
SSAB FRN 190225	50 000 000	96.72	48 359	0.33
Stadshypotek 200617	300 000 000	115.88	347 646	2.38
Stadshypotek 2,5% 190918	200 000 000	107.88	215 759	1.48
Stena Metall Finans FRN 201127	40 000 000	98.87	39 549	0.27
Stolt Nielsen FRN 210318, Norway, NOK	35 000 000	95.25	33 700	0.23
Stora Enso FRN 170626, Finland	50 000 000	102.72	51 358	0.35
Storebrand FRN 180529, Norway, NOK	36 000 000	100.01	36 395	0.25
Swedbank 190619	200 000 000	111.16	222 321	1.52
Swedbank 200512	200 000 000	121.15	242 308	1.66
Swedbank 490317, USD	3 000 000	98.32	24 947	0.17
Swedbank Hypotek FRN 200512	300 000 000	103.42	310 251	2.12
Svensk Hypotekspension 200127	50 000 000	100.00	50 000	0.34
Tallink FRN 181018, Estonia, NOK	35 000 000	102.84	36 387	0.25
TDC 210226, Denmark, EUR	5 000 000	94.13	44 196	0.30
Teekay FRN 180903, Norway, NOK	30 000 000	96.75	29 342	0.20
TopDenmark FRN 260611, Denmark, DKK	50 000 000	103.50	65 345	0.45
Tryg Forsikring FRN 451113, Denmark, NOK	70 000 000	99.03	70 074	0.48
UBS Group 210322, Switzerland, USD	5 000 000	98.10	41 489	0.28
Vasakronan FRN 180528	300 000 000	100.52	301 551	2.06
Vattenfall FRN 770319	120 000 000	89.85	107 818	0.74
Vattenfall 220319	185 000 000	92.57	171 257	1.17
Veritas 190401, Norway, USD	5 600 000	97.50	46 181	0.32
Victoria Park FRN 181203	10 000 000	103.75	10 375	0.07
Wihlborgs FRN 180423	70 000 000	100.06	70 039	0.48
Volvo Finans FRN 180117	50 000 000	101.90	50 951	0.35
Volvo Treasury FRN 180226	60 000 000	101.47	60 883	0.42
Volvo Treasury 750610, EUR	10 000 000	100.60	94 468	0.65
Volvo Treasury 780310, EUR	2 500 000	100.58	23 611	0.16
Volvo Treasury FRN 180613	70 000 000	99.99	69 995	0.48
VV Holding FRN 190710, Norway, NOK	50 000 000	94.09	47 560	0.33
			8 810 789	60.22
<b>TOTAL MARKET-LISTED BONDS</b>			<b>9 119 025</b>	<b>62.33</b>
<b>NOT LISTED BONDS** Incl coupon</b>				
Bluewater Holding 191210, Netherlands, USD	5 200 000	44.75	19 682	0.13
Corral Petroleum 12,25% 210515	30 000 000	96.50	28 950	0.20
North Atlantic Drilling 190201, Bermuda, USD	6 400 000	22.50	12 179	0.08
Stena 240301, USD	6 000 000	82.66	41 949	0.29
Tryg Forsikring FRN 490320, Norway, NOK	40 000 000	102.12	41 295	0.28
			144 055	0.98
<b>TOTAL NOT LISTED BONDS</b>			<b>144 055</b>	<b>0.98</b>
<b>TOTAL TRANSFERABLE SECURITIES</b>			<b>13 460 004</b>	<b>92.03</b>
TRANSFERABLE SECURITIES WITH POSITIVE MARKET VALUE			<b>14 456 929</b>	<b>98.84</b>
TRANSFERABLE SECURITIES WITH NEGATIVE MARKET VALUE			<b>-996 925</b>	<b>-6.81</b>
<b>FUND UNITS</b>				
Catella Credit Opportunity	790 323.5371	102.57	81 063	0.55
Catella Nordic Corporate Bond Flex RC, Luxembourg	735 135.7996	119.92	88 157	0.60
Catella Nordic Long/Short Equity IC, Luxembourg	669 565.1195	126.39	84 626	0.58
Catella Nordic Long/Short Equity RC, Luxembourg	140 000	128.35	17 969	0.12
			271 816	1.86
<b>TOTAL FUND UNITS</b>			<b>271 816</b>	<b>1.86</b>



<b>EXCHANGE TRADED DERIVATIVES</b>				
<b>Equity option</b>				
Volvo B 16 S 77,50 July	6 000	0.48	288	0.00
Tele2 16 S 67 July	10 000	0.15	150	0.00
Teliasonera 16 S 36 July	17 000	0.08	136	0.00
			574	0.00
<b>Index option</b>				
OMX 16 S 1220 July	4 000	3.00	1 200	0.01
OMX 16 S 1200 July	8 300	2.00	1 660	0.01
OMX 16 S 1230 July	1 700	3.85	654	0.00
OMX 16 S 1250 July	1 500	6.50	975	0.01
OMX 16 S 1270 July	1 500	10.00	1 500	0.01
			5 990	0.04
<b>Index future</b>				
OMX FUTURE 160715	-11 350	1 318.50	0	0.00
			0	0.00
<b>TOTAL EXCHANGE TRADED DERIVATIVES</b>			<b>6 564</b>	<b>0.04</b>
EXCHANGE TRADED DERIVATIVES WITH POSITIVE MARKET VALUE			6 564	0.04
EXCHANGE TRADED DERIVATIVES WITH NEGATIVE MARKET VALUE			0	0.00
<b>OTC-DERIVATIVES</b>				
FX Forwards				
FXFWD DKKSEK 160817 1.2537, Denmark, DKK	-51 647 402	1.26	-438	0.00
FXFWD EURSEK 160817 9.4238, Europe, EUR	-1 958 000	9.39	72	0.00
FXFWD EURSEK 160817 9.32745, Europe, EUR	-107 982 197	9.39	-6 447	-0.04
FXFWD GBPSEK 160817 12.118, Great Britain, GBP	-61 670 788	11.23	54 761	0.37
FXFWD NOKSEK 160817 0.9919, Norway, NOK	-874 439 909	1.01	-14 994	-0.10
FXFWD USDSEK 160817 8.202, USA, USD	-107 167 784	8.45	-26 231	-0.18
			6 723	0.05
<b>TOTAL OTC-DERIVATIVES</b>			<b>6 723</b>	<b>0.05</b>
OTC DERIVATIVES WITH POSITIVE MARKET VALUE			54 833	0.37
OTC DERIVATIVES WITH NEGATIVE MARKET VALUE			-48 110	-0.32
<b>TOTAL HOLDINGS OF FINANCIAL INSTRUMENTS</b>			<b>13 745 107</b>	<b>93.97</b>
<b>OTHER ASSETS AND LIABILITIES</b>			<b>882 191</b>	<b>6.03</b>
<b>TOTAL</b>			<b>14 627 298</b>	<b>100.00</b>

\* FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET OR EQUIVALENT MARKET - OUTSIDE EEA.

\*\* FINANCIAL INSTRUMENTS NOT ADMITTED TO TRADING ON A REGULATED MARKET OR EQUIVALENT MARKET OUTSIDE THE EEA.

#### **SUMMARY. ISSUERS\***

ISSUER	% of net fund assets*
SEB AB	6.26
Swedbank Hypotek AB	5.30
DNB Bank ASA	1.99
Vattenfall AB	1.91
Volvo Treasury AB	1.71
Nordea Bank AB	1.07
Tele2 AB	0.81
Volvo AB	0.80
Telia Co AB	0.75
Catella Nordic Long/Short Equity	0.70
OMX	0.40

\* 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:

Länsförsäkringar Bank FRN 260426

Protector Forsikring FRN 460419

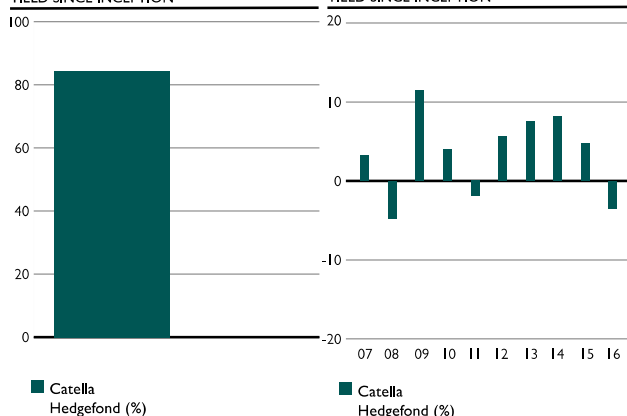
## COUNTERPARTIES FINANCIAL DERIVATIVE TRANSACTIONS

COUNTERPART	Collateral received
Nordea	0
SEB	0
Merrill Lynch International	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	0.00	137.16	52 849 535	7 248 722
081231	2.74	128.13	34 366 768	4 403 545
091231	6.40	136.06	37 678 675	5 126 429
101231	0.86	140.57	32 831 919	4 615 325
111231	0.79	137.12	24 878 484	3 411 382
121231	4.78	139.93	25 259 078	3 534 419
131231	0.00	150.43	29 125 169	4 381 358
141231	0.00	162.80	49 674 014	8 086 791
151231	0.00	170.50	90 871 337	15 493 178
160630	0.00	164.50	88 918 330	14 627 298

### YIELD SINCE INCEPTION



## TRADE IN DERIVATIVES

In accordance with its fund rules, the fund may trade in derivatives as part of its investment strategy. During the period the fund has not exercised its right to lend securities, but has exercised its right to borrow securities.

Leverage is calculated as the sum of the underlying exposed gross values of derivatives.

Highest leverage	Lowest leverage	Average leverage
46.20%	7.41%	36.65%

Risk assessment method for calculating total exposure: Value at Risk

Value at Risk The fund uses the Monte Carlo VaR model with a 1-day horizon and a 95% confidence.

At June 30, 2016	Highest 2016	Lowest 2016	Average 2016
0.52%	0.77%	0.24%	0.40%

### 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 Alternative Investment Funds Act (SFS 2013:561), and the regulations of Finansinspektionen (the Swedish Financial Supervisory Authority) FFFS 2013:10, 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.
  1. 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.
  2. 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](http://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

The fund is able, under the provisions of their fund rules and the Alternative Investment Fund Managers Act (SFS 2013:561), to underwrite issues. During the first half of 2016 the Catella Hedgefond 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. The Catella Hedgefond fund is a special fund under the Swedish Alternative Investment Fund Managers Act (SFS 2013:561) (AIFM). For more details, complete prospectuses, key investor information, and annual and half-yearly reports, please refer to our website at [catella.se/fonder](http://catella.se/fonder) or phone +46 8 614 25 00.