

Annual report 2018

Mutual fund reports from Xact Kapitalförvaltning
- Exchange traded funds





XACT Bear 2 (ETF)

Leveraged exchange-traded index fund listed on the Stockholm Stock Exchange

Management Report

Investment Focus

The fund is a non-UCITS exchange-traded fund with leveraging, and in this manner differs from a securities fund. The objective of the fund is to provide a daily return equivalent to approximately 200% of the daily opposite change in the OMXS30™ Index before management fees and other transaction costs (OMXS30 refers to the index that includes dividends, OMXS30GI). This means that when the OMXS30™ falls by 1% on a trading day, XACT Bear 2 should rise by approximately 2%. The index consists of the 30 most-traded shares on the OMX Nordic Exchange Stockholm. The fund's capital consists of liquid assets and sold futures contracts (OMXS30™ futures) equivalent to approximately 200% of the fund's value. A daily rebalancing of the fund's futures holdings occurs to ensure that the fund maintains an exposure of -200% of the fund capital.

Portfolio

The fund rose 5.7% during the full year 2018*. The portfolio consists of three types of assets: sold futures, liquid assets invested in interest-bearing accounts and money market instruments issued or guaranteed by the Swedish government. The portfolio is rebalanced on a daily basis to maintain a consistent leverage and risk profile.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of

its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

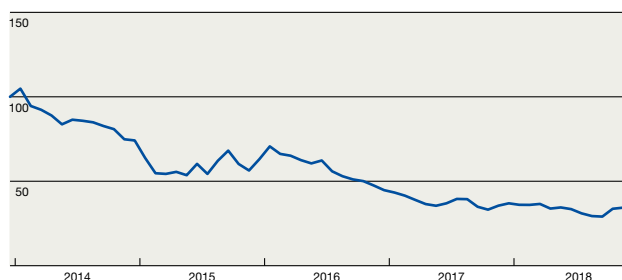
- Highest leverage during the financial year -205.3%
- Lowest leverage during the financial year -194.9%
- Average leverage during the financial year -200.3%

Information

Information on compensation to employees is available on the Management Company's webpage as well as in the Management Company's annual report.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	2017	2016	2015	2014	2013	2012	2011	2010	6/11-31/12 2009
Net asset value, SEK	60.33	57.05	69.09	97.45	114.56	154.46	82.71	119.80	112.81	194.34
The fund's total net flow, mSEK	5	136	442	-126	299	354	238	-	-	-
Fund capital, mSEK	709	616	573	448	676	618	513	467	401	165
Number of units, 1000's	11,750	10,800	8,300	4,600	5,900	4,000	6,200	3,900	3,550	850
Total returns in %, SEK	+5.7	-17.4	-29.1	-14.9	-25.8	-37.8	-30.3	+6.2	-42.0	-2.8
Index including dividends in %, SEK	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9	+0.8
Average yearly return, 2 yrs. %	-6.6	-23.5	-22.3	-20.6	-32.1	-34.1	-14.0	-21.5	-	-
Comparison to index including dividends, %	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	-	-
Average yearly return, 5 yrs. %	-17.1	-25.5	-28.0	-21.9	-27.6	-	-	-	-	-
Comparison to index including dividends, %	+5.0	+11.5	+13.2	+8.5	+12.9	-	-	-	-	-
Dividends per unit, SEK	-	-	-	-	-	-	0.83	0.00	0.00	-

Benchmark: OMXS30™ Gross Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.60
Collected mgmt. costs in % of average fund capital	0.60
Annual fees in %	0.60
Transaction costs, tSEK	1,491
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	55.48
Costs in SEK for monthly savings, 100 SEK	3.81

Risk and Return Measurements*

Total risk %	22.4	Information ratio	Negative
Total risk in index %	11.3	Sharpe ratio	-0.3
Tracking error %	33.8	Sharpe ratio in index	0.1
Benchmark	OMXS30™ Gross Index		
Active return %	-6.6		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Fund Facts - Other Key Figures

Turnover rate	0.5
Turnover rate	-1.1
Share of turnover conducted via closely-related securities companies in %	16.6

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for other derivative instruments *	97,242	-86,449
Interest income	-3,711	-2,451
Other income	1	0
Total income and changes in value	93,532	-88,900
EXPENSES		
Management costs:		
- Remuneration to the Management Company	4,188	3,530
Interest expense	-	129
Other expenses	1,499	1,104
Total expenses	5,687	4,763
Net income	87,845	-93,663
* Details of changes in value		
Capital gains	1,420,649	738,974
Capital losses	-1,323,407	-825,423
Unrealised gains/losses	0	0
Sum	97,242	-86,449

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Money market instruments	110,090	15.5	125,260	20.3
Total financial instruments with positive market value ^{Note 2)}	110,090	15.5	125,260	20.3
Bank assets and other liquid assets	626,647	88.4	481,360	78.1
Prepaid expenses and accrued income	-57	0.0	-	-
Other assets	-	-	9,774	1.6
Total assets	736,680	103.9	616,394	100.0
LIABILITIES				
Accrued expenses and prepaid income	351	0.1	241	0.0
Other liabilities	27,452	3.8	-	-
Total liabilities	27,803	3.9	241	0.0
Fund capital ^{Note 1)}	708,877	100.0	616,153	100.0
Other derivative instruments with negative market value	121,792	17.2	121,528	19.7

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	616,153	573,413
Units issued	701,344	299,335
Units redeemed	-696,465	-162,932
Profit according to Income Statement	87,845	-93,663
Dividends to unit holders	-	-
Fund capital at the close of the period	708,877	616,153

Note 2) for Balance Sheet

Fund holdings in financial instruments

MONEY MARKET INSTRUMENTS**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
TREASURY BILLS			
Svenska Staten 2019-01-16	50,000	50,014	7.1
Svenska Staten 2019-03-20	60,000	60,076	8.5
Total Treasury bills		110,090	15.5
Total money market instruments		110,090	15.5

EXCHANGE-TRADED DERIVATIVES**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
STOCK INDEX FUTURES			
OMXS309A	-10,105	0	0.0
Total stock index futures		0	0.0
Total exchange-traded derivatives		0	0.0
Total holdings in financial instruments		110,090	15.5
Net, other assets and liabilities		598,787	84.5
Total fund capital		708,877	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

Compilation, Company and Group exposure*

Company/Group	% of fund capital
Svenska Staten	15.5

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

The fund is in no respect guaranteed, authorised, issued or supported by NASDAQ OMX Group ("NASDAQ OMX"). NASDAQ OMX provides no guarantees, either expressed or implied, as to the results to be obtained from the use of the OMXS30™ Index and/or the value at which the said OMXS30™ Index stands at any particular time. NASDAQ OMX shall under no circumstances be liable for errors in the OMXS30™ Index nor shall it have an obligation to report or publish any errors in the OMXS30™ Index. OMX™, OMXS30™ and OMXS30™ Index are trademarks belonging to NASDAQ OMX and are used under licence from NASDAQ OMX.*

XACT BEAR 2 (ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund since the fund only invests in standardised derivative instruments (index futures), as well as treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this is not comparable to the fund not being sustainable.



XACT Bear (ETF)

Leveraged exchange-traded index fund listed on the Stockholm Stock Exchange

Management Report

Investment Focus

The fund is an exchange-traded non-UCITS fund with leveraging, and in this manner differs from a securities fund. The objective of the fund is to provide a daily return equivalent to approximately 150% of the daily opposite change in the OMXS30™ Index before management fees and other transaction costs (OMXS30 refers to the index that includes dividends, OMXS30GI). This means that when the OMXS30™ falls by 1% on a trading day, XACT Bear should rise by approximately 1.5%. The index consists of the 30 most-traded equities on the OMX Nordic Exchange Stockholm. The fund's capital consists of liquid assets and sold futures contracts (OMXS30™ futures) equivalent to approximately 150% of the fund's value. A daily rebalancing of the fund's futures holdings occurs to ensure that the fund maintains an exposure of -150% of the fund capital.

Portfolio

The fund rose 4.4% during the full year 2018*. The portfolio consists of three types of assets: sold futures, liquid assets invested in interest-bearing accounts and money market instruments issued or guaranteed by the Swedish government. The portfolio is rebalanced on a daily basis to maintain a consistent leverage and risk profile.

* Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of

its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

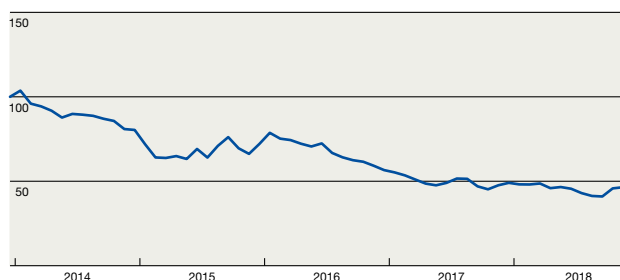
- Highest leverage during the financial year -152.8%
- Lowest leverage during the financial year -148.2%
- Average leverage during the financial year -150.2%

Information

Information on compensation to employees is available on the Management Company's webpage as well as in the Management Company's annual report.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	69.23	66.34	76.54	97.51	108.69	135.23	19.19	25.15	23.21	34.26
The fund's total net flow, mSEK	-113	-27	161	-63	174	-22	-148	-	-	-
Fund capital, mSEK	429	504	612	624	739	730	1,033	1,545	1,412	1,890
Number of units, 1000's	6,200	7,600	8,000	6,400	6,800	5,400	53,800	61,400	60,800	55,150
Total returns in %, SEK	+4.4	-13.3	-21.5	-10.3	-19.6	-29.5	-22.7	+8.3	-32.2	-55.0
Index including dividends in %, SEK	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9	+49.1
Average yearly return, 2 yrs. %	-4.9	-17.5	-16.1	-15.1	-24.8	-26.2	-8.5	-14.3	-44.8	-15.9
Comparison to index including dividends, %	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	+36.5	-2.5
Average yearly return, 5 yrs. %	-12.5	-19.1	-21.0	-15.7	-20.3	-29.0	-16.7	-11.4	-18.5	-
Comparison to index including dividends, %	+5.0	+11.5	+13.2	+8.5	+12.9	+19.2	+4.1	+0.4	+7.2	-
Average yearly return, 10 yrs. %	-21.2	-17.9	-16.3	-17.1	-	-	-	-	-	-
Comparison to index including dividends, %	+11.9	+7.7	+6.6	+7.8	-	-	-	-	-	-
Dividends per unit, SEK	-	-	-	-	-	-	0.26	0.00	0.02	1.87

Benchmark: OMXS30™ Gross Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.60
Collected mgmt. costs in % of average fund capital	0.60
Annual fees in %	0.60
Transaction costs, tSEK	836
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	56.52
Costs in SEK for monthly savings, 100 SEK	3.83

Fund Facts - Other Key Figures

Turnover rate	0.4
Turnover rate	-0.7
Share of turnover conducted via closely-related securities companies in %	17.1

Risk and Return Measurements*

Total risk %	16.9	Information ratio	Negative
Total risk in index %	11.3	Sharpe ratio	-0.2
Tracking error %	28.2	Sharpe ratio in index	0.1
Benchmark	OMXS30™ Gross Index		
Active return %	-4.9		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for other derivative instruments*	45,346	-75,083
Interest income	-2,824	-2,242
Other financial income	0	-
Other income	0	0
Total income and changes in value	-42,522	-77,325
EXPENSES		
Management costs:		
- Remuneration to the Management Company	3,292	3,394
Interest expense	-	114
Other expenses	843	760
Total expenses	4,135	4,268
Net income	38,387	-81,593
* Details of changes in value		
Capital gains	827,749	526,806
Capital losses	-782,403	-601,889
Unrealised gains/losses	0	0
Sum	45,346	-75,083

Compilation, Company and Group exposure*

Company/Group	% of fund capital
Svenska Staten	16.3

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

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Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Money market instruments	70,059	16.3	100,189	19.9
Total financial instruments with positive market value ^{Note 2)}	70,059	16.3	100,189	19.9
Bank assets and other liquid assets	372,374	86.8	398,093	79.0
Other assets	-	-	6,097	1.1
Total assets	442,433	103.1	504,379	100.0
LIABILITIES				
Accrued expenses and prepaid income	13,209	3.1	192	0.0
Total liabilities	13,209	3.1	192	0.0
Fund capital ^{Note 1)}	429,224	100.0	504,187	100.0
Other derivative instruments with negative market value	67,961	15.8	97,201	19.3

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	504,187	612,318
Units issued	360,183	76,888
Units redeemed	-473,533	-103,426
Profit according to Income Statement	38,387	-81,593
Dividends to unit holders	-	-
Fund capital at the close of the period	429,224	504,187

Note 2) for Balance Sheet

Fund holdings in financial instruments

MONEY MARKET INSTRUMENTS**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
TREASURY BILLS			
Svenska Staten 2019-01-16	30,000	30,008	7.0
Svenska Staten 2019-03-20	40,000	40,051	9.3
Total Treasury bills		70,059	16.3
Total money market instruments		70,059	16.3

EXCHANGE-TRADED DERIVATIVES**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
STOCK INDEX FUTURES			
OMXS309A	-4,588	0	0.0
Total stock index futures		0	0.0
Total exchange-traded derivatives		0	0.0
Total holdings in financial instruments		70,059	16.3
Net, other assets and liabilities		359,165	83.7
Total fund capital		429,224	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

XACT BEAR (ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund since the fund only invests in standardised derivative instruments (index futures), as well as treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this is not comparable to the fund not being sustainable.



XACT Bull 2 (ETF)

Leveraged exchange-traded index fund listed on the Stockholm Stock Exchange

Management Report

Investment Focus

The fund is a non-UCITS exchange-traded fund with leveraging, and in this manner differs from a securities fund. The objective of the fund is to provide a daily return equivalent to approximately 200% of the daily positive change in the OMXS30™ Index before management fees and other transaction costs (OMXS30 refers to the index that includes dividends, OMXS30GI). This means that when the OMXS30™ rises by 1% on a trading day, XACT Bull 2 should rise by approximately 2%. The index consists of the 30 most-traded shares on the OMX Nordic Exchange Stockholm. The fund's capital consists of liquid assets and futures contracts (OMXS30™ futures) equivalent to approximately 200% of the fund's value. A daily rebalancing of the fund's futures holdings occurs to ensure that the fund maintains an exposure of 200% of the fund capital.

Portfolio

The fund fell 15.2% during the full year 2018*. The portfolio consists of three types of assets: purchased futures, liquid assets invested in interest-bearing accounts and money market instruments issued or guaranteed by the Swedish government. The portfolio is rebalanced on a daily basis to maintain a consistent leverage and risk profile.

* Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of

its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

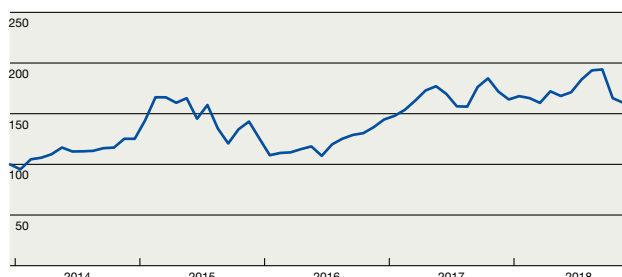
- Highest leverage during the financial year 201.9%
- Lowest leverage during the financial year 198.7%
- Average leverage during the financial year 200.1%

Information

Information on compensation to employees is available on the Management Company's webpage as well as in the Management Company's annual report.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	2017	2016	2015	2014	2013	2012	2011	2010	6/11-31/12 2009
Net asset value, SEK	545.58	643.27	565.76	492.08	490.91	392.13	259.55	206.71	295.21	201.43
The fund's total net flow, mSEK	21	-238	-345	130	-460	-267	-97	-	-	-
Fund capital, mSEK	518	579	707	960	835	1,059	921	796	664	433
Number of units, 1000's	950	900	1,250	1,950	1,700	2,700	3,550	3,850	2,250	2,150
Total returns in %, SEK	-15.2	+13.7	+15.0	+0.2	+25.2	+51.1	+26.7	-30.0	+46.6	+0.7
Index including dividends in %, SEK	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9	+0.8
Average yearly return, 2 yrs. %	-1.8	+14.3	+7.4	+12.0	+37.5	+38.3	-5.8	+1.3	-	-
Comparison to index including dividends, %	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	-	-
Average yearly return, 5 yrs. %	+6.8	+19.9	+22.5	+11.0	+19.7	-	-	-	-	-
Comparison to index including dividends, %	+5.0	+11.5	+13.2	+8.5	+12.9	-	-	-	-	-
Dividends per unit, SEK	-	-	-	-	-	-	2.30	0.00	0.00	-

Benchmark: OMXS30™ Gross Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.60
Collected mgmt. costs in % of average fund capital	0.60
Annual fees in %	0.60
Transaction costs, tSEK	946
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	61.91
Costs in SEK for monthly savings, 100 SEK	3.90

Risk and Return Measurements*

Total risk %	23.1	Information ratio	Negative
Total risk in index %	11.3	Sharpe ratio	0.0
Tracking error %	11.7	Sharpe ratio in index	0.1
Benchmark	OMXS30™ Gross Index		
Active return %	-1.8		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Fund Facts - Other Key Figures

Turnover rate	0.5
Turnover rate	-0.3
Share of turnover conducted via closely-related securities companies in %	11.3

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for other derivative instruments *	-74,638	117,376
Interest income	-2,867	-2,762
Other income	0	0
Total income and changes in value	-77,505	114,614
EXPENSES		
Management costs:		
- Remuneration to the Management Company	3,264	4,022
Interest expense	-	100
Other expenses	954	1,073
Total expenses	4,218	5,195
Net income	-81,723	109,419
* Details of changes in value		
Capital gains	1,032,872	937,133
Capital losses	-1,107,510	-819,758
Unrealised gains/losses	-	0
Sum	-74,638	117,376

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Money market instruments	95,082	18.4	120,216	20.8
Total financial instruments with positive market value ^{Note 2)}	95,082	18.4	120,216	20.8
Bank assets and other liquid assets	405,344	78.2	468,606	80.9
Prepaid expenses and accrued income	-	-	-51	0.0
Other assets	18,219	3.5	-	-
Total assets	518,645	100.1	588,771	101.7
LIABILITIES				
Accrued expenses and prepaid income	345	0.1	167	0.0
Other liabilities	-	-	9,659	1.7
Total liabilities	345	0.1	9,826	1.7
Fund capital ^{Note 1)}	518,300	100.0	578,945	100.0
Other derivative instruments with negative market value	86,961	16.8	116,629	20.1

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	578,945	707,201
Units issued	363,020	160,186
Units redeemed	-341,942	-397,861
Profit according to Income Statement	-81,723	109,419
Dividends to unit holders	-	-
Fund capital at the close of the period	518,300	578,945

Note 2) for Balance Sheet

Fund holdings in financial instruments

MONEY MARKET INSTRUMENTS**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
TREASURY BILLS			
Svenska Staten 2019-01-16	30,000	30,008	5.8
Svenska Staten 2019-02-20	25,000	25,023	4.8
Svenska Staten 2019-03-20	40,000	40,051	7.7
Total Treasury bills		95,082	18.4
Total money market instruments		95,082	18.4

EXCHANGE-TRADED DERIVATIVES**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
STOCK INDEX FUTURES			
OMXS309A	7,334	0	0.0
Total stock index futures		0	0.0
Total exchange-traded derivatives		0	0.0
Total holdings in financial instruments		95,082	18.4
Net, other assets and liabilities		423,218	81.6
Total fund capital		518,300	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

Compilation, Company and Group exposure*

Company/Group	% of fund capital
Svenska Staten	18.4

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

The fund is in no respect guaranteed, authorised, issued or supported by NASDAQ OMX Group ("NASDAQ OMX"). NASDAQ OMX provides no guarantees, either expressed or implied, as to the results to be obtained from the use of the OMXS30™ Index and/or the value at which the said OMXS30™ Index stands at any particular time. NASDAQ OMX shall under no circumstances be liable for errors in the OMXS30™ Index nor shall it have an obligation to report or publish any errors in the OMXS30™ Index. OMX™, OMXS30™ and OMXS30™ Index are trademarks belonging to NASDAQ OMX and are used under licence from NASDAQ OMX.

XACT BULL 2 (ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund since the fund only invests in standardised derivative instruments (index futures), as well as treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this is not comparable to the fund not being sustainable.



XACT Bull (ETF)

Leveraged exchange-traded index fund listed on the Stockholm Stock Exchange

Management Report

Investment Focus

The fund is a non-UCITS exchange-traded fund with leveraging, and in this manner differs from a securities fund. The objective of the fund is to provide a daily return equivalent to approximately 150% of the daily positive change in the OMXS30™ Index before management fees and other transaction costs (OMXS30 refers to the index that includes dividends, OMXS30GI). This means that when the OMXS30™ rises by 1% on a trading day, XACT Bull should rise by approximately 1.5%. The index consists of the 30 most-traded equities on the OMX Nordic Exchange Stockholm. The fund's capital consists of liquid assets and futures contracts (OMXS30™ futures) equivalent to approximately 150% of the fund's value. A daily rebalancing of the fund's futures holdings occurs to ensure that the fund maintains an exposure of 150% of the fund capital.

Portfolio

The fund fell 11.1% during the full year 2018*. The portfolio consists of three types of assets: purchased futures, liquid assets invested in interest-bearing accounts and money market instruments issued or guaranteed by the Swedish government. The portfolio is rebalanced on a daily basis to maintain a consistent leverage and risk profile.

* Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of

its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

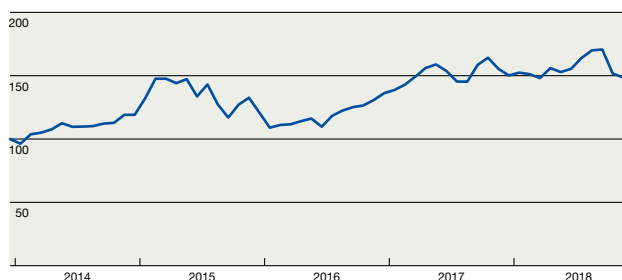
- Highest leverage during the financial year 151.6%
- Lowest leverage during the financial year 149.2%
- Average leverage during the financial year 150.1%

Information

Information on compensation to employees is available on the Management Company's webpage as well as in the Management Company's annual report.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	307.91	346.43	314.17	278.70	274.85	230.71	168.06	139.95	176.97	130.95
The fund's total net flow, mSEK	-119	-2	-119	-314	-569	-37	-322	-	-	-
Fund capital, mSEK	246	381	346	418	673	1,096	815	945	2,177	2,868
Number of units, 1000's	800	1,100	1,100	1,500	2,450	4,750	4,850	6,750	12,300	21,900
Total returns in %, SEK	-11.1	+10.3	+12.7	+1.4	+19.1	+37.3	+21.2	-20.9	+35.2	+75.2
Index including dividends in %, SEK	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9	+49.1
Average yearly return, 2 yrs. %	-1.0	+11.5	+6.9	+9.9	+27.9	+29.0	-2.1	+3.4	+54.0	-10.2
Comparison to index including dividends, %	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	+36.5	-2.5
Average yearly return, 5 yrs. %	+5.9	+15.6	+17.8	+9.7	+16.2	+25.6	+0.9	-4.9	+5.4	-
Comparison to index including dividends, %	+5.0	+11.5	+13.2	+8.5	+12.9	+19.2	+4.1	+0.4	+7.2	-
Average yearly return, 10 yrs. %	+15.3	+8.0	+5.8	+7.5	-	-	-	-	-	-
Comparison to index including dividends, %	+11.9	+7.7	+6.6	+7.8	-	-	-	-	-	-
Dividends per unit, SEK	-	-	-	-	-	-	1.58	0.00	0.00	1.69

Benchmark: OMXS30™ Gross Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.60
Collected mgmt. costs in % of average fund capital	0.60
Annual fees in %	0.60
Transaction costs, tSEK	475
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	61.56
Costs in SEK for monthly savings, 100 SEK	3.91

Fund Facts - Other Key Figures

Turnover rate	0.5
Turnover rate	-1.8
Share of turnover conducted via closely-related securities companies in %	9.5

Risk and Return Measurements*

Total risk %	17.2	Information ratio	Negative
Total risk in index %	11.3	Sharpe ratio	0.0
Tracking error %	5.9	Sharpe ratio in index	0.1
Benchmark	OMXS30™ Gross Index		
Active return %	-1.0		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for other derivative instruments *	-11,003	41,759
Interest income	-2,048	-1,507
Other income	0	0
Total income and changes in value	-13,051	40,252
EXPENSES		
Management costs:		
- Remuneration to the Management Company	2,317	2,311
Interest expense	-	55
Other expenses	484	446
Total expenses	2,801	2,812
Net income	-15,852	37,440
* Details of changes in value		
Capital gains	558,212	400,576
Capital losses	-569,215	-358,817
Unrealised gains/losses	0	-
Sum	-11,003	41,759

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Money market instruments	45,042	18.3	65,124	17.1
Total financial instruments with positive market value ^{Note 2)}	45,042	18.3	65,124	17.1
Bank assets and other liquid assets	194,482	79.0	320,845	84.2
Prepaid expenses and accrued income	-	-	-34	0.0
Other assets	6,962	2.8	-	-
Total assets	246,486	100.1	385,935	101.3
LIABILITIES				
Accrued expenses and prepaid income	159	0.1	108	0.0
Other liabilities	-	-	4,753	1.3
Total liabilities	135	0.1	4,861	1.3
Fund capital ^{Note 1)}	246,327	100.0	381,074	100.0
Other derivative instruments with negative market value	68,694	27.9	63,182	16.6

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	381,074	345,586
Units issued	480,335	85,940
Units redeemed	-599,230	-87,892
Profit according to Income Statement	-15,852	37,440
Dividends to unit holders	-	-
Fund capital at the close of the period	246,327	381,074

Note 2) for Balance Sheet

Fund holdings in financial instruments

MONEY MARKET INSTRUMENTS**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
TREASURY BILLS			
Svenska Staten 2019-01-16	15,000	15,004	6.1
Svenska Staten 2019-03-20	30,000	30,038	12.2
Total Treasury bills		45,042	18.3
Total money market instruments		45,042	18.3

EXCHANGE-TRADED DERIVATIVES**

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
STOCK INDEX FUTURES			
OMXS309A	2,624	0	0.0
Total stock index futures		0	0.0
Total exchange-traded derivatives		0	0.0
Total holdings in financial instruments		45,042	18.3
Net, other assets and liabilities		201,285	81.7
Total fund capital		246,327	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

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** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

Compilation, Company and Group exposure*

Company/Group	% of fund capital
Svenska Staten	18.3

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

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XACT BULL (ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund since the fund only invests in standardised derivative instruments (index futures), as well as treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this is not comparable to the fund not being sustainable.



XACT Norden 30 (UCITS ETF)

Exchange-traded index fund listed on the Stockholm Stock Exchange

Management Report

Investment Focus

The fund is an exchange-traded index fund and its objective is to track the performance of the VINX30™ Index as closely as possible. The index consists of the 30 largest and most-traded equities on the Nordic exchanges in Stockholm, Helsinki, Copenhagen and Oslo. The fund invests in equities included in this index.

Portfolio

The fund fell 7.8% during the full year 2018*. The portfolio contains all of the equities included in the NASDAQ VINX30™ Index. The index is reweighted twice each year in June and in December. Hexagon was added to the index at the time of the reweighting in December, while Boliden exited. The fund's largest holdings at year-end were Novo Nordisk, Nordea and Nokia.

* Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option to a limited extent during

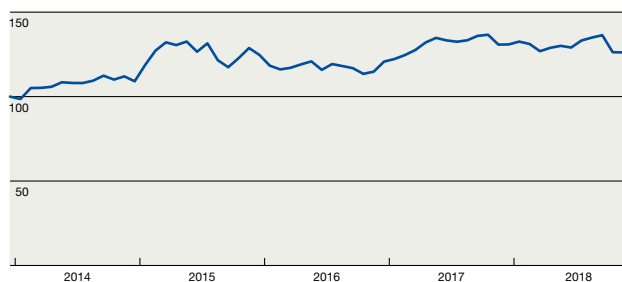
2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

Information

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, EUR	10.42	11.31	10.43	10.77	9.42	8.64	7.05	5.87	7.14	5.54
The fund's total net flow, mEUR	113	44	121	47	163	-74	-2	-	-	-
Fund capital, mEUR	915	880	768	662	549	351	352	298	352	209
Number of units, 1000's	87,800	77,800	73,650	61,500	58,300	40,650	49,950	50,750	49,350	37,650
Total returns in %, EUR	-7.8	+8.4	-3.2	+14.3	+9.1	+22.5	+21.3	-14.8	+32.4	+37.3
Index including dividends in %, EUR	-8.0	+8.4	-3.0	+14.6	+9.5	+23.4	+21.4	-14.6	+33.3	+37.7
Average yearly return, 2 yrs. % in EUR	0.0	+2.5	+5.2	+11.7	+21.4	+21.5	-0.8	-1.0	+22.1	-14.4
Comparison to index including dividends, % in EUR	-0.1	+2.6	+5.4	+12.0	+22.2	+22.0	-0.7	-0.5	+22.7	-14.2
Average yearly return, 5 yrs. % in EUR	+3.8	+9.9	+12.4	+9.6	+11.1	+13.1	-3.4	-3.9	-	-
Comparison to index including dividends, % in EUR	+4.0	+10.2	+12.8	+9.9	+11.5	+13.6	-3.2	-3.5	-	-
Average yearly return, 10 yrs. % in EUR	+10.8	+4.0	+4.1	-	-	-	-	-	-	-
Comparison to index including dividends, % in EUR	+11.0	+4.3	+4.4	-	-	-	-	-	-	-
Dividends per unit, EUR	-	-	-	-	-	-	0.06	0.24	0.16	0.16
Exchange rate EUR/SEK	10.13	9.83	9.58	9.16	9.47	-	-	-	-	-

Benchmark: VINX30™ Net

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.15
Collected mgmt. costs in % of average fund capital	0.15
Annual fees in %	0.15
Transaction costs, tEUR	51
Transaction costs in % of turnover	0.01
Costs in EUR for a one-time subscription, 1 000 EUR	1.49
Costs in EUR for monthly savings, 10 EUR	0.10

Fund Facts - Other Key Figures

Turnover rate	0.1
Share of turnover conducted via closely-related securities companies in %	12.3

Risk and Return Measurements*

Total risk %	9.2	Information ratio	0.5
Total risk in index %	9.2	Sharpe ratio	0.0
Tracking error %	0.2	Sharpe ratio in index	0.0
Benchmark	VINX30™ Net		
Active return %	0.1		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT Norden 30 (UCITS ETF), cont.

Income Statement, tEUR

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-111,480	40,284
Changes in value for other derivative instruments **	-7	-
Interest income	19	33
Dividends	35,511	28,966
Currency exchange profits and losses, net	-208	-106
Other income	0	0
Total income and changes in value	-76,165	69,177
EXPENSES		
Management costs:		
- Remuneration to the Management Company	1,411	1,308
Interest expense	7	9
Other expenses	51	27
Total expenses	1,469	1,344
Net income	-77,634	67,833
* Details of changes in value		
Capital gains	15,930	18,173
Capital losses	-21,028	-3,634
Unrealised gains/losses	-106,382	25,745
Sum	-111,480	40,284
** Details of changes in value		
Capital gains	866	-
Capital losses	-873	-
Unrealised gains/losses	0	-
Sum	-7	-

Balance Sheet, tEUR

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	915,142	100.0	879,602	100.0
Total financial instruments with positive market value ^{Note 2)}	915,142	100.0	879,602	100.0
Bank assets and other liquid assets	279	0.0	149	0.0
Total assets	915,421	100.0	879,751	100.0
LIABILITIES				
Accrued expenses and prepaid income	118	0.0	62	0.0
Total liabilities	118	0.0	62	0.0
Fund capital ^{Note 1)}	915,303	100.0	879,689	100.0

Note 1) for Balance Sheet

Changes in fund capital, tEUR

	2018	2017
Fund capital at beginning of year	879,689	768,016
Units issued	113,248	78,078
Units redeemed	-	-34,238
Profit according to Income Statement	-77,634	67,833
Dividends to unit holders	-	-
Fund capital at the close of the period	915,303	879,689

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tEUR	% of fund capital
LISTED EQUITIES			
DENMARK (DKK)			
A.P. Møller-Mærsk B (Marine)	14,048	15,406	1.7
Coloplast B (Health Care Equipment and Supplies)	258,132	20,927	2.3
Danske Bank (Commercial Banks)	1,257,296	21,718	2.4
DSV (Road and Rail)	356,468	20,502	2.2
Novo Nordisk (Pharmaceuticals)	3,406,640	135,993	14.9
Vestas Wind Systems (Electrical Equipment)	389,832	25,707	2.8
		240,254	26.3
FINLAND (EUR)			
Fortum (Electric Utilities)	825,320	15,764	1.7
Kone (Machinery)	719,960	29,979	3.3
Neste Oil (Oil, Gas and Consumable Fuels)	266,912	17,979	2.0
Nokia (Communications Equipment)	10,681,748	53,729	5.9
Sampo A (Insurance)	841,124	32,308	3.5
Stora Enso R EUR (Paper and Forest Products)	1,090,476	10,997	1.2
UPM-Kymmene (Paper and Forest Products)	1,011,456	22,404	2.4
		183,160	20.0

	Number/Nominal amount in 1000's	Market value tEUR	% of fund capital
NORWAY (NOK)			
DNB (Commercial Banks)	1,550,548	21,640	2.4
Equinor ASA (Oil, Gas and Consumable Fuels)	2,087,884	38,757	4.2
Telenor (Diversified Telecommunication Services)	1,143,156	19,344	2.1
		79,741	8.7
SWEDEN (SEK)			
Assa Abloy B (Building Products)	1,780,584	27,785	3.0
Atlas Copco A (Machinery)	1,225,688	25,457	2.8
Ericsson B (Communications Equipment)	5,822,896	44,768	4.9
Essity B (Household Products)	1,209,884	25,976	2.8
Handelsbanken A (Commercial Banks)	2,858,768	27,727	3.0
Hennes & Mauritz B (Specialty Retail)	1,522,452	18,930	2.1
Hexagon B (Machinery)	516,264	20,783	2.3
Investor B (Diversified Financial Services)	784,932	29,089	3.2
Nordea Bank Abp Stockholm (Commercial Banks)	7,675,476	56,481	6.2
Sandvik (Machinery)	1,949,160	24,300	2.7
SEB A (Commercial Banks)	2,755,164	23,406	2.6
Swedbank A (Commercial Banks)	1,652,396	32,241	3.5
TeliaSonera (Diversified Telecommunication Services)	5,169,664	21,413	2.3
Volvo B (Machinery)	2,939,544	33,630	3.7
		411,987	45.0
Total listed equities		915,142	100.0
Total transferable securities		915,142	100.0
Total holdings in financial instruments		915,142	100.0
Net, other assets and liabilities		161	0.0
Total fund capital		915,303	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

The fund is in no respect guaranteed, authorised, issued or promoted by NASDAQ OMX Group. (*NASDAQ OMX*) or Oslo Børs ASA (*OB*) and NASDAQ OMX or OB provide any guarantees, either expressed or implied, as to the results to be obtained from the use of the VINX30™ Index and/or the value at which the said VINX30™ Index stands at any particular time. The VINX30 Index is compiled and calculated by an index provider on behalf of NASDAQ OMX and OB. NASDAQ OMX or OB or the index provider shall not under any or OB or the index provider are under no obligation to report or publish any errors in the VINX30 Index. VINX and VINX30 index are trademarks belonging to NASDAQ OMX and OB and are used under licence from NASDAQ OMX or OB.

XACT NORDEN 30 (UCITS ETF)

Sustainability dimensions that are taken into consideration in the management of the fund

The fund takes into consideration sustainability aspects such as the environment, social and corporate governance. The Management Company also carries out engagement activities on behalf of the fund that includes dialogues with companies.

There are no companies included in the index followed by the fund that currently do not meet the Management Company's requirements in the sustainability area. In the future if a new or existing index company does not meet these requirements, the Management Company will change the index. As a result, during the transition period and until the change to the index has occurred, it is possible that companies in the index do not meet the Management Company's requirements in the sustainability area (refer to the Management Company's corporate governance policy and the policy for responsible investments, as well as the general information section of the information brochure, which are available at www.handelsbanken.se/funds).

Methods used in sustainability efforts

Exclusion

In accordance with the Management Company's overall policy for responsible investment, the fund excludes investments in:

- Companies involved in the manufacture or distribution of banned weapons, such as cluster bombs, anti-personnel mines, biological and chemical weapons, in accordance with international legislation.
- Companies involved in the production or distribution of nuclear weapons.
- Companies with turnover exceeding 5% that is attributed to coal mining or with turnover exceeding 30% that is attributed to coal power generation.

Provided that the fund observes a willingness to change and it is deemed that the company will address the problems within an acceptable amount of time, the fund may invest in companies involved in violations of international norms and conventions. The fund has not utilised this option during the year. Thus, the fund has not owned any companies during the year involved in violations of international norms and conventions.

This is followed-up by the Management Company's independent risk control function on a daily basis.

Management Company's engagement activities

A critical component in taking responsibility as an investor is to influence the companies in which we invest. Our engagement activities are founded on the value base of Handelsbanken and the Management Company, our commitments, as well as the international norms and conventions we safeguard. We conduct dialogues to encourage companies to improve their sustainability efforts, as well as with companies we deem do not fulfil the international norms and

conventions we safeguard. We conduct the engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through an external party, ISS ESG, the Management Company participates in dialogues with companies, i.e., Pooled Engagement. The basis for these dialogues is a norm-based analysis and focuses primarily on companies with suspected or confirmed violations with regard to international norms and conventions within the environment, human rights, labour rights, and anti-corruption. The dialogue process consists of contact between ISS ESG and the company concerned, and in certain cases also includes meetings or telephone conferences in which we as an investor may participate.

During 2018 the Management Company participated in 143 company dialogues, of which 4 were relevant for this fund.

Pooled Engagement during 2018 was LMEricsson Telefon AB (Ericsson). Ericsson has been investigated in the U.S. since 2013 with regard to the fund's compliance with the Foreign Corrupt Practices Act (FCPA) and is suspected for corruption in Asia and South Africa in conjunction with various business agreements (however it is important to emphasise that neither the authorities nor the company have confirmed which countries are related to the investigation). The company is open to dialogue and is reporting credible steps to address the controversy related to the corruption and bribery in its global business operations.

During the year we concluded the ongoing dialogues with Electrolux AB and Telia Co. AB. All of the dialogues were closed with positive results.

B. Dialogues through international collaborations and sector initiatives such as the UN, PRI and CDP. During 2018 the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability matters. These initiatives are often thematic or focus on sustainability issues within a certain sector. Examples of initiatives we have participated in during the year include: Climate Action 100+, PRI Methane Engagement, PRI Sustainable Palm Oil, PRI-Ceres Sustainable Soy, PRI Cyber Security, FAIRR Antibiotics Engagement, FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we support the dialogues with our capital but are normally not the investors leading the dialogues with the company concerned.

During 2018 we participated in approximately 336 dialogues through these international collaborations and initiatives.



XACT Nordic High Dividend Low Volatility (UCITS ETF)

Management Report

Investment Focus

The fund is an exchange-traded index fund and its objective is to track the performance of the Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK) to attain returns that correspond as closely as possible to the performance of this index over time. Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK) consist of equities in Nordic companies that are selected based on dividend yields, as well as the equities' risk and liquidity. The fund's index includes sustainability requirements. Companies that do not fulfil the defined requirements are excluded from the index. The sustainability requirements include international norms and guidelines for the environment, social responsibility and governance. The requirements also include a restrictive position to companies with operations in fossil fuels and controversial branches such as war materials, tobacco, alcohol, gaming and pornography.

Portfolio

The fund rose 1.1% during the full-year 2018*. The portfolio consists of all of the equities included in the SHB Nordic High Dividend Low Volatility Criteria Index. The index includes the 45 highest-ranking Nordic companies with regards to dividend yields and low volatility in the equity price. The weighted rating determines the company's weighting unlike traditional indexes where the stock market value determines the weighting. Financials, where insurance and investment companies comprise a substantial portion, were the largest sector weightings at year-end. Consumer staple companies and manufacturing companies also comprise major sector weightings. The fund's largest holding were the insurance companies Tryg and Sampo. Handelsbanken and the Nordic telecom operator Telenor were also substantial holdings. The fund changed index during the year from SHB Nordic Smart Beta Index to SHB Nordic High Dividend Low Volatility Criteria Index. The difference between the indexes is that companies operating within controversial sectors such as alcohol, tobacco, commercial gaming, war materials, pornography and fossil fuels are excluded.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

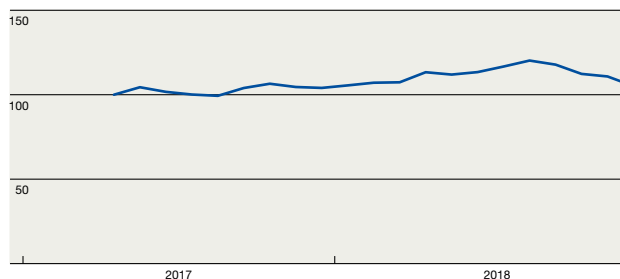
According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option to a limited extent during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

Information

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	31/3-31/12 2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	105.19	108.68	-	-	-	-	-	-	-	-
The fund's total net flow, mSEK	1,510	1,444	-	-	-	-	-	-	-	-
Fund capital, mSEK	2,830	1,489	-	-	-	-	-	-	-	-
Number of units, 1000's	26,900	13,700	-	-	-	-	-	-	-	-
Total returns in %, SEK	+1.1	+8.7	-	-	-	-	-	-	-	-
Index including dividends in %, SEK	+1.7	+9.1	-	-	-	-	-	-	-	-
Dividends per unit, SEK	5.00	-	-	-	-	-	-	-	-	-

Benchmark: SHB Nordic High Div Low Vol
Up to 27/06/2018: SHB Nordic Smart Beta Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.30
Collected mgmt. costs in % of average fund capital	0.30
Annual fees in %	0.30
Transaction costs, tSEK	718
Transaction costs in % of turnover	0.01
Costs in SEK for a one-time subscription, 10 000 SEK	31.26
Costs in SEK for monthly savings, 100 SEK	1.96

Fund Facts - Other Key Figures

Turnover rate	0.8
Share of turnover conducted via closely-related securities companies in %	29.3

Risk and Return Measurements*

Forecasted total risk	10.1
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* The fund has been in existence for less than two years; consequently, the calculation of historical risk is not applicable. Refer to the last page for definitions.

Total exposure in the fund is calculated in accordance with the commitment method.

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT Nordic High Dividend Low Volatility (UCITS ETF), cont.

Income Statement, tSEK

	2018	31/3-31/12 2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-152,553	32,644
Interest income	-19	0
Dividends	81,653	14,397
Currency exchange profits and losses, net	24	-35
Other income	191	8
Total income and changes in value	-70,704	47,014
EXPENSES		
Management costs:		
- Remuneration to the Management Company	6,682	2,289
Interest expense	13	7
Other expenses	719	228
Total expenses	7,414	2,524
Net income	-78,118	44,490
* Details of changes in value		
Capital gains	168,162	33,095
Capital losses	-137,894	-31,359
Unrealised gains/losses	-182,821	30,908
Sum	-152,553	32,644

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	2,828,893	100.0	1,488,704	100.0
Total financial instruments with positive market value ^{Note 2)}	2,828,893	100.0	1,488,704	100.0
Bank assets and other liquid assets	1,203	0.0	157	0.0
Prepaid expenses and accrued income	25	0.0	25	0.0
Other assets	178	0.0	171	0.0
Total assets	2,830,299	100.0	1,489,057	100.0
LIABILITIES				
Accrued expenses and prepaid income	735	0.0	208	0.0
Total liabilities	735	0.0	208	0.0
Fund capital ^{Note 1)}	2,829,564	100.0	1,488,849	100.0

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	1,488,849	-
Units issued	1,509,583	1,444,359
Units redeemed	-	-
Profit according to Income Statement	-78,118	44,490
Dividends to unit holders	-90,750	-
Fund capital at the close of the period	2,829,564	1,488,849

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
LISTED EQUITIES			
CONSUMER DISCRETIONARY			
Electrolux B (Household Durables)	272,766	51,035	1.8
JM (Household Durables)	322,262	55,751	2.0
Nokian Tyres (Auto Components)	191,528	52,061	1.8
		158,847	5.6
CONSUMER STAPLES			
AarhusKarlshamn (Food Products)	406,190	49,840	1.8
Axfood (Food and Staples Retailing)	483,662	73,372	2.6
Essity B (Household Products)	229,726	49,988	1.8
ICA Gruppen (Food Products)	173,774	55,052	1.9
Kesko B (Food and Staples Retailing)	129,120	61,637	2.2
Mowi ASA (Food Products)	332,484	62,195	2.2
		352,082	12.4
FINANCIALS			
Castellum (Real Estate)	419,640	68,548	2.4
DNB (Commercial Banks)	473,978	67,043	2.4
Gjensidige Forsikring (Insurance)	480,434	66,505	2.4
Handelsbanken A (Commercial Banks)	874,250	85,939	3.0
Hufvudstaden A (Real Estate)	446,540	61,131	2.2
Industrivärden C (Diversified Financial Services)	350,238	62,763	2.2
Investor B (Diversified Financial Services)	175,926	66,078	2.3
Kinnevik B (Diversified Financial Services)	244,252	52,197	1.8
Lundbergs B (Real Estate)	201,212	52,557	1.9
Nordea Bank Abp Stockholm (Commercial Banks)	981,850	73,226	2.6
Sampo A (Insurance)	218,428	85,031	3.0
SEB A (Commercial Banks)	889,314	76,570	2.7
Storebrand (Insurance)	923,208	58,265	2.1
Swedbank A (Commercial Banks)	398,658	78,835	2.8

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
Topdanmark (Insurance)	150,640	61,991	2.2
Tryg (Insurance)	377,138	83,950	3.0
		1,100,628	38.9
HEALTH CARE			
AstraZeneca SDB (Pharmaceuticals)	89,308	60,167	2.1
Coloplast B (Health Care Equipment and Supplies)	58,104	47,742	1.7
		107,909	3.8
INDUSTRIALS			
ABB SDB (Electrical Equipment)	412,108	70,326	2.5
Assa Abloy B (Building Products)	347,010	54,880	1.9
Atlas Copco A (Machinery)	237,258	49,943	1.8
ISS (Commercial Services and Supplies)	193,680	47,887	1.7
Kone (Machinery)	146,336	61,757	2.2
NCC B (Construction and Engineering)	553,602	76,286	2.7
Orkla (Industrial Conglomerates)	1,023,276	71,286	2.5
Securitas B (Commercial Services and Supplies)	415,874	59,158	2.1
Skanska B (Construction and Engineering)	471,826	66,527	2.4
SKF B (Machinery)	449,768	60,471	2.1
Trelleborg B (Machinery)	349,700	48,731	1.7
		667,252	23.6
INFORMATION TECHNOLOGY			
Nokia (Communications Equipment)	1,166,922	59,489	2.1
		59,489	2.1
MATERIALS			
Holmen B1 (Paper and Forest Products)	300,204	52,518	1.9
UPM-Kymmene (Paper and Forest Products)	229,726	51,571	1.8
		104,089	3.7
TELECOMMUNICATION SERVICES			
Elisa (Diversified Telecommunication Services)	153,330	56,068	2.0
Millicom (Wireless Telecommunication Services)	105,986	59,511	2.1
Telenor (Diversified Telecommunication Services)	478,820	82,117	2.9
TeliaSonera (Diversified Telecommunication Services)	1,927,116	80,900	2.9
		278,597	9.9
Total listed equities		2,828,893	100.0
Total transferable securities		2,828,893	100.0
Total holdings in financial instruments		2,828,893	100.0
Net, other assets and liabilities		671	0.0
Total fund capital		2,829,564	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public. 100.0

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46). -

*** Refers to other financial instruments. -

Svenska Handelsbanken AB (publ) (the Index Owner*) is not liable for loss or damage resulting from Swedish or foreign legislative enactment, actions of Swedish or foreign authorities, war, power failure, telecommunication failure, fire, water damage, strike, blockade, lockout, boycott, or other similar circumstances outside the control of the Index Owner. The reservation with respect to strikes, blockade, lockout and boycott also applies if the Index Owner adopts or is the object of such conflict measures. The Index Owner is not responsible in any circumstance for loss of data, non-payment of profits or other indirect damage. The Index Owner provides no express or implied warranties regarding the results which may be obtained as a consequence of the use of the Index or regarding the value of the Index at any given time. The Index Owner shall in no case be liable for errors or defects in the Index nor obligated to provide notice of, or publish, errors in the Index.*

XACT Nordic High Dividend Low Volatility (UCITS ETF)

Sustainability aspects that are taken into consideration in the management of the fund

The fund is an index fund and tracks an index that takes sustainability aspects into consideration. These criteria include sustainability aspects such as the environment, social and corporate governance. The index and the fund exclude companies in accordance with the criteria specified below. The Management Company also carries out engagement activities on behalf of the fund that includes dialogues with companies.

Methods used in sustainability efforts

Exclusion

The fund and its index exclude investments in companies involved in the manufacture or distribution of banned weapons, such as cluster bombs, anti-personnel mines, biological and chemical weapons, in accordance with international legislation. Companies involved in the production or distribution of nuclear weapons are also excluded.

The fund and its index also exclude companies in which the principle business operations are within controversial sectors such as alcohol, tobacco, commercial gaming, war materials, pornography, fossil fuels, as well as companies with an unacceptable risk for violation of international norms and conventions for the environment, human rights, labour rights or anti-corruption.

This is followed-up by the Management Company's independent risk control function on a daily basis.

At the close of 2018 approximately 5 companies were excluded from the fund's index and consequently the fund based on the aforementioned criteria.

To attain exposure to underlying markets as well as to manage distributions, corporate events as well as withdrawals and deposits in the funds, fund management may use ETFs and futures that are not analysed from a sustainability perspective to a maximum of 3 percent of the fund's value. This option has not been used during the year.

Management Company's engagement activities

A critical component in taking responsibility as an investor is to influence the companies in which we invest. Our engagement activities are founded on the value base of Handelsbanken and the Management Company, our commitments, as well as the international norms and conventions we safeguard. We conduct dialogues to encourage companies to improve their sustainability efforts, as well as with companies we deem do not fulfil the international norms and conventions we safeguard. We conduct the engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through an external party, ISS ESG, the Management Company participates in dialogues with companies, i.e., Pooled Engagement. The basis for these dialogues is a norm-based analysis and focuses primarily on companies with suspected or confirmed violations with regard to international norms and conventions within the environment, human rights, labour rights, and anti-corruption. The dialogue process consists of contact between ISS ESG and the company concerned, and in certain cases also includes meetings or telephone conferences in which we as an investor may participate.

During 2018 the Management Company participated in 143 company dialogues, of which 4 were relevant for this fund.

Company dialogues during 2018 dealt primarily with corruption and labour rights issues.

One of the companies that was subject to a dialogue within the scope of Pooled Engagement during 2018 was Nordea Bank, which was accused of involvement in money laundering in Denmark. Nordea has stated that they regret not taking action earlier and they are making a significant investment in developing a system to combat money laundering.

During the year we concluded the ongoing dialogues with Electrolux AB, Telia Co. AB and Millicom International Cellular SA. All of the dialogues were closed with positive results.

B. Dialogues through international collaborations and sector initiatives such as the UN, PRI and CDP. During 2018 the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability matters. These initiatives are often thematic or focus on sustainability issues within a certain sector. Examples of initiatives we have participated in during the year include: Climate Action 100+, PRI Methane Engagement, PRI Sustainable Palm Oil, PRI-Ceres Sustainable Soy, PRI Cyber Security, FAIRR Antibiotics Engagement, FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we support the dialogues with our capital but are normally not the investors leading the dialogues with the company concerned.

During 2018 we participated in approximately 336 dialogues through these international collaborations and initiatives.



XACT Obligation (UCITS ETF)

Management Report

Investment Focus

The fund is an exchange-traded fund and its objective is to follow the performance of the SHB Sweden All Bond Tradable Index by offering an opportunity to maintain a portfolio in a simple, cost-effective manner that replicates the performance of a basket of bonds which represent the Swedish market for covered mortgage bonds as well as bonds issued by states and municipalities with benchmark status. The fund may invest in OTC derivatives (such as swaps and futures) to obtain as good of a consistency with this index as possible. The index will be emulated by synthetic replication. The method selected for replication means that the fund is included in a total return swap that delivers the performance of the index. Refer to the information brochure for additional information regarding what this entails for the management of the fund and its holdings. The method results in a counterparty risk.

Portfolio

The fund rose 0.9% during the full year 2018*. Fund returns are provided by the Handelsbanken Sweden All Bond Tradable Index. Handelsbanken Sweden All Bond Tradable Index is a market-weighted index that aims to mirror the Swedish market for covered mortgage bonds as well as bonds issued by states and municipalities with benchmark status. The index is rebalanced on a monthly basis and coupons are continuously reinvested in the index. The fund has entered into a total return swap with Svenska Handelsbanken AB (publ). Transactions occur with Svenska Handelsbanken AB (publ). Fund holdings consist of a selection of bonds included in the index as well as in the total return swap in which the returns of the holdings are exchanged against index returns. In the event the counterparty is unable to deliver the agreed return, the fund may use the basket of bonds to create a corresponding return in another manner, in addition to enter into a corresponding agreement with another counterparty.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

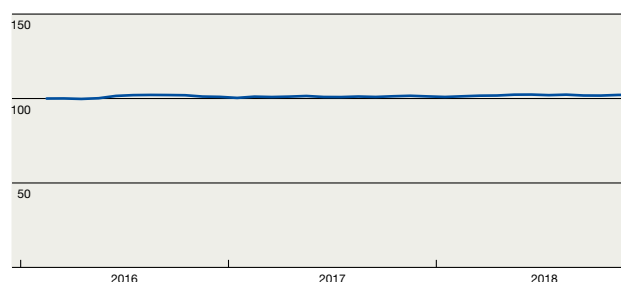
According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option to a limited extent during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund used this option extensively during 2018.

Information

Information on compensation to employees is available on the Management Company's webpage as well as in the Management Company's annual report.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	2017	9/2-31/12 2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	102.32	101.40	101.13	-	-	-	-	-	-	-
The fund's total net flow, mSEK	102	0	405	-	-	-	-	-	-	-
Fund capital, mSEK	517	411	410	-	-	-	-	-	-	-
Number of units, 1000's	5,050	4,050	4,050	-	-	-	-	-	-	-
Total returns in %, SEK	+0.9	+0.3	+1.1	-	-	-	-	-	-	-
Index including dividends in %, SEK	+1.0	+0.4	+1.2	-	-	-	-	-	-	-
Average yearly return, 2 yrs. %	+0.6	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+0.7	-	-	-	-	-	-	-	-	-

Benchmark: Handelsbanken Sweden All Bond Tradable Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.10
Collected mgmt. costs in % of average fund capital	0.10
Annual fees in %	0.10
Costs in SEK for a one-time subscription, 10 000 SEK	10.05
Costs in SEK for monthly savings, 100 SEK	0.65

Fund Facts - Other Key Figures

Turnover rate	2.1
Share of turnover conducted via closely-related securities companies in %	100.0

Risk and Return Measurements*

Total risk %	1.3	Information ratio	Negative
Total risk in index %	1.3	Sharpe ratio	1.1
Tracking error %	0.0	Sharpe ratio in index	1.1
Benchmark	Handelsbanken Sweden All Bond Tradable Index	Duration, years ¹⁾	1.9
Active return %	-0.1		

¹⁾ As of the balance sheet date.

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT Obligation (UCITS ETF), cont.

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-9,685	-6,647
Changes in value for OTC derivative instruments **	3,956	-860
Interest income	10,021	9,010
Other income	1	0
Total income and changes in value	4,293	1,503
EXPENSES		
Management costs:		
- Remuneration to the Management Company	454	410
Other expenses	1	-
Total expenses	455	410
Net income	3,838	1,093
* Details of changes in value		
Capital gains	546	977
Capital losses	-10,797	-10,531
Unrealised gains/losses	566	2,907
Sum	-9,685	-6,647
** Details of changes in value		
LABEL MISSING:Värdeförändring på OTC derivat_ Realisationsvinster	26,349	11,808
LABEL MISSING:Värdeförändring på OTC derivat_ Realisationsförluster	-20,761	-11,808
LABEL MISSING:Värdeförändring på OTC derivat_ Orealiserade vinster/förluster	-1,632	-860
LABEL MISSING:Värdeförändring på OTC derivat_Summa	3,956	-860

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	523,427	101.3	410,425	99.9
Total financial instruments with positive market value ^{Note 2)}	523,427	101.3	410,425	99.9
Bank assets and other liquid assets	2,789	0.5	7,935	1.9
Prepaid expenses and accrued income	3,924	0.8	4,100	1.0
Other assets	-	-	-1	0.1
Total assets	530,140	102.6	422,459	102.9
LIABILITIES				
OTC derivative instruments with negative market value	13,388	2.6	11,756	2.9
Total financial instruments with negative market value ^{Note 2)}	13,388	2.6	11,756	2.9
Accrued expenses and prepaid income	44	0.0	19	0.0
Other liabilities	-	-	1	0.0
Total liabilities	13,432	2.6	11,776	2.9
Fund capital ^{Note 1)}	516,708	100.0	410,684	100.0
Secured collateral for OTC derivative instruments	15,396	3.0	-	-

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	410,684	409,591
Units issued	102,186	-
Units redeemed	-	-
Profit according to Income Statement	3,838	1,093
Dividends to unit holders	-	-
Fund capital at the close of the period	516,708	410,684

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
LISTED FIXED-INCOME SECURITIES			
GOVERNMENT			
Kommuninvest 0,25% 2022-06-01	44,800	44,717	8.7
Kommuninvest 0,75% 2020-02-16	112,400	113,560	22.0
		158,277	30.6
MORTGAGE			
Nordea Hypotek 5532 1,25% 2021-05-19	99,800	102,418	19.8
SBAB 1,0% 2023-06-21	104,000	105,551	20.4
SCBC 141 2,00% 2020-06-17	1,000	1,030	0.2
Stadshypotek 1582 2,50% 2019-09-18	73,000	74,423	14.4
		283,422	54.9
OTHER			
SEB Bolån 572 3.00% 2019-06-19	80,500	81,728	15.8
		81,728	15.8
Total listed fixed-income securities		523,427	101.3
Total transferable securities		523,427	101.3

OTHER FINANCIAL INSTRUMENTS***

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
OTC DERIVATIVE INSTRUMENTS			
PORTFOLIO SWAPS			
Swap XACT Obligation	1	-13,432	-2.6
Total OTC derivative instruments		-13,388	-2.6
Total other financial instruments		-13,388	-2.6
Total holdings in financial instruments		509,994	98.7
Net, other assets and liabilities		6,669	1.3
Total fund capital		516,708	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

Compilation, Company and Group exposure*

Company/Group	% of fund capital	Company/Group	% of fund capital
Kommuninvest	30.7	SCBC	20.6
		Handelsbanken	11.8

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

Supplemental information on portfolio swaps

The largest counterparties of portfolio swaps, SEK thousand:

Svenska Handelsbanken AB (Publ), Sweden	-13 388
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The profile of the duration for the portfolio swaps is three months to one year. Settlement and clearing for portfolio swaps is conducted bilaterally.

Information about returns and expenses, SEK thousand:

Portfolio swaps for the full year generated a total revenue of 3 956 tSEK. 100% of the revenue has been passed on to the fund.	
Costs for the portfolio swaps	0

Svenska Handelsbanken AB (publ) (the Index Owner*) is not liable for loss or damage resulting from Swedish or foreign legislative enactment, actions of Swedish or foreign authorities, war, power failure, telecommunication failure, fire, water damage, strike, blockade, lockout, boycott, or other similar circumstances outside the control of the Index Owner. The reservation with respect to strikes, blockade, lockout and boycott also applies if the Index Owner adopts or is the object of such conflict measures. The Index Owner is not responsible in any circumstance for loss of data, non-payment of profits or other indirect damage. The Index Owner provides no express or implied warranties regarding the results which may be obtained as a consequence of the use of the Index or regarding the value of the Index at any given time. The Index Owner shall in no case be liable for errors or defects in the Index nor obligated to provide notice of, or publish, errors in the Index.*

XACT Obligation (UCITS ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund given that the fund's investment focus only invests in Swedish government bonds and covered mortgage bonds. Although sustainability dimensions are not taken into consideration in the management of the fund, this is not comparable to the fund not being sustainable. During 2018 the fund did not invest in bonds issued by companies involved in the production or distribution of banned weapons, such as cluster weapons, anti-personnel mines, biological and chemical weapons, in accordance with international legislation. Nor has the fund invested in bonds issued by companies involved in the production or distribution of nuclear weapons or in companies in which the principle business operations are within controversial sectors such as alcohol, tobacco, commercial gaming, war materials, pornography, fossil fuels, as well as companies deemed to be in violation of international norms and conventions for the environment, human rights, labour rights or anti-corruption.



XACT OBX (UCITS ETF)

Management Report

Investment Focus

The fund is an exchange-traded index fund and its objective is to follow the performance of the OBX Index as closely as possible. The index consists of the 25 largest and most-traded equities on the Oslo Børs over a six-month period and is compiled by Oslo Børs every six months. The fund follows the index by physically investing in equities included in the aforementioned index. The fund may use derivatives such as futures as a complement to protect the fund's value or to enable cost savings.

Portfolio

The fund fell 0.7% helåret 2018*. The portfolio contains all of the equities included in the OBX Total Return Index. The index consists of the 25 most-traded equities in the Oslo Børs. The index is reweighted twice each year in June and in December. NEL and BW Offshore Limited were added to the index at the time of the reweighting in December, while Norwegian Finans Holding and Rec Silicon exited. The largest holdings in the fund at year-end were Equinor, DNB and Telenor.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this

option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

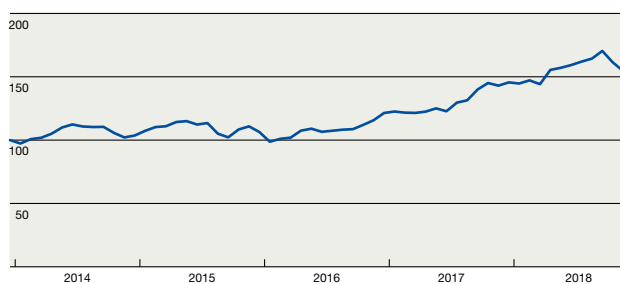
Information

The fund's historical performance prior to the launch date is attributed to the merger between Handelsbanken Kapitalförvaltning AS XACT OBX (Norway) and XACT OBX (Sweden) that occurred on September 15, 2017.

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	15/9-31/12 2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, NOK	71.03	71.56	-	-	-	-	-	-	-	-
The fund's total net flow, mNOK	-149	-18	-	-	-	-	-	-	-	-
Fund capital, NOKm	1,651	1,807	-	-	-	-	-	-	-	-
Number of units, 1000's	23,250	25,250	-	-	-	-	-	-	-	-
Total returns in %, NOK	-0.7	+19.9	+14.2	+2.7	+3.6	+22.4	+14.1	-11.0	+17.3	+69.7
Index including dividends in %, NOK	-0.5	+20.2	+14.6	+2.9	+4.0	+22.7	+14.7	-10.7	+18.0	+70.4
Average yearly return, 2 yrs. % in NOK	+9.1	+17.0	+8.3	+3.1	+12.6	+18.2	+0.8	+2.2	+41.1	-10.6
Comparison to index including dividends, % in NOK	+9.4	+17.4	+8.6	+3.5	+13.0	+18.7	+1.2	+2.7	+41.8	-10.3
Average yearly return, 5 yrs. % in NOK	+7.6	+12.2	+11.2	+5.7	+8.6	+19.9	-1.0	-1.1	+7.2	-
Comparison to index including dividends, % in NOK	+8.0	+12.6	+11.6	+6.1	+9.1	+20.4	-0.6	-0.8	+7.6	-
Average yearly return, 10 yrs. % in NOK	+13.6	+5.4	+4.8	+6.5	-	-	-	-	-	-
Comparison to index including dividends, % in NOK	+14.0	+5.8	+5.2	+6.8	-	-	-	-	-	-
Exchange rate NOK/SEK	1.02	1.00	-	-	-	-	-	-	-	-

Benchmark: OBX

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.30
Collected mgmt. costs in % of average fund capital	0.30
Annual fees in %	0.30
Transaction costs, tNOK	54
Transaction costs in % of turnover	0.01
Costs in NOK for a one-time subscription, 10 000 NOK	3.20
Costs in NOK for monthly savings, 100 NOK	0.20

Risk and Return Measurements*

Total risk %	11.8	Information ratio	Negative
Total risk in index %	11.8	Sharpe ratio	0.7
Tracking error %	0.0	Sharpe ratio in index	0.8
Benchmark	OBX		
Active return %	-0.3		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Fund Facts - Other Key Figures

Turnover rate	0.1
Share of turnover conducted via closely-related securities companies in %	11.1

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT OBX (UCITS ETF), cont.

Income Statement, tNOK

	2018	15/9-31/12 2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-77,922	113,300
Changes in value for other derivative instruments **	583	-81
Interest income	4	1
Dividends	76,451	19,100
Other income	0	0
Total income and changes in value	-885	132,320
EXPENSES		
Management costs:		
- Remuneration to the Management Company	5,642	1,570
Interest expense	0	1
Other expenses	56	34
Total expenses	5,698	1,605
Net income	-6,583	130,715
* Details of changes in value		
Capital gains	50,645	15,486
Capital losses	-16,317	-5,129
Unrealised gains/losses	-112,251	102,943
Sum	-77,922	113,300
** Details of changes in value		
Capital gains	3,498	707
Capital losses	-2,916	-788
Unrealised gains/losses	-	0
Sum	583	-81

Balance Sheet, tNOK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	1,651,054	100.0	1,806,720	100.0
Total financial instruments with positive market value ^{Note 2)}	1,651,054	100.0	1,806,720	100.0
Bank assets and other liquid assets	810	0.1	418	0.0
Total assets	1,651,864	100.0	1,807,138	100.0
LIABILITIES				
Accrued expenses and prepaid income	446	0.0	252	0.0
Other liabilities	-	-	1	0.0
Total liabilities	446	0.0	253	0.0
Fund capital ^{Note 1)}	1,651,418	100.0	1,806,885	100.0

Note 1) for Balance Sheet

Changes in fund capital, tNOK

	2018	2017
Fund capital at beginning of year	1,806,885	-
Units issued	1	1,694,167
Units redeemed	-148,885	-17,997
Profit according to Income Statement	-6,583	130,715
Dividends to unit holders	-	-
Fund capital at the close of the period	1,651,418	1,806,885

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tNOK	% of fund capital
LISTED EQUITIES			
CONSUMER DISCRETIONARY			
Bakkafrost (Household Durables)	77,655	32,864	2.0
Schibsted (Media)	135,780	39,376	2.4
		72,240	4.4
CONSUMER STAPLES			
Grieg Seafood (Food Products)	92,535	9,466	0.6
Leroy Seafood Group (Food Products)	499,875	32,962	2.0
Mowi ASA (Food Products)	755,160	137,968	8.4
SalMar (Food Products)	94,395	40,401	2.4
		220,797	13.4
ENERGY			
Aker (Energy Equipment and Services)	43,710	20,194	1.2
Aker Solutions (Energy Equipment and Services)	250,635	9,940	0.6
BW Offshore1 (Energy Equipment and Services)	155,310	4,916	0.3
Det Norske Oljeselskap (Energy Equipment and Services)	181,350	39,534	2.4
DNO International (Oil, Gas and Consumable Fuels)	1,056,945	13,265	0.8
Equinor ASA (Oil, Gas and Consumable Fuels)	1,956,720	359,547	21.8
Petroleum Geo-Services (Energy Equipment and Services)	568,695	6,716	0.4
TGS-NOPEC Geophysical (Energy Equipment and Services)	172,050	35,924	2.2
		490,036	29.7

	Number/Nominal amount in 1000's	Market value tNOK	% of fund capital
FINANCIALS			
DNB (Commercial Banks)	1,606,575	221,948	13.4
Gjensidige Forsikring (Insurance)	335,730	45,391	2.7
Storebrand (Insurance)	784,920	48,382	2.9
		315,722	19.1
INDUSTRIALS			
Golden Ocean Group Ord Shs (Marine)	128,805	6,743	0.4
NEL (Construction and Engineering)	1,682,835	7,765	0.5
Norwegian Air Shuttle (Airlines)	60,915	10,566	0.6
Orkla (Industrial Conglomerates)	1,342,920	91,372	5.5
		116,446	7.1
MATERIALS			
Norsk Hydro (Metals and Mining)	2,405,910	94,336	5.7
Yara International (Chemicals)	298,065	99,405	6.0
		193,740	11.7
TELECOMMUNICATION SERVICES			
Telenor (Diversified Telecommunication Services)	1,224,345	205,078	12.4
		205,078	12.4
OTHER			
Subsea 7 (Other)	438,960	36,996	2.2
		36,996	2.2
Total listed equities		1,651,054	100.0
Total transferable securities		1,651,054	100.0
Total holdings in financial instruments		1,651,054	100.0
Net, other assets and liabilities		364	0.0
Total fund capital		1,651,418	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public. 100.0

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46). -

*** Refers to other financial instruments. -

XACT OBX (UCITS ETF)

Sustainability aspects that are taken into consideration in the management of the fund

The fund takes into consideration sustainability aspects such as the environment, social and corporate governance. The Management Company also carries out engagement activities on behalf of the fund that includes dialogues with companies.

There are no companies included in the index followed by the fund that currently do not meet the Management Company's requirements in the sustainability area. In the future if a new or existing index company does not meet these requirements, the Management Company will change the index. As a result, during the transition period and until the change to the index has occurred, it is possible that companies in the index do not meet the Management Company's requirements in the sustainability area (refer to the Management Company's corporate governance policy and the policy for responsible investments, as well as the general information section of the information brochure, which are available at www.handelsbanken.se/funds).

Methods used in sustainability efforts

Exclusion

In accordance with the Management Company's overall policy for responsible investment, the fund excludes investments in:

- Companies involved in the manufacture or distribution of banned weapons, such as cluster bombs, anti-personnel mines, biological and chemical weapons, in accordance with international legislation.
- Companies involved in the production or distribution of nuclear weapons.
- Companies with turnover exceeding 5% that is attributed to coal mining or with turnover exceeding 30% that is attributed to coal power generation.

Provided that the fund observes a willingness to change and it is deemed that the company will address the problems within an acceptable amount of time, the fund may invest in companies involved in violations of international norms and conventions. The fund has not utilised this option during the year. Thus, the fund has not owned any companies during the year involved in violations of international norms and conventions.

This is followed-up by the Management Company's independent risk control function on a daily basis.

Management Company's engagement activities

A critical component in taking responsibility as an investor is to influence the companies in which we invest. Our engagement activities are founded on the value base of Handelsbanken and the Management Company, our commitments, as well as the international norms and conventions we safeguard. We conduct dialogues to encourage companies to improve their sustainability efforts, as well as with

companies we deem do not fulfil the international norms and conventions we safeguard. We conduct the engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through an external party, ISS ESG, the Management Company participates in dialogues with companies, i.e., Pooled Engagement. The basis for these dialogues is a norm-based analysis and focuses primarily on companies with suspected or confirmed violations with regard to international norms and conventions within the environment, human rights, labour rights, and anti-corruption. The dialogue process consists of contact between ISS ESG and the company concerned, and in certain cases also includes meetings or telephone conferences in which we as an investor may participate.

During 2018 the Management Company participated in 143 company dialogues, of which 1 was relevant for this fund.

One of the companies that was subject to a dialogue within the scope of Pooled Engagement during 2018 was Norsk Hydro. Norsk Hydro owns over 90% in Alumina do Norte do Brasil S.A., which is alleged to have caused an environmental disaster after emissions of alleged contaminated water from its aluminium refinery in conjunction with severe weather in February 2018. Norsk Hydro has been open to dialogues and has reported in detail on the measures taken to prevent future emissions as well as measures to assist with the problem for those affected.

B. Dialogues through international collaborations and sector initiatives such as the UN, PRI and CDP. During 2018 the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability matters. These initiatives are often thematic or focus on sustainability issues within a certain sector. Examples of initiatives we have participated in during the year include: Climate Action 100+, PRI Methane Engagement, PRI Sustainable Palm Oil, PRI-Ceres Sustainable Soy, PRI Cyber Security, FAIRR Antibiotics Engagement, FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we support the dialogues with our capital but are normally not the investors leading the dialogues with the company concerned.

During 2018 we participated in approximately 336 dialogues through these international collaborations and initiatives.



XACT OBX BEAR (UCITS ETF)

Management Report

Investment Focus

The fund is an exchange-traded fund with leveraging. The objective of the fund is to give a daily exposure that is equivalent to, but does not exceed, 200% of the opposite daily change in the OBX Index. This means that if the index decreases by 1% on a trading day, the value of the fund will rise by approximately 2%. The index consists of the 25 most-traded equities on the Oslo Børs over a six-month period and is compiled by Oslo Børs every six months. The fund's capital consists of liquid assets and futures contracts (OBX futures) equivalent to, but not exceeding, 200 percent of the fund's value. A daily rebalancing of the fund's futures holdings occurs to ensure that the fund maintains an exposure to the OBX Index equivalent to 200% of the fund capital.

Portfolio

The fund fell 4.6% during the full year 2018*. The portfolio consists of two types of assets: sold futures and liquid assets invested in an interest-bearing account. The portfolio is rebalanced on a daily basis to maintain a consistent leverage and risk profile.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

- Highest leverage during the financial year -198.8%
- Lowest leverage during the financial year -191.0%
- Average leverage during the financial year -195.2%

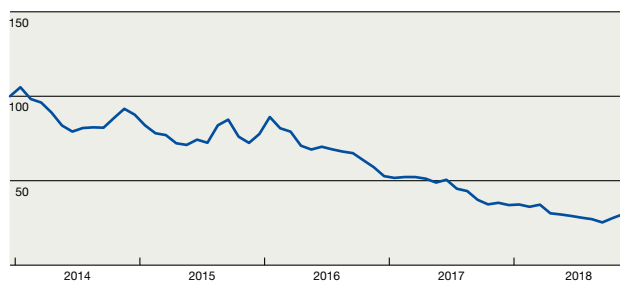
Information

The fund's historical performance prior to the launch date is attributed to the merger between Handelsbanken Kapitalforvaltning AS XACT Derivat Bear (Norway) and XACT OBX BEAR (Sweden) that occurred on September 15, 2017.

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	15/9-31/12 2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, NOK	36.18	37.93	-	-	-	-	-	-	-	-
The fund's total net flow, mNOK	-184	87	-	-	-	-	-	-	-	-
Fund capital, NOKm	367	580	-	-	-	-	-	-	-	-
Number of units, 1000's	10,150	15,300	-	-	-	-	-	-	-	-
Total returns in %, NOK	-4.6	-32.5	-32.2	-12.8	-10.9	-33.3	-27.9	+7.3	-35.2	-74.6
Index including dividends in %, NOK	-0.5	+20.2	+14.6	+2.9	+4.0	+22.7	+14.7	-10.7	+18.0	+70.4
Average yearly return, 2 yrs. % in NOK	-19.8	-32.3	+8.3	+3.1	+12.6	+18.2	+0.8	+2.2	+41.1	-10.6
Comparison to index including dividends, % in NOK	+9.4	+17.4	+8.6	+3.5	+13.0	+18.7	+1.2	+2.7	+41.8	-10.3
Average yearly return, 5 yrs. % in NOK	-19.4	-25.0	-24.0	-16.7	-21.5	-38.9	-	-	-	-
Comparison to index including dividends, % in NOK	+8.0	+12.6	+11.6	+6.1	+9.1	+20.4	-	-	-	-
Average yearly return, 10 yrs. % in NOK	-29.9	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, % in NOK	+14.0	-	-	-	-	-	-	-	-	-
Exchange rate NOK/SEK	1.02	1.00	-	-	-	-	-	-	-	-

Benchmark: OBX

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.80
Collected mgmt. costs in % of average fund capital	0.80
Annual fees in %	0.80
Transaction costs, tNOK	1,772
Transaction costs in % of turnover	0.01
Costs in NOK for a one-time subscription, 10 000 NOK	6.92
Costs in NOK for monthly savings, 100 NOK	0.48

Fund Facts - Other Key Figures

Turnover rate	0.0
Turnover rate	-1.2
Share of turnover conducted via closely-related securities companies in %	12.3

XACT OBX BEAR (UCITS ETF), cont.

Risk and Return Measurements*

Total risk %	22.5	Information ratio	Negative
Total risk in index %	11.8	Sharpe ratio	-0.9
Tracking error %	34.3	Sharpe ratio in index	0.8
Benchmark	OBX		
Active return %	-29.2		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions.
Total exposure in the fund is calculated in accordance with the commitment method.

Income Statement, tNOK

	2018	15/9-31/12 2017
INCOME AND CHANGES IN VALUE		
Changes in value for other derivative instruments	-25,002	-89,240
Interest income	2,129	533
Other income	0	2
Total income and changes in value	-22,873	-88,705
EXPENSES		
Management costs:		
- Remuneration to the Management Company	4,315	1,570
Interest expense	6	1
Other expenses	1,853	655
Total expenses	6,174	2,226
Net income	-29,047	-90,931
* Details of changes in value		
Capital gains	968,620	209,948
Capital losses	-993,622	-299,188
Unrealised gains/losses	0	0
Sum	-25,002	-89,240

Balance Sheet, tNOK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Bank assets and other liquid assets	381,641	103.9	573,901	98.9
Prepaid expenses and accrued income	14	0.0	-	-
Other assets	-	-	6,668	1.1
Total assets	381,655	103.9	580,569	100.0
LIABILITIES				
Accrued expenses and prepaid income	291	0.1	231	0.0
Other liabilities	14,088	3.8	-	-
Total liabilities	14,379	3.9	231	0.0
Fund capital ^{Note 1)}	367,276	100.0	580,338	100.0
Other derivative instruments with negative market value	71,200	19.4	109,950	18.9

Note 1) for Balance Sheet

Changes in fund capital, tNOK

	2018	2017
Fund capital at beginning of year	580,338	-
Units issued	239,692	806,632
Units redeemed	-423,707	-135,363
Profit according to Income Statement	-29,047	-90,931
Dividends to unit holders	-	-
Fund capital at the close of the period	367,276	580,338

Note 2) for Balance Sheet

Fund holdings in financial instruments

EXCHANGE-TRADED DERIVATIVES**

	Number/Nominal amount in 1000's	Market value tNOK	% of fund capital
STOCK INDEX FUTURES			
OBXF	-9,744	0	0.0
Total stock index futures		0	0.0
Total exchange-traded derivatives		0	0.0
Total holdings in financial instruments		0	0.0
Net, other assets and liabilities		367,276	100.0
Total fund capital		367,276	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

XACT OBX BEAR (UCITS ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund since the fund only invests in standardised derivative instruments (index futures), as well as treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this is not comparable to the fund not being sustainable.



XACT OBX BULL (UCITS ETF)

Management Report

Investment Focus

The fund is an exchange-traded fund with leveraging. The objective of the fund is to give a daily exposure that is equivalent to, but does not exceed, 200% of the daily change in the OBX Index. This means that if the index rises by 1% on a trading day, the value of the fund will rise by approximately 2%. The index consists of the 25 most-traded equities on the Oslo Børs over a six-month period and is compiled by Oslo Børs every six months. The fund's capital consists of liquid assets and futures contracts (OBX futures) equivalent to, but not exceeding, 200 percent of the fund's value. A daily rebalancing of the fund's futures holdings occurs to ensure that the fund maintains an exposure to the OBX Index equivalent to 200% of the fund capital.

Portfolio

The fund fell 5.1% during the full year 2018*. The portfolio consists of two types of assets: purchased futures and liquid assets invested in an interest-bearing account. The portfolio is rebalanced on a daily basis to maintain a consistent leverage and risk profile.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

• Highest leverage during the financial year	196.3%
• Lowest leverage during the financial year	193.9%
• Average leverage during the financial year	194.9%

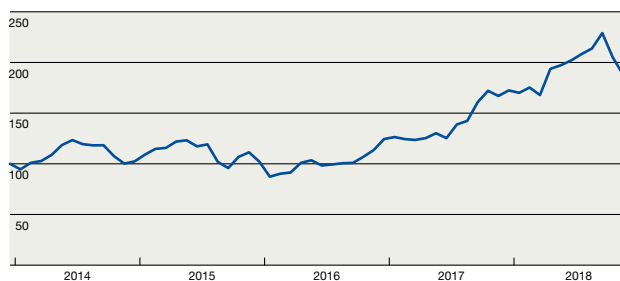
Information

The fund's historical performance prior to the launch date is attributed to the merger between Handelsbanken Kapitalförvaltning AS XACT Derivat Bull (Norway) and XACT OBX BULL (Sweden) that occurred on September 15, 2017.

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	15/9-31/12 2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, NOK	157.27	165.72	-	-	-	-	-	-	-	-
The fund's total net flow, mNOK	36	-25	-	-	-	-	-	-	-	-
Fund capital, NOKm	322	290	-	-	-	-	-	-	-	-
Number of units, 1000's	2,050	1,750	-	-	-	-	-	-	-	-
Total returns in %, NOK	-5.1	+38.5	+22.0	-0.4	+2.4	+42.9	+22.1	-28.9	+24.9	+136.0
Index including dividends in %, NOK	-0.5	+20.2	+14.6	+2.9	+4.0	+22.7	+14.7	-10.7	+18.0	+70.4
Average yearly return, 2 yrs. % in NOK	+14.7	+30.0	+10.2	+1.0	+21.0	+32.1	-6.9	-5.8	+71.7	-
Comparison to index including dividends, % in NOK	+9.4	+17.4	+8.6	+3.5	+13.0	+18.7	+1.2	+2.7	+41.8	-
Average yearly return, 5 yrs. % in NOK	+10.4	+19.8	+16.8	+4.8	+9.7	+29.6	-	-	-	-
Comparison to index including dividends, % in NOK	+8.0	+12.6	+11.6	+6.1	+9.1	+20.4	-	-	-	-
Average yearly return, 10 yrs. % in NOK	+19.6	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, % in NOK	+14.0	-	-	-	-	-	-	-	-	-
Exchange rate NOK/SEK	1.02	1.00	-	-	-	-	-	-	-	-

Benchmark: OBX

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.80
Collected mgmt. costs in % of average fund capital	0.80
Annual fees in %	0.80
Transaction costs, tNOK	755
Transaction costs in % of turnover	0.01
Costs in NOK for a one-time subscription, 10 000 NOK	8.95
Costs in NOK for monthly savings, 100 NOK	0.55

Fund Facts - Other Key Figures

Turnover rate	0.0
Turnover rate	-2.3
Share of turnover conducted via closely-related securities companies in %	4.4

Risk and Return Measurements*

Total risk %	23.1	Information ratio	0.5
Total risk in index %	11.8	Sharpe ratio	0.6
Tracking error %	11.4	Sharpe ratio in index	0.8
Benchmark	OBX		
Active return %	5.3		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions.
Total exposure in the fund is calculated in accordance with the commitment method.

Income Statement, tNOK

	2018	15/9-31/12 2017
INCOME AND CHANGES IN VALUE		
Changes in value for other derivative instruments	-1,354	40,267
Interest income	1,182	222
Other income	0	1
Total income and changes in value	-172	40,490
EXPENSES		
Management costs:		
- Remuneration to the Management Company	2,277	674
Interest expense	5	2
Other expenses	836	235
Total expenses	3,118	911
Net income	-3,290	39,579
* Details of changes in value		
Capital gains	524,503	128,004
Capital losses	-525,857	-87,737
Unrealised gains/losses	0	0
Sum	-1,354	40,267

Balance Sheet, tNOK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Bank assets and other liquid assets	311,750	96.7	293,535	101.2
Prepaid expenses and accrued income	9	0.0	-	-
Other assets	10,856	3.4	-	-
Total assets	322,615	100.1	293,535	101.2
LIABILITIES				
Accrued expenses and prepaid income	210	0.1	3,517	1.2
Total liabilities	210	0.1	3,517	1.2
Fund capital ^{Note 1)}	322,405	100.0	290,018	100.0
Other derivative instruments with negative market value	54,900	17.0	47,700	16.4

Note 1) for Balance Sheet

Changes in fund capital, tNOK

	2018	2017
Fund capital at beginning of year	290,018	-
Units issued	348,322	332,225
Units redeemed	-312,645	-81,786
Profit according to Income Statement	-3,290	39,579
Dividends to unit holders	-	-
Fund capital at the close of the period	322,405	290,018

Note 2) for Balance Sheet

Fund holdings in financial instruments

EXCHANGE-TRADED DERIVATIVES**

	Number/Nominal amount in 1000's	Market value tNOK	% of fund capital
STOCK INDEX FUTURES			
OBXF	8,487	0	0.0
Total stock index futures		0	0.0
Total exchange-traded derivatives		0	0.0
Total holdings in financial instruments		0	0.0
Net, other assets and liabilities		322,405	100.0
Total fund capital		322,405	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

XACT OBX BULL (UCITS ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund since the fund only invests in standardised derivative instruments (index futures), as well as treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this is not comparable to the fund not being sustainable.



XACT OMXS30 (UCITS ETF)

Exchange-traded index fund listed on the Stockholm Stock Exchange

Management Report

Investment Focus

The fund is an exchange-traded index fund and its objective is to track the performance of the OMXS30™ Index as closely as possible. The index consists of the 30 most-traded equities on the OMX Nordic Exchange Stockholm. The fund invests in equities that are included in this index.

Portfolio

The fund fell 7.2% during 2018*. The portfolio consists of all of the equities included in the index. Hennes & Mauritz, Swedbank and Ericsson were the three largest holdings in the fund at year-end. NASDAQ OMXS30™ is reweighted twice each year: at the end of June and the end of December. There were no changes made to the holdings at the end of December.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option to a limited extent during

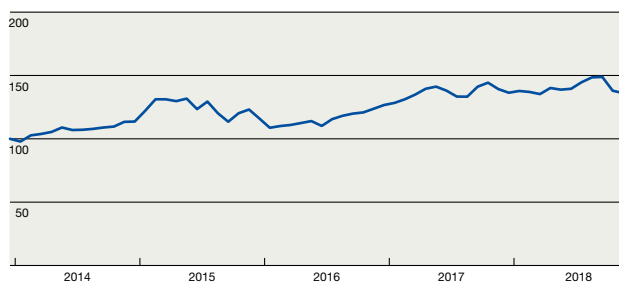
2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

Information

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



* Performance is shown in the fund's base currency.

Fund Facts - History

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	170.20	183.32	170.31	155.94	152.73	134.42	107.48	94.27	112.63	93.76
The fund's total net flow, mSEK	-1,243	318	-162	-187	-3,179	566	358	-	-	-
Fund capital, mSEK	9,378	11,494	10,380	9,754	9,821	11,668	8,873	7,443	7,372	5,251
Number of units, 1000's	55,100	62,700	60,950	62,550	64,300	86,800	82,550	78,950	65,450	56,000
Total returns in %, SEK	-7.2	+7.6	+9.2	+2.1	+13.6	+25.1	+16.0	-11.9	+24.5	+49.1
Index including dividends in %, SEK	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9	+49.1
Average yearly return, 2 yrs. %	0.0	+8.4	+5.6	+7.7	+19.2	+20.4	+1.1	+4.7	+36.2	-2.7
Comparison to index including dividends, %	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	+36.5	-2.5
Average yearly return, 5 yrs. %	+4.8	+11.3	+12.9	+8.2	+12.6	+18.9	+3.8	+0.1	+6.9	+8.3
Comparison to index including dividends, %	+5.0	+11.5	+13.2	+8.5	+12.9	+19.2	+4.1	+0.4	+7.2	+8.6
Average yearly return, 10 yrs. %	+11.6	+7.5	+6.3	+7.5	+10.4	+10.9	+11.6	+4.5	+3.6	-
Comparison to index including dividends, %	+11.9	+7.7	+6.6	+7.8	+10.8	+11.3	+12.0	+4.7	+3.7	-
Dividends per unit, SEK	-	-	-	-	-	-	1.64	5.60	3.44	3.90

Benchmark: NASDAQ OMXS30™ Gross Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back.

Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.10
Collected mgmt. costs in % of average fund capital	0.10
Annual fees in %	0.10
Transaction costs, tSEK	667
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	10.19
Costs in SEK for monthly savings, 100 SEK	0.65

Fund Facts - Other Key Figures

Turnover rate	0.5
Share of turnover conducted via closely-related securities companies in %	27.5

Risk and Return Measurements*

Total risk %	11.4	Information ratio	Negative
Total risk in index %	11.3	Sharpe ratio	0.1
Tracking error %	0.1	Sharpe ratio in index	0.1
Benchmark	NASDAQ OMXS30™ Gross Index		
Active return %	-0.1		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT OMXS30 (UCITS ETF), cont.

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-1,312,488	411,154
Changes in value for other derivative instruments **	-612	1,232
Interest income	-102	-26
Dividends	452,509	395,201
Currency exchange profits and losses, net	0	12
Other income	0	1,250
Total income and changes in value	-860,693	808,823
EXPENSES		
Management costs:		
- Remuneration to the Management Company	11,127	11,489
Interest expense	-	3
Other expenses	674	1,484
Total expenses	11,801	12,976
Net income	-872,494	795,847
* Details of changes in value		
Capital gains	951,707	745,853
Capital losses	-521,260	-155,843
Unrealised gains/losses	-1,742,935	-178,856
Sum	-1,312,488	411,154
** Details of changes in value		
Capital gains	21,435	7,436
Capital losses	-22,047	-6,204
Sum	-612	1,232

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	9,379,342	100.0	11,464,680	99.8
Total financial instruments with positive market value ^{Note 2)}	9,379,342	100.0	11,464,680	99.8
Bank assets and other liquid assets	965	0.0	1,233	0.0
Other assets	337,639	3.6	193,195	1.6
Total assets	9,717,946	103.6	11,659,108	101.4
LIABILITIES				
Accrued expenses and prepaid income	848	0.0	553	0.0
Other liabilities	339,191	3.6	164,667	1.4
Total liabilities	340,039	3.6	165,220	1.4
Fund capital ^{Note 1)}	9,377,907	100.0	11,493,888	100.0
Other derivative instruments with negative market value	1,670	0.0	12,528	0.1

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	11,493,888	10,380,278
Units issued	4,202,977	3,796,313
Units redeemed	-5,446,464	-3,478,550
Profit according to Income Statement	-872,494	795,847
Dividends to unit holders	-	-
Fund capital at the close of the period	9,377,907	11,493,888

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
LISTED EQUITIES			
CONSUMER DISCRETIONARY			
Autoliv (Auto Components)	169,708	106,882	1.1
Electrolux B (Household Durables)	822,092	153,813	1.6
Hennes & Mauritz B (Specialty Retail)	3,994,750	503,418	5.4
		764,114	8.1
CONSUMER STAPLES			
Essity B (Household Products)	1,745,568	379,836	4.1
Swedish Match (Tobacco)	481,574	168,117	1.8
		547,953	5.8
FINANCIALS			
Handelsbanken A (Commercial Banks)	5,221,276	513,251	5.5
Investor B (Diversified Financial Services)	1,245,260	467,720	5.0
Kinnevik B (Diversified Financial Services)	661,200	141,298	1.5
Nordea Bank Abp Stockholm (Commercial Banks)	6,213,076	463,371	4.9
SEB A (Commercial Banks)	5,935,372	511,036	5.4
Swedbank A (Commercial Banks)	3,095,518	612,139	6.5
		2,708,815	28.9

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
HEALTH CARE			
AstraZeneca SDB (Pharmaceuticals)	352,640	237,574	2.5
Getinge B (Health Care Equipment and Supplies)	695,362	55,559	0.6
		293,133	3.1
INDUSTRIALS			
ABB SDB (Electrical Equipment)	1,581,370	269,861	2.9
Alfa Laval (Machinery)	1,147,182	217,563	2.3
Assa Abloy B (Building Products)	2,885,036	456,268	4.9
Atlas Copco A (Machinery)	2,295,466	483,196	5.2
Atlas Copco B1 (Machinery)	1,066,736	206,221	2.2
Hexagon B (Machinery)	942,210	384,422	4.1
Sandvik (Machinery)	3,430,526	433,447	4.6
Securitas B (Commercial Services and Supplies)	951,026	135,283	1.4
Skanska B (Construction and Engineering)	1,094,286	154,294	1.6
SKF B (Machinery)	1,153,794	155,128	1.7
Volvo B (Machinery)	4,512,690	523,246	5.6
		3,418,930	36.5
INFORMATION TECHNOLOGY			
Ericsson B (Communications Equipment)	8,402,750	654,742	7.0
		654,742	7.0
MATERIALS			
Boliden (Metals and Mining)	748,258	143,651	1.5
SCA B (Paper and Forest Products)	1,744,466	119,880	1.3
SSAB A (Metals and Mining)	832,010	25,368	0.3
		288,898	3.1
TELECOMMUNICATION SERVICES			
Tele2 B (Diversified Telecommunication Services)	1,820,504	205,626	2.2
TeliaSonera (Diversified Telecommunication Services)	11,842,092	497,131	5.3
		702,757	7.5
Total listed equities		9,379,342	100.0
Total transferable securities		9,379,342	100.0
Total holdings in financial instruments		9,379,342	100.0
Net, other assets and liabilities		-1,435	0.0
Total fund capital		9,377,907	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public. 100.0

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46). -

*** Refers to other financial instruments. -

Compilation, Company and Group exposure*

Company/Group	% of fund capital
Atlas Copco	7.4

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

The fund is in no respect guaranteed, authorised, issued or supported by Nasdaq OMX Group, Inc. ("OMX"). OMX provides no guarantees, either expressed or implied, as to the results to be obtained from the use of the OMXS30™ Index and/or the value at which the said OMXS30™ Index stands at any particular time. OMX shall under no circumstances be liable for errors in the OMXS30™ Index nor shall it have an obligation to report or publish any errors in the OMXS30™ Index. OMX and OMXS30™ Index are trademarks belonging to OMX and are used under licence from OMX.

XACT OMXS30 (UCITS ETF)

Sustainability aspects that are taken into consideration in the management of the fund

The fund takes into consideration sustainability aspects such as the environment, social and corporate governance. The Management Company also carries out engagement activities on behalf of the fund that includes dialogues with companies.

There are no companies included in the index followed by the fund that currently do not meet the Management Company's requirements in the sustainability area. In the future if a new or existing index company does not meet these requirements, the Management Company will change the index. As a result, during the transition period and until the change to the index has occurred, it is possible that companies in the index do not meet the Management Company's requirements in the sustainability area (refer to the Management Company's corporate governance policy and the policy for responsible investments, as well as the general information section of the information brochure, which are available at www.handelsbanken.se/funds).

Methods used in sustainability efforts

Exclusion

In accordance with the Management Company's overall policy for responsible investment, the fund excludes investments in:

- Companies involved in the manufacture or distribution of banned weapons, such as cluster bombs, anti-personnel mines, biological and chemical weapons, in accordance with international legislation.
- Companies involved in the production or distribution of nuclear weapons.
- Companies with turnover exceeding 5% that is attributed to coal mining or with turnover exceeding 30% that is attributed to coal power generation.

Provided that the fund observes a willingness to change and it is deemed that the company will address the problems within an acceptable amount of time, the fund may invest in companies involved in violations of international norms and conventions. The fund has not utilised this option during the year. Thus, the fund has not owned any companies during the year involved in violations of international norms and conventions.

This is followed-up by the Management Company's independent risk control function on a daily basis.

Management Company's engagement activities

A critical component in taking responsibility as an investor is to influence the companies in which we invest. Our engagement activities are founded on the value base of Handelsbanken and the Management Company, our commitments, as well as the international norms and conventions we safeguard. We conduct dialogues to encourage companies to improve their

sustainability efforts, as well as with companies we deem do not fulfil the international norms and conventions we safeguard. We conduct the engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through an external party, ISS ESG, the Management Company participates in dialogues with companies, i.e., Pooled Engagement. The basis for these dialogues is a norm-based analysis and focuses primarily on companies with suspected or confirmed violations with regard to international norms and conventions within the environment, human rights, labour rights, and anti-corruption. The dialogue process consists of contact between ISS ESG and the company concerned, and in certain cases also includes meetings or telephone conferences in which we as an investor may participate.

During 2018 the Management Company participated in 143 company dialogues, of which 4 were relevant for this fund.

One of the companies that was subject to a dialogue within the scope of Pooled Engagement during 2018 was LM Ericsson Telefon AB (Ericsson). Ericsson has been investigated in the U.S. since 2013 with regard to the fund's compliance with the Foreign Corrupt Practices Act (FCPA) and is suspected for corruption in Asia and South Africa in conjunction with various business agreements (however it is important to emphasise that neither the authorities nor the company have confirmed which countries are related to the investigation). The company is open to dialogue and is reporting credible steps to address the controversy related to the corruption and bribery in its global business operations.

During the year we concluded the ongoing dialogues with Electrolux AB and Telia Co. AB. All of the dialogues were closed with positive results.

A. Dialogues through international collaborations and sector initiatives such as the UN, PRI and CDP. During 2018 the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability matters. These initiatives are often thematic or focus on sustainability issues within a certain sector. Examples of initiatives we have participated in during the year include: Climate Action 100+, PRI Methane Engagement, PRI Sustainable Palm Oil, PRI-Ceres Sustainable Soy, PRI Cyber Security, FAIRR Antibiotics Engagement., FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we support the dialogues with our capital but are normally not the investors leading the dialogues with the company concerned.

During 2018 we participated in approximately 336 dialogues through these international collaborations and initiatives.



XACT Råvaror (UCITS ETF)

Management Report

Investment Focus

The fund is an exchange-traded fund and its objective is to follow the performance of SHB Commodity Index Excess Return. The index consists of a basket of commodities that represent the global commodity market from a Nordic perspective. The fund may invest in OTC derivatives (such as swaps and futures) to obtain as good a consistency with this index as possible. The index will be emulated by synthetic replication. The method selected for replication means that the fund is included in a total return swap that delivers the performance of the index. Refer to the information brochure for additional information regarding what this entails for the management of the fund and its holdings. The method results in a counterparty risk.

Portfolio

The fund rose 1.1% during the full year 2018*. The commodities with the heaviest weighting in the fund at year-end were oil, petrol, electricity and gold. In the annual report new allocation weightings were established as of December 1 that impact the composition of the basket. The weighting for basic metals increased slightly at the expense of the weighting in agricultural products. The weighting of each commodity is available at Handelsbanken's Börsum.

The fund has entered into a total return swap with Svenska Handelsbanken AB (publ). Transactions occur with Svenska Handelsbanken AB (publ). Fund holdings consist of large, liquid Swedish and international equities as well as the total return swap in which the returns of the holdings are exchanged against index returns. In the event the counterparty is unable to deliver the agreed return, the fund may enter into a corresponding agreement with another counterparty by using the basket of holdings with a value equivalent to the total return swap.

* Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund

holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

Trading with derivatives

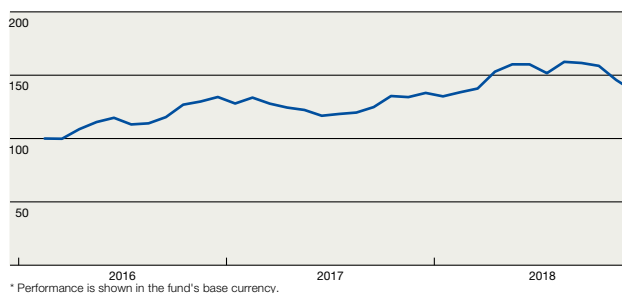
According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option to a limited extent during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund used this option extensively during 2018.

Information

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



Fund Facts - History

	2018	2017	9/2-31/12 2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	149.49	147.86	144.36	-	-	-	-	-	-	-
The fund's total net flow, mSEK	50	-1,150	921	-	-	-	-	-	-	-
Fund capital, mSEK	105	59	1,242	-	-	-	-	-	-	-
Number of units, 1000's	700	400	8,600	-	-	-	-	-	-	-
Total returns in %, SEK	+1.1	+2.4	+44.4	-	-	-	-	-	-	-
Index including dividends in %, SEK	+0.3	+2.6	+45.4	-	-	-	-	-	-	-
Average yearly return, 2 yrs. %	+1.8	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+1.4	-	-	-	-	-	-	-	-	-

Benchmark: Commodity Index Excess Return

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.70
Collected mgmt. costs in % of average fund capital	0.70
Annual fees in %	0.70
Transaction costs, tSEK	0
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	76.49
Costs in SEK for monthly savings, 100 SEK	4.78

Risk and Return Measurements*

Total risk %	14.2	Information ratio	2.0
Total risk in index %	14.3	Sharpe ratio	0.2
Tracking error %	0.2	Sharpe ratio in index	0.2
Benchmark	Commodity Index Excess Return		
Active return %	0.3		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Fund Facts - Other Key Figures

Turnover rate	1.1
Share of turnover conducted via closely-related securities companies in %	100.0

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT Råvaror (UCITS ETF), cont.

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-8,613	29,599
Changes in value for OTC derivative instruments **	2,366	-61,597
Changes in value for fund units ***	-	-70
Interest income	74	0
Dividends	2,089	1,106
Currency exchange profits and losses, net	-31	-110
Other income	0	0
Total income and changes in value	-4,115	-31,072
EXPENSES		
Management costs:		
- Remuneration to the Management Company	642	1,225
Interest expense	2	1
Other expenses	8	5
Total expenses	652	1,231
Net income	-4,767	-32,303
* Details of changes in value		
Capital gains	7,347	107,626
Capital losses	-2,804	-39,659
Unrealised gains/losses	-13,156	-38,368
Sum	-8,613	29,599
** Details of changes in value		
LABEL MISSING:Värdetförändring på OTC derivat_ Realisationsvinster	51,223	46,946
LABEL MISSING:Värdetförändring på OTC derivat_ Realisationsförluster	-44,186	-164,474
LABEL MISSING:Värdetförändring på OTC derivat_ Orealiserade vinster/förluster	-4,671	55,932
LABEL MISSING:Värdetförändring på OTC derivat_Summa	2,366	-61,596
*** Details of changes in value		
Capital gains	-	77
Capital losses	-	-147
Sum	-	-70

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	109,495	104.6	59,646	100.9
Total financial instruments with positive market value ^{Note 2)}	109,495	104.6	59,646	100.9
Bank assets and other liquid assets	310	0.3	27	0.0
Prepaid expenses and accrued income	85	0.1	-	-
Other assets	0	0.0	-	-
Total assets	109,890	105.0	59,673	100.9
LIABILITIES				
OTC derivative instruments with negative market value	5,181	5.0	510	0.9
Total financial instruments with negative market value ^{Note 2)}	5,181	5.0	510	0.9
Accrued expenses and prepaid income	65	0.0	19	0.0
Total liabilities	5,246	5.0	529	0.9
Fund capital ^{Note 1)}	104,644	100.0	59,144	100.0

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	59,144	1,241,508
Units issued	50,267	-1
Units redeemed	-	-1,150,060
Profit according to Income Statement	-4,767	-32,303
Dividends to unit holders	-	-
Fund capital at the close of the period	104,644	59,144

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
LISTED EQUITIES			
CONSUMER DISCRETIONARY			
Continental (Auto Components)	3,679	4,502	4.3
Electrolux B (Household Durables)	14,956	2,798	2.7
Husqvarna B (Household Durables)	61,229	4,023	3.8
Volkswagen pref (Automobiles)	3,439	4,842	4.6
		16,165	15.4

CONSUMER STAPLES

AarhusKarlskrona (Food Products)	14,832	1,820	1.7
		1,820	1.7

FINANCIALS

Castellum (Real Estate)	29,791	4,866	4.7
Industrivärden A (Diversified Financial Services)	23,000	4,214	4.0
ING Groep Ord Shs (Commercial Banks)	33,732	3,217	3.1
Investor A (Diversified Financial Services)	10,382	3,924	3.8
Kungsleden (Real Estate Management and Development)	64,600	4,063	3.9
Nordea Bank Abp Stockholm (Commercial Banks)	56,033	4,179	4.0
SEB A (Commercial Banks)	52,725	4,540	4.3
Swedbank A (Commercial Banks)	15,323	3,030	2.9
		39,431	37.7

INDUSTRIALS

Alfa Laval (Machinery)	16,638	3,155	3.0
Atlas Copco B1 (Machinery)	16,479	3,186	3.0
Loomis B (Commercial Services and Supplies)	6,797	1,944	1.9
Philips Electronics (Industrial Conglomerates)	11,384	3,569	3.4
Sandvik (Machinery)	33,942	4,289	4.1
Volvo A (Machinery)	35,566	4,133	3.9
Volvo B (Machinery)	30,972	3,591	3.4
		23,866	22.8

INFORMATION TECHNOLOGY

Ericsson B (Communications Equipment)	58,450	4,554	4.4
		4,554	4.4

MATERIALS

BASF (Chemicals)	5,946	3,640	3.5
Boliden (Metals and Mining)	17,527	3,365	3.2
Holmen B1 (Paper and Forest Products)	8,328	1,457	1.4
SSAB B (Metals and Mining)	143,267	3,570	3.4
		12,032	11.5

REAL ESTATE

Fabege (Real Estate Management & Development)	22,622	2,673	2.6
Wihlborgs (Real Estate Management & Development)	46,132	4,724	4.5
		39,431	37.7

TELECOMMUNICATION SERVICES

TeliaSonera (Diversified Telecommunication Services)	106,973	4,491	4.3
		4,491	4.3
Total listed equities		102,359	97.8

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
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LISTED FIXED-INCOME SECURITIES

MORTGAGE

Stadshypotek 1582 2.50% 2019-09-18	7,000	7,136	6.8
		7,136	6.8
Total listed fixed-income securities		7,136	6.8
Total transferable securities		109,495	104.6

OTHER FINANCIAL INSTRUMENTS***

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
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OTC DERIVATIVE INSTRUMENTS

PORTFOLIO SWAPS

Swap XACT Råvaror	1	-5,181	-5.0
Total OTC derivative instruments		-5,181	-5.0
Total other financial instruments		-5,181	-5.0
Total holdings in financial instruments		104,314	99.6
Net, other assets and liabilities		330	0.4
Total fund capital		104,644	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

XACT Råvaror (UCITS ETF), cont.

Compilation, Company and Group exposure*

Company/Group	% of fund capital	Company/Group	% of fund capital
Volvo	7.3	Handelsbanken	1.8

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

Supplemental information on portfolio swaps**The largest counterparties of portfolio swaps, SEK thousand:**

Svenska Handelsbanken AB (Publ), Sweden	-5 181
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The profile of the duration for the portfolio swaps is three months to one year.
Settlement and clearing for portfolio swaps is conducted bilaterally.

Information about returns and expenses, SEK thousand:

Portfolio swaps for the full year generated a total revenue of 2 070 SEK thousand. 100% of the revenue has been passed on to the fund.	
Costs for the portfolio swaps	296

Svenska Handelsbanken AB (publ) (the Index Owner) is not liable for loss or damage resulting from Swedish or foreign legislative enactment, actions of Swedish or foreign authorities, war, power failure, telecommunication failure, fire, water damage, strike, blockade, lockout, boycott, or other similar circumstances outside the control of the Index Owner. The reservation with respect to strikes, blockade, lockout and boycott also applies if the Index Owner adopts or is the object of such conflict measures. The Index Owner is not responsible in any circumstance for loss of data, non-payment of profits or other indirect damage. The Index Owner provides no express or implied warranties regarding the results which may be obtained as a consequence of the use of the Index or regarding the value of the Index at any given time. The Index Owner shall in no case be liable for errors or defects in the Index nor obligated to provide notice of, or publish, errors in the Index.**

XACT Råvaror (UCITS ETF)

Sustainability dimensions are not taken into consideration in the management of the fund

Sustainability dimensions are not taken into consideration in the management of the fund for that portion of the fund that generates returns. This due to the fund's exposure to commodities through investments in commodity index derivatives. To obtain this commodity exposure, the fund has concluded a total return swap that delivers the performance of the commodity index. The fund's physical holdings consist of large, liquid Swedish and international equities, as well as the total return swap, in which the returns from the equities are exchanged for the index returns. The Management Company's policy for responsible investment applies to the equities owned by the fund.



XACT Svenska Småbolag (UCITS ETF)

Management Report

Investment Focus

The fund is an exchange-traded fund with the objective of offering a liquid exposure to the Swedish small cap market. The fund invests in equities and equity-related instruments issued by smaller companies in Sweden whose market values at the time of the investment do not exceed 1% of the total market value of companies admitted to trading on the regulated market, NASDAQ OMX Stockholm. The fund may also invest in companies with higher market values. This opportunity is limited to a combined maximum of 10% of fund capital and is used primarily when a holding increases in value and in such a manner that it exceeds the 1% threshold value. The fund may invest in OTC derivatives (such as swaps and futures). The small cap exposure will be emulated by synthetic replication. The method selected for replication means that the fund is included in a total return swap that delivers the performance of the small cap basket. Refer to the information brochure for additional information about what this means for the management of the fund and its holdings. This method results in a counterparty risk.

Portfolio

The fund rose 0.1% during 2018*. Fund returns are provided by a basket that normally consists of 50 to 100 liquid small caps, in which the composition is determined by the portfolio manager. A major review of the holdings in the small cap basket is conducted twice each year: in June and in December. We made significant changes in Tele2, ICA and SCA during the reweighting in December. The largest holdings in the small cap basket at year-end were Swedish Orphan Biovitrum, Securitas and SCA.

*) Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those stated in the fact sheet and information brochure.

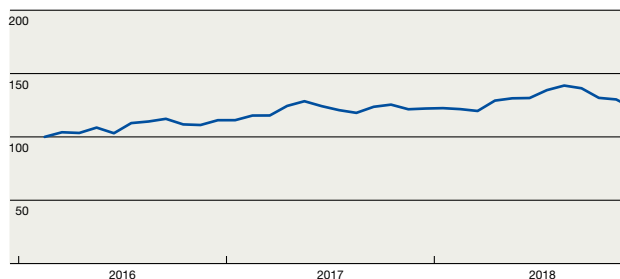
Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option extensively during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund used this option extensively during 2018.

Information

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



Fund Facts - History

	2018	2017	9/2-31/12 2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	139.54	139.40	128.90	-	-	-	-	-	-	-
The fund's total net flow, mSEK	0	-184	1,595	-	-	-	-	-	-	-
Fund capital, mSEK	1,751	1,749	1,772	-	-	-	-	-	-	-
Number of units, 1000's	12,550	12,550	13,750	-	-	-	-	-	-	-
Total returns in %, SEK	+0.1	+8.1	+28.9	-	-	-	-	-	-	-
Index including dividends in %, SEK	-1.0	+8.8	+32.3	-	-	-	-	-	-	-
Average yearly return, 2 yrs. %	+4.0	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+3.8	-	-	-	-	-	-	-	-	-

Benchmark: CSXSE100

Up to 31/03/2018: CSRXSE Carnegie Small Cap Return Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.30
Collected mgmt. costs in % of average fund capital	0.30
Annual fees in %	0.30
Transaction costs, tSEK	0
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	31.61
Costs in SEK for monthly savings, 100 SEK	2.02

Risk and Return Measurements*

Total risk %	11.3	Information ratio	0.3
Total risk in index %	11.3	Sharpe ratio	0.4
Tracking error %	0.9	Sharpe ratio in index	0.4
Benchmark	CSXSE100		
Active return %	0.3		

* Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions. Total exposure in the fund is calculated in accordance with the commitment method.

Fund Facts - Other Key Figures

Turnover rate	3.1
Share of turnover conducted via closely-related securities companies in %	99.0

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT Svenska Småbolag (UCITS ETF), cont.

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-167,304	295,982
Changes in value for OTC derivative instruments **	151,438	-156,905
Changes in value for fund units ***	-	-5,690
Interest income	2,667	-1
Dividends	21,250	29,857
Currency exchange profits and losses, net	-566	3,240
Other income	0	0
Total income and changes in value	7,485	166,483
EXPENSES		
Management costs:		
- Remuneration to the Management Company	5,530	5,730
Interest expense	178	0
Other expenses	34	24
Total expenses	5,742	5,754
Net income	1,743	160,729
* Details of changes in value		
Capital gains	288,342	559,185
Capital losses	-245,195	-175,903
Unrealised gains/losses	-210,451	-87,300
Sum	-167,304	295,982
** Details of changes in value		
LABEL MISSING:Värdeförändring på OTC derivat, Realisationsvinster	484,942	375,739
LABEL MISSING:Värdeförändring på OTC derivat, Realisationsförluster	-316,742	-509,056
LABEL MISSING:Värdeförändring på OTC derivat, Orealiserade vinster/förluster	-16,762	-23,588
LABEL MISSING:Värdeförändring på OTC derivat, Summa	151,438	-156,905
*** Details of changes in value		
Capital gains	-	1,772
Capital losses	-	-7,462
Sum	-	-5,690

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	1,804,649	103.0	1,780,282	101.8
Total financial instruments with positive market value ^{Note 2)}	1,804,649	103.0	1,780,282	101.8
Bank assets and other liquid assets	6,827	0.4	12,552	0.7
Prepaid expenses and accrued income	67	0.0	-	-
Other assets	1	0.0	0	0.0
Total assets	1,811,544	103.4	1,792,834	102.5
LIABILITIES				
OTC derivative instruments with negative market value	59,924	3.4	43,162	2.5
Total financial instruments with negative market value ^{Note 2)}	59,924	3.4	43,162	2.5
Accrued expenses and prepaid income	456	0.0	251	0.0
Total liabilities	60,380	3.4	43,413	2.5
Fund capital ^{Note 1)}	1,751,164	100.0	1,749,421	100.0
Secured collateral for OTC derivative instruments	75,666	4.3	-	-

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	1,749,421	1,772,399
Units issued	-	170,510
Units redeemed	-	-354,217
Profit according to Income Statement	1,743	160,729
Dividends to unit holders	-	-
Fund capital at the close of the period	1,751,164	1,749,421

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
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LISTED EQUITIES

CONSUMER DISCRETIONARY

Continental (Auto Components)	58,989	72,191	4.1
Electrolux B (Household Durables)	437,513	81,859	4.7
		154,049	8.8

CONSUMER STAPLES

Swedish Match (Tobacco)	172,254	60,134	3.4
		60,134	3.4

FINANCIALS

Allianz (Insurance)	91,649	162,681	9.3
ING Groep Ord Shs (Commercial Banks)	1,732,708	165,249	9.4
Investor B (Diversified Financial Services)	55,085	20,690	1.2
Nordea Bank Abp Stockholm (Commercial Banks)	1,137,243	84,816	4.8
SEB A (Commercial Banks)	978,132	84,217	4.8
		517,652	29.5

INDUSTRIALS

Atlas Copco B1 (Machinery)	229,986	44,461	2.5
Hexagon B (Machinery)	151,000	61,608	3.5
Philips Electronics (Industrial Conglomerates)	241,640	75,748	4.3
Sandvik (Machinery)	624,755	78,938	4.5
Siemens (Industrial Conglomerates)	164,445	162,298	9.3
Volvo B (Machinery)	753,993	87,425	5.0
		510,479	29.2

INFORMATION TECHNOLOGY

Ericsson B (Communications Equipment)	1,053,113	82,059	4.7
Nokia (Communications Equipment)	2,728,000	139,071	7.9
SAP (Software)	87,087	76,727	4.4
		297,856	17.0

MATERIALS

BASF (Chemicals)	117,465	71,907	4.1
Boliden (Metals and Mining)	30,500	5,855	0.3
		77,762	4.4

TELECOMMUNICATION SERVICES

TeliaSonera (Diversified Telecommunication Services)	1,961,758	82,087	4.7
		82,087	4.7
Total listed equities		1,700,019	97.0

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
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LISTED FIXED-INCOME SECURITIES

MORTGAGE

Stadshypotek 1585 1,50% 2021-12-15	101,000	104,630	6.0
		104,630	6.0
Total listed fixed-income securities		104,630	6.0
Total transferable securities		1,804,649	103.0

OTHER FINANCIAL INSTRUMENTS***

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
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OTC DERIVATIVE INSTRUMENTS

PORTFOLIO SWAPS

Swap XACT Svenska Småbolag	1	-59,924	-3.4
Total OTC derivative instruments		-59,924	-3.4
Total other financial instruments		-59,924	-3.4
Total holdings in financial instruments		1,744,725	99.6
Net, other assets and liabilities		6,439	0.4
Total fund capital		1,751,164	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public. 103.0

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46). -

*** Refers to other financial instruments. -3.4

Compilation, Company and Group exposure*

Company/Group	% of fund capital
Handelsbanken	2.6

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

Supplemental information on portfolio swaps

The largest counterparties of portfolio swaps, SEK thousand:

Svenska Handelsbanken AB (Publ), Sweden	-59 924
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The profile of the duration for the portfolio swaps is three months to one year.

Settlement and clearing for portfolio swaps is conducted bilaterally.

Information about returns and expenses, SEK thousand:

Portfolio swaps for the full year generated a total revenue of 154 831 SEK thousand. 100% of the revenue has been passed on to the fund.

Costs for the portfolio swaps -3 392

XACT Svenska Småbolag (UCITS ETF)

Sustainability dimensions that are taken into consideration in the management of the fund

The fund is derivative-based. To obtain exposure to Swedish small caps, the fund has concluded a total return swap that delivers the performance of a basket of Swedish small caps. The fund's physical holdings consist of large, liquid Swedish and international equities, as well as the total return swap, in which the returns from the equities are exchanged for the returns in the small cap basket.

The fund excludes companies as stated below in both the direct and indirect exposure.

Methods used in sustainability efforts

Exclusion

In accordance with the Management Company's overall policy for responsible investment, the fund excludes investments in:

- Companies involved in the manufacture or distribution of banned weapons, such as cluster bombs, anti-personnel mines, biological and chemical weapons, in accordance with international legislation.
- Companies involved in the production or distribution of nuclear weapons.
- Companies with turnover exceeding 5% that is attributed to coal mining or with turnover exceeding 30% that is attributed to coal power generation.

Provided that the fund observes a willingness to change and it is deemed that the company will address the problems within an acceptable amount of time, the fund may invest in companies involved in violations of international norms and conventions.

This is followed-up by the Management Company's independent risk control function on a daily basis.

Management Company's engagement activities

A critical component in taking responsibility as an investor is to influence the companies in which we invest. Our engagement activities

Company, our commitments, as well as the international norms and conventions we safeguard. We conduct dialogues to encourage companies to improve their sustainability efforts, as well as with companies we deem do not fulfil the international norms and conventions we safeguard. We conduct the engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through an external party, ISS ESG, the Management Company participates in dialogues with companies, i.e., Pooled Engagement. The basis for these dialogues is a norm-based analysis and focuses primarily on companies with suspected or confirmed violations with regard to international norms and conventions within the environment, human rights, labour rights, and anti-corruption. The dialogue process consists of contact between ISS ESG and the company concerned, and in certain cases also includes meetings or telephone conferences in which we as an investor may participate.

During 2018 the Management Company participated in 143 company dialogues. We did not participate in any company dialogues with any Swedish small caps.

B. Dialogues through international collaborations and sector initiatives such as the UN, PRI and CDP. During 2018 the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability matters. These initiatives are often thematic or focus on sustainability issues within a certain sector. Examples of initiatives we have participated in during the year include: Climate Action 100+, PRI Methane Engagement, PRI Sustainable Palm Oil, PRI-Ceres Sustainable Soy, PRI Cyber Security, FAIRR Antibiotics Engagement., FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we support the dialogues with our capital but are normally not the investors leading the dialogues with the company concerned.

During 2018 we participated in approximately 336 dialogues through these international collaborations and initiatives.



XACT Sverige (UCITS ETF)

Exchange-traded index fund listed on the Stockholm Stock Exchange

Management Report

Investment Focus

The fund is an exchange-traded index fund and its objective is to follow the performance of SIX Sweden ESG Selection Index GI as closely as possible. The index consists of a selection of the most-traded equities on the Nasdaq Stockholm Stock Exchange that fulfil the sustainability requirements in the index. The fund's index includes sustainability requirements. The sustainability requirements mean that the index excludes companies involved in verified violations of international norms as well as companies operating within controversial sectors such as banned weapons, nuclear weapons, war materials, tobacco, alcohol, gaming and pornography. The sustainability requirements also mean that the index includes companies with high sustainability ratings. As a minimum, 50% of the index companies, as measured in the total market value of the index, must be deemed as leaders within sustainability. The fund invests in equities included in this index.

Portfolio

The fund fell 4.5% during the full year 2018*. The fund changed its name as well as index during the year and became the first Swan ecolabelled index fund. The portfolio consists of all the equities included in the SIX Sweden ESG Selection Index. The sustainability requirement in the index means in part that funds with high sustainability ratings are included (inclusion), and companies involved in controversial business activities may not be included (exclusion). The index is reweighted twice each year: the end of May and the end of November. Wahlborgs Fastigheter, Fingerprint, Dustin Group and Gränges were new equities in the index as of the end of November. Oriflame, NCC, Pandox, Dometic, Kappahl and Vitrolife exited the index at the reweighting. Ericsson, Swedbank and Volvo were the three largest holdings at year-end.

* Refer to fund statistics for comparable index.

Significant risks

As of the balance sheet date or any other time during the year, fund holdings did not have exposure to any other significant risks than those

stated in the fact sheet and information brochure.

Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund used this option to a limited extent during 2018. The fund has the option of lending securities. The fund did not use this option during 2018. The fund may use other techniques and instruments. The fund did not use this option during 2018.

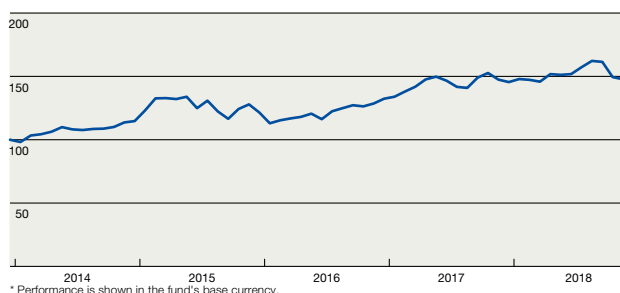
Information

The fund changed its fund rules and index on October 10, 2018. As a result, the fund follows specific sustainability criteria. The name of the fund was changed from XACT OMXSB Utdelande to XACT Sverige.

Since the changes in tax regulations for Swedish funds (2012) and due to developments within the area of taxation, it is unclear how foreign distributions will be taxed. Refer to the general pages at the end of the composite fund report for additional information.

Information about employee remuneration can be found in the Appendix Remuneration policy, see the fund company website in connection with the fund as well as at the end of the overall fundreport.

Fund Performance*



Fund Facts - History

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net asset value, SEK	392.57	425.90	403.55	383.81	378.10	343.35	285.99	260.15	314.67	267.65
The fund's total net flow, mSEK	197	24	-642	595	-339	921	-980	-	-	-
Fund capital, mSEK	2,385	2,406	2,260	2,811	2,240	2,386	1,115	1,964	2,706	2,101
Number of units, 1000's	6,075	5,650	5,600	7,325	5,925	6,950	3,900	7,550	8,600	7,850
Total returns in %, SEK	-4.5	+9.9	+9.0	+5.9	+14.7	+25.2	+16.2	-13.5	+25.6	+48.4
Index including dividends in %, SEK	-4.3	+10.0	+9.2	+6.1	+15.1	+25.6	+16.5	-13.1	+26.1	+48.7
Average yearly return, 2 yrs. %	+2.5	+9.5	+7.4	+10.2	+19.9	+20.6	+0.3	+4.3	+36.6	-4.2
Comparison to index including dividends, %	+2.6	+9.6	+7.6	+10.5	+20.2	+21.0	+0.6	+4.6	+36.9	-4.0
Average yearly return, 5 yrs. %	+6.8	+12.7	+14.0	+8.9	+12.7	+18.6	+3.0	-0.9	+6.7	+8.3
Comparison to index including dividends, %	+7.0	+13.0	+14.3	+9.2	+13.0	+19.0	+3.3	-0.6	+7.0	+8.7
Average yearly return, 10 yrs. %	+12.6	+7.8	+6.3	+7.8	+10.5	+11.0	-	-	-	-
Comparison to index including dividends, %	+12.8	+8.0	+6.6	+8.1	+10.8	+11.4	-	-	-	-
Dividends per unit, SEK	15.71	18.27	13.31	17.65	15.10	13.00	14.43	13.90	18.01	12.05

Benchmark: NASDAQ OMXSB™ Gross Index

The fund's benchmark represents a comparable reference with regard to the fund's investment focus, types of assets, markets or relevant sectors. In the event the fund issues dividends, performance is calculated with distributions added back. Refer to the last page for definitions.

Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.15
Collected mgmt. costs in % of average fund capital	0.15
Annual fees in %	0.15
Transaction costs, tSEK	333
Transaction costs in % of turnover	0.01
Costs in SEK for a one-time subscription, 10 000 SEK	15.22
Costs in SEK for monthly savings, 100 SEK	0.97

Fund Facts - Other Key Figures

Turnover rate	0.4
Share of turnover conducted via closely-related securities companies in %	67.1

Risk and Return Measurements*

Total risk %	11.3	Information ratio	Negative
Total risk in index %	11.3	Sharpe ratio	0.3
Tracking error %	0.1	Sharpe ratio in index	0.3
Benchmark	NASDAQ OMXSB™ Gross Index		
Active return %	-0.1		

Annual Review 2018 – Xact Kapitalförvaltning AB

XACT Sverige (UCITS ETF), cont.

Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions.

Total exposure in the fund is calculated in accordance with the commitment method.

Income Statement, tSEK

	2018	2017
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	-212,183	155,734
Changes in value for other derivative instruments **	684	1,682
Interest income	-26	-20
Dividends	90,695	77,323
Currency exchange profits and losses, net	-	4
Other income	0	400
Total income and changes in value	-120,830	235,123
EXPENSES		
Management costs:		
- Remuneration to the Management Company	3,885	3,691
Interest expense	-	1
Other expenses	334	490
Total expenses	4,219	4,182
Net income	-125,049	230,941
* Details of changes in value		
Capital gains	190,750	101,357
Capital losses	-56,332	-20,384
Unrealised gains/losses	-346,601	74,761
Sum	-212,183	155,734
** Details of changes in value		
Capital gains	3,221	2,823
Capital losses	-2,537	-1,141
Unrealised gains/losses	0	-
Sum	684	1,682

Balance Sheet, tSEK

	31 dec 2018	% of fund capital	31 dec 2017	% of fund capital
ASSETS				
Transferable securities	2,384,621	100.0	2,406,187	100.0
Total financial instruments with positive market value ^{Note 2)}	2,384,621	100.0	2,406,187	100.0
Bank assets and other liquid assets	305	0.0	309	0.0
Prepaid expenses and accrued income	-	-	30	0.0
Other assets	263	0.0	-	-
Total assets	2,385,189	100.0	2,406,526	100.0
LIABILITIES				
Accrued expenses and prepaid income	318	0.0	172	0.0
Total liabilities	318	0.0	172	0.0
Fund capital ^{Note 1)}	2,384,871	100.0	2,406,354	100.0

Note 1) for Balance Sheet

Changes in fund capital, tSEK

	2018	2017
Fund capital at beginning of year	2,406,354	2,259,864
Units issued	360,586	323,947
Units redeemed	-163,153	-300,148
Profit according to Income Statement	-125,049	230,941
Dividends to unit holders	-93,867	-108,250
Fund capital at the close of the period	2,384,871	2,406,354

Note 2) for Balance Sheet

Fund holdings in financial instruments

TRANSFERABLE SECURITIES*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
LISTED EQUITIES			
CONSUMER DISCRETIONARY			
Autoliv (Auto Components)	33,291	20,967	0.9
Clas Ohlson B (Specialty Retail)	32,319	2,500	0.1
Dustin Group (Internet and Catalog Retail)	47,628	3,491	0.1
Electrolux B (Household Durables)	162,081	30,325	1.3
Hennes & Mauritz B (Specialty Retail)	787,320	99,218	4.2
Husqvarna B (Household Durables)	250,047	16,428	0.7
JM (Household Durables)	37,422	6,474	0.3
Modern Times Group B (Media)	36,207	10,609	0.4
Nobia (Specialty Retail)	91,854	4,523	0.2
Thule Group (Leisure Equipment and Products)	55,647	9,020	0.4
		203,555	8.5

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
CONSUMER STAPLES			
AarhusKarlshamn (Food Products)	136,809	16,786	0.7
Axfood (Food and Staples Retailing)	113,238	17,178	0.7
Essity B (Household Products)	344,088	74,874	3.1
ICA Gruppen (Food Products)	108,378	34,334	1.4
		143,172	6.0
FINANCIALS			
Avanza (Diversified Financial Services)	16,281	6,897	0.3
Castellum (Real Estate)	147,258	24,055	1.0
Handelsbanken A (Commercial Banks)	1,029,105	101,161	4.2
Industrivärden A (Diversified Financial Services)	144,585	26,488	1.1
Industrivärden C (Diversified Financial Services)	90,153	16,155	0.7
Investor A (Diversified Financial Services)	167,913	63,471	2.7
Investor B (Diversified Financial Services)	245,430	92,184	3.9
Kinnevik B (Diversified Financial Services)	130,491	27,886	1.2
Latour B (Diversified Financial Services)	319,302	35,762	1.5
Lundbergs B (Real Estate)	81,891	21,390	0.9
Nordea Bank Abp Stockholm (Commercial Banks)	1,201,392	89,600	3.8
Ratos B (Capital Markets)	129,033	3,004	0.1
SEB A (Commercial Banks)	1,169,802	100,720	4.2
Swedbank A (Commercial Banks)	610,173	120,662	5.1
		758,994	31.9
HEALTH CARE			
AstraZeneca SDB (Pharmaceuticals)	69,255	46,657	2.0
Elekta B (Health Care Equipment and Supplies)	198,774	20,941	0.9
Geringe B (Health Care Equipment and Supplies)	137,052	10,950	0.5
Hansa Medical (Biotechnology)	21,627	5,986	0.3
Swedish Orphan Biovitrum (Health Care Providers and Services)	147,258	28,421	1.2
		112,956	4.7
INDUSTRIALS			
ABB SDB (Electrical Equipment)	311,769	53,203	2.2
Alfa Laval (Machinery)	226,233	42,905	1.8
Assa Abloy B (Building Products)	568,863	89,966	3.8
Atlas Copco A (Machinery)	452,466	95,244	4.0
Atlas Copco B1 (Machinery)	210,438	40,682	1.7
EPIROC A (Machinery)	443,961	37,222	1.6
EPIROC B (Machinery)	210,195	16,580	0.7
NIBE Industrier B (Building Products)	240,084	21,828	0.9
Nobina (Road and Rail)	47,628	2,853	0.1
Peab B (Construction and Engineering)	141,183	10,222	0.4
Sandvik (Machinery)	676,269	85,447	3.6
SAS (Airlines)	206,307	4,291	0.2
Securitas B (Commercial Services and Supplies)	187,596	26,686	1.1
Skanska B (Construction and Engineering)	215,784	30,426	1.3
SKF B (Machinery)	227,448	30,580	1.3
Sweco B (Construction and Engineering)	59,535	11,722	0.5
Trelleborg B (Machinery)	130,734	18,218	0.8
Volvo A (Machinery)	258,066	29,987	1.3
Volvo B (Machinery)	889,380	103,124	4.3
		751,185	31.5
INFORMATION TECHNOLOGY			
Ericsson B (Communications Equipment)	1,656,288	129,058	5.4
Fingerprint Cards B (Elec Equip, Instr & Comp)	165,969	1,681	0.1
Nolato B (Communications Equipment)	12,636	4,631	0.2
		135,370	5.7
MATERIALS			
BillerudKorsnäs (Containers and Packaging)	112,266	11,844	0.5
Boliden (Metals and Mining)	147,501	28,317	1.2
Gränges (Chemicals)	40,824	3,286	0.1
Hexpol B (Chemicals)	177,633	12,443	0.5
Holmen B1 (Paper and Forest Products)	67,068	11,733	0.5
Lundin Mining (Metals and Mining)	39,123	1,451	0.1
SCA B (Paper and Forest Products)	343,845	23,629	1.0
SSAB A (Metals and Mining)	164,025	5,001	0.2
SSAB B (Metals and Mining)	391,230	9,749	0.4
Stora Enso R (Paper and Forest Products)	39,609	4,096	0.2
		111,549	4.7
REAL ESTATE			
Fabege (Real Estate Management & Development)	178,362	21,075	0.9
Wihlborgs (Real Estate Management & Development)	82,863	8,485	0.4
		758,994	31.9
TELECOMMUNICATION SERVICES			
Millicom (Wireless Telecommunication Services)	52,002	29,199	1.2
Tele2 B (Diversified Telecommunication Services)	359,883	40,649	1.7
TeliaSonera (Diversified Telecommunication Services)	2,334,258	97,992	4.1
		167,840	7.0
Total listed equities		2,384,621	100.0
Total transferable securities		2,384,621	100.0
Total holdings in financial instruments		2,384,621	100.0
Net, other assets and liabilities		250	0.0
Total fund capital		2,384,871	100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Refers to transferable securities admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public.

** Refers to other financial instruments admitted to trading on a regulated market or equivalent market outside EEA, or are the subject of regular trading in other markets that are regulated and open to the general public and in the case of money market instruments or such money market instruments referred to in Chapter 5, §4 of the Swedish UCITS Funds Act (2004:46).

*** Refers to other financial instruments.

XACT Sverige (UCITS ETF), cont.

Compilation, Company and Group exposure*

Company/Group	% of fund capital	Company/Group	% of fund capital
Investor	6.6	EPIROC	2.3
Atlas Copco	5.7	Industrivärden	1.8
Volvo	5.6	SSAB	0.6

* The table provides the combined units of fund capital per issuer in percent, where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

The fund is in no respect sponsored, endorsed, sold or promoted by SIX Financial Information AB ("SIX") and SIX makes no warranty or representation whatsoever, expressed or implied, as to the results to be obtained from the use of the SIX Sweden ESG Selection Index and/or the value at which the said SIX Sweden ESG Selection Index stands at any particular time. SIX shall not be liable to any person for any errors in the SIX Sweden ESG Selection Index and shall not be under any obligation to advise or notify any person of any errors in the SIX Sweden ESG Selection Index. All rights to the brand name SIX Sweden ESG Selection Index belongs to SIX and is used under license from SIX.

XACT SVERIGE (UCITS ETF)

Sustainability dimensions that are taken into consideration in the management of the fund

The fund is an index fund and tracks an index that takes sustainability aspects into consideration. These criteria include sustainability aspects such as the environment, social and corporate governance. The index and the fund exclude companies in accordance with the criteria specified below. The Management Company also carries out engagement activities on behalf of the fund that includes dialogues with companies and voting at general meetings.

Methods used in sustainability efforts

Inclusion

Sustainability dimensions are crucial to the selection of companies in the index/fund. To be included in the fund and its index, each company must have completed a comprehensive sustainability analysis with regard to the environmental, social and corporate governance criteria. The analysis is conducted by ISS-Oekom in accordance with their Corporate Ratings Methodology. The rating and assessment are based on the industry to which the company belongs and its unique sustainability challenges. This means that additional weighting may be placed on working conditions in the delivery chain and sustainable water usage for a textile company, while for a bank there may be more focus on customer and product responsibility, as well as the environmental impact resulting from the bank's financial products and services. The 70 companies with the highest sustainability ratings are included in the index/fund. A minimum of 50% of the companies, measured in total market value of the index, must have a strong sustainability rating. As a result, the fund/index can have fewer than 70 companies on certain occasions.

One example of a company included in the fund based on its sustainability rating is Essity. The company works actively to ensure that the wood fibre in its products is sourced from a responsible and certified forest. Essity also works to distribute information and increase knowledge about global health and hygiene matters and contributes to the UN's Sustainable Development Goal 3: Good Health and Well-Being.

Exclusion

The fund and its index exclude investments in companies involved in the manufacture or distribution of banned weapons, such as cluster bombs, anti-personnel mines, biological and chemical weapons, in accordance with international legislation. Companies involved in the production or distribution of nuclear weapons are also excluded.

The fund and its index also exclude companies in which the principle business operations are within controversial sectors such as alcohol, tobacco, commercial gaming, war materials, pornography, fossil fuels, as well as companies with an unacceptable risk for violation of international norms and conventions for the environment, human rights, labour rights or anti-corruption.

This is followed-up by the Management Company's independent risk control function on a daily basis.

At the close of 2018 approximately 12 companies were excluded from the fund's index and consequently the fund based on the aforementioned criteria.

Management Company's engagement activities

A critical component in taking responsibility as an investor is to influence the companies in which we invest. Our engagement activities are founded on the value base of Handelsbanken and the Management Company, our commitments, as well as the international norms and conventions we safeguard. We conduct dialogues to encourage

companies to improve their sustainability efforts, as well as with companies we deem do not fulfil the international norms and conventions we safeguard. We conduct the engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through an external party, ISS ESG, the Management Company participates in dialogues with companies, i.e., Pooled Engagement. The basis for these dialogues is a norm-based analysis and focuses primarily on companies with suspected or confirmed violations with regard to international norms and conventions within the environment, human rights, labour rights, and anti-corruption. The dialogue process consists of contact between ISS ESG and the company concerned, and in certain cases also includes meetings or telephone conferences in which we as an investor may participate.

During 2018 the Management Company participated in 143 company dialogues, of which 5 were relevant for this fund.

One of the companies that was subject to a dialogue within the scope of Pooled Engagement during 2018 was LMEricsson Telefon AB (Ericsson). Ericsson has been investigated in the U.S. since 2013 with regard to the fund's compliance with the Foreign Corrupt Practices Act (FCPA) and is suspected for corruption in Asia and South Africa in conjunction with various business agreements (however it is important to emphasise that neither the authorities nor the company have confirmed which countries are related to the investigation). The company is open to dialogue and is reporting credible steps to address the controversy related to the corruption and bribery in its global business operations.

During the year we concluded the ongoing dialogues with Electrolux AB, Telia Co. AB and Millicom International Cellular SA. All of the dialogues were closed with positive results.

B. Dialogues through international collaborations and sector initiatives such as the UN, PRI and CDP. During 2018 the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability matters. These initiatives are often thematic or focus on sustainability issues within a certain sector. Examples of initiatives we have participated in during the year include: Climate Action 100+, PRI Methane Engagement, PRI Sustainable Palm Oil, PRI-Ceres Sustainable Soy, PRI Cyber Security, FAIRR Antibiotics Engagement., FAIRR-Ceres Global Investor Engagement on Meat Sourcing. dialogues, which means that we support the dialogues with our capital but are normally not the investors leading the dialogues with the company concerned.

During 2018 we participated in approximately 336 dialogues through these international collaborations and initiatives.

General meetings

Normally, the Management Company votes at the general meetings where the Management Company is a major owner or at general meetings where the company concerned has identified deficiencies in its sustainability efforts. In general, the Management Company also supports shareholder motions that promote sustainable enterprise, as well as increased transparency in accounting and reporting of the company's impact on the climate, efforts with human and labour rights, etc.

The Management Company did not vote at any general meetings on behalf of the fund during the year. Voting will begin in 2019.

Information from Xact Kapitalförvaltning AB

Management Company's Board of Directors, CEO, Auditors and Personnel

Xact Kapitalförvaltning AB

Board of Directors

PER BECKMAN, Executive Vice President,
Svenska Handelsbanken AB (publ)

JÖRGEN OLDENSAND,
Executive Vice President, Svenska
Handelsbanken AB (publ)

MICHAEL BERTORP, Vice President

GUNNAR BÅTELSSON, Vice President

ÅSA MAGNUSSON, Vice President LENA

MUNKHAMMAR, Vice President

MARIA LÖNNQVIST, Employee
representative for the Union of Financial
Sector Employees, Regional section, CHK
club, Svenska Handelsbanken AB (publ)

Chief Executive Officer

PÅR NÜRNBERG

Management Company's auditors Elected at the Annual General Meeting

ERNST & YOUNG AB, DANIEL ERIKSSON

Personnel and organisation

The Management Company is a wholly-owned subsidiary of Svenska Handelsbanken AB (publ). The Management Company purchases fund management and fund administrative services from Svenska Handelsbanken AB (publ) and risk management services from Handelsbanken Fonder AB.

Key members of management within Xact Kapitalförvaltning AB are as follows:

Chief Executive Officer

PÅR NÜRNBERG

Deputy Chief Executive Officer

HENRIK ÅHMAN

Head of Operations

EMMA VIOTTI

Head of Asset Management

PETER FAHLSTEDT

Head of Legal

FREDRIK KÖSTER

Head of Compliance

HANNA NYQVIST

Post address: 106 70 STOCKHOLM
Telephone: 08-701 10 10 Fax: 08-701 38 60

Corporate Governance

Xact Kapitalförvaltning manages index and rules-based securities funds and non-UCITS funds. Our funds invest worldwide in a significant number of companies over an extensive number of markets. In view of this, the annual general meeting is one of the Management Company's primary tools used to influence the majority of the companies owned by our funds. Each year we vote at a large number of general meetings worldwide on behalf of the funds.

The Board of Directors has adopted a Corporate Governance Policy that serves as a guideline for our conduct. In addition, the principles of Swedish Corporate Governance Code are also used as guidance for our actions.

The ownership efforts focus primarily on holdings in companies in which Xact Kapitalförvaltning is a major owner or in companies that have been identified as having breached or risk breaching Xact Kapitalförvaltning's value base with regard to international norms for human rights, working conditions, the environment, anti-corruption and controversial weapons.

The starting point for Xact Kapitalförvaltning's corporate governance work is that a company shall create value for its owners in a socially and environmentally responsible manner. Therefore, in general, we support shareholder motions that promote sustainable enterprise, as well as increased transparency in accounting and reporting of the company's impact on the climate, efforts with human and labour rights, etc.

The Management Company's Corporate Governance Policy is available at: www.handelsbanken.se/funds.

Responsible investment

Xact Kapitalförvaltning works with sustainability primarily in three ways: exclusion, inclusion and influencing companies through dialogue and active ownership. A critical component in our sustainability efforts is to also actively work to increase the number of indexes with sustainability criteria.

All of our investments are founded on a common value base, which is summarised in our Policy for Responsible Investment. This means that all of our funds exclude certain controversial business operations, such as banned weapons and nuclear weapons, as well as have a restrictive position to coal mining and coal power generation. The funds also take international norms and conventions with regard to the environment, human rights,

work conditions and corruption into consideration. Xact Kapitalförvaltning is an integral part of Handelsbanken, and through the Bank we are committed to a number of voluntary frameworks, such as the UN initiative Global Compact and the UN's Principles for Responsible Investment (PRI). These initiatives serve as guidelines for our work.

The Management Company's Corporate Governance Policy is available at: www.handelsbanken.se/funds.

Accounting and valuation principles

Accounting principles

The Annual Report is drawn up in accordance with generally accepted accounting principles. The accounting principles for the securities funds are based on the Swedish Investment Funds Act (2004:46) and on the Alternative Investment Fund Managers Act (2013:561) for our non-UCITS funds. The principles are also based on the Swedish Investment Fund Association's Guidelines for Key Ratio Accounting of Swedish UCITS and non-UCITS funds as well as the Financial Supervisory Authority's regulations regarding Swedish UCITS funds (FFFS 2013:9) and the Financial Supervisory Authority's regulations regarding alternative investment fund managers (FFFS 2013:10) for our non-UCITS funds. Further, applicable provisions in the Swedish Accounting Act are also applied. Accounting is based on the transaction date.

Valuation principles

Equities and standardised derivatives are valued primarily at the latest closing price, followed by the average of that day's latest bid- and selling prices. Fixed income securities are valued primarily at the bid price. Interest-bearing securities that are not listed on the interbank market are valued in accordance with generally accepted models. Some of the funds include holdings in financial instruments that are not listed on a regulated market. In general, if these types of instruments are used regularly in trading organised in another manner, the price quotations that occur in this market will be used for the valuation. Price quotations are normally obtained regularly from counterparties in the market for securities that are not maintained in a price follow-up system. These prices will be validated on a regular basis against a theoretically determined price. The purchase price is used in the first hand as the valuation price for securities purchased by the fund in connection with the issue of new shares where the current price information is unavailable prior to public trading. However, a new valuation will be made if the Management Company obtains information, e.g., at a new share issue, in reports from the company concerned or through other news in the market, that gives reason to believe that the valuation assigned to the instrument is no longer representative. Available information and established valuation methods will be utilised for this valuation, while taking into consideration the existing circumstances.

Foreign withholding taxes

Due to the changes in the tax regulations for Swedish funds on January 1, 2012, as well as the developments within EU taxation, there is significant uncertainty with regard to the application of withholding taxes on equity distributions. This can result in both higher revenues and increased expenses regarding withholding taxes in funds with foreign holdings. The revenues or expenses will be reported when received or paid, respectively. The distributions will be reported in the amount actually received, although it cannot be ruled out that the withholding taxes can be revised, which would result in an additional withholding tax on the previously received distributions made in the fund. A remittance (repayment of withholding tax paid) is reported when received.

Additional information

You will find the complete information brochure with fund rules, fact sheets and current share price performance on our website at www.handelsbanken.se/funds. Information about our exchange-traded funds is also available at www.xact.se. For further information on the subscription and redemption of fund units, please contact your local Handelsbanken branch office.

Employee remuneration at Xact Kapitalförvaltning AB

Xact Kapitalförvaltning AB (the Management Company) is a subsidiary of Svenska Handelsbanken AB (publ) (the Bank) and is thereby an integral part of the Handelsbanken Group (the Group). The Central Board has adopted a policy for remuneration in the Handelsbanken Group (Group Policy). The Management Company's remuneration policy is based on the Group Policy and has been adapted to the specific activities carried out within the Management Company.

The fund- and discretionary management carried out by the Management Company does not constitute any financial risk-taking on its own. Instead, the fund is exposed to direct risks consisting of operational risks (including legal risks), reputational risks, strategic risks and business risks. Within the context of fund management, the unit holders in the funds and customers in discretionary management can be exposed to market risks, counterparty risks, liquidity risks, credit risks and operational risks.

The Management Company has a long-term view of the employment of its staff. Remuneration varies over the employee's tenure at the Management Company and good work shall always be rewarded. Remuneration enables the Management Company to attract, retain and develop competent employees, and shall thereby be a contributing factor to the growth in the Management Company's competitiveness and profitability, as well as ensure that succession planning is well-functioning.

In general, the Management Company has a low risk tolerance and this shall be reflected in the Company's view of remuneration. The manner in which the Management Company's remuneration system is designed shall counteract risk-taking that is inconsistent with the risk profiles of the funds, fund rules, the discretionary mandate or the internal and external regulations applicable to fund management, while taking into consideration the risk exposure of the Management Company, fund unit holders and customers. Remuneration to all employees in the Management Company, including the Chief Executive Officer, the Deputy Chief Executive Officer and others within the Management Company's executive management, is provided only in the form of a fixed salary, customary fringe benefits and pension contributions. Variable compensation is not utilised in the Management Company. The Management Company's position is that a fixed salary does not lead to behaviours that result in a higher level of risk.

Salary is set locally in accordance with the decentralised work practices applied by Handelsbanken Group (the Group) and is based on pre-determined salary factors, which primarily include: the nature of the work and its complexity, the skills required, performance capabilities and work results achieved, leadership skills for managers responsible for the career development of employees, the supply and demand on the market, and performance as an ambassador of the Group's business culture.

Remuneration policy

The principles of the Management Company's remuneration system have been established in a remuneration policy that has been adopted by the Management Company's Board of Directors. Matters that affect the remuneration policy are assessed by a Board member specifically appointed for this task prior to decisions made by the Board. All of the employees in the Management Company have been identified as "Risk-takers".

Board member Åsa Magnusson has been appointed as the director responsible for preparing remuneration matters. The work of the director is regulated by the Board's rules of procedure, in addition to what follows in the remuneration policy. The Board member has access to the information required to execute her task. The preparation of remuneration matters occurs a minimum of two times per year.

The Management Company's remuneration policy is reviewed annually or as needed. The Management Company's low risk tolerance has influenced the work during the year in formulating the policy for remuneration. The work involved in developing a proposal for the remuneration policy and the work associated with the analysis of risks with the remuneration policy has followed the work conducted within the Group and the Management Company and has involved relevant representatives from executive management, Legal, Compliance and Risk Control as well as the Management Company's Personnel function. The Management Company's existing remuneration policy is based on the risk analysis produced by the Management Company's Risk Control function. PWC has been retained as an external consultant to provide support in matters regarding remuneration.

The CEO and relevant Heads within the Management Company are responsible for identifying, evaluating and limiting remuneration risks as well as proposing the format of the remuneration system in line with the Management Company's view on risks and the long term.

The Risk Control and Compliance functions are responsible for identifying, monitoring, analysing and reporting key risks with the remuneration system, in line with their respective roles. The responsibilities of the control functions and the information about the remuneration risks are specified further in the Board of Director's instructions for each function.

The responsibility of the Internal Auditing function and information about the remuneration system are provided in what is stated in general in the Board of Director's instructions for the internal audit.

Total remuneration	2018			2017		
	Group executives ¹⁾	Risk-takers	Other	Group executives ¹⁾	Risk-takers	Other
Fixed remuneration earned, SEKmn	7.9	4.2	0	8.7	4.7	0
Provisions for pensions, SEKmn	2.0	0.6	0	2.3	0.4	0
Total	9.9	4.8	0	11.0	5.1	0
Number of employees only eligible for fixed remuneration	5	5	0	6	4	0
- of which the number of employees are no longer eligible/on leave as of Dec. 31, 2018:				-2		
Total number of employees	5	5	0	4	4	0
Expensed severance pay for the year, SEKmn	0	0	0	0	0	0
Accrued severance pay, SEKmn	0	0	0	0	0	0
Expensed variable remuneration guaranteed for the year, SEKmn	0	0	0	0	0	0
Accrued variable remuneration guaranteed for the year, SEKmn	0	0	0	0	0	0
Expensed variable remuneration guaranteed in conjunction with new staff recruitments, SEK 0mn						
Accrued variable remuneration guaranteed in conjunction with new staff recruitments, SEK 0mn						

Remuneration earned has been expensed in full. Refer to www.handelsbanken.se/om-banken for further information regarding the Management Company's Remuneration Policy and its application.

¹⁾ The Executive group is comprised of the Company's management group.

Definitions

Fund statistics

Share classes – A fund can have several share classes. Different share classes have different conditions, e.g., currency, with dividends or without, management fee or an initial minimum subscription amount. Fund capital is the same for the share classes and therefore information refers to the fund as a whole unless stated otherwise. Fund units within each individual share class are the same size and have the same rights to the assets included in the fund. The distribution in a distribution share class impacts the relationship between the value of units that are non-distribution and the value of the units that are distribution, with the value of the distribution fund units decreasing in relation to the size of the distribution.

Share of turnover conducted via closely-related securities companies – The proportion of fund purchases and sales of financial instruments conducted by Handelsbanken in terms of value. Expressed in percent of the fund's total turnover.

Share of turnover conducted between funds managed by the same fund management company – The proportion of fund purchases and sales of financial instruments conducted on behalf of the securities fund from another fund managed by the same fund management company. Expressed in percent of the fund's total turnover.

Net asset value – Net asset value expressed as the rate prevailing on the balance sheet date for the respective year.

Other techniques and instruments – Techniques and instruments used to improve the effectiveness of fund management refers to the following: techniques and instruments are attributable to transferable securities and money market instruments used in a cost-effective manner to lower risks and expenses or to increase returns in the fund with a risk level that is consistent with the fund's risk profile and applicable rules for the distribution of risk. Example of techniques and instruments include securities lending and agreements on the repurchase of securities sold, i.e., repos and reverse repo transactions.

Number of units – The number of outstanding units on the last banking day for the respective year. Reported in thousands of units.

Duration – The duration of a fund is a measure of how sensitive the fund is to changes in interest rates. Simply stated, it is the weighted average of the residual maturity in the fund's investments. Measured in years or months.

Fund capital – The fund's net asset value on the closing date for the respective year.

Fund's total net flow – Subscriptions less redemptions in the fund, excluding reinvested dividends and any flows from mergers. This is new information that is being provided as of the full year 2012.

Average fund capital – Calculated as the mean value of the fund's net asset value during the year (or that portion of the year during which the fund existed). The fund's net asset value is calculated on a daily basis.

Average yearly return, 2, 5 and 10 years, respectively – The fund's average effective annual yield during the last 2, 5 or 10 years, respectively.

Index – The index used by the fund as its benchmark. AstraZeneca Allemansfond does not use a benchmark, as the indices available do not provide a fair comparison with fund management returns and, therefore, are not relevant.

Index incl. dividends – Performance of the fund's benchmark during the respective year. Performance is expressed in percent and is converted to the currency for each share class in those cases where the index is published in another currency. The table shows the index including dividends.

Costs for one-time subscription SEK 10 000 – Total costs charged to a unit holder who had SEK 10 000 invested in the fund at the beginning of the year and retained the investment throughout the year. Calculated for the full year only and for funds and share classes that have existed during the full year. The corresponding amount for funds with EUR as the base currency is EUR 1 000. The corresponding amount for funds with NOK as the base currency is NOK 10 000.

Costs for monthly savings SEK 100 – Total costs charged to a unit holder who had SEK 100 invested on the first banking day of each month during the year and retained the investment throughout the year. Calculated for the full year only and for funds and share classes that have existed during the full year. The corresponding amount for funds with EUR as the base currency is EUR 10. The corresponding amount for funds with NOK as the base currency is NOK 100.

Turnover rates (general principle) – The fund's turnover rate calculated, on the one hand, as the ratio between the lowest total amount for securities purchased or sold during the year and, on the other hand, as the average fund capital during the same period. With regard to equity funds, fixed income securities with a residual maturity of a maximum of 397 days at the time of acquisition are excluded from purchased or

sold securities. The turnover rate is reported as the number of times turned over per year and is calculated on a rolling 12-month basis.

Turnover rate (leveraged funds) – If a fund has traded with derivative instruments during the period and the turnover calculation conducted in accordance with the general principle makes the turnover information appear misleading, the fund's turnover rate is also calculated by decreasing the total of purchased and sold financial instruments during the period by the total of the subscribed and redeemed units in the fund. This amount is divided by the fund's average fund capital during the period. Negative turnover arises when the total amount for purchased and sold fund units exceeds the total amount for purchased and sold derivatives.

Risk – The calculation of the fund's risk is the same for all EU member states. 1 is for the lowest risk (small price fluctuations) and 7 is for the highest risk (risk for substantial price fluctuations). The classification is based on the standard deviation (volatility) for the fund, calculated using the unit values over a five-year period. If five years of performance is not available, the standard deviation for the relevant comparable index or other benchmark will be used. Risk describes primarily market risk and currency risk.

Total returns – Reports how the value of a unit has changed during the respective year. If the fund has paid dividends during the year or contributed to Bostadsrätterna (formerly SBC), the change in value has been calculated as though the dividend or contribution before tax was added back on the distribution date. Annual return is measured in percent from the date of the previous year's closing date to the closing date for the respective year. Returns for the semi-annual review are reported for the first half of the current year.

Transaction costs – Expressed partly as an amount and partly as a percentage of the value of the financial instruments turned over. The value refers to the overall market value, but for futures and future-related instruments the value refers to the exposure value. Calculated on a rolling 12-month basis. Reported in the Income Statement under the heading "Other expenses".

Dividends per unit – The Management Company determines the amount of the dividend to be paid to fund unit holders of the distribution share class on an annual basis. Distributions are paid to those fund unit holders registered for distribution shares on the distribution date determined by the Management Company.

Collected management costs in % of average fund capital – Actual management fees collected. Expenses are calculated daily and represent costs for management, administration, marketing and distribution. Expressed in percent of the average fund capital and calculated on a rolling 12-month basis.

Ongoing charges – Ongoing charges are a cost measurement that includes the management fee and refers to the total expenses in the fund, excluding transaction costs for securities transactions, interest expenses, transaction-related tax expenses and any performance-based fees. Ongoing charges are based on the fees deducted from the fund during the period. The fee impacts the unit price and can vary from year to year. Expressed in percent of the average fund capital and calculated on a rolling 12-month basis.

A supplement for the underlying fund's most recently available ongoing fee, after deducting for discounts received, will be added for funds that invest in other funds.

Key figures for risk follow-up

In order to obtain relevant comparisons, dividends have been reinvested in the funds and their respective benchmarks. All key figures have also been calculated on the basis of the annual effective yields. The values for the past two years have been used for the majority of the funds. A risk forecast has been made for more recent funds, with fund holdings as of December 31 as the basis. In these cases, historical data for relevant reference portfolios is used for the calculation of the risk forecast.

Total risk/Total risk in index is stated as the standard deviation for variations in the monthly yields of the fund/index. The higher the number, the higher the risk.

Tracking error measures the standard deviation of the difference in the yields between the fund and its benchmark (the variation in the relative yields). The historical tracking error indicates how much the fund's yield has deviated from benchmark.

Active return states the annual over- or under effective return attained by the fund in comparison to its benchmark.

Sharpe ratio/Sharpe ratio in index is a measure of the fund/index's return, taking into consideration the risk of the fund/index. A high return attained at a lower risk is better than an

equivalent return attained at a high risk. Calculated, on the one hand, as the ratio between the return, less the risk-free interest (interest on government securities) and, on the other hand, as the total risk of the fund/index. The Sharpe ratio is the most relevant ratio for comparing the yields of different markets, while taking into account the risk.

Information ratio is a measure of the active returns attained by the fund when deviating from its benchmark. It is the ratio between the active returns and the tracking error. A negative information ratio means that the fund has underperformed its benchmark.

Active Share compares the equity fund's holdings with the holdings in its benchmark. The key figures are stated in percent, from 0%

Abbreviations

A number of abbreviations are used for certain securities in the table of contents:

ADR	American Depositary Receipt	IR	Redemption Right
ADS	American Depositary Share	KV	Convertible
BTA	Betald tekningsaktie	NVDR	Non-Voting Depositary Receipt
CB	Callable Bond	Pref	Preference share
ETF	Exchange Traded Fund	SDB	Swedish Deposit Certificate
f/r	Foreign Registered	TO	Warrants
FRN	Floating Rate Note	TR	Subscription Right
GDR	Global Depositary Receipt		

(exact same distribution as the index) to 100% (none of the holdings are included in the index). The measurement is calculated as one-half of the sum of the absolute deviations between a securities' weighting in the fund and its weight in the index.

Index shows the average returns on the underlying market in which the fund invests.

VaR is a parametric in this case and is calculated in accordance with the covariance method. The covariance matrix is presented by the risk system and is updated on a monthly basis (half-life of 24 months for the fixed income module and 12 months for the equity module). The confidence level is 95% and the time horizon is one day.

Sustainability Definitions

Clarification of abbreviations and designations in the sustainability report.

CDP - formerly the Carbon Disclosure Project, is a non-profit organization that manages the global information system for investors, companies, cities, states and regions to measure their impact on the environment. CDP has developed the most comprehensive collection of self-reported environmental data in the world. CDP's network of investors and purchasers, which represent over USD 100 billion, together with policy decision-makers worldwide, use CDP's data and opinions to improve decision-making.

ESG - Environmental, Social & Governance. The environmental issues (for example, the company's influence on the environment and climate), Social issues (for example, human rights, employee rights issues, work environment and equal treatment), Corporate Governance issues (for example, shareholder rights, issues about remuneration to senior management and anti-corruption).

UN PRI - The UN's initiative for responsible investments. The objective is to increase knowledge and understanding about the meaning of sustainable development within the investment industry. We are committed to following PRI's six principles by:

1. Incorporating ESG issues into our investment analysis and decision-making processes.
2. Being active owners and incorporating ESG issues into our ownership policies and practices.
3. Seeking appropriate disclosure on ESG issues at the companies in which we invest.
4. Promoting the implementation of these principles within the investment industry.
5. Collaborating to enhance the effectiveness in implementing the principles.
6. Reporting our activities and progress towards the implementation of the principles.

UN Global Compact - The UN's initiative in which member companies commit to pursue their business operations responsibly, in line with the Global Compact's ten principles for human rights, labour rights, the environment and anti-corruption.

Policy for responsible investments -

Xact Kapitalförvaltning's policy reports the focus of the Company's activities with responsible investments and our actions as investors and owners.

Based on the policy, the following business activities are excluded:

Area	Maximum turnover	
	Production	Distribution
Banned weapons	0 %	0 %
Nuclear weapons	0 %	0 %
Coal mining	5 %	n/a %
Coal power generation	30 %	n/a %

Criteria - Xact Kapitalförvaltning's designation of an exclusion strategy for business activities that are viewed as controversial and/or have higher sustainability risks. Based on the Criteria framework, the following business activities are excluded:

Area	Maximum turnover	
	Production	Distribution
Banned weapons*	0 %	0 %
Nuclear weapons	0 %	0 %
Weapons & war materials	5 %	5 %
Alcohol	5 %	5 %
Tobacco**	0 %	5 %
Pornography***	0 %	5 %
Commercial gaming	5 %	5 %
Fossil fuels****	5 %	5 %
Tar sands	0 %	0 %

* Cluster bombs, anti-personnel mines, chemical and biological weapons.

** Production of tobacco, 0%.

*** Production of pornography, 0%.

**** A limit of 50% of turnover is applied for equipment and services within or to this area.

Number of votes at general meetings - Votes at general meetings during the year for fund holdings at the time of the general meeting. Refers to both ordinary annual general meetings and any extraordinary general meetings.

Pooled Engagements - Through an external party (ISS ESG) and together with other investors, we participate in dialogues with companies in so-called pooled engagements. The basis for these dialogues is a norm-based analysis and target primarily companies with suspected or confirmed violations regarding international norms and conventions within the environment, human rights, labour rights and anti-corruption.

Initiatives - Initiatives are often thematic or focus on sustainability issues within a certain sector. Examples of initiatives we have participated in during the year include: Climate Action 100+, PRI Methane Engagement, PRI Sustainable Palm Oil, PRI Sustainable Soy, PRI Cyber Security and FAIRR Antibiotics Engagement. The number of holdings in each fund that are included in an initiative are not stated.

Description of initiatives, etc.

Climate Action 100+ - Climate Action 100+ is a five-year coordinated global initiative linked to the Paris Agreement. The purpose is to engage the largest greenhouse gas emitters to take responsibility and drive the transition to clean energy. Investors supporting the initiative encourage companies to combat climate change, reduce emissions and increase transparency.

PRI Methane Engagement - The aim of this initiative is to increase investors' understanding for methane exposure risks in global portfolios and to increase the understanding for best practices relating to the management of risks related to methane. The initiative also has the objective of sharing knowledge between companies about the risk of methane and to encourage companies within energy supply to improve their handling of methane and thereby reduce emissions. The objective has been to study how approximately 40 companies manage and follow-up their methane emissions.

PRI Sustainable Palm Oil - The production of palm oil is a sector with significant sustainability risks relating to both the environment and work conditions. Therefore, PRI is serving as the coordinator and has formed a working group to provide a unified voice in support of sustainable palm oil. The aim is to raise awareness of these issues among investors. The working group is also supporting the development of more sustainable practices and is engaged in influencing companies to purchase RSPO-certified palm oil. RSPO is a member organisation for various stakeholders (including other producers, consumers and non-government organisations) engaged in the production of sustainable palm oil.

PRI Sustainable Soy - The production of soy is a sector with a significant environmental impact, not least related to deforestation. PRI and CERES (a non-profit organization that collaborates with investors and companies to build leadership to create solutions for a sustainable future) have therefore coordinated a working group of investors to help investors understand how deforestation within the soybean

value chain can pose material risks for companies and investors. The purpose is to also help investors engage in dialogues with companies about these risks, as well as to drive increased transparency, traceability, as well as a commitment from companies to eliminate deforestation and violations with regard to human rights within the entire value chain.

PRI Cyber Security - The initiative focuses on increasing the knowledge of investors with regard to cyber security in relation to how their portfolios are positioned and how risks related to this can be managed. Moreover, the initiative deals with the management of investors' expectations as to what companies can and should disclose with regard to monitoring and managing cyber risks. The initiative also aims to improve the amount and quality of company disclosure relative to cyber risk and governance.

FAIRR Antibiotics Engagement - The initiative aims to reduce the use of antibiotics in large food companies. Investors went together to ten of the largest restaurant and fast-food companies in the UK and US with a challenge to phase out the overuse of antibiotics. This was coordinated by the FAIRR Initiative and ShareAction. Investors' engagement is a response to the warnings from the World Health Organisation (WHO) regarding irresponsible antibiotic practices that can lead to resistance problems, which can make many infections untreatable. The initiative is currently supported by 71 institutional investors. Additional information is available at fairr.org.

Risk in seven levels

The risk categories are classified in a common industry standard across Europe. To make it easier for savers, the risk levels are also divided into three steps: low, medium and high.

What is risk?

Within this context, risk means that savings can both increase and decrease in value. Taking a certain level of risk is a prerequisite to be able to attain high returns over the long term. The higher the risk, the greater potential for returns.

Only an indication of the future

It is important to remember that the risk indicator only gives an indication of the future risk level in the fund, since the category is based on historical data. Thus, the level can change over time. The risk is calculated on a monthly basis.


Calculation of risk

The risk (risk indicator) is calculated as the fund's standard deviation over the past five years. A higher standard deviation means that the fund has had higher price fluctuations.

The risk is calculated monthly and the calculation is based on weekly data. If the fund is new and there is no historical data available, the risk can be based on the fund's benchmark index instead. The benchmark index is the index that the fund's performance/returns can be evaluated against.

The risk indicator only reflects the fund's market risk, which can be described as a measure of the fluctuations (volatility) in the fund's price.

A fund's historical return is no guarantee of future returns. Investments made in a fund can rise or fall in value, and it is not certain that you will get back all the capital you have invested.



Risk indicator	Standard deviation, %	Risk level
1	0 – 0.5	Low
2	0.5 - 2	Low
3	2 - 5	Low
4	5 - 10	Medium
5	10 - 15	Medium
6	15 - 25	High
7	> 25	High

Types of risks

- Market risk – that the entire market for an asset class rises or falls, which affects the prices and values of the assets.
- Credit- or counterparty risk – that an issuer or counterparty defaults on a payment.
- Liquidity risk – that a holding cannot be settled within a reasonable period at a reasonable price.
- Currency risk – that the value in the fund is affected by changes in exchange rates when the fund invests in securities listed in a currency that is different from the investor's (or fund's) currency.
- Operative risk – losses related to deficiencies in routines with regard to personnel and systems in the fund management company or external factors. Partly judicial and documentation-related risks, partly risks as a result of trading, settlement and valuation routines.

The specific risks are available in the fact sheet for each fund. The fact sheet as well as the information brochure with a complete description of risks are available in the price list at www.handelsbanken.se/funds.

Fact sheets, the complete information brochure and current share price performance for the funds are available at handelsbanken.se/fonder.

The following fund management companies are included in the Handelsbankens Group: Xact Kapitalförvaltning AB and Handelsbanken Fonder AB.

A fund's historical return are no guarantee of future returns. Investments made in the fund can rise or fall in value, and it is not certain that you will get back all the capital you have invested.