

Annual report 2019

**Mutual fund reports from  
Xact Kapitalförvaltning -**

Exchange traded funds



# Mutual Funds - Annual report 2019

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*This document includes the annual reports for 2019.*

*The annual reports are complete, with the exception of the audit reports for the individual funds.  
The audit reports may be obtained at [www.handelsbanken.se/funds](http://www.handelsbanken.se/funds).*

*The annual reports are approved by the Board of Directors of the Management Company and have been reviewed by the Management Company's auditors.  
Other sections of the associated annual reports are available in the back of the catalogue in the form of the Accounting Principles and the Composition of the Board of Directors.  
The complete reports may also be ordered from Xact Kapitalförvaltning AB, 106 70 Stockholm.*



# XACT Bear (ETF)

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

## Management Report

### Investment Focus

The fund is a special leveraged exchange-traded fund which means that it differs from a mutual fund. The objective of the fund is to provide a daily return equivalent to approximately 150% of the daily opposite change in the OMXS30T Index (OMXS30 refers to the index that includes dividends, OMXS30GI) before management fees and other transaction costs. This means that when the OMXS30T falls by 1% on the market in one day, XACT Bear should rise by approximately 1.5%. The index consists of the 30 most-traded shares on the NASDAQ OMX Nordic Exchange (Stockholm Stock Exchange). The fund's capital consists of liquid assets and sold futures contracts (OMXS30T 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

XACT Bear fell 35.9% in 2019\*. 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

Fund investments consist primarily of investments in accounts and in derivative instruments with a negative exposure to the Nasdaq OMXS30TM Index equivalent to approximately 150% of the fund's value. Thus, the expected daily performance in the fund is equivalent to 150% of the movement in the index in the opposite direction. Accordingly, investments in the fund are characterized by high risk as well as the potential for high returns. As a result, the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Sweden. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in

derivatives as part of its investment focus to create returns in the fund or create leverage. The investment in derivatives also means that the fund has an increased sensitivity to market fluctuations.

### 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 during 2019. The fund has the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

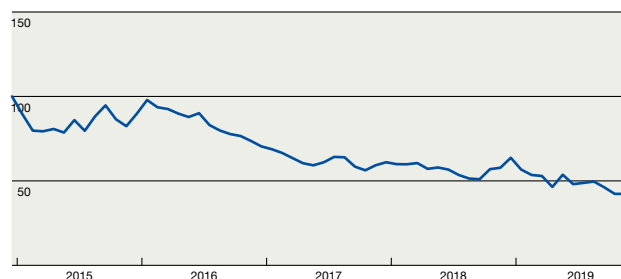
- Highest leverage during the financial year -151.9%
- Lowest leverage during the financial year -148.3%
- Average leverage during the financial year -150.1%

### Information

As of March 8, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	44.39	69.23	66.34	76.54	97.51	108.69	135.23	19.19	25.15	23.21
The fund's total net flow, mSEK	198	-113	-27	161	-63	174	-22	-148	-	-
Fund capital, mSEK	417	429	504	612	624	739	730	1,033	1,545	1,412
Number of units, 1000's	9,400	6,200	7,600	8,000	6,400	6,800	5,400	53,800	61,400	60,800
Total returns in %, SEK	-35.9	+4.4	-13.3	-21.5	-10.3	-19.6	-29.5	-22.7	+8.3	-32.2
Index including dividends in %, SEK	+30.7	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9
Tracking error, 2 yrs. %	39.3	28.2	24.6	37.0	35.1	22.8	30.1	37.9	39.5	46.4
Average yearly return, 2 yrs. %	-18.2	-4.9	-17.5	-16.1	-15.1	-24.8	-26.2	-8.5	-14.3	-44.8
Comparison to index including dividends, %	+10.2	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	+36.5
Average yearly return, 5 yrs. %	-16.4	-12.5	-19.1	-21.0	-15.7	-20.3	-29.0	-16.7	-11.4	-18.5
Comparison to index including dividends, %	+7.9	+5.0	+11.5	+13.2	+8.5	+12.9	+19.2	+4.1	+0.4	+7.2
Average yearly return, 10 yrs. %	-18.4	-21.2	-17.9	-16.3	-17.1	-	-	-	-	-
Comparison to index including dividends, %	+10.4	+11.9	+7.7	+6.6	+7.8	-	-	-	-	-
Dividends per unit, SEK	-	-	-	-	-	-	-	0.26	0.00	0.02

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.

XACT Bear (ETF), cont.

## 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, SEKt	729
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	46.17
Costs in SEK for monthly savings, 100 SEK	3.47

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	0.6
Turnover rate <sup>1)</sup>	0.2
Share of turnover conducted via closely-related securities companies in %	3.5
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

1) The measurement is misleading as the fund trades to a large extent in futures contracts on the OMX<sup>TM</sup> index. The difference between the two turnover measurements is that the top measurement only includes transactions executed in financial instruments, while the bottom measurement also takes into account fund units that have been purchased and sold.

## Risk and Return Measurements\*

Total risk %	23.5	Information ratio	Negative
Total risk in index %	15.8	Sharpe ratio	-0.7
Benchmark	OMXS30 <sup>TM</sup> Gross Index	Sharpe ratio in index	0.7
Active return %	-28.4		

\* 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, SEKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for other derivative instruments <sup>†</sup>	-204,436	45,346
Interest income	-2,136	-2,824
Other financial income	-	0
Other income	0	0
<b>Total income and changes in value</b>	<b>-206,572</b>	<b>-42,522</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	2,922	3,292
Interest expense	25	-
Other expenses	751	843
<b>Total expenses</b>	<b>3,698</b>	<b>4,135</b>
<b>Net income</b>	<b>-210,270</b>	<b>38,387</b>
<b>* Details of changes in value</b>		
Capital gains	476,479	827,749
Capital losses	-715,691	-782,403
Unrealised gains/losses	34,777	0
<b>Sum</b>	<b>-204,436</b>	<b>45,346</b>

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Money market instruments	75,071	18.0	70,059	16.3
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>75,071</b>	<b>18.0</b>	<b>70,059</b>	<b>16.3</b>
Bank assets and other liquid assets	342,763	82.1	372,374	86.8
Prepaid expenses and accrued income	10	0.0	-	-
<b>Total assets</b>	<b>417,844</b>	<b>100.1</b>	<b>442,433</b>	<b>103.1</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	542	0.1	13,209	3.1
<b>Total liabilities</b>	<b>542</b>	<b>0.1</b>	<b>13,209</b>	<b>3.1</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>417,302</b>	<b>100.0</b>	<b>429,224</b>	<b>100.0</b>
Other derivative instruments with negative market value <sup>1)</sup>	-		67,961	15.8

1) Liquid assets -3 201 tsek  
Bonds on other interest-bearing instruments, 80 024 tsek

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	429,224	504,187
Units issued	338,066	360,183
Units redeemed	-139,718	-473,533
Profit according to Income Statement	-210,270	38,387
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>417,302</b>	<b>429,224</b>

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
<b>TREASURY BILLS</b>			
SSVX 2020-01-15	10,000	10,001	2.4
SSVX 2020-06-17	30,000	30,048	7.2
Svenska Staten 2020-03-18	35,000	35,022	8.4
<b>Total Treasury bills</b>		<b>75,071</b>	<b>18.0</b>
<b>Total money market instruments</b>		<b>75,071</b>	<b>18.0</b>

## EXCHANGE-TRADED DERIVATIVES\*\*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>STOCK INDEX FUTURES</b>			
OMXS30 Future Jan20 <sup>1)</sup>	-3,525	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
<b>Total holdings in financial instruments</b>		<b>75,071</b>	<b>18.0</b>
<b>Net, other assets and liabilities</b>		<b>342,231</b>	<b>82.0</b>
<b>Total fund capital</b>		<b>417,302</b>	<b>100.0</b>

1) Stock index futures with underlying exposure of -623 308 tSEK, which is equivalent to 149.4% of fund capital.

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	18.0

\* 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<sup>TM</sup> Index and/or the value at which the said OMXS30<sup>TM</sup> Index stands at any particular time. NASDAQ OMX shall under no circumstances be liable for errors in the OMXS30<sup>TM</sup> Index nor shall it have an obligation to report or publish any errors in the OMXS30<sup>TM</sup> Index. OMX<sup>TM</sup>, OMXS30<sup>TM</sup> and OMXS30<sup>TM</sup> Index are trademarks belonging to NASDAQ OMX and are used under licence from NASDAQ OMX.

## 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 in Treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this does not mean that the fund is not sustainable.



# XACT Bear 2 (ETF)

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

## Management Report

### Investment Focus

The fund is a special leveraged exchange-traded fund which means that it differs from a mutual fund. The objective of the fund is to provide a daily return equivalent to approximately 200% of the daily opposite change in the OMXS30T Index (OMXS30 refers to the index that includes dividends, OMXS30GI) before management fees and other transaction costs. This means that when the OMXS30T falls by 1% on the market in one day, XACT Bear 2 should rise by approximately 2%. The index consists of the 30 most-traded shares on the NASDAQ OMX Nordic Exchange (Stockholm Stock Exchange). The fund's capital consists of liquid assets and sold futures contracts (OMXS30T 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

XACT Bear 2 fell 44.9% in 2019\*. 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

Fund investments consist primarily of investments in accounts and in derivative instruments with a negative exposure to the Nasdaq OMXS30TM Index equivalent to approximately 200% of the fund's value. Thus, the expected daily performance in the fund is equivalent to 200% of the movement in the index in the opposite direction. Accordingly, investments in the fund are characterized by high risk as well as the potential for high returns. As a result, the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Sweden. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in

derivatives as part of its investment focus to create returns in the fund or create leverage. The investment in derivatives also means that the fund has an increased sensitivity to market fluctuations. .

### 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 during 2019. The fund has the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

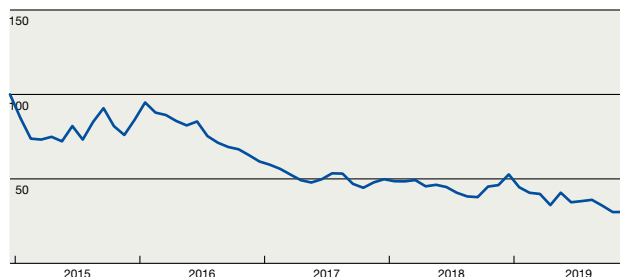
- Highest leverage during the financial year -204.6%
- Lowest leverage during the financial year -195.1%
- Average leverage during the financial year -200.1%

### Information

As of March 8, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	33.22	60.33	57.05	69.09	97.45	114.56	154.46	82.71	119.80	112.81
The fund's total net flow, mSEK	334	5	136	442	-126	299	354	238	-	-
Fund capital, mSEK	643	709	616	573	448	676	618	513	467	401
Number of units, 1000's	19,350	11,750	10,800	8,300	4,600	5,900	4,000	6,200	3,900	3,550
Total returns in %, SEK	-44.9	+5.7	-17.4	-29.1	-14.9	-25.8	-37.8	-30.3	+6.2	-42.0
Index including dividends in %, SEK	+30.7	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9
Tracking error, 2 yrs. %	47.2	33.8	29.3	44.2	42.1	27.2	36.0	45.2	47.0	-
Average yearly return, 2 yrs. %	-23.7	-6.6	-23.5	-22.3	-20.6	-32.1	-34.1	-14.0	-21.5	-
Comparison to index including dividends, %	+10.2	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	-
Average yearly return, 5 yrs. %	-21.9	-17.1	-25.5	-28.0	-21.9	-27.6	-	-	-	-
Comparison to index including dividends, %	+7.9	+5.0	+11.5	+13.2	+8.5	+12.9	-	-	-	-
Average yearly return, 10 yrs. %	-24.8	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+10.4	-	-	-	-	-	-	-	-	-
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.

XACT Bear 2 (ETF), cont.

## 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, SEKt	1,510
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	42.32
Costs in SEK for monthly savings, 100 SEK	3.35

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	0.6
Turnover rate <sup>1)</sup>	-0.3
Share of turnover conducted via closely-related securities companies in %	3.2
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

1) The measurement is misleading as the fund trades to a large extent in futures contracts on the OMX™ index. The difference between the two turnover measurements is that the top measurement only includes transactions executed in financial instruments, while the bottom measurement also takes into account fund units that have been purchased and sold.

## Risk and Return Measurements\*

Total risk %	31.4	Information ratio	Negative
Total risk in index %	15.8	Sharpe ratio	-0.7
Benchmark	OMXS30™ Gross Index	Sharpe ratio in index	0.7
Active return %	-33.9		

\* 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, SEKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for other derivative instruments <sup>*</sup>	-390,924	97,242
Interest income	-3,166	-3,711
Other income	0	1
<b>Total income and changes in value</b>	<b>-394,090</b>	<b>93,532</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	4,332	4,188
Interest expense	20	-
Other expenses	1,534	1,499
<b>Total expenses</b>	<b>5,886</b>	<b>5,687</b>
<b>Net income</b>	<b>-399,976</b>	<b>87,845</b>
<b>* Details of changes in value</b>		
Capital gains	950,594	1,420,649
Capital losses	-1,408,311	-1,323,407
Unrealised gains/losses	66,793	0
<b>Sum</b>	<b>-390,924</b>	<b>97,242</b>

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Money market instruments	105,097	16.3	110,090	15.5
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>105,097</b>	<b>16.3</b>	<b>110,090</b>	<b>15.5</b>
Bank assets and other liquid assets	538,468	83.8	626,647	88.4
Prepaid expenses and accrued income	14	0.0	-57	0.0
<b>Total assets</b>	<b>643,579</b>	<b>100.1</b>	<b>736,680</b>	<b>103.9</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	809	0.1	351	0.1
Other liabilities	-	-	27,452	3.8
<b>Total liabilities</b>	<b>809</b>	<b>0.1</b>	<b>27,803</b>	<b>3.9</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>642,770</b>	<b>100.0</b>	<b>708,877</b>	<b>100.0</b>
Other derivative instruments with negative market value <sup>1)</sup>	273,601	42.6	121,792	17.2

1) Liquid assets 10 341 tSEK, Bonds on other interest-bearing instruments, 110 041 tSEK

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	708,877	616,153
Units issued	700,705	701,344
Units redeemed	-366,836	-696,465
Profit according to Income Statement	-399,976	87,845
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>642,770</b>	<b>708,877</b>

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
<b>TREASURY BILLS</b>			
SSVX 2020-01-15	15,000	15,002	2.3
SSVX 2020-06-17	40,000	40,065	6.2
Svenska Staten 2020-03-18	50,000	50,031	7.8
<b>Total Treasury bills</b>		<b>105,097</b>	<b>16.3</b>
<b>Total money market instruments</b>		<b>105,097</b>	<b>16.3</b>

## EXCHANGE-TRADED DERIVATIVES\*\*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>STOCK INDEX FUTURES</b>			
OMXS30 Future Jan20 <sup>1)</sup>	-7,353	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
<b>Total holdings in financial instruments</b>		<b>105,097</b>	<b>16.3</b>
<b>Net, other assets and liabilities</b>		<b>537,673</b>	<b>83.7</b>
<b>Total fund capital</b>		<b>642,770</b>	<b>100.0</b>

1) Stock index futures with underlying exposure of -1 300 194 tSEK, which is equivalent to 202.3% of fund capital.

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	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.

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 in Treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this does not mean that the fund is not sustainable.

Portfolio Manager: STEFAN HAGMAN

BASE CURRENCY



# XACT Bull (ETF)

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

## Management Report

### Investment Focus

The fund is a special leveraged exchange-traded fund which means that it differs from a mutual fund. The objective of the fund is to provide a daily return equivalent to approximately 150% of the daily positive change in the OMXS30T Index (OMXS30 refers to the index that includes dividends, OMXS30GI) before management fees and other transaction costs. This means that when the OMXS30T rises by 1% on the market in one day, XACT Bull should rise by approximately 1.5%. The index consists of the 30 most-traded shares on the NASDAQ OMX Nordic Exchange (Stockholm Stock Exchange). The fund's capital consists of liquid assets and futures contracts (OMXS30T 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

XACT Bull rose 46.1% in 2019\*. 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

Fund investments consist primarily of investments in accounts and in derivative instruments with exposure to the Nasdaq OMXS30TM Index equivalent to approximately 150% of the fund's value. Thus, the expected daily performance in the fund is equivalent to 150% of the movement in the index. Accordingly, investments in the fund are characterized by high risk as well as the potential for high returns. As a result, the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Sweden. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in derivatives as part of its investment focus to create returns

in the fund or create leverage. The investment in derivatives also means that the fund has an increased sensitivity to market fluctuations.

### 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 during 2019. The fund has the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

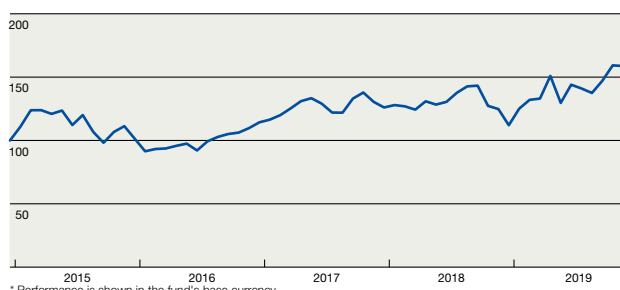
- Highest leverage during the financial year 151.0%
- Lowest leverage during the financial year 148.3%
- Average leverage during the financial year 150.0%

### Information

As of March 8, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	449.71	307.91	346.43	314.17	278.70	274.85	230.71	168.06	139.95	176.97
The fund's total net flow, mSEK	-60	-119	-2	-119	-314	-569	-37	-322	-	-
Fund capital, mSEK	292	246	381	346	418	673	1,096	815	945	2,177
Number of units, 1000's	650	800	1,100	1,100	1,500	2,450	4,750	4,850	6,750	12,300
Total returns in %, SEK	+46.1	-11.1	+10.3	+12.7	+1.4	+19.1	+37.3	+21.2	-20.9	+35.2
Index including dividends in %, SEK	+30.7	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9
Tracking error, 2 yrs. %	8.1	5.9	5.6	8.0	7.4	4.9	6.8	8.8	8.7	9.1
Average yearly return, 2 yrs. %	+13.9	-1.0	+11.5	+6.9	+9.9	+27.9	+29.0	-2.1	+3.4	+54.0
Comparison to index including dividends, %	+10.2	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	+36.5
Average yearly return, 5 yrs. %	+10.3	+5.9	+15.6	+17.8	+9.7	+16.2	+25.6	+0.9	-4.9	+5.4
Comparison to index including dividends, %	+7.9	+5.0	+11.5	+13.2	+8.5	+12.9	+19.2	+4.1	+0.4	+7.2
Average yearly return, 10 yrs. %	+13.2	+15.3	+8.0	+5.8	+7.5	-	-	-	-	-
Comparison to index including dividends, %	+10.4	+11.9	+7.7	+6.6	+7.8	-	-	-	-	-
Dividends per unit, SEK	-	-	-	-	-	-	-	1.58	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.

XACT Bull (ETF), cont.

## 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, SEKt	339
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	76.21
Costs in SEK for monthly savings, 100 SEK	4.33

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	0.6
Turnover rate <sup>1)</sup>	0.9
Share of turnover conducted via closely-related securities companies in %	1.6
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

1) The measurement is misleading as the fund trades to a large extent in futures contracts on the OMX30™ index. The difference between the two turnover measurements is that the top measurement only includes transactions executed in financial instruments, while the bottom measurement also takes into account fund units that have been purchased and sold.

## Risk and Return Measurements\*

Total risk %	23.9	Information ratio	0.5
Total risk in index %	15.8	Sharpe ratio	0.6
Benchmark	OMXS30™ Gross Index	Sharpe ratio in index	0.7
Active return %	3.7		

\* 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, SEKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for other derivative instruments <sup>*</sup>	109,766	-11,003
Interest income	-1,281	-2,048
Other income	0	0
<b>Total income and changes in value</b>	<b>108,485</b>	<b>-13,051</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	1,713	2,317
Interest expense	15	-
Other expenses	357	484
<b>Total expenses</b>	<b>2,085</b>	<b>2,801</b>
<b>Net income</b>	<b>106,400</b>	<b>-15,852</b>
<b>* Details of changes in value</b>		
Capital gains	409,802	558,212
Capital losses	-276,516	-569,215
Unrealised gains/losses	-23,520	0
<b>Sum</b>	<b>109,766</b>	<b>-11,003</b>

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Money market instruments	35,034	12.0	45,042	18.3
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>35,034</b>	<b>12.0</b>	<b>45,042</b>	<b>18.3</b>
Bank assets and other liquid assets	257,618	88.1	194,482	79.0
Prepaid expenses and accrued income	4	0.0	-	-
Other assets	-	-	6,962	2.8
<b>Total assets</b>	<b>292,656</b>	<b>100.1</b>	<b>246,486</b>	<b>100.1</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	342	0.1	159	0.1
<b>Total liabilities</b>	<b>342</b>	<b>0.1</b>	<b>135</b>	<b>0.1</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>292,314</b>	<b>100.0</b>	<b>246,327</b>	<b>100.0</b>
Other derivative instruments with negative market value <sup>1)</sup>	81,625	27.9	68,694	27.9

1) Liquid assets 2 059 tSEK.  
Bonds on other interest-bearing instruments, 50 016 tSEK

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	246,327	381,074
Units issued	-	480,335
Units redeemed	-60,413	-599,230
Profit according to Income Statement	106,400	-15,852
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>292,314</b>	<b>246,327</b>

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
<b>TREASURY BILLS</b>			
SSVX 2020-01-15	5,000	5,001	1.7
SSVX 2020-06-17	15,000	15,024	5.1
Svenska Staten 2020-03-18	15,000	15,009	5.1
<b>Total Treasury bills</b>		<b>35,034</b>	<b>12.0</b>
<b>Total money market instruments</b>		<b>35,034</b>	<b>12.0</b>

## EXCHANGE-TRADED DERIVATIVES\*\*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>STOCK INDEX FUTURES</b>			
OMXS30 Future Jan20 <sup>1)</sup>	2,483	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
<b>Total holdings in financial instruments</b>		<b>35,034</b>	<b>12.0</b>
<b>Net, other assets and liabilities</b>		<b>257,280</b>	<b>88.0</b>
<b>Total fund capital</b>		<b>292,314</b>	<b>100.0</b>

1) Stock index futures with underlying exposure of 439 056 tSEK, which is equivalent to 150.2% of fund capital.

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	11.9

\* 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 in Treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this does not mean that the fund is not sustainable.



# XACT Bull 2 (ETF)

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

## Management Report

### Investment Focus

The fund is a special leveraged exchange-traded fund which means that it differs from a mutual fund. The objective of the fund is to provide a daily return equivalent to approximately 200% of the daily positive change in the OMXS30T Index (OMXS30 refers to the index that includes dividends, OMXS30GI) before management fees and other transaction costs. This means that when the OMXS30T rises by 1% on the market in one day, XACT Bull 2 should rise by approximately 2%. The index consists of the 30 most-traded shares on the Nasdaq OMX Nordic Exchange (Stockholm Stock Exchange). The fund's capital consists of liquid assets and futures contracts (OMXS30T 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

XACT Bull 2 rose 64.8% in 2019\*. 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

Fund investments consist primarily of investments in accounts and in derivative instruments with exposure to the Nasdaq OMXS30TM Index equivalent to approximately 200% of the fund's value. Thus, the expected daily performance in the fund is equivalent to 200% of the movement in the index. Accordingly, investments in the fund are characterized by high risk as well as the potential for high returns. As a result, the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Sweden. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in derivatives as part of its investment focus to create returns

in the fund or create leverage. The investment in derivatives also means that the fund has an increased sensitivity to market fluctuations.

### 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 during 2019. The fund has the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

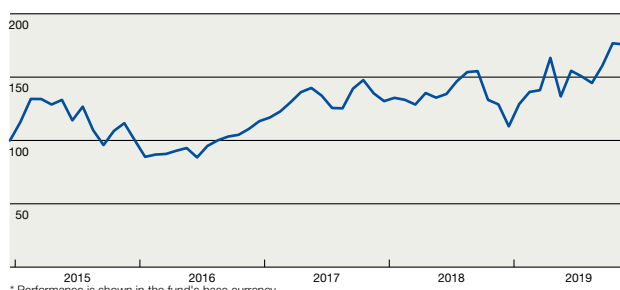
- Highest leverage during the financial year 202.2%
- Lowest leverage during the financial year 197.8%
- Average leverage during the financial year 200.0%

### Information

As of March 8, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	898.97	545.58	643.27	565.76	492.08	490.91	392.13	259.55	206.71	295.21
The fund's total net flow, mSEK	-297	21	-238	-345	130	-460	-267	-97	-	-
Fund capital, mSEK	494	518	579	707	960	835	1,059	921	796	664
Number of units, 1000's	550	950	900	1,250	1,950	1,700	2,700	3,550	3,850	2,250
Total returns in %, SEK	+64.8	-15.2	+13.7	+15.0	+0.2	+25.2	+51.1	+26.7	-30.0	+46.6
Index including dividends in %, SEK	+30.7	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9
Tracking error, 2 yrs. %	16.2	11.7	11.0	15.9	14.6	9.6	13.1	17.2	17.6	-
Average yearly return, 2 yrs. %	+18.2	-1.8	+14.3	+7.4	+12.0	+37.5	+38.3	-5.8	+1.3	-
Comparison to index including dividends, %	+10.2	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	-
Average yearly return, 5 yrs. %	+12.9	+6.8	+19.9	+22.5	+11.0	+19.7	-	-	-	-
Comparison to index including dividends, %	+7.9	+5.0	+11.5	+13.2	+8.5	+12.9	-	-	-	-
Average yearly return, 10 yrs. %	+16.2	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+10.4	-	-	-	-	-	-	-	-	-
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.

XACT Bull 2 (ETF), cont.

## 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, SEKt	852
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	82.44
Costs in SEK for monthly savings, 100 SEK	4.49

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	0.6
Turnover rate <sup>1)</sup>	0.4
Share of turnover conducted via closely-related securities companies in %	2.0
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

1) The measurement is misleading as the fund trades to a large extent in futures contracts on the OMX<sup>TM</sup> index. The difference between the two turnover measurements is that the top measurement only includes transactions executed in financial instruments, while the bottom measurement also takes into account fund units that have been purchased and sold.

## Risk and Return Measurements\*

Total risk %	32.0	Information ratio	0.5
Total risk in index %	15.8	Sharpe ratio	0.6
Benchmark	OMXS30 <sup>TM</sup> Gross Index	Sharpe ratio in index	0.7
Active return %	8.0		

\* 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, SEKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for other derivative instruments <sup>*</sup>	279,345	-74,638
Interest income	-2,300	-2,867
Other income	2	0
<b>Total income and changes in value</b>	<b>277,047</b>	<b>-77,505</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	3,019	3,264
Interest expense	24	-
Other expenses	873	954
<b>Total expenses</b>	<b>3,916</b>	<b>4,218</b>
<b>Net income</b>	<b>273,131</b>	<b>-81,723</b>
<b>* Details of changes in value</b>		
Capital gains	969,044	1,032,872
Capital losses	-634,450	-1,107,510
Unrealised gains/losses	-55,249	-
<b>Sum</b>	<b>279,345</b>	<b>-74,638</b>

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Money market instruments	85,070	17.2	95,082	18.4
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>85,070</b>	<b>17.2</b>	<b>95,082</b>	<b>18.4</b>
Bank assets and other liquid assets	409,955	82.9	405,344	78.2
Prepaid expenses and accrued income	10	0.0	-	-
Other assets	-	-	18,219	3.5
<b>Total assets</b>	<b>495,035</b>	<b>100.1</b>	<b>518,645</b>	<b>100.1</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	601	0.1	345	0.1
<b>Total liabilities</b>	<b>601</b>	<b>0.1</b>	<b>345</b>	<b>0.1</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>494,434</b>	<b>100.0</b>	<b>518,300</b>	<b>100.0</b>
Other derivative instruments with negative market value <sup>1)</sup>	187,054	37.8	86,961	16.8

1) Liquid assets 4 573 tSEK.  
Bonds on other interest-bearing instruments, 90 022 tSEK

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	518,300	578,945
Units issued	68,184	363,020
Units redeemed	-365,181	-341,942
Profit according to Income Statement	273,131	-81,723
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>494,434</b>	<b>518,300</b>

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
<b>TREASURY BILLS</b>			
SSVX 2020-01-15	25,000	25,003	5.1
SSVX 2020-06-17	30,000	30,048	6.1
Svenska Staten 2020-03-18	30,000	30,018	6.1
<b>Total Treasury bills</b>		<b>85,070</b>	<b>17.2</b>
<b>Total money market instruments</b>		<b>85,070</b>	<b>17.2</b>

## EXCHANGE-TRADED DERIVATIVES\*\*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>STOCK INDEX FUTURES</b>			
OMXS30 Future Jan20 <sup>1)</sup>	5,588	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
<b>Total holdings in financial instruments</b>		<b>85,070</b>	<b>17.2</b>
<b>Net, other assets and liabilities</b>		<b>409,364</b>	<b>82.8</b>
<b>Total fund capital</b>		<b>494,434</b>	<b>100.0</b>

1) Stock index futures with underlying exposure of 988 098 tSEK, which is equivalent to 199.8% of fund capital.

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	17.3

\* 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 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 in Treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this does not mean that the fund is not sustainable.



# XACT Norden (UCITS ETF)

*Exchange-traded index fund listed on the Stockholm Stock Exchange*

## Management Report

### Investment Focus

XACT Norden is an exchange-traded index fund and its objective is to follow the performance of the Handelsbanken Nordic ESG Index as closely as possible. The index consists of a selection of about 30 of the most-traded companies on the Nordic stock exchanges that meet the sustainability requirements of the index. The sustainability requirements provide that companies with high sustainability ratings are included in the index (inclusion), while companies that are involved in verified violations of international norms, as well as companies operating within controversial sectors, are excluded in the index (exclusion). The fund invests in equities included in this index.

### Portfolio

XACT Norden rose 22.2% in 2019\*. The fund changed its name from XACT Norden 30 to XACT Norden in June and also switched its benchmark index from NASDAQ VINX30™ to Handelsbanken Nordic ESG Index. In conjunction with the index change, the fund attained the Nordic Swan Ecolabel. The sustainability requirements mean partly that companies with high sustainability ratings are included (inclusion) in the index, and that companies operating within controversial sectors may not be included (exclusion) in the index. The fund's largest holdings at year-end were Novo Nordisk, Investor and Atlas Copco. The largest sector weightings were manufacturing, healthcare and financials.

\*) Refer to fund statistics for comparable index.

### Significant risks

An investment in an equity fund is characterised by high risk as well as by the potential for high returns. As a result, the value of the fund can fluctuate significantly over time. Investments in equity funds are characterized by high risk as well as the potential for high returns. As a result, the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in the Nordics. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in derivatives and does this to protect the value of the fund's underlying assets, to maintain the desired risk level in the fund portfolio or to minimize fund management costs. The volume of trading is limited where appropriate and is expected to have a marginal impact on the fund's risk profile.

### 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 during 2019. The fund has the option of lending securities. The fund used this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Information

On 22 February 2019, the fund changed the custodian institution from Skandinaviska Enskilda Banken AB (PLC) to J. P. Morgan Bank Luxembourg S.A. Stockholm bank branch. On 20 June 2019, the fund changed its fund rules and thereby follows specific sustainability criteria. The fund changed its name from XACT Norden 30 (UCITS ETF) to XACT Norden (UCITS ETF). The change in the index was to adapt the fund for sustainability as well as Nordic Swan Ecolabelling. The fund changed its fund rules on 1 October 2019.

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.

### Shareholder commitments

Based on the Management Company's Policy for Shareholder Engagement, which includes guidelines for responsible investment, voting at general meetings, and dialogue with the portfolio management companies are undertaken independently or in collaboration with others. It is our understanding that this work leads to better governance and reduced sustainability risks in the portfolio management companies, which in turn leads to a positive value growth.

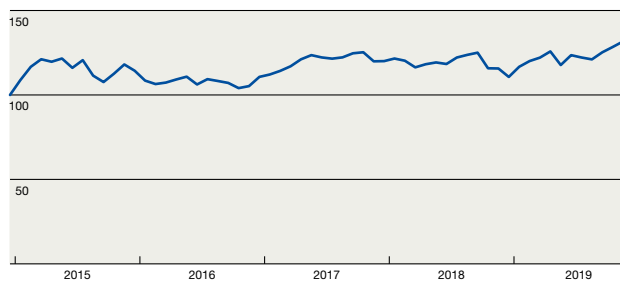
The Management Company ensures that relevant information is available as input for analysis and voting decisions. This is primarily accomplished through analysis from proxy advisors as well as through market information, third-party analysis or direct contact with the company. The Management Company then takes independent decisions on those matters that will be subject to a vote or another decision-making process.

The Management Company normally votes for all of the equities in the fund in those companies where voting takes place, such as in markets where the equities are in a lock-up period to enable registration for voting at a general meeting. Any securities loans are typically recalled prior to a general meeting to ensure that votes can be cast for all of the equities, although the securities loans can remain in effect at the time of the general meeting if it is deemed to be in the common interest of unit holders and there is no significant impact on active ownership.

No conflicts of interest have arisen between the Management Company and the portfolio management company in conjunction with the funds' investments. Information is available in the Management Company's Policy for Shareholder Engagement on how the Management Company in general manages conflicts of interest that can arise as a result of the funds' investments.

Read more about how Xact Kapitalförvaltning acts in ownership matters and about the fund company's guidelines for responsible investments in the company's Policy for shareholder engagement and responsible investments which can be found under <https://www.handelsbanken.com/en/about-the-group/organisation/subsidiaries>

### Fund Performance\*



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



XACT Norden (UCITS ETF), cont.

## Fund Facts - History

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, EUR	12.74	10.42	11.31	10.43	10.77	9.42	8.64	7.05	5.87	7.14
The fund's total net flow, mEUR	188	113	44	121	47	163	-74	-2	-	-
Fund capital, mEUR	1,322	915	880	768	662	549	351	352	298	352
Number of units, 1000's	103,800	87,800	77,800	73,650	61,500	58,300	40,650	49,950	50,750	49,350
Total returns in %, EUR	+22.2	-7.8	+8.4	-3.2	+14.3	+9.1	+22.5	+21.3	-14.8	+32.4
Index including dividends in %, EUR	+22.1	-8.0	+8.4	-3.0	+14.6	+9.5	+23.4	+21.4	-14.6	+33.3
Tracking error, 2 yrs. %	0.2	0.2	0.1	0.1	0.1	0.2	0.3	0.3	0.2	0.2
Average yearly return, 2 yrs. % in EUR	+6.1	0.0	+2.5	+5.2	+11.7	+21.4	+21.5	-0.8	-1.0	+22.1
Comparison to index including dividends, % in EUR	+6.0	-0.1	+2.6	+5.4	+12.0	+22.2	+22.0	-0.7	-0.5	+22.7
Average yearly return, 5 yrs. % in EUR	+6.2	+3.8	+9.9	+12.4	+9.6	+11.1	+13.1	-3.4	-3.9	-
Comparison to index including dividends, % in EUR	+6.2	+4.0	+10.2	+12.8	+9.9	+11.5	+13.6	-3.2	-3.5	-
Average yearly return, 10 yrs. % in EUR	+9.5	+10.8	+4.0	+4.1	-	-	-	-	-	-
Comparison to index including dividends, % in EUR	+9.7	+11.0	+4.3	+4.4	-	-	-	-	-	-
Dividends per unit, EUR	-	-	-	-	-	-	-	0.06	0.24	0.16
Exchange rate EUR/SEK	10.51	10.13	9.83	9.58	9.16	9.47	-	-	-	-

Benchmark: Handelsbanken Nordic ESG Index

Up to 19/06/2019: 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, EURT	151
Transaction costs in % of turnover	0.01
Costs in EUR for a one-time subscription, 1 000 EUR	1.43
Costs in EUR for monthly savings, 10 EUR	0.07

## Fund Facts - Other Key Figures

Turnover rate	0.4
Share of turnover conducted via closely-related securities companies in %	14.3
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

## Risk and Return Measurements\*

Total risk %	11.5	Information ratio	1.0
Total risk in index %	11.5	Sharpe ratio	0.6
Benchmark	Handelsbanken Nordic ESG Index	Sharpe ratio in index	0.6
Active return %	0.2		

\* 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, EURT

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for transferable securities *	181,728	-111,480
Changes in value for other derivative instruments **	750	-7
Interest income	-12	19
Dividends	38,289	35,511
Currency exchange profits and losses, net	93	-208
Other financial income	46	-
Other income	0	0
<b>Total income and changes in value</b>	<b>220,894</b>	<b>-76,165</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	1,678	1,411
Interest expense	2	7
Other financial expenses	9	-
Other expenses	151	51
<b>Total expenses</b>	<b>1,840</b>	<b>1,469</b>
<b>Net income</b>	<b>219,054</b>	<b>-77,634</b>
* Details of changes in value		
Capital gains	50,356	15,930
Capital losses	-54,177	-21,028
Unrealised gains/losses	165,549	-106,382
Sum	181,728	-111,480
** Details of changes in value		
Capital gains	1,420	866
Capital losses	-677	-873
Unrealised gains/losses	7	0
Sum	750	-7

## Balance Sheet, EURT

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Transferable securities	1,321,338	99.9	915,142	100.0
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>1,321,338</b>	<b>99.9</b>	<b>915,142</b>	<b>100.0</b>
Bank assets and other liquid assets	466	0.0	279	0.0
Prepaid expenses and accrued income	774	0.1	-	-
<b>Total assets</b>	<b>1,322,578</b>	<b>100.0</b>	<b>915,421</b>	<b>100.0</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	169	0.0	118	0.0
<b>Total liabilities</b>	<b>169</b>	<b>0.0</b>	<b>118</b>	<b>0.0</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>1,322,409</b>	<b>100.0</b>	<b>915,303</b>	<b>100.0</b>
Financial instruments lent	61,370	4.6	-	-
Collateral received for financial instruments lent	65,402	4.9	-	-
Other derivative instruments with negative market value <sup>1)</sup>	100,896	7.6	-	-

1) EUR Liquid assets 93 752 t, bonds and other interest-bearing instruments EUR 7 144 t

Note 1) for Balance Sheet

## Changes in fund capital, EURT

	2019	2018
Fund capital at beginning of year	915,303	879,689
Units issued	240,248	113,248
Units redeemed	-52,196	-
Profit according to Income Statement	219,054	-77,634
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>1,322,409</b>	<b>915,303</b>

Note 2) for Balance Sheet

## Fund holdings in financial instruments

## TRANSFERABLE SECURITIES\*

	Number/Nominal amount in 1000's	Market value tEUR	% of fund capital
<b>LISTED EQUITIES</b>			
<b>DENMARK (DKK)</b>			
A.P. Møller-Mærsk B	24,912	32,031	2.4
Coloplast B	282,336	31,224	2.4
DSV	481,632	49,488	3.7
Genmab	153,624	30,458	2.3
Novo Nordisk	4,677,228	242,015	18.3
Novozymes	556,368	24,273	1.8
		<b>409,488</b>	<b>31.0</b>
<b>FINLAND (EUR)</b>			
Kone	867,768	50,574	3.8
Nokia	11,675,424	38,482	2.9
Sampo A	919,668	35,784	2.7
Stora Enso R EUR	1,527,936	19,810	1.5
UPM-Kymmene	1,052,532	32,534	2.5
		<b>177,183</b>	<b>13.4</b>
<b>NORWAY (NOK)</b>			
DNB	2,163,192	35,966	2.7
Mowi ASA	954,960	22,093	1.7
Telenor	1,386,768	22,136	1.7
		<b>80,196</b>	<b>6.1</b>

XACT Norden (UCITS ETF), cont.

	Number/Nominal amount in 1000's	Market value tEUR	% of fund capital
<b>SWEDEN (SEK)</b>			
Assa Abloy B	2,094,684	43,657	3.3
AstraZeneca SDB	433,884	38,822	2.9
Atlas Copco A	1,687,788	60,009	4.5
EPIROC A	2,393,628	26,048	2.0
Ericsson B	7,224,480	56,075	4.2
Essity B	1,382,616	39,711	3.0
Handelsbanken A	2,858,652	27,450	2.1
Hennes & Mauritz B	1,849,716	33,531	2.5
Hexagon B	626,952	31,324	2.4
Industrivärden C	878,148	18,879	1.4
Investor B	1,567,380	76,253	5.8
Nordea Bank Abp Stockholm	7,664,592	55,173	4.2
Sandvik	2,177,724	37,854	2.9
SEB A	3,224,028	27,025	2.0
Swedbank A	1,930,680	25,622	1.9
Volvo B	3,819,840	57,037	4.3
		<b>654,471</b>	<b>49.4</b>
<b>Total listed equities</b>		<b>1,321,338</b>	<b>99.9</b>
<b>Total transferable securities</b>		<b>1,321,338</b>	<b>99.9</b>

**EXCHANGE-TRADED DERIVATIVES\*\***

	Number/Nominal amount in 1000's	Market value tEUR	% of fund capital
<b>STOCK INDEX FUTURES</b>			
OMXS30 ESG Future Jan20 <sup>1)</sup>	47	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
<b>Total holdings in financial instruments</b>		<b>1,321,338</b>	<b>99.9</b>
<b>Net, other assets and liabilities</b>		<b>1,071</b>	<b>0.1</b>
<b>Total fund capital</b>		<b>1,322,409</b>	<b>100.0</b>

<sup>1)</sup> Stock index futures with underlying exposure of 781 tEUR, which is equivalent to 0.1% of fund capital.

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.

99.9

\*\* 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).

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\*\*\* Refers to other financial instruments.

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**Additional information on loaned securities**

**Volume of lent securities as a % of total lendable assets** **4.63**

**The ten largest issuers of collateral for securities lending per issuer, EUR thousand:**

U.S.A	35 383
The British Government	9 618
The Dutch Government	8 201
The German Government	1 861
The French Government	929
The Austrian Government	421
Walt Disney Co/The	248
Pfizer Inc	207
Linde Plc	198
Global Payments Inc	190

**The largest counterparties for securities lending, EUR thousand:**

Morgan Stanley & Co International Plc, Great Britain	50 123
Credit Suisse AG, Dublin Branch, Ireland	9 941
Credit Suisse Securities (Europe) Ltd, Great Britain	1 306
	<b>61 370</b>

**Type and quality of collateral, EUR thousand:**

Equities	8 848
Bonds and other interest-bearing instruments	56 554
	<b>65 402</b>

We accept government bonds and treasury bills with a rating of AA- from S&P or Aa3 from Moody's or higher issued by the United States, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland. We also accept equities in major and well-known indexes as collateral.

**Profile of the collateral's duration, EUR thousand:**

Less than one day	-
One day to one week	-
One week to one month	609
One to three months	7 690
Three months to one year	4 801
Greater than one year	43 455
Indeterminate duration	8 848
	<b>65 402</b>

**Currency of the collateral, EUR thousand:**

AUD	62
CAD	582
CHF	44
DKK	2
EUR	13 194
GBP	10 792
HKD	302
JPY	350
SEK	115
USD	39 960
	<b>65 402</b>

The profile of the duration for securities lending is undetermined, but may be immediately terminated. Settlement and clearing for securities lending is conducted through a third party. The collateral received is held by J.P. Morgan Bank Luxembourg S.A. or another group

**Information about returns and expenses:**

Securities lending for the full year generated a total revenue of 46 SEK thousand, of which 80% was passed on to the fund and 20% to J.P. Morgan Bank Luxembourg S.A. in its role as the intermediary of securities lending.

**Counterparties for securities lending during the year:**

-Credit Suisse AG, Dublin Branch, Ireland  
 -Credit Suisse Securities (Europe) Ltd, Great Britain  
 -HSBC Bank Plc, Great Britain, Great Britain  
 -J.P. Morgan Securities Plc, Great Britain  
 -Morgan Stanley & Co International Plc, Great Britain  
 -Skandinaviska Enskilda Banken AB (publ), Sweden, Sweden  
 -UBS AG, London Branch, Great Britain

Svenska Handelsbanken AB (PLC) ("Index owner") is not liable for losses or damages due to Swedish or foreign statutes, measures taken by Swedish or foreign authorities, event of war, power failure, telecommunications failure, fire, water damage, strike, blockade, lockout, boycott, or other similar circumstances outside of the control of the Index owner. The reservation concerning strike, blockade, lockout and boycott also applies if the Index owner takes or is subject to such conflict measures.

The Index owner is in no respect liable for loss of data, loss of profit or other indirect damages. The Index owner does not provide any guarantees, either expressed or implied, as to the results to be obtained from the use of the index or the value at which the index stands at any particular time.

The Index owner shall not under any circumstances be liable for errors in the index and is under no obligation to report or publish any errors in the index.

# XACT NORDEN (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 enhanced sustainability criteria into consideration. These criteria include the environment, social and corporate governance dimensions. The index and the fund include and exclude companies in accordance with the criteria specified below. The Management Company also carries out engagement activities on behalf of the fund that include dialogues with companies and voting at annual general meetings. The fund has been awarded the Nordic Swan Ecolabel and thereby fulfils the Nordic Swan Ecolabel's 25 mandatory criteria. Read more at [svanen.se/spararen](http://svanen.se/spararen).

## Methods used in sustainability efforts

### Inclusion

The fund's index, as well as the fund, take sustainability dimensions into consideration in the selection of companies. Each company is required to undergo a thorough sustainability analysis with regard to the environment, social and corporate governance criteria to be included in the fund and its index. The analysis is conducted by ISS-Oekom in accordance with their Corporate Ratings Methodology. The ISS-Oekom Corporate Rating evaluates the sustainability performance of companies. The rating scale spans from D- (poor) to A+ (excellent). Each rating is complemented by an analyst opinion that provides a qualitative commentary related to important rating results for three dimensions: sustainability opportunities, sustainability risks and governance. Companies that successfully manage sustainability-related risks and opportunities are assigned Prime Status. The fund and its index must have a minimum of 75 percent of its market value in companies with Prime Status.

The rating and assessment is based on the company's industry and the unique sustainability challenges associated with that industry. For example, a textile company places extra emphasis on work conditions in the supply chain and sustainable use of water, while a bank focuses more on customers and product responsibility as well as the bank's environmental impact of the bank's financial products and services.

One example of a company that was selected for inclusion in the fund was Novo Nordisk A/S. Relative to comparable companies, Novo Nordisk A/S demonstrates good management of the sustainable risks that are relevant for the pharmaceutical sector. The company also contributes to the Sustainable Development Goals, most notably SDG 3 – "Health and well-being".

### Exclusion

The fund and its index exclude in their entirety companies involved in the production or distribution of weapons banned under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons. Companies involved in the production or distribution of nuclear weapons are also excluded.

The fund and its index also excludes\* companies whose principle operations are within controversial sectors such as alcohol, tobacco, cannabis, commercial gambling, weapons and military equipment, uranium, pornography and fossil fuels. The fund and its index also exclude companies with unacceptable risk for violations of international norms and conventions related to human rights, labour law, the environment and anti-corruption.

Follow-up occurs on a daily basis by the Management Company's independent risk control function.

At the close of 2019, 23 companies were excluded from the fund and its index, based on the criteria above.

## The Management Company's engagement activities

An essential part of taking responsibility as an investor is to influence the companies in which we invest. The starting point for our engagement activities are the core values of Handelsbanken and the Management Company, our commitments and the international norms and conventions we respect. We conduct dialogues for the purpose of encouraging companies to improve their sustainability efforts, and with companies we believe are not compliant with the international norms and conventions we respect. We pursue engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through the external service provider ISS ESG, the Management Company participates in dialogues with companies in so-called Pooled Engagement. The basis for these dialogues is a norm-based analysis that targets primarily companies with suspected or verified breaches of international norms and conventions within human rights, labour law, the environment and anti-corruption. The dialogue process consists of contact between ISS ESG and the concerned company, and in certain cases, the process also includes meetings or telephone conference calls in which we as an investor can participate.

In 2019, the Management Company participated in a total of 145 company dialogues. Of these company dialogues, the fund held holdings in one of the companies at the close of 2019. The fund also had two open dialogues in which there was no activity conducted during 2019 (Nordea Bank and Ericsson), as well as a dialogue with one company (Vestas Wind) that was excluded from the fund due to an unacceptable risk for violations of international norms and conventions.

One of the companies subject to dialogue within the scope of Pooled Engagement in 2019 was Swedbank. The dialogues were associated with SDG 16 and UNGC Principle 10 and concerned allegations that Swedbank did not satisfactorily prevent money laundering at its operations in the Baltics.

B. Dialogues through international collaborations and industry initiatives, such as the UN, PRI and CDP. In 2019, the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability issues. These initiatives are frequently thematic or target 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 Forests, PRI Cyber Security, FAIRR Antibiotics Engagement, and FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we participate and support the dialogues with our capital but do not lead the dialogues with the company concerned.

These international collaborations and initiatives, together with the dialogues, include over 300 companies.

## Annual General Meetings

The Management Company normally votes at general meetings in which the Management Company is a major shareholder or at general meetings where the company concerned is identified as falling short in its sustainability efforts. In general, the Management Company also supports shareholder proposals that seek to promote corporate sustainability, greater transparency in recording and reporting of the company's climate impact, as well as its work with human rights and labour law.

The Management Company voted at 21 annual general meetings on behalf of the fund during the year.

*\*In accordance with the Swedish Investment Fund Association's definition of "Exclusion", a maximum of five percent of the turnover in the company in which investments are made may relate to the business operations applicable to the specified product or service.*



# 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 follow the performance of the Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK) to attain returns that correspond as closely as possible to the returns of this index. Handelsbanken Nordic High Dividend Low Volatility Criteria Index (SEK) consists of equities in Nordic companies that are selected based on dividend yields as well as the risk and liquidity of the equities. The index followed by the fund includes sustainability requirements. Companies that do not fulfil the defined requirements with regard to sustainability are excluded from the index. The sustainability requirements include international norms and guidelines for the environment, social responsibility and corporate 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. Refer to the fund's information brochure for more detailed information.

### Portfolio

XACT Högutdelande rose 29.7% in 2019\*. The portfolio contains all of the equities included in the SHB Nordic High Dividend Low Volatility Criteria Index. The index includes the 45 Nordic companies with the highest rankings for dividend yields and low volatility in the share price. The overall rating determines the company's weighting in contrast to a traditional index where the stock market value determines the weighting. Financials was the fund's largest sector weighting at year-end, in which insurance and investment companies constituted a large proportion. Consumer staples and manufacturing companies also constituted major sector weightings. The fund's largest holdings were insurance company Sampo and the telephone operators Tele2 and Telia.

\*) Refer to fund statistics for comparable index.

### Significant risks

An investment in an equity fund is characterised by high risk as well as by the potential for high returns. As a result, the value of the fund can fluctuate significantly over time. The fund's investments are concentrated geographically to a limited number of equities issued in the Nordic countries. This results in risks that normally are higher than those for an investment in a diversified global equity fund that distributes its investments over several regions. Given that the fund's investments are made in foreign equities denominated in a currency other than the fund's base currency, fund investments are associated with currency risk. The fund may invest in derivatives as part of its investment focus, although the use of derivative instruments may not be of such a nature that they impact the fund's risk level in any significant manner.

### 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 during 2019. The fund has the option of lending securities. The fund used this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Information

As of February 22, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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.

### Shareholder commitments

Based on the Management Company's Policy for Shareholder Engagement, which includes guidelines for responsible investment, voting at general meetings, and dialogue with the portfolio management companies are undertaken independently or in collaboration with others. It is our understanding that this work leads to better governance and reduced sustainability risks in the portfolio management companies, which in turn leads to a positive value growth.

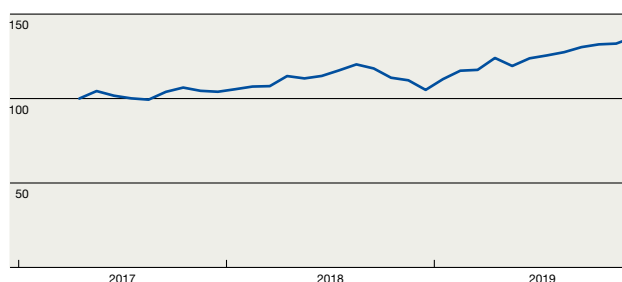
The Management Company ensures that relevant information is available as input for analysis and voting decisions. This is primarily accomplished through analysis from proxy advisors as well as through market information, third-party analysis or direct contact with the company. The Management Company then takes independent decisions on those matters that will be subject to a vote or another decision-making process.

The Management Company normally votes for all of the equities in the fund in those companies where voting takes place, such as in markets where the equities are in a lock-up period to enable registration for voting at a general meeting. Any securities loans are typically recalled prior to a general meeting to ensure that votes can be cast for all of the equities, although the securities loans can remain in effect at the time of the general meeting if it is deemed to be in the common interest of unit holders and there is no significant impact on active ownership.

No conflicts of interest have arisen between the Management Company and the portfolio management company in conjunction with the funds' investments. Information is available in the Management Company's Policy for Shareholder Engagement on how the Management Company in general manages conflicts of interest that can arise as a result of the funds' investments.

Read more about how Xact Kapitalförvaltning acts in ownership matters and about the fund company's guidelines for responsible investments in the company's Policy for shareholder engagement and responsible investments which can be found under <https://www.handelsbanken.com/en/about-the-group/organisation/subsidiaries>

### Fund Performance\*



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

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

## Fund Facts - History

	2019	2018	31/3-31/12 2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	130.17	105.19	108.68	-	-	-	-	-	-	-
The fund's total net flow, mSEK	7,086	1,510	1,444	-	-	-	-	-	-	-
Fund capital, mSEK	11,514	2,830	1,489	-	-	-	-	-	-	-
Number of units, 1000's	88,450	26,900	13,700	-	-	-	-	-	-	-
Total returns in %, SEK	+29.7	+1.1	+8.7	-	-	-	-	-	-	-
Index including dividends in %, SEK	+30.0	+1.7	+9.1	-	-	-	-	-	-	-
Tracking error, 2 yrs. %	0.1	-	-	-	-	-	-	-	-	-
Average yearly return, 2 yrs. %	+14.5	-	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+14.8	-	-	-	-	-	-	-	-	-
Dividends per unit, SEK	5.60	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, SEKt	2,447
Transaction costs in % of turnover	0.01
Costs in SEK for a one-time subscription, 10 000 SEK	34.28
Costs in SEK for monthly savings, 100 SEK	2.06

## Fund Facts - Other Key Figures

Turnover rate	0.7
Share of turnover conducted via closely-related securities companies in %	43.2
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

## Risk and Return Measurements\*

Total risk %	10.6	Information ratio	Negative
Total risk in index %	10.7	Sharpe ratio	1.4
Benchmark	SHB Nordic High Div Low Vol	Sharpe ratio in index	1.4
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.

## Income Statement, SEKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for transferable securities *	1,689,350	-152,553
Interest income	-181	-19
Dividends	309,168	81,653
Currency exchange profits and losses, net	-383	24
Other financial income <sup>1)</sup>	980	-
Other income	1	191
<b>Total income and changes in value</b>	<b>1,998,935</b>	<b>-70,704</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	26,758	6,682
Interest expense	50	13
Other financial expenses <sup>2)</sup>	196	-
Other expenses	2,448	719
<b>Total expenses</b>	<b>29,452</b>	<b>7,414</b>
<b>Net income</b>	<b>1,969,483</b>	<b>-78,118</b>
<b>* Details of changes in value</b>		
Capital gains	641,126	168,162
Capital losses	-220,539	-137,894
Unrealised gains/losses	1,268,762	-182,821
<b>Sum</b>	<b>1,689,350</b>	<b>-152,553</b>

1) The item consists primarily of premiums for securities lent.

2) The item consists primarily of expenses for securities lent.

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Transferable securities	11,510,867	100.0	2,828,893	100.0
<b>Total financial instruments with positive market value <sup>Note 2)</sup></b>	<b>11,510,867</b>	<b>100.0</b>	<b>2,828,893</b>	<b>100.0</b>
Bank assets and other liquid assets	3,275	0.0	1,203	0.0
Prepaid expenses and accrued income	2,670	0.0	25	0.0
Other assets	-	-	178	0.0
<b>Total assets</b>	<b>11,516,812</b>	<b>100.0</b>	<b>2,830,299</b>	<b>100.0</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	2,906	0.0	735	0.0
<b>Total liabilities</b>	<b>2,906</b>	<b>0.0</b>	<b>735</b>	<b>0.0</b>
<b>Fund capital <sup>Note 1)</sup></b>	<b>11,513,906</b>	<b>100.0</b>	<b>2,829,564</b>	<b>100.0</b>
Financial instruments lent	200,430	1.7	-	-
Collateral received for financial instruments lent	217,310	1.9	-	-

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	2,829,564	1,488,849
Units issued	7,184,359	1,509,583
Units redeemed	-98,780	-
Profit according to Income Statement	1,969,483	-78,118
Dividends to unit holders	-370,720	-90,750
<b>Fund capital at the close of the period</b>	<b>11,513,906</b>	<b>2,829,564</b>

Note 2) for Balance Sheet

## Fund holdings in financial instruments

## TRANSFERABLE SECURITIES\*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>LISTED EQUITIES</b>			
<b>CONSUMER DISCRETIONARY</b>			
Hennes & Mauritz B	1,282,525	244,295	2.1
Husqvarna B	2,740,181	205,568	1.8
JM	868,579	240,944	2.1
		<b>690,808</b>	<b>6.0</b>
<b>CONSUMER STAPLES</b>			
Axfood	1,332,057	277,601	2.4
Essity B	705,831	213,020	1.9
ICA Gruppen	537,776	235,116	2.0
Kesko B	431,636	286,102	2.5
Mowi ASA	965,874	234,804	2.0
		<b>1,246,642</b>	<b>10.8</b>
<b>FINANCIALS AND REAL ESTATE</b>			
Castellum	1,183,461	260,361	2.3
Danske Bank	1,324,981	200,851	1.7
Gjensidige Forsikring	1,554,951	305,206	2.7
Handelsbanken A	2,773,792	279,876	2.4
Hufvudstaden A	1,218,841	225,607	2.0
Industrivärden C	1,201,151	271,340	2.4
Investor B	539,545	275,815	2.4
Kinnevik B	1,059,631	242,655	2.1
Latour B	1,608,021	245,706	2.1
Lundbergs B	564,311	231,932	2.0
Nordea Bank Abp Stockholm	3,767,970	285,009	2.5
Resurs	5,008,039	301,234	2.6
Sampo A	840,275	343,553	3.0
Storebrand	3,161,203	232,432	2.0
Svebank A	1,675,243	233,613	2.0
Topdanmark	631,533	291,639	2.5
Tryg	1,043,710	289,863	2.5
		<b>4,516,692</b>	<b>39.2</b>

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

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>HEALTH CARE</b>			
AstraZeneca SDB	261,812	246,156	2.1
Coloplast B	182,207	211,739	1.8
Lundbeck	543,083	194,281	1.7
Orion B	479,399	207,894	1.8
		<b>860,070</b>	<b>7.5</b>
<b>INDUSTRIALS</b>			
ABB SDB	1,206,458	271,574	2.4
Assa Abloy B	1,034,865	226,635	2.0
Kone	468,785	287,081	2.5
Loomis B	511,241	198,259	1.7
NCC B	1,753,079	268,572	2.3
Orkla	3,067,446	290,697	2.5
Peab B	2,803,865	262,862	2.3
Securitas B	1,512,495	244,192	2.1
Skanska B	1,227,686	259,901	2.3
Volvo B	1,692,933	265,621	2.3
		<b>2,575,395</b>	<b>22.4</b>
<b>MATERIALS</b>			
BillerdKorsnäs	2,044,964	226,275	2.0
UPM-Kymmene	704,062	228,676	2.0
		<b>454,951</b>	<b>4.0</b>
<b>TELECOMMUNICATION SERVICES</b>			
Elisa	495,320	256,332	2.2
Tele2 B	2,331,542	316,740	2.8
Telenor	1,753,079	294,045	2.6
TeliaSonera	7,433,338	299,192	2.6
		<b>1,166,309</b>	<b>10.1</b>
<b>Total listed equities</b>		<b>11,510,867</b>	<b>100.0</b>
<b>Total transferable securities</b>		<b>11,510,867</b>	<b>100.0</b>
<b>Total holdings in financial instruments</b>		<b>11,510,867</b>	<b>100.0</b>
<b>Net, other assets and liabilities</b>		<b>3,039</b>	<b>0.0</b>
<b>Total fund capital</b>		<b>11,513,906</b>	<b>100.0</b>

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.

-

#### Additional information on loaned securities

**Volume of lent securities as a % of total lendable assets** **1,75**

#### The ten largest issuers of collateral for securities lending per issuer, SEK thousand:

U.S.A	81 662
The British Government	73 615
The French Government	7 675
The Finnish Government	6 363
The Federal Government of Belgium	5 972
The Dutch Government	3 188
The Austrian Government	2 638
Walt Disney Co/The	1 064
Pfizer Inc	891
Linde Plc	848

#### The largest counterparties for securities lending, SEK thousand:

Credit Suisse AG, Dublin Branch, Ireland	179 115
Morgan Stanley & Co International Plc, Great Britain	14 694
Credit Suisse Securities (Europe) Ltd, Great Britain	3 408
Goldman Sachs Intl, Great Britain	1 528
HSBC Bank Plc, Great Britain	924
UBS AG, London Branch, Great Britain	761
	<b>200 430</b>

#### Type and quality of collateral, SEK thousand:

Equities	35 615
Bonds and other interest-bearing instruments	181 695
	<b>217 310</b>

We accept government bonds and treasury bills with a rating of AA- from S&P or Aa3 from Moody's or higher issued by the United States, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland. We also accept equities in major and well-known indexes as collateral.

#### Profile of the collateral's duration, SEK thousand:

Less than one day	-
One day to one week	3 735
One week to one month	980
One to three months	1 590
Three months to one year	16 136
Greater than one year	159 254
Indeterminate duration	35 615
	<b>217 310</b>

#### Currency of the collateral, SEK thousand:

AUD	199
CAD	2 500
CHF	190
DKK	6
EUR	32 376
GBP	76 756
HKD	1 086
JPY	1 395
SEK	430
USD	102 371
	<b>217 310</b>

The profile of the duration for securities lending is undetermined, but may be immediately terminated. Settlement and clearing for securities lending is conducted through a third party. The collateral received is held by J.P. Morgan Bank Luxembourg S.A. or another group

#### Information about returns and expenses:

Securities lending for the full year generated a total revenue of 980 SEK thousand, of which 80% was passed on to the fund and 20% to J.P. Morgan Bank Luxembourg S.A. in its role as the intermediary of securities lending.

#### Counterparties for securities lending during the year:

-Credit Suisse AG, Dublin Branch, Ireland  
 -Credit Suisse Securities (Europe) Ltd, Great Britain  
 -Goldman Sachs Intl, Great Britain  
 -HSBC Bank Plc, Great Britain  
 -J.P. Morgan Securities Plc, Great Britain  
 -Morgan Stanley & Co International Plc, Great Britain  
 -Skandinaviska Enskilda Banken AB (publ), Sweden  
 -Svenska Handelsbanken AB (publ), Sweden  
 -UBS AG, London Branch, Great Britain

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

This fund is managed with enhanced sustainability criteria.

The fund is an index fund and tracks an index that takes enhanced sustainability criteria into consideration. These criteria include the environment, social and corporate governance dimensions. 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 include dialogues with companies and voting at annual general meetings.

### Methods used in sustainability efforts

#### Exclusion

The fund and its index exclude in their entirety companies involved in the production or distribution of weapons banned under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons. Companies involved in the production or distribution of nuclear weapons are also excluded.

The fund and its index also excludes\* companies whose principle operations are within controversial sectors such as alcohol, tobacco, cannabis, commercial gambling, weapons and military equipment, pornography and fossil fuels. The fund and its index also excludes companies that are regarded as contravening international norms and conventions regarding the human rights, labour law, the environment, and anti-corruption.

Follow-up occurs on a daily basis by the Management Company's independent risk control function.

The fund may use ETFs and futures that are not analysed from a sustainability perspective in its fund management up to a maximum of three percent of the fund's value to manage distributions, corporate events as well as withdrawals and deposits in the fund.

### The Management Company's engagement activities

An essential part of taking responsibility as an investor is to influence the companies in which we invest. The starting point for our engagement activities are the core values of Handelsbanken and the Management Company, our commitments and the international norms and conventions we respect. We conduct dialogues for the purpose of encouraging companies to improve their sustainability efforts, and with companies we believe are not compliant with the international norms and conventions we respect. We pursue engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through the external service provider ISS ESG, the Management Company participates in dialogues with companies in so-called Pooled Engagement. The basis for these dialogues is a norm-based analysis that targets primarily companies with suspected or verified breaches of international norms and

conventions within human rights, labour law, the environment and anti-corruption. The dialogue process consists of contact between ISS ESG and the concerned company, and in certain cases, the process also includes meetings or telephone conference calls in which we as an investor can participate.

In 2019, the Management Company participated in a total of 145 company dialogues. Of these company dialogues, the fund held holdings in four of the companies at the close of 2019.

One of the companies subject to dialogue within the scope of Pooled Engagement in 2019 was Loomis. The dialogues were associated with SDG 8 and UNGC Principle 3 and concerned work conditions and respect for union rights at the company's Turkish subsidiary Loomis Güvenlik Hizmetleri A.S. The objective of the dialogue is to have the company report what measures have been taken to manage the allegations that have arisen. Further, the objective is to have the company implement policies that ensure that the right to union representation is respected at the company's foreign units.

B. Dialogues through international collaborations and industry initiatives, such as the UN, PRI and CDP. In 2019, the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability issues. These initiatives are frequently thematic or target 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 Forests, PRI Cyber Security, FAIRR Antibiotics Engagement, and FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we participate and support the dialogues with our capital but do not lead the dialogues with the company concerned.

These international collaborations and initiatives, together with the dialogues, include over 300 companies.

### Annual General Meetings

The Management Company normally votes at general meetings in which the Management Company is a major shareholder or at general meetings where the company concerned is identified as falling short in its sustainability efforts. In general, the Management Company also supports shareholder proposals that seek to promote corporate sustainability, greater transparency in recording and reporting of the company's climate impact, as well as its work with human rights and labour law.

In 2019, the Management Company voted at 28 annual general meetings on behalf of the fund.

*\* In accordance with the Swedish Investment Fund Association's definition of "Exclusion", a maximum of five percent of the turnover in the company in which investments are made may relate to the business operations applicable to the specified product or service.*



# XACT Obligation (UCITS ETF)

## Management Report

### Investment Focus

The fund is an exchange-traded fund with the objective of following the performance of the SHB Sweden All Bond Tradable Index to offer the opportunity of maintaining a portfolio in a simple and cost-effective manner that emulates 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. Additional information about the index, such as the composition of the index as well as the weighting method and rebalancing is available at [www.handelsbanken.se/index](http://www.handelsbanken.se/index).

### Portfolio

XACT Obligation (UCITS EFT) rose 1.0% in 2019\*. 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 (PLC). Transactions occur with Svenska Handelsbanken AB (PLC). 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 return agreed upon, the fund can, in addition to entering into an equivalent agreement with another counterparty, utilise a basket of bonds to obtain equivalent returns by other means.

\*) Refer to fund statistics for comparable index.

### Significant risks

Investments in the fund are characterized by low risk as well as the potential for lower expected returns. An investment in interest-bearing securities or in a fixed income fund is primarily associated with interest rate risk, which means that when the general interest rate level rises, the value of fixed income securities decline and has a negative impact on fund returns. A fund that invests in interest-bearing instruments with a long residual duration has a higher interest rate risk than a fund that invests in interest-bearing instruments with a shorter residual duration. The fund's average residual duration can vary significantly over time. The fund tracks the Handelsbanken Sweden All Bond Tradable Index. The Handelsbanken Sweden All Bond Tradable Index is a market-weighted index with the aim of reflecting the Swedish market for covered mortgage bonds as well as bonds issued by states and municipalities. The fund's geographic concentration results in a higher than normal risk for the fund relative to an investment in a diversified global fixed income fund that

distributes its investments over several regions. The fund may invest in derivatives and does this to protect the value of the fund's underlying assets, to maintain the desired risk level in the fund portfolio or to minimize fund management costs. An investment in an interest-bearing instrument results in a credit risk given that the fund can be affected by a loss when an issuer does not fulfil its obligations. The credit risk is higher when the fund's portion of assets in interest-bearing securities issued by companies or states with lower credit quality increases. The fund invests only in interest-bearing investments of high credit worthiness, so-called investment grade.

### Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund did not use this option during 2019. The fund has the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Information

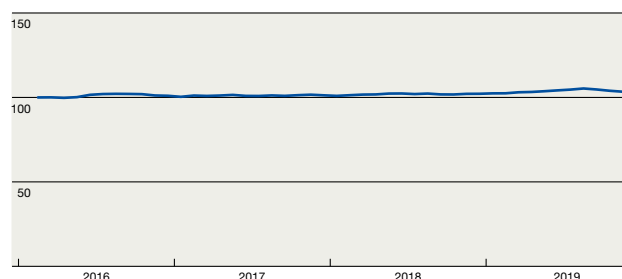
On 1 March 2019, the fund changed the custodian institution from Skandinaviska Enskilda Banken AB (PLC) to J. P. Morgan Bank Luxembourg S.A. Stockholm bank branch.

The fund changed its fund rules on 1 October 2019.

On 11 November 2019, the fund changed from synthetic replication to physical replication. This means that as of this date the fund physically owns the underlying assets in the index.

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

	2019	2018	2017	9/2-31/12 2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	103.34	102.32	101.40	101.13	-	-	-	-	-	-
The fund's total net flow, mSEK	493	102	0	405	-	-	-	-	-	-
Fund capital, mSEK	1,013	517	411	410	-	-	-	-	-	-
Number of units, 1000's	9,800	5,050	4,050	4,050	-	-	-	-	-	-
Total returns in %, SEK	+1.0	+0.9	+0.3	+1.1	-	-	-	-	-	-
Index including dividends in %, SEK	+1.1	+1.0	+0.4	+1.2	-	-	-	-	-	-
Tracking error, 2 yrs. %	0.1	0.0	-	-	-	-	-	-	-	-
Average yearly return, 2 yrs. %	+1.0	+0.6	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+1.1	+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.



XACT Obligation (UCITS ETF), cont.

## 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	10.14
Costs in SEK for monthly savings, 100 SEK	0.66

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	1.9
Share of turnover conducted via closely-related securities companies in %	98.6
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

<sup>1)</sup> In 2019, the fund went from swap-based management to owning all bonds in the index, which meant that the entire fund was traded. There was no commission for this restructuring.

## Risk and Return Measurements\*

Total risk %	1.4	Sharpe ratio	1.2
Total risk in index %	1.4	Sharpe ratio in index	1.3
Benchmark	Handelsbanken Sweden All Bond Tradable Index	Duration, years <sup>1)</sup>	4.0
Active return %	-0.1		
Information ratio	Negative		

<sup>1)</sup> 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.

## Income Statement, SEKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for transferable securities *	-11,117	-9,685
Changes in value for OTC derivative instruments *	2,938	3,956
Changes in value for fund units ***	3,234	-
Interest income	9,099	10,021
Other income	0	1
<b>Total income and changes in value</b>	<b>4,154</b>	<b>4,293</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	772	454
Interest expense	14	-
Other expenses	-	1
<b>Total expenses</b>	<b>786</b>	<b>455</b>
<b>Net income</b>	<b>3,368</b>	<b>3,838</b>
* Details of changes in value		
Capital gains	2,028	546
Capital losses	-7,556	-10,797
Unrealised gains/losses	-5,590	566
Sum	-11,117	-9,685
** Details of changes in value		
Capital gains	34,408	26,349
Capital losses	-41,624	-20,761
Unrealised gains/losses	10,154	-1,632
Sum	2,938	3,956
*** Details of changes in value		
Unrealised gains/losses	3,234	-
Sum	3,234	-

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Transferable securities	1,005,650	99.3	523,427	101.3
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>1,005,650</b>	<b>99.3</b>	<b>523,427</b>	<b>101.3</b>
Bank assets and other liquid assets	1,133	0.1	2,789	0.5
Prepaid expenses and accrued income	6,060	0.6	3,924	0.8
<b>Total assets</b>	<b>1,012,843</b>	<b>100.0</b>	<b>530,140</b>	<b>102.6</b>
<b>LIABILITIES</b>				
OTC derivative instruments with negative market value	-	-	13,388	2.6
<b>Total financial instruments with negative market value</b> <sup>Note 2)</sup>	<b>-</b>	<b>-</b>	<b>13,388</b>	<b>2.6</b>
Accrued expenses and prepaid income	86	0.0	44	0.0
<b>Total liabilities</b>	<b>86</b>	<b>0.0</b>	<b>13,432</b>	<b>2.6</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>1,012,757</b>	<b>100.0</b>	<b>516,708</b>	<b>100.0</b>
Secured collateral for OTC derivative instruments <sup>1)</sup>	-	-	15,396	3.0

<sup>1)</sup> Bonds and other interest-bearing instruments, SEKt 26 832.

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	516,708	410,684
Units issued	492,681	102,186
Units redeemed	-	-
Profit according to Income Statement	3,368	3,838
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>1,012,757</b>	<b>516,708</b>

Note 2) for Balance Sheet

## Fund holdings in financial instruments

## TRANSFERABLE SECURITIES\*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>LISTED FIXED-INCOME SECURITIES</b>			
<b>GOVERNMENT</b>			
Kommuninvest 0,25% 2022-06-01	15,420	15,470	1.5
Kommuninvest 1,0% 2025-05-12	17,670	18,168	1.8
Kommuninvest 1,00% 2021-09-15	15,740	15,991	1.6
Kommuninvest K2302 0,75% 2023-02-22	11,560	11,759	1.2
Kommuninvest K2311 1,00% 2023-11-13	12,110	12,440	1.2
Kommuninvest K2410 1,00% 2024-10-02	8,760	9,010	0.9
Kommuninvest K2611 1,00% 2026-11-12	6,340	6,490	0.6
Statsobligation 1053 3,50% 2039-03-30	21,695	33,509	3.3
Statsobligation 1054 3,50% 2022-06-01	44,350	48,469	4.8
Statsobligation 1056 2,25% 2032-06-01	12,575	15,532	1.5
Statsobligation 1057 1,50% 2023-11-13	47,290	50,524	5.0
Statsobligation 1058 2,50% 2025-05-12	37,035	42,358	4.2
Statsobligation 1059 1,00% 2026-11-12	25,535	27,421	2.7
Statsobligation 1060 0,75% 2028-05-12	19,480	20,664	2.0
Statsobligation RB 1061 0,75% 2029-11-12	18,900	20,032	2.0
		<b>347,838</b>	<b>34.4</b>

## MORTGAGE

Danske Hypotek % 2023-12-20	8,000	8,182	0.8
Danske Hypotek Loan1 FRN 2022-12-21	13,000	13,261	1.3
Danske Hypotek Loan2 1,00% 2021-12-15	7,000	7,105	0.7
Danske Hypotek Loan4 1,00% 2024-12-18	4,000	4,079	0.4
Länsförsäkringar 1,25 % 2025-09-17	5,100	5,272	0.5
Länsförsäkringar 1,25% 2023-09-20	12,200	12,586	1.2
Länsförsäkringar 1,5% RB519 2026-09-16	3,400	3,564	0.4
Länsförsäkringar Hypotek 514 1,75% 2021-06-15	8,400	8,621	0.9
Länsförsäkringar Hypotek 515 2,25% 2022-09-21	16,000	16,848	1.7
Länsförsäkringar Hypotek 517 1,50% 2024-09-18	6,300	6,582	0.6
Nordea Hypotek 5531 1,00% 2022-04-08	37,500	38,130	3.8
Nordea Hypotek 5532 1,25% 2021-05-19	39,400	39,982	3.9
Nordea Hypotek 5533 1,25% 2023-09-20	22,900	23,625	2.3
Nordea Hypotek 5534 1,0% 2024-09-18	19,000	19,405	1.9
SBAB 1,0% 2023-06-21	6,000	6,131	0.6
SCBC 143 1,25% 2022-06-15	13,000	13,309	1.3
SCBC 145 1,00% 2024-06-12	6,000	6,130	0.6
SCBC 147 2,0% 2026-06-17	13,000	14,054	1.4
SCBC RB 142 2021-03-17	15,000	15,150	1.5
Stadshypotek 1,50% 2023-06-01	32,000	33,240	3.3
Stadshypotek 1,50% 2024-12-03	16,000	16,727	1.7
Stadshypotek 1584 1,50% 2021-03-17	26,000	26,416	2.6
Stadshypotek 1585 1,50% 2021-12-15	33,000	33,818	3.3
Stadshypotek 1586 4,50% 2022-09-21	30,000	33,413	3.3
Stadshypotek 1588 1,50% 2024-03-01	24,000	25,041	2.5
Stadshypotek RB 1594 2% 2028-09-01	8,000	8,740	0.9
Swedbank Hypotek 190 1,00% 2021-09-15	27,200	27,568	2.7
Swedbank Hypotek 191 1,00% 2022-06-15	46,600	47,422	4.7
Swedbank Hypotek 192 1,00% 2023-03-15	18,500	18,888	1.9
Swedbank Hypotek 193 1,00% 2023-12-20	9,400	9,614	0.9
Swedbank Hypotek 194 1,00% 2024-09-18	18,600	18,997	1.9
		<b>561,901</b>	<b>55.4</b>

## OTHER

SEB Bolån 574 1,50% 2021-12-15	29,500	30,231	3.0
SEB Bolån 579 1,00% 2024-12-18	20,000	20,395	2.0
SEB RB 575 2022-12-21	24,000	24,834	2.5
SEB RB 576 1,0% 2023-12-20	20,000	20,451	2.0
		<b>95,911</b>	<b>9.5</b>
<b>Total listed fixed-income securities</b>		<b>1,005,650</b>	<b>99.3</b>
<b>Total transferable securities</b>		<b>1,005,650</b>	<b>99.3</b>
<b>Total holdings in financial instruments</b>		<b>1,005,650</b>	<b>99.3</b>
<b>Net, other assets and liabilities</b>		<b>7,107</b>	<b>0.7</b>
<b>Total fund capital</b>		<b>1,012,757</b>	<b>100.0</b>

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.

99.3

\*\* 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 Obligation (UCITS ETF), cont.

**Compilation, Company and Group exposure\***

<b>Company/Group</b>	<b>% of fund capital</b>	<b>Company/Group</b>	<b>% of fund capital</b>
Svenska staten	25.5	SEB	9.5
Handelsbanken	17.6	Kommuninvest	8.8
Swedbank	12.1	Länsförsäkringar	5.3
Nordea	11.9	SCBC	4.8
		Danske Bank	3.2

\* 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.

*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 that are taken into consideration in the management of the fund**

The fund does not take sustainability dimensions into consideration in the management of the fund. This is due to the fund's investment focus which only invests in Swedish government bonds and covered mortgage bonds.

### **Methods for sustainability efforts**

#### **Exclusion**

Given the fund's investment focus, during 2019 the fund has not invested in bonds issued by companies involved in production or distribution of weapons banned under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons. The fund also has not invested in bonds issued by companies involved in production or distribution of nuclear weapons or in companies where the principle business operations are within controversial sectors such as alcohol, tobacco, cannabis, commercial gambling, weapons and military equipment, pornography and fossil fuels. In addition, the fund has not invested in bonds issued by companies that are regarded as contravening international norms and conventions regarding human rights, labour law, the environment and 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 most-traded equities on the Oslo stock exchange over a six-month period and is compiled bi-annually by Oslo Børs. The fund follows the index by physically investing in the equities included in the aforementioned index. The fund may use derivatives such as futures to protect the value of the fund or to minimize expenses.

### Portfolio

XACT OBX rose 13.7% in 2019\*. The portfolio consists all of the equities included in the OBX Total Return Index. The index includes the 25 most-traded equities in the Oslo Børs. The index is reweighted twice each year in June and in December. FRO and BW LPG were added to the index at the time of the reweighting in December, while PGS and ELK exited. Equinor, DNB and Telenor were the largest holdings in the fund at year-end.

\*) Refer to fund statistics for comparable index.

### Significant risks

An investment in an equity fund is characterised by high risk as well as by the potential for high returns. As a result, the value of the fund can fluctuate significantly over time. Investments in equity funds are characterized by high risk as well as the potential for high returns. As a result, the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Norway. As a result, the risk in the fund is normally higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund invests in companies within several sectors or branches, which over time contributes to reducing the risk in the fund. The fund may invest in derivatives and does this with the aim of protecting the value of the fund's underlying assets, to maintain the desired risk level in the fund portfolio or to minimise costs for fund management. The volume of trading is limited where appropriate and is expected to have a marginal impact on the fund's risk profile.

### 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 during 2019. The fund has the option of lending securities. The fund used this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Information

As of February 22, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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.

### Shareholder commitments

Based on the Management Company's Policy for Shareholder Engagement, which includes guidelines for responsible investment, voting at general meetings, and dialogue with the portfolio management companies are undertaken independently or in collaboration with others. It is our understanding that this work leads to better governance and reduced sustainability risks in the portfolio management companies, which in turn leads to a positive value growth.

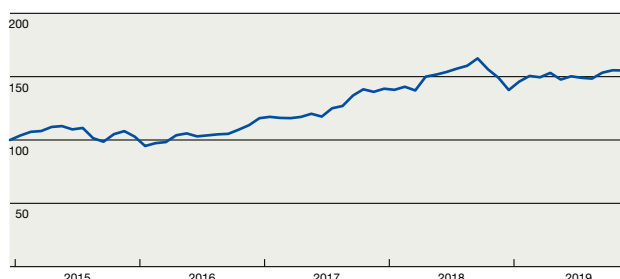
The Management Company ensures that relevant information is available as input for analysis and voting decisions. This is primarily accomplished through analysis from proxy advisors as well as through market information, third-party analysis or direct contact with the company. The Management Company then takes independent decisions on those matters that will be subject to a vote or another decision-making process.

The Management Company normally votes for all of the equities in the fund in those companies where voting takes place, such as in markets where the equities are in a lock-up period to enable registration for voting at a general meeting. Any securities loans are typically recalled prior to a general meeting to ensure that votes can be cast for all of the equities, although the securities loans can remain in effect at the time of the general meeting if it is deemed to be in the common interest of unit holders and there is no significant impact on active ownership.

No conflicts of interest have arisen between the Management Company and the portfolio management company in conjunction with the funds' investments. Information is available in the Management Company's Policy for Shareholder Engagement on how the Management Company in general manages conflicts of interest that can arise as a result of the funds' investments.

Read more about how Xact Kapitalförvaltning acts in ownership matters and about the fund company's guidelines for responsible investments in the company's Policy for shareholder engagement and responsible investments which can be found under <https://www.handelsbanken.com/en/about-the-group/organisation/subsidiaries>

### Fund Performance\*



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

XACT OBX (UCITS ETF), cont.

## Fund Facts - History

	2019	2018	15/9-31/12 2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, NOK	80.78	71.03	71.56	-	-	-	-	-	-	-
The fund's total net flow, mNOK	-1,143	-149	-18	-	-	-	-	-	-	-
Fund capital, NOKm	675	1,651	1,807	-	-	-	-	-	-	-
Number of units, 1000's	8,350	23,250	25,250	-	-	-	-	-	-	-
Total returns in %, NOK	+13.7	-0.7	+19.9	+14.2	+2.7	+3.6	+22.4	+14.1	-11.0	+17.3
Index including dividends in %, NOK	+14.1	-0.5	+20.2	+14.6	+2.9	+4.0	+22.7	+14.7	-10.7	+18.0
Tracking error, 2 yrs. %	0.0	0.0	0.0	-	-	-	-	-	-	-
Average yearly return, 2 yrs. % in NOK	+6.2	+9.1	+17.0	+8.3	+3.1	+12.6	+18.2	+0.8	+2.2	+41.1
Comparison to index including dividends, % in NOK	+6.6	+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	+9.7	+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	+10.0	+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	+9.1	+13.6	+5.4	+4.8	+6.5	-	-	-	-	-
Comparison to index including dividends, % in NOK	+9.5	+14.0	+5.8	+5.2	+6.8	-	-	-	-	-
Exchange rate NOK/SEK	1.07	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, NOKt	35
Transaction costs in % of turnover	0.00
Costs in NOK for a one-time subscription, 10 000 NOK	32.62
Costs in NOK for monthly savings, 100 NOK	2.01

## Fund Facts - Other Key Figures

Turnover rate	0.1
Share of turnover conducted via closely-related securities companies in %	6.7
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

## Risk and Return Measurements\*

Total risk %	11.2	Information ratio	Negative
Total risk in index %	11.2	Sharpe ratio	0.5
Benchmark	OBX	Sharpe ratio in index	0.5
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.

## Income Statement, NOKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for transferable securities*	108,846	-77,922
Changes in value for other derivative instruments*	98	583
Interest income	0	4
Dividends	60,191	76,451
Other financial income <sup>1)</sup>	249	-
Other income	0	0
<b>Total income and changes in value</b>	<b>169,384</b>	<b>-885</b>
<b>EXPENSES</b>		
<b>Management costs:</b>		
- Remuneration to the Management Company	3,428	5,642
Interest expense	6	0
Other financial expenses <sup>2)</sup>	50	-
Other expenses	35	56
<b>Total expenses</b>	<b>3,519</b>	<b>5,698</b>
<b>Net income</b>	<b>165,865</b>	<b>-6,583</b>
<b>* Details of changes in value</b>		
Capital gains	297,906	50,645
Capital losses	-33,804	-16,317
Unrealised gains/losses	-155,256	-112,251
<b>Sum</b>	<b>108,846</b>	<b>-77,922</b>
<b>** Details of changes in value</b>		
Capital gains	1,559	3,498
Capital losses	-1,461	-2,916
<b>Sum</b>	<b>98</b>	<b>583</b>

1) The item consists primarily of premiums for securities lent.  
2) The item consists primarily of expenses for securities lent.

## Balance Sheet, NOKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Transferable securities	674,263	100.0	1,651,054	100.0
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>674,263</b>	<b>100.0</b>	<b>1,651,054</b>	<b>100.0</b>
Bank assets and other liquid assets	406	0.1	810	0.1
Prepaid expenses and accrued income	18	0.0	-	-
<b>Total assets</b>	<b>674,687</b>	<b>100.0</b>	<b>1,651,864</b>	<b>100.0</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	174	0.0	446	0.0
<b>Total liabilities</b>	<b>174</b>	<b>0.0</b>	<b>446</b>	<b>0.0</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>674,513</b>	<b>100.0</b>	<b>1,651,418</b>	<b>100.0</b>
Financial instruments lent	26,156	3.9	-	-
Collateral received for financial instruments lent	30,023	4.5	-	-

Note 1) for Balance Sheet

## Changes in fund capital, NOKt

	2019	2018
Fund capital at beginning of year	1,651,418	1,806,885
Units issued	17,819	1
Units redeemed	-1,160,589	-148,885
Profit according to Income Statement	165,865	-6,583
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>674,513</b>	<b>1,651,418</b>

Note 2) for Balance Sheet

## Fund holdings in financial instruments

## TRANSFERABLE SECURITIES\*

	Number/Nominal amount in 1000's	Market value tNOK	% of fund capital
<b>LISTED EQUITIES</b>			
<b>CONSUMER DISCRETIONARY</b>			
Bakkafrost	33,734	21,927	3.3
Schibsted	48,263	12,804	1.9
		<b>34,731</b>	<b>5.2</b>
<b>CONSUMER STAPLES</b>			
Lerøy Seafood Group	181,028	10,554	1.6
Mowi ASA	283,065	64,595	9.6
SalMar	34,235	15,382	2.3
		<b>90,531</b>	<b>13.4</b>
<b>ENERGY</b>			
Aker	15,865	8,623	1.3
BW LPG	50,601	3,737	0.6
BW Offshore1	56,279	3,714	0.6
Det Norske Oljeselskap	65,631	18,902	2.8
DNO International	366,732	4,243	0.6
Equinor ASA	706,076	123,916	18.4
Frontline	46,426	5,149	0.8
TGS-NOPEC Geophysical	71,476	19,091	2.8
		<b>187,375</b>	<b>27.7</b>
<b>FINANCIALS AND REAL ESTATE</b>			
DNB	576,150	94,489	14.0
Gjensidige Forsikring	121,576	22,400	3.3
Storebrand	283,900	19,595	2.9
		<b>136,484</b>	<b>20.2</b>

XACT OBX (UCITS ETF), cont.

	Number/Nominal amount in 1000's	Market value tNOK	% of fund capital
<b>INDUSTRIALS</b>			
Golden Ocean Group Ord Shs	47,094	2,399	0.4
NEL	742,816	6,425	1.0
Norwegian Air Shuttle	82,832	3,127	0.5
Orkla	486,638	43,291	6.4
Tomra Systems	67,301	18,737	2.8
		<b>73,980</b>	<b>11.0</b>
<b>MATERIALS</b>			
Norsk Hydro	871,573	28,448	4.2
Yara International	107,715	39,338	5.8
		<b>67,786</b>	<b>10.1</b>
<b>TELECOMMUNICATION SERVICES</b>			
Telenor	432,697	68,128	10.1
		<b>68,128</b>	<b>10.1</b>
<b>OTHER</b>			
Subsea 7	145,290	15,248	2.3
		<b>15,248</b>	<b>2.3</b>
<b>Total listed equities</b>		<b>674,263</b>	<b>100.0</b>
<b>Total transferable securities</b>		<b>674,263</b>	<b>100.0</b>
<b>Total holdings in financial instruments</b>		<b>674,263</b>	<b>100.0</b>
<b>Net, other assets and liabilities</b>		<b>250</b>	<b>0.0</b>
<b>Total fund capital</b>		<b>674,513</b>	<b>100.0</b>

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. -

#### Additional information on loaned securities

**Volume of lent securities as a % of total lendable assets 3,92**

#### The ten largest issuers of collateral for securities lending per issuer, NOK thousand:

The British Government	7 699
The French Government	2 682
U.S.A	2 588
The Austrian Government	1 257
The Federal Government of Belgium	908
Walt Disney Co/The	442
Linde Plc	429
The Finnish Government	387
Pfizer Inc	370
Global Payments Inc	338

#### The largest counterparties for securities lending, NOK thousand:

Credit Suisse AG, Dublin Branch, Ireland	17 016
UBS AG, London Branch, Great Britain	4 762
J.P. Morgan Securities Plc, Great Britain	2 729
HSBC Bank Plc, Great Britain	1 650
	<b>26 156</b>

#### Type and quality of collateral, NOK thousand:

Equities	14 189
Bonds and other interest-bearing instruments	15 834
	<b>30 023</b>

We accept government bonds and treasury bills with a rating of AA- from S&P or Aa3 from Moody's or higher issued by the United States, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland. We also accept equities in major and well-known indexes as collateral.

#### Profile of the collateral's duration, NOK thousand:

Less than one day	-
One day to one week	-
One week to one month	367
One to three months	18
Three months to one year	456
Greater than one year	14 992
Indeterminate duration	14 189
	<b>30 023</b>

#### Currency of the collateral, NOK thousand:

AUD	40
CAD	1 039
CHF	105
DKK	7
EUR	7 793
GBP	9 655
HKD	340
JPY	542
SEK	138
SGD	4
USD	10 358
	<b>30 023</b>

The profile of the duration for securities lending is undetermined, but may be immediately terminated. Settlement and clearing for securities lending is conducted through a third party. The collateral received is held by J.P. Morgan Bank Luxembourg S.A. or another group

#### Information about returns and expenses:

Securities lending for the full year generated a total revenue of 248 NOK thousand, of which 80% was passed on to the fund and 20% to J.P. Morgan Bank Luxembourg S.A. in its role as the intermediary of securities lending.

#### Counterparties for securities lending during the year:

-Credit Suisse Securities (Europe) Ltd, Great Britain  
 -HSBC Bank Plc, Great Britain  
 -J.P. Morgan Securities Plc, Great Britain  
 -Morgan Stanley & Co International Plc, Great Britain  
 -Skandinaviska Enskilda Banken AB (publ), Sweden  
 -Svenska Handelsbanken AB (publ), Sweden  
 -UBS AG, London Branch, Great Britain

## XACT OBX (UCITS ETF)

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

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

There are currently no companies included in the index tracked by the fund that 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 policy for shareholder engagement and responsible investment, as well as the general information section of the information brochure, which are available at [www.handelsbanken.se/funds](http://www.handelsbanken.se/funds)).

### Methods for sustainability efforts

#### Exclusion

In accordance with the Management Company's policy for shareholder engagement and responsible investment, the fund and its index exclude investments in:

- Companies involved in production or distribution of weapons banned under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons.
- Companies involved in 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.

With the condition that the fund sees a willingness to change and the fund believes that the company will address the problems within an acceptable amount of time, the fund may invest in companies involved in violating international norms and conventions. The fund did not use this option during the year. Thus, the fund did not own any companies during the year that violated international norms and conventions.

Follow-up occurs on a daily basis by the Management Company's independent risk control function.

### The Management Company's engagement activities

An essential part of taking responsibility as an investor is to influence the companies in which we invest. The starting point for our engagement activities are the core values of Handelsbanken and the Management Company, our commitments and the international norms and conventions we respect. We conduct dialogues for the purpose of encouraging

companies to improve their sustainability efforts, and with companies we believe are not compliant with the international norms and conventions we respect. We pursue engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through the external service provider ISS ESG, the Management Company participates in dialogues with companies in so-called Pooled Engagement. The basis for these dialogues is a norm-based analysis that targets primarily companies with suspected or verified breaches of international norms and conventions within human rights, labour law, the environment and anti-corruption. The dialogue process consists of contact between ISS ESG and the concerned company, and in certain cases, the process also includes meetings or telephone conference calls in which we as an investor can participate.

In 2019, the Management Company participated in a total of 145 company dialogues. Of these company dialogues, the fund did not have holdings in any of these companies at the close of 2019.

B. Dialogues through international collaborations and industry initiatives, such as the UN, PRI and CDP. In 2019, the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability issues. These initiatives are frequently thematic or target 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 Forests, PRI Cyber Security, FAIRR Antibiotics Engagement, and FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we participate and support the dialogues with our capital but do not lead the dialogues with the company concerned.

These international collaborations and initiatives, together with the dialogues, include over 300 companies.

#### Annual General Meetings

The Management Company normally votes at general meetings in which the Management Company is a major shareholder or at general meetings where the company concerned is identified as falling short in its sustainability efforts. In general, the Management Company also supports shareholder proposals that seek to promote corporate sustainability, greater transparency in recording and reporting of the company's climate impact, as well as its work with human rights and labour law.

In 2019, the Management Company voted at 4 annual general meetings on behalf of the fund.



Portfolio Manager: STEFAN HAGMAN

BASE CURRENCY



# XACT OBX BEAR (UCITS ETF)

## Management Report

### Investment Focus

saknasThe fund is an exchange-traded fund with leverage. The objective of the fund is to give a daily exposure that is equivalent to, but does not exceed, 200% of the daily inverse 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% 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

XACT OBX Bear fell 25.1% in 2019\*. 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

Fund investments primarily occur in an account and in derivatives and have a negative exposure to Oslo Børs OBX equivalent to 200% of the fund's value. As a result, the expected daily performance in the fund is equivalent to 200% of the opposite movement in the index. Accordingly, an investment in the fund is characterised with high risk as well as the potential for high returns and the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Norway. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in derivatives as part of its investment focus to create returns in the fund or create leverage. Investments in derivatives mean that the fund has an increased sensitivity to market fluctuations.

### 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 during 2019. The fund has

the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

- Highest leverage during the financial year -198.9%
- Lowest leverage during the financial year -191.7%
- Average leverage during the financial year -195.2%

### Information

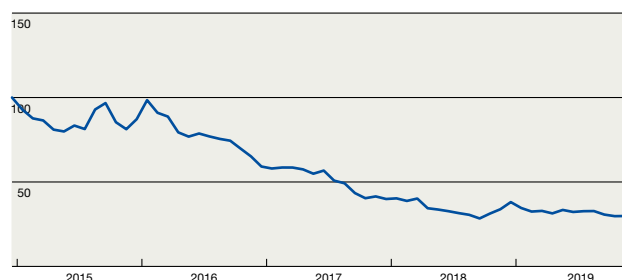
As of March 8, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

The fund's historical performance prior to the launch date is attributed to the merger between Handelsbanken Kapitalförvaltning 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

	2019	2018	15/9-31/12 2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, NOK	27.09	36.18	37.93	-	-	-	-	-	-	-
The fund's total net flow, mNOK	118	-184	87	-	-	-	-	-	-	-
Fund capital, NOKm	376	367	580	-	-	-	-	-	-	-
Number of units, 1000's	13,900	10,150	15,300	-	-	-	-	-	-	-
Total returns in %, NOK	-25.1	-4.6	-32.5	-32.2	-12.8	-10.9	-33.3	-27.9	+7.3	-35.2
Index including dividends in %, NOK	+14.1	-0.5	+20.2	+14.6	+2.9	+4.0	+22.7	+14.7	-10.7	+18.0
Tracking error, 2 yrs. %	32.7	34.3	29.2	-	-	-	-	-	-	-
Average yearly return, 2 yrs. % in NOK	-15.5	-19.8	-32.3	+8.3	+3.1	+12.6	+18.2	+0.8	+2.2	+41.1
Comparison to index including dividends, % in NOK	+6.6	+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	-22.2	-19.4	-25.0	-24.0	-16.7	-21.5	-38.9	-	-	-
Comparison to index including dividends, % in NOK	+10.0	+8.0	+12.6	+11.6	+6.1	+9.1	+20.4	-	-	-
Average yearly return, 10 yrs. % in NOK	-21.9	-29.9	-	-	-	-	-	-	-	-
Comparison to index including dividends, % in NOK	+9.5	+14.0	-	-	-	-	-	-	-	-
Exchange rate NOK/SEK	1.07	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.



XACT OBX BEAR (UCITS ETF), cont.

## 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, NOKt	1,496
Transaction costs in % of turnover	0.01
Costs in NOK for a one-time subscription, 10 000 NOK	66.66
Costs in NOK for monthly savings, 100 NOK	4.89

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	0.0
Turnover rate <sup>1)</sup>	-0.9
Share of turnover conducted via closely-related securities companies in %	2.6
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

1) The measurement is misleading as the fund trades to a large extent in futures contracts on the OBX™ index. The difference between the two turnover measurements is that the top measurement only includes transactions executed in financial instruments, while the bottom measurement also takes into account fund units that have been purchased and sold.

## Risk and Return Measurements\*

Total risk %	21.5	Information ratio	Negative
Total risk in index %	11.2	Sharpe ratio	-0.8
Benchmark	OBX	Sharpe ratio in index	0.5
Active return %	-22.0		

\* 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, NOKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for other derivative instruments <sup>†</sup>	-108,082	-25,002
Interest income	3,876	2,129
Other income	1	0
<b>Total income and changes in value</b>	<b>-104,205</b>	<b>-22,873</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	3,312	4,315
Interest expense	1	6
Other expenses	1,399	1,853
<b>Total expenses</b>	<b>4,712</b>	<b>6,174</b>
<b>Net income</b>	<b>-108,917</b>	<b>-29,047</b>
<b>* Details of changes in value</b>		
Capital gains	566,385	968,620
Capital losses	-682,187	-993,622
Unrealised gains/losses	7,720	0
<b>Sum</b>	<b>-108,082</b>	<b>-25,002</b>

## Balance Sheet, NOKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Bank assets and other liquid assets	373,967	99.3	381,641	103.9
Prepaid expenses and accrued income	2,845	0.8	14	0.0
<b>Total assets</b>	<b>376,812</b>	<b>100.1</b>	<b>381,655</b>	<b>103.9</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	316	0.1	291	0.1
Other liabilities	1	0.0	14,088	3.8
<b>Total liabilities</b>	<b>317</b>	<b>0.1</b>	<b>14,379</b>	<b>3.9</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>376,495</b>	<b>100.0</b>	<b>367,276</b>	<b>100.0</b>
Other derivative instruments with negative market value <sup>1)</sup>	40,117	10.7	71,200	19.4

1) Liquid assets 1 378 tNOK

Note 1) for Balance Sheet

## Changes in fund capital, NOKt

	2019	2018
Fund capital at beginning of year	367,276	580,338
Units issued	238,790	239,692
Units redeemed	-120,654	-423,707
Profit according to Income Statement	-108,917	-29,047
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>376,495</b>	<b>367,276</b>

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
<b>STOCK INDEX FUTURES</b>			
OBX Index Future Jan20 <sup>1)</sup>	-8,618	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
Total holdings in financial instruments		0	0.0
Net, other assets and liabilities		376,495	100.0
<b>Total fund capital</b>		<b>376,495</b>	<b>100.0</b>

1) Stock index futures with underlying exposure of -727 428 tNOK, which is equivalent to 193.2% of fund capital.

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 in Treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this does not mean that the fund is not sustainable.

Portfolio Manager: STEFAN HAGMAN

BASE CURRENCY



# XACT OBX BULL (UCITS ETF)

## Management Report

### Investment Focus

The fund is an exchange-traded fund with leverage. 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% 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

XACT OBX Bull rose 23.9% in 2019\*. 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

Fund investments primarily occur in an account and in derivatives and have an exposure to Oslo Børs OBX equivalent to 200% of the fund's value. As a result, the expected daily performance in the fund is equivalent to 200% of the movement in the index. Accordingly, an investment in the fund is characterised with high risk as well as the potential for high returns and the value of the fund can vary significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Norway. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in derivatives as part of its investment focus to create returns in the fund or create leverage. Investments in derivatives mean that the fund has an increased sensitivity to market fluctuations.

### 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 during H1 2019. The fund

has the option of lending securities. The fund did not use this option during H1 2019. The fund may use other techniques and instruments. The fund did not use this option during H1 2019.

- Highest leverage during the financial year 196.1%
- Lowest leverage during the financial year 193.8%
- Average leverage during the financial year 194.7%

### Information

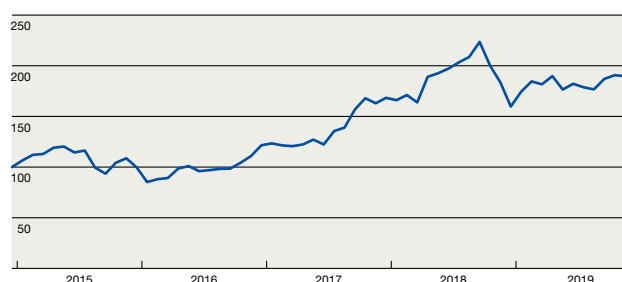
As of March 8, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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

	2019	2018	15/9-31/12 2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, NOK	194.90	157.27	165.72	-	-	-	-	-	-	-
The fund's total net flow, mNOK	-89	36	-25	-	-	-	-	-	-	-
Fund capital, NOKm	302	322	290	-	-	-	-	-	-	-
Number of units, 1000's	1,550	2,050	1,750	-	-	-	-	-	-	-
Total returns in %, NOK	+23.9	-5.1	+38.5	+22.0	-0.4	+2.4	+42.9	+22.1	-28.9	+24.9
Index including dividends in %, NOK	+14.1	-0.5	+20.2	+14.6	+2.9	+4.0	+22.7	+14.7	-10.7	+18.0
Tracking error, 2 yrs. %	10.9	11.4	10.1	-	-	-	-	-	-	-
Average yearly return, 2 yrs. % in NOK	+8.4	+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	+6.6	+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	+14.6	+10.4	+19.8	+16.8	+4.8	+9.7	+29.6	-	-	-
Comparison to index including dividends, % in NOK	+10.0	+8.0	+12.6	+11.6	+6.1	+9.1	+20.4	-	-	-
Average yearly return, 10 yrs. % in NOK	+12.1	+19.6	-	-	-	-	-	-	-	-
Comparison to index including dividends, % in NOK	+9.5	+14.0	-	-	-	-	-	-	-	-
Exchange rate NOK/SEK	1.07	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.

XACT OBX BULL (UCITS ETF), cont.

## 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, NOKt	961
Transaction costs in % of turnover	0.01
Costs in NOK for a one-time subscription, 10 000 NOK	92.67
Costs in NOK for monthly savings, 100 NOK	5.43

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	0.0
Turnover rate <sup>1)</sup>	-0.4
Share of turnover conducted via closely-related securities companies in %	0.9
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

1) The measurement is misleading as the fund trades to a large extent in futures contracts on the OBX™ index. The difference between the two turnover measurements is that the top measurement only includes transactions executed in financial instruments, while the bottom measurement also takes into account fund units that have been purchased and sold.

## Risk and Return Measurements\*

Total risk %	22.1	Information ratio	0.2
Total risk in index %	11.2	Sharpe ratio	0.3
Benchmark	OBX	Sharpe ratio in index	0.5
Active return %	1.9		

\* 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, NOKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for other derivative instruments <sup>*</sup>	69,162	-1,354
Interest income	3,011	1,182
Other income	0	0
<b>Total income and changes in value</b>	<b>72,173</b>	<b>-172</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	2,617	2,277
Interest expense	1	5
Other expenses	912	836
<b>Total expenses</b>	<b>3,530</b>	<b>3,118</b>
<b>Net income</b>	<b>68,643</b>	<b>-3,290</b>
<b>* Details of changes in value</b>		
Capital gains	525,459	524,503
Capital losses	-451,928	-525,857
Unrealised gains/losses	-4,368	0
<b>Sum</b>	<b>69,162</b>	<b>-1,354</b>

## Balance Sheet, NOKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Bank assets and other liquid assets	300,097	99.3	311,750	96.7
Prepaid expenses and accrued income	2,236	0.7	9	0.0
Other assets	-	-	10,856	3.4
<b>Total assets</b>	<b>302,333</b>	<b>100.1</b>	<b>322,615</b>	<b>100.1</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	230	0.1	210	0.1
<b>Total liabilities</b>	<b>230</b>	<b>0.1</b>	<b>210</b>	<b>0.1</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>302,103</b>	<b>100.0</b>	<b>322,405</b>	<b>100.0</b>
Other derivative instruments with negative market value <sup>1)</sup>	27,439	9.1	54,900	17.0

1) Liquid assets 227 tNOK

Note 1) for Balance Sheet

## Changes in fund capital, NOKt

	2019	2018
Fund capital at beginning of year	322,405	290,018
Units issued	25,463	348,322
Units redeemed	-114,408	-312,645
Profit according to Income Statement	68,643	-3,290
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>302,103</b>	<b>322,405</b>

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
<b>STOCK INDEX FUTURES</b>			
OBX Index Future Jan20 <sup>1)</sup>	7,006	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
Total holdings in financial instruments		0	0.0
Net, other assets and liabilities		302,103	100.0
<b>Total fund capital</b>		<b>302,103</b>	<b>100.0</b>

1) Stock index futures with underlying exposure of 591 362 tNOK, which is equivalent to 195.7% of fund capital.

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 in Treasury bills and liquid assets. Although sustainability dimensions are not taken into consideration in the management of the fund, this does not mean that the fund is not sustainable.



# XACT OMXC25 (UCITS ETF)

Exchange-traded index fund listed on the Copenhagen Stock Exchange

## Management Report

### Investment Focus

The fund is an exchange-traded index fund and its objective is to follow the performance of the OMX Copenhagen 25 GI Index to attain returns that correspond as closely as possible to the performance of this index. OMX Copenhagen 25 GI Index is a market-value weighted index consisting of the 25 most-traded equities on the Copenhagen Stock Exchange. The fund invests in equities included in this index.

### Portfolio

XACT OMXC25 was launched on 4 February 2019. The fund rose 21.5% in the period 4 February - 31 December 2019\*. The portfolio consists all of the equities included in OMX Copenhagen 25 Index GI. The index is reweighted twice each year in June and in December. TOP was added to the index at the time of the reweighting in December, while DRLCO exited. NOVO, DSV and VWS were the largest holdings in the fund at year-end.

\* Refer to fund statistics for comparable index.

### Significant risks

An investment in an equity fund is characterised by high risk as well as by the potential for high returns. As a result, the value of the fund can fluctuate significantly over time. The fund's investments are concentrated geographically to a limited number of equities issued in Denmark. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. The fund may invest in derivatives as part of its investment focus, although the use of derivatives is of such a nature that it is only expected to have a marginal impact on the fund's risk profile.

### 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 during 2019. The fund has the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Shareholder commitments

Based on the Management Company's Policy for Shareholder Engagement, which includes guidelines for responsible investment, voting at general meetings, and dialogue with the portfolio management companies are undertaken independently or in collaboration with others. It is our understanding that this work leads to better governance and reduced sustainability risks in the portfolio management companies, which in turn leads to a positive value growth.

The Management Company ensures that relevant information is available as input for analysis and voting decisions. This is primarily accomplished through analysis from proxy advisors as well as through market information, third-party analysis or direct contact with the company. The Management Company then takes independent decisions on those matters that will be subject to a vote or another decision-making process.

The Management Company normally votes for all of the equities in the fund in those companies where voting takes place, such as in markets where the equities are in a lock-up period to enable registration for voting at a general meeting. Any securities loans are typically recalled prior to a general meeting to ensure that votes can be cast for all of the equities, although the securities loans can remain in effect at the time of the general meeting if it is deemed to be in the common interest of unit holders and there is no significant impact on active ownership.

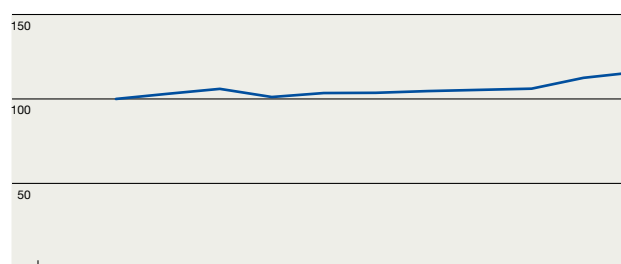
No conflicts of interest have arisen between the Management Company and the portfolio management company in conjunction with the funds' investments. Information is available in the Management Company's Policy for Shareholder Engagement on how the Management Company in general manages conflicts of interest that can arise as a result of the funds' investments.

Read more about how Xact Kapitalförvaltning acts in ownership matters and about the fund company's guidelines for responsible investments in the company's Policy for shareholder engagement and responsible investments which can be found under <https://www.handelsbanken.com/en/about-the-group/organisation/subsidiaries>

### 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

	4/2-31/12 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, DKK	121.51	-	-	-	-	-	-	-	-	-
The fund's total net flow, mDKK	121	-	-	-	-	-	-	-	-	-
Fund capital, mDKK	140	-	-	-	-	-	-	-	-	-
Number of units, 1000's	1,150	-	-	-	-	-	-	-	-	-
Total returns in %, DKK	+21.5	-	-	-	-	-	-	-	-	-
Index including dividends in %, DKK	+21.9	-	-	-	-	-	-	-	-	-
Exchange rate DKK/SEK	1.41	-	-	-	-	-	-	-	-	-
Benchmark: OMX Copenhagen 25 GI 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.

XACT OMXC25 (UCITS ETF), cont.

## Fund Facts - Costs

Max. allowed mgmt. costs in % according to fund rules	0.20
Collected mgmt. costs in % of average fund capital	0.20
Annual fees in %	0.20
Transaction costs, tDKK	4
Transaction costs in % of turnover	0.00
Förvaltningskostnad vid engångsinsättning 10 000 SEK,NOK / 1 000 EUR	-
Förvaltningskostnad vid månadssparande 100 SEK,NOK / 10 EUR	-

## Fund Facts - Other Key Figures

Turnover rate	0.1
Share of turnover conducted via closely-related securities companies in %	12.4
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

## Risk and Return Measurements\*

Forecasted total risk	12.4
* 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.	

## Income Statement, DKKt

	4/2-31/12 2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for transferable securities*	17,765	-
Changes in value for other derivative instruments*	30	-
Interest income	-1	-
Dividends	1,484	-
Currency exchange profits and losses, net	0	-
Other financial income	0	-
Other income	0	-
<b>Total income and changes in value</b>	<b>19,278</b>	<b>-</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	181	-
Interest expense	0	-
Other financial expenses	0	-
Other expenses	4	-
<b>Total expenses</b>	<b>185</b>	<b>-</b>
<b>Net income</b>	<b>19,093</b>	<b>-</b>
* Details of changes in value		
Capital gains	809	-
Capital losses	-454	-
Unrealised gains/losses	17,411	-
Sum	17,765	-
** Details of changes in value		
Capital gains	132	-
Capital losses	-100	-
Unrealised gains/losses	-2	-
Sum	30	-

## Balance Sheet, tDKK

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Transferable securities	139,257	99.7	-	-
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>139,257</b>	<b>99.7</b>	<b>-</b>	<b>-</b>
Bank assets and other liquid assets	297	0.2	-	-
Prepaid expenses and accrued income	207	0.2	-	-
Other assets	1	-0.1	-	-
<b>Total assets</b>	<b>139,762</b>	<b>100.0</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	24	0.0	-	-
<b>Total liabilities</b>	<b>24</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>139,738</b>	<b>100.0</b>	<b>-</b>	<b>-</b>
Other derivative instruments with negative market value <sup>1)</sup>	30	0.0	-	-

1) Liquid assets 804 tDKK

Note 1) for Balance Sheet

## Changes in fund capital, DKKt

	2019	2018
Fund capital at beginning of year	-	-
Units issued	120,645	-
Units redeemed	-	-
Profit according to Income Statement	19,093	-
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>139,738</b>	<b>-</b>

Note 2) for Balance Sheet

## Fund holdings in financial instruments

## TRANSFERABLE SECURITIES\*

	Number/Nominal amount in 1000's	Market value tDKK	% of fund capital
<b>LISTED EQUITIES</b>			
<b>CONSUMER STAPLES</b>			
Carlsberg	9,867	9,806	7.0
Royal Unibrew	3,933	2,399	1.7
		<b>12,205</b>	<b>8.7</b>
<b>FINANCIALS AND REAL ESTATE</b>			
Danske Bank	64,308	6,932	5.0
Jyske Bank	5,635	1,370	1.0
Topdanmark	4,439	1,458	1.0
Tryg	11,270	2,226	1.6
		<b>11,986</b>	<b>8.6</b>
<b>HEALTH CARE</b>			
Ambu B Ord	19,067	2,130	1.5
Coloplast B	16,422	13,571	9.7
Genmab	5,635	8,348	6.0
GN Store Nord	11,799	3,697	2.6
Lundbeck	5,750	1,463	1.0
Novo Nordisk	53,705	20,765	14.9
William Demant	6,854	1,438	1.0
		<b>51,412</b>	<b>37.0</b>
<b>INDUSTRIALS</b>			
A.P. Møller-Mærsk A	299	2,700	1.9
A.P. Møller-Mærsk B	644	6,188	4.4
DSV	19,504	14,975	10.7
FLSmidth	3,818	1,013	0.7
ISS	13,846	2,213	1.6
Rockwool International B	644	1,016	0.7
Vestas Wind Systems	18,538	12,480	8.9
		<b>40,585</b>	<b>29.0</b>
<b>INFORMATION TECHNOLOGY</b>			
SimCorp	3,220	2,439	1.7
		<b>2,439</b>	<b>1.7</b>
<b>MATERIALS</b>			
Christian Hansen Holding	7,015	3,714	2.7
Novozymes	18,354	5,983	4.3
		<b>9,697</b>	<b>6.9</b>
<b>UTILITIES</b>			
DONG Energy Ord Shs	12,144	8,367	6.0
		<b>8,367</b>	<b>6.0</b>
<b>OTHER</b>			
Pandora	8,855	2,566	1.8
		<b>2,566</b>	<b>1.8</b>
<b>Total listed equities</b>		<b>139,257</b>	<b>99.7</b>
<b>Total transferable securities</b>		<b>139,257</b>	<b>99.7</b>

## EXCHANGE-TRADED DERIVATIVES\*\*

	Number/Nominal amount in 1000's	Market value tDKK	% of fund capital
<b>STOCK INDEX FUTURES</b>			
OMXC250A <sup>1)</sup>	3	0	0.0
<b>Total stock index futures</b>		<b>0</b>	<b>0.0</b>
<b>Total exchange-traded derivatives</b>		<b>0</b>	<b>0.0</b>
<b>Total holdings in financial instruments</b>		<b>139,257</b>	<b>99.7</b>
<b>Net, other assets and liabilities</b>		<b>481</b>	<b>0.3</b>
<b>Total fund capital</b>		<b>139,738</b>	<b>100.0</b>

1) Stock index futures with underlying exposure of 377 tDKK, which is equivalent to 0.3% of fund capital.

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.

99.7

\*\* 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
A.P. Møller-Mærsk	6.3

\* 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.

XACT OMXC25 (UCITS ETF), cont.

*The fund is in no respect sponsored, endorsed, sold or promoted by Nasdaq, Inc. or its subsidiary ("the Company"). The Company makes no warranty or representation whatsoever, expressed or implied, as to the results to be obtained from the use of the OMX Copenhagen 25 Index and/or the value at which the said index stands at any particular time. The Company shall not be liable to any person for any error in the OMX Copenhagen 25 Index and shall not be under any obligation to advise or notify any person of any error in the index.*

*OMX Copenhagen 25 Index is a brand name belonging to Nasdaq, Inc. and is used under license from Nasdaq, Inc.*



# XACT OMXC25 (UCITS ETF)

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

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

There currently are no companies included in the index tracked by the fund that do not meet the Management Company's requirements in the sustainability area. In the future, if a new or existing company in the index 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 will not meet the Management Company's requirements in the sustainability area (refer to the Management Company's policy for shareholder engagement and responsible investment, as well as the general information section of the information brochure, which are available at [www.handelsbanken.se/funds](http://www.handelsbanken.se/funds)).

## Methods used in sustainability efforts

### Exclusion

In accordance with the Management Company's policy for shareholder engagement and responsible investment, the fund and its index exclude investments in:

- Companies involved in production or distribution of weapons banned under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons.
- Companies involved in production or distribution of nuclear weapons.
- Companies with turnover exceeding 5% that is derived from coal mining or with turnover exceeding 30% that is derived from coal power generation.

With the condition that the fund sees a willingness to change and the fund believes that the company will address the problems within an acceptable amount of time, the fund may invest in companies involved in violating international norms and conventions. The fund did not use this option during the year. Thus, the fund did not own any companies during the year that violated international norms and conventions.

Follow-up occurs on a daily basis by the Management Company's independent risk control function.

## The Management Company's engagement activities

An essential part of taking responsibility as an investor is to influence the companies in which we invest. The starting point for our engagement activities are the core values of Handelsbanken and the Management Company, our commitments and the international norms and conventions we respect. We conduct dialogues for the purpose of encouraging companies to improve their sustainability efforts, and with companies we believe are not compliant with the international norms and conventions we respect. We pursue engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through the external service provider ISS ESG, the Management Company participates in dialogues with companies in so-called Pooled Engagement. The basis for these dialogues is a norm-based analysis that targets primarily companies with suspected or verified breaches of international norms and conventions within human rights, labour law, the environment and anti-corruption. The dialogue process consists of contact between ISS ESG and the concerned company, and in certain cases, the process also includes meetings or telephone conference calls in which we as an investor can participate.

In 2019, the Management Company participated in a total of 145 company dialogues. Of these company dialogues, the fund held holdings in two of the companies at the close of 2019.

One of the companies subject to dialogue within the scope of Pooled Engagement in 2019 was Danske Bank. The dialogue was associated with SDG 16 and UNGC Principle 10 and concerned allegations that Danske Bank did not satisfactorily prevent money laundering at its operations in the Estonia.

B. Dialogues through international collaborations and industry initiatives, such as the UN, PRI and CDP. In 2019, the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability issues. These initiatives are frequently thematic or target 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 Forests, PRI Cyber Security, FAIRR Antibiotics Engagement, and FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we participate and support the dialogues with our capital but do not lead the dialogues with the company concerned.

These international collaborations and initiatives, together with the dialogues, include over 300 companies.

## Annual General Meetings

The Management Company normally votes at general meetings in which the Management Company is a major shareholder or at general meetings where the company concerned is identified as falling short in its sustainability efforts. In general, the Management Company also supports shareholder proposals that seek to promote corporate sustainability, greater transparency in recording and reporting of the company's climate impact, as well as its work with human rights and labour law.

In 2019, the Management Company voted at eight annual general meetings on behalf of the fund.



# 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 follow the performance of the OMXS30T Index as closely as possible. The index consists of 30 of the most-traded shares on the Stockholm Stock Exchange. The fund invests in equities included in this index.

### Portfolio

XACT OMXS30™ rose 30.5% in 2019\*. The portfolio consists all of the equities included in the index. Atlas Copco A, Hennes & Mauritz B and Volvo B 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. No changes were made to the holdings at the end of December

\*) Refer to fund statistics for comparable index.

### Significant risks

An investment in an equity fund is characterised by high risk as well as by the potential for high returns. As a result, the value of the fund can fluctuate significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Sweden. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in derivatives and does this to protect the value of the fund's underlying assets, to maintain the desired risk level in the fund portfolio or to minimize fund management costs. The volume of trading is limited where appropriate and is expected to have a marginal impact on the fund's risk profile.

### 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 during 2019. The fund has the option of lending securities. The fund used this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Information

As of February 22, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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.

### Shareholder commitments

Based on the Management Company's Policy for Shareholder Engagement, which includes guidelines for responsible investment, voting at general meetings, and dialogue with the portfolio management companies are undertaken independently or in collaboration with others. It is our understanding that this work leads to better governance and reduced sustainability risks in the portfolio management companies, which in turn leads to a positive value growth.

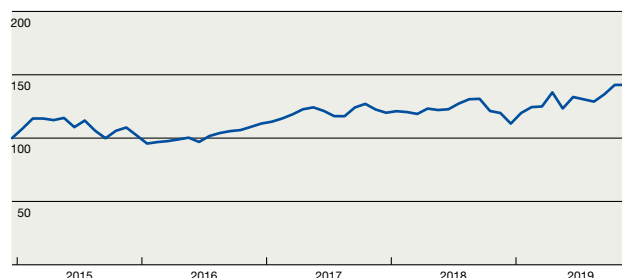
The Management Company ensures that relevant information is available as input for analysis and voting decisions. This is primarily accomplished through analysis from proxy advisors as well as through market information, third-party analysis or direct contact with the company. The Management Company then takes independent decisions on those matters that will be subject to a vote or another decision-making process.

The Management Company normally votes for all of the equities in the fund in those companies where voting takes place, such as in markets where the equities are in a lock-up period to enable registration for voting at a general meeting. Any securities loans are typically recalled prior to a general meeting to ensure that votes can be cast for all of the equities, although the securities loans can remain in effect at the time of the general meeting if it is deemed to be in the common interest of unit holders and there is no significant impact on active ownership.

No conflicts of interest have arisen between the Management Company and the portfolio management company in conjunction with the funds' investments. Information is available in the Management Company's Policy for Shareholder Engagement on how the Management Company in general manages conflicts of interest that can arise as a result of the funds' investments.

Read more about how Xact Kapitalförvaltning acts in ownership matters and about the fund company's guidelines for responsible investments in the company's Policy for shareholder engagement and responsible investments which can be found under <https://www.handelsbanken.com/en/about-the-group/organisation/subsidiaries>

### Fund Performance\*



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

### Fund Facts - History

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	222.10	170.20	183.32	170.31	155.94	152.73	134.42	107.48	94.27	112.63
The fund's total net flow, mSEK	-2,096	-1,243	318	-162	-187	-3,179	566	358	-	-
Fund capital, mSEK	9,461	9,378	11,494	10,380	9,754	9,821	11,668	8,873	7,443	7,372
Number of units, 1000's	42,600	55,100	62,700	60,950	62,550	64,300	86,800	82,550	78,950	65,450
Total returns in %, SEK	+30.5	-7.2	+7.6	+9.2	+2.1	+13.6	+25.1	+16.0	-11.9	+24.5
Index including dividends in %, SEK	+30.7	-7.0	+7.7	+9.4	+2.2	+14.0	+25.5	+16.3	-11.6	+24.9
Tracking error, 2 yrs. %	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Average yearly return, 2 yrs. %	+10.1	0.0	+8.4	+5.6	+7.7	+19.2	+20.4	+1.1	+4.7	+36.2
Comparison to index including dividends, %	+10.2	0.0	+8.5	+5.8	+7.9	+19.6	+20.8	+1.4	+5.1	+36.5
Average yearly return, 5 yrs. %	+7.8	+4.8	+11.3	+12.9	+8.2	+12.6	+18.9	+3.8	+0.1	+6.9

XACT OMXS30 (UCITS ETF), cont.

## Fund Facts - History cont.

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Comparison to index including dividends, %	+7.9	+5.0	+11.5	+13.2	+8.5	+12.9	+19.2	+4.1	+0.4	+7.2
Average yearly return, 10 yrs. %	+10.1	+11.6	+7.5	+6.3	+7.5	+10.4	+10.9	+11.6	+4.5	+3.6
Comparison to index including dividends, %	+10.4	+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

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, SEKt	162
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	11.78
Costs in SEK for monthly savings, 100 SEK	0.70

## Fund Facts - Other Key Figures

Turnover rate	0.7
Share of turnover conducted via closely-related securities companies in %	8.1
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

## Risk and Return Measurements\*

Total risk %	15.8	Information ratio	Negative
Total risk in index %	15.8	Sharpe ratio	0.7
Benchmark	NASDAQ OMXS30™ Gross Index	Sharpe ratio in index	0.7
Active return %	-0.2		

\* 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, SEKt

	2019	2018
<b>INCOME AND CHANGES IN VALUE</b>		
Changes in value for transferable securities *	1,835,312	-1,312,488
Changes in value for other derivative instruments **	4,064	-612
Interest income	-160	-102
Dividends	347,909	452,509
Currency exchange profits and losses, net	-	0
Other financial income <sup>1)</sup>	450	-
Other income	60	0
<b>Total income and changes in value</b>	<b>2,187,635</b>	<b>-860,693</b>
<b>EXPENSES</b>		
Management costs:		
- Remuneration to the Management Company	8,199	11,127
Interest expense	-1	-
Other financial expenses <sup>2)</sup>	90	-
Other expenses	162	674
<b>Total expenses</b>	<b>8,450</b>	<b>11,801</b>
<b>Net income</b>	<b>2,179,185</b>	<b>-872,494</b>
<b>* Details of changes in value</b>		
Capital gains	798,916	951,707
Capital losses	-491,800	-521,260
Unrealised gains/losses	1,528,196	-1,742,935
<b>Sum</b>	<b>1,835,312</b>	<b>-1,312,488</b>
<b>** Details of changes in value</b>		
Capital gains	11,360	21,435
Capital losses	-7,285	-22,047
Unrealised gains/losses	-11	-
<b>Sum</b>	<b>4,064</b>	<b>-612</b>

1) The item consists primarily of premiums for securities lent.

2) The item consists primarily of expenses for securities lent.

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
<b>ASSETS</b>				
Transferable securities	9,460,612	100.0	9,379,342	100.0
<b>Total financial instruments with positive market value <sup>Note 2)</sup></b>	<b>9,460,612</b>	<b>100.0</b>	<b>9,379,342</b>	<b>100.0</b>
Bank assets and other liquid assets	823	0.0	965	0.0
Prepaid expenses and accrued income	65	0.0	-	-
Other assets	26,002	0.3	337,639	3.6
<b>Total assets</b>	<b>9,487,502</b>	<b>100.3</b>	<b>9,717,946</b>	<b>103.6</b>
<b>LIABILITIES</b>				
Accrued expenses and prepaid income	749	0.0	848	0.0
Other liabilities	25,475	0.3	339,191	3.6
<b>Total liabilities</b>	<b>26,224</b>	<b>0.3</b>	<b>340,039</b>	<b>3.6</b>
<b>Fund capital <sup>Note 1)</sup></b>	<b>9,461,278</b>	<b>100.0</b>	<b>9,377,907</b>	<b>100.0</b>
Financial instruments lent	565,625	6.0	-	-
Collateral received for financial instruments lent	735,910	7.8	-	-
Other derivative instruments with negative market value	-	-	1,670	0.0

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	9,377,907	11,493,888
Units issued	4,849,903	4,202,977
Units redeemed	-6,945,717	-5,446,464
Profit according to Income Statement	2,179,185	-872,494
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>9,461,278</b>	<b>9,377,907</b>

Note 2) for Balance Sheet

## Fund holdings in financial instruments

## TRANSFERABLE SECURITIES\*

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>LISTED EQUITIES</b>			
<b>CONSUMER DISCRETIONARY</b>			
Autoliv	122,688	97,046	1.0
Electrolux B	671,376	154,349	1.6
Hennes & Mauritz B	3,262,308	621,404	6.6
		<b>872,800</b>	<b>9.2</b>
<b>CONSUMER STAPLES</b>			
Essity B	1,426,248	430,442	4.5
Swedish Match	379,992	183,460	1.9
		<b>613,902</b>	<b>6.5</b>
<b>FINANCIALS AND REAL ESTATE</b>			
Handelsbanken A	4,342,644	438,173	4.6
Investor B	1,017,288	520,038	5.5
Kinnevik B	540,168	123,698	1.3
Nordea Bank Abp Stockholm	3,791,400	286,781	3.0
SEB A	4,847,028	426,926	4.5
Swedbank A	2,528,736	352,632	3.7
		<b>2,148,249</b>	<b>22.7</b>
<b>HEALTH CARE</b>			
AstraZeneca SDB	307,572	289,179	3.1
Getinge B	567,432	98,733	1.0
		<b>387,912</b>	<b>4.1</b>
<b>INDUSTRIALS</b>			
ABB SDB	1,209,840	272,335	2.9
Alfa Laval	937,200	221,085	2.3
Assa Abloy B	2,356,632	516,102	5.5
Atlas Copco A	1,875,252	700,594	7.4
Atlas Copco B1	871,596	283,443	3.0
Hexagon B	782,136	410,621	4.3
Sandvik	2,802,228	511,827	5.4
Securitas B	777,024	125,451	1.3
Skanska B	893,748	189,206	2.0
SKF B	944,016	178,797	1.9
Volvo B	3,687,456	578,562	6.1
		<b>3,988,024</b>	<b>42.2</b>

XACT OMXS30 (UCITS ETF), cont.

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>INFORMATION TECHNOLOGY</b>			
Ericsson B	6,862,860	559,735	5.9
		<b>559,735</b>	<b>5.9</b>
<b>MATERIALS</b>			
Boliden1	610,884	151,805	1.6
SCA B	1,424,544	135,332	1.4
SSAB A	679,044	22,307	0.2
		<b>309,443</b>	<b>3.3</b>
<b>TELECOMMUNICATION SERVICES</b>			
Tele2 B	1,487,592	202,089	2.1
TeliaSonera	9,402,672	378,458	4.0
		<b>580,547</b>	<b>6.1</b>
<b>Total listed equities</b>		<b>9,460,612</b>	<b>100.0</b>
<b>Total transferable securities</b>		<b>9,460,612</b>	<b>100.0</b>
Total holdings in financial instruments		9,460,612	100.0
Net, other assets and liabilities		666	0.0
<b>Total fund capital</b>		<b>9,461,278</b>	<b>100.0</b>

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	10.4

\* 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.

## Additional information on loaned securities

<b>Volume of lent securities as a % of total lendable assets</b>	<b>5.98</b>
--	-------------

<b>The ten largest issuers of collateral for securities lending per issuer, SEK thousand:</b>	
The French Government	165 255
The British Government	82 712
U.S.A	73 136
The Dutch Government	45 365
Schweiziska staten	42 856
Aegon Nv	16 892
Royal Dutch Shell Plc	16 294
Swatch Group Ag	16 181
Bayer Ag	15 448
Continental Ag	15 173

<b>The largest counterparties for securities lending, SEK thousand:</b>	
Svenska Handelsbanken AB (publ), Sweden	359 245
Morgan Stanley & Co International Plc, Great Britain	130 780
J.P. Morgan Securities Plc, Great Britain	66 900
Skandinaviska Enskilda Banken AB (publ), Sweden	8 700
	<b>565 625</b>

<b>Type and quality of collateral, SEK thousand:</b>	
Equities	325 428
Bonds and other interest-bearing instruments	410 482
	<b>735 910</b>

We accept government bonds and treasury bills with a rating of AA- from S&P or Aa3 from Moody's or higher issued by the United States, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland. We also accept equities in major and well-known indexes as collateral.

<b>Profile of the collateral's duration, SEK thousand:</b>	
Less than one day	-
One day to one week	-
One week to one month	2 543
One to three months	11 274
Three months to one year	47 201
Greater than one year	349 465
Indeterminate duration	325 428
	<b>735 910</b>

<b>Currency of the collateral, SEK thousand:</b>	
CAD	191
CHF	59 038
EUR	321 070
GBP	217 208
HKD	5 837
JPY	21 378
SEK	28 974
SGD	627
USD	81 586
	<b>735 910</b>

The profile of the duration for securities lending is undetermined, but may be immediately terminated. Settlement and clearing for securities lending is conducted through a third party. The collateral received is held by J.P. Morgan Bank Luxembourg S.A. or another group.

## Information about returns and expenses:

Securities lending for the full year generated a total revenue of 450 SEK thousand, of which 80% was passed on to the fund and 20% to J.P. Morgan Bank Luxembourg S.A. in its role as the intermediary of securities lending.

## Counterparties for securities lending during the year:

-J.P. Morgan Securities Plc, Great Britain  
-Morgan Stanley & Co International Plc, Great Britain  
-Svenska Handelsbanken AB (publ), Sweden  
-UBS AG, London Branch, Great Britain

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

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

There currently are no companies included in the index tracked by the fund that do not meet the Management Company's requirements in the sustainability area. In the future, if a new or existing company in the index 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 will not meet the Management Company's requirements in the sustainability area (refer to the Management Company's policy for shareholder engagement and responsible investment, as well as the general information section of the information brochure, which are available at [www.handelsbanken.se/funds](http://www.handelsbanken.se/funds)).

## Methods used in sustainability efforts

### Exclusion

In accordance with the Management Company's policy for shareholder engagement and responsible investment, the fund and its index exclude investments in:

- Companies involved in production or distribution of weapons banned under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons.
- Companies involved in production or distribution of nuclear weapons.
- Companies with turnover exceeding 5% that is derived from coal mining or with turnover exceeding 30% that is derived from coal power generation.

With the condition that the fund sees a willingness to change and the fund believes that the company will address the problems within an acceptable amount of time, the fund may invest in companies involved in violating international norms and conventions. The fund did not use this option during the year. Thus, the fund did not own any companies during the year that violated international norms and conventions.

Follow-up occurs on a daily basis by the Management Company's independent risk control function.

## The Management Company's engagement activities

An essential part of taking responsibility as an investor is to influence the companies in which we invest. The starting point for our engagement activities are the core values of Handelsbanken and the Management Company, our commitments and the international norms and conventions we respect. We conduct dialogues for the purpose of encouraging companies to improve their sustainability efforts, and with companies we believe are not compliant with the international norms and conventions we respect. We pursue engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through the external service provider ISS ESG, the Management Company participates in dialogues with companies in so-called Pooled Engagement. The basis for these dialogues is a norm-based analysis that targets primarily companies with suspected or verified breaches of international norms and conventions within human rights, labour law, the environment and anti-corruption. The dialogue process consists of contact between ISS ESG and the concerned company, and in certain cases, the process also includes meetings or telephone conference calls in which we as an investor can participate.

In 2019, the Management Company participated in a total of 145 company dialogues. Of these company dialogues, the fund held holdings in one of the companies at the close of 2019.

One of the companies subject to dialogue within the scope of Pooled Engagement in 2019 was Swedbank. The dialogue was associated with SDG 16 and UNGC Principle 10 and concerned allegations that Swedbank did not satisfactorily prevent money laundering at its operations in the Baltics.

B. Dialogues through international collaborations and industry initiatives, such as the UN, PRI and CDP. In 2019, the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability issues. These initiatives are frequently thematic or target 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 Forests, PRI Cyber Security, FAIRR Antibiotics Engagement, and FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we participate and support the dialogues with our capital but do not lead the dialogues with the company concerned.

These international collaborations and initiatives, together with the dialogues, include over 300 companies.

## Annual General Meetings

The Management Company normally votes at general meetings in which the Management Company is a major shareholder or at general meetings where the company concerned is identified as falling short in its sustainability efforts. In general, the Management Company also supports shareholder proposals that seek to promote corporate sustainability, greater transparency in recording and reporting of the company's climate impact, as well as its work with human rights and labour law.

The Management Company voted at 29 annual general meetings on behalf of the fund during the year.



# XACT Svenska Småbolag (UCITS ETF)

## Management Report

### Investment Focus

The fund is an exchange-traded index fund and its objective is to follow the performance of Solactive ISS ESG Screened Sweden Small Cap Tradable Index as closely as possible. The fund's index aims to reflect approximately 100 of the most liquid equities in the Swedish small cap market, excluding those companies that do not meet the sustainability requirements of the index. The sustainability requirements include international norms and guidelines for the environment, social responsibility and corporate 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. Refer to the fund's information brochure for more detailed information. The fund invests in equities included in this index.

### Portfolio

XACT Svenska Småbolag (UCITS EFT) rose 40.4% in 2019\*. The portfolio is managed through physical replication and consists of all of the equities included in the Solactive ISS ESG Sweden Small Cap Tradable Index. SCA B, Nibe B and Securitas B were the three largest holdings at year-end.

Up until autumn 2019, fund returns were provided by a basket that consisted of approximately 100 liquid small caps, in which the composition was determined by the fund manager. The fund had entered into a total return swap with Svenska Handelsbanken AB (PLC). Fund holdings consisted of large, liquid Swedish and international equities, as well as the total return swap in which the returns from equities are exchanged in the total return swap to the exposure described above. This management method is no longer used as the fund is currently an index fund with physical replication.

\* Refer to fund statistics for comparable index.

### Significant risks

An investment in an equity fund is characterised by high risk as well as by the potential for high returns. As a result, the value of the fund can fluctuate significantly over time. The fund's investments are concentrated geographically to equities issued by smaller companies in Sweden. This results in risks that are normally higher than for an investment in a diversified global equity fund that distributes its investments over several regions. The fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund's liquidity risk is deemed to be moderately high due to the fund's size in relation to the size or turnover of the markets and securities in which the fund invests. This can impact the fund's ability to execute the purchase and sale of securities under stressful market conditions. The fund may invest in derivatives and does this to protect the value of the fund's underlying assets, to maintain the desired risk level in the fund portfolio or to minimize fund management costs.

### 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 during 2019. The fund has the option of lending securities. The fund did not use this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Information

On 1 March 2019, the fund changed the custodian institution from Skandinaviska Enskilda Banken AB (PLC) to J. P. Morgan Bank

Luxembourg S.A. Stockholm bank branch. The fund changed its fund rules on 1 October 2019 and became an index fund. In conjunction with this, the fund changed its management from synthetic replication to physical replication.

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.

### Shareholder commitments

Based on the Management Company's Policy for Shareholder Engagement, which includes guidelines for responsible investment, voting at general meetings, and dialogue with the portfolio management companies are undertaken independently or in collaboration with others. It is our understanding that this work leads to better governance and reduced sustainability risks in the portfolio management companies, which in turn leads to a positive value growth.

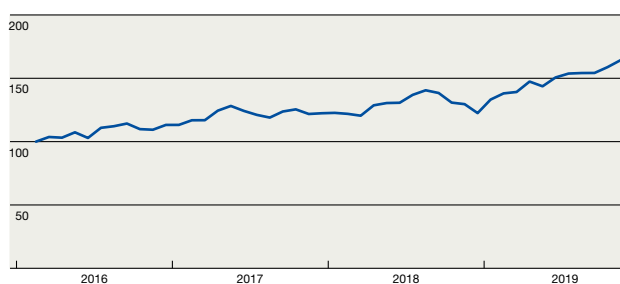
The Management Company ensures that relevant information is available as input for analysis and voting decisions. This is primarily accomplished through analysis from proxy advisors as well as through market information, third-party analysis or direct contact with the company. The Management Company then takes independent decisions on those matters that will be subject to a vote or another decision-making process.

The Management Company normally votes for all of the equities in the fund in those companies where voting takes place, such as in markets where the equities are in a lock-up period to enable registration for voting at a general meeting. Any securities loans are typically recalled prior to a general meeting to ensure that votes can be cast for all of the equities, although the securities loans can remain in effect at the time of the general meeting if it is deemed to be in the common interest of unit holders and there is no significant impact on active ownership.

No conflicts of interest have arisen between the Management Company and the portfolio management company in conjunction with the funds' investments. Information is available in the Management Company's Policy for Shareholder Engagement on how the Management Company in general manages conflicts of interest that can arise as a result of the funds' investments.

Read more about how Xact Kapitalförvaltning acts in ownership matters and about the fund company's guidelines for responsible investments in the company's Policy for shareholder engagement and responsible investments which can be found under <https://www.handelsbanken.com/en/about-the-group/organisation/subsidiaries>

### Fund Performance\*



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



XACT Svenska Småbolag (UCITS ETF), cont.

## Fund Facts - History

	2019	2018	2017	9/2-31/12 2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	195.91	139.54	139.40	128.90	-	-	-	-	-	-
The fund's total net flow, mSEK	-502	0	-184	1,595	-	-	-	-	-	-
Fund capital, mSEK	1,832	1,751	1,749	1,772	-	-	-	-	-	-
Number of units, 1000's	9,350	12,550	12,550	13,750	-	-	-	-	-	-
Total returns in %, SEK	+40.4	+0.1	+8.1	+28.9	-	-	-	-	-	-
Index including dividends in %, SEK	+41.1	-1.0	+8.8	+32.3	-	-	-	-	-	-
Tracking error, 2 yrs. %	1.4	0.9	-	-	-	-	-	-	-	-
Average yearly return, 2 yrs. %	+18.5	+4.0	-	-	-	-	-	-	-	-
Comparison to index including dividends, %	+18.2	+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, SEKt	34
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	36.55
Costs in SEK for monthly savings, 100 SEK	2.14

## Fund Facts - Other Key Figures

Turnover rate <sup>1)</sup>	3.0
Share of turnover conducted via closely-related securities companies in %	98.3
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

1) In 2019, the fund went from swap-based management to owning all shares in the index, which meant that the entire fund was traded. There was no commission for this restructuring.

## Risk and Return Measurements\*

Total risk %	12.2	Information ratio	0.3
Total risk in index %	12.5	Sharpe ratio	1.6
Benchmark	CSXSE100	Sharpe ratio in index	1.5
Active return %	0.4		

\* 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, SEKt

	2019	2018
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities	470,108	-167,304
Changes in value for OTC derivative instruments <sup>**</sup>	68,518	151,438
Interest income	2,226	2,667
Dividends	47,061	21,250
Currency exchange profits and losses, net	-175	-566
Other financial income <sup>1)</sup>	470	-
Other income	0	0
<b>Total income and changes in value</b>	<b>588,208</b>	<b>7,485</b>
EXPENSES		
Management costs:		
- Remuneration to the Management Company	5,074	5,530
Interest expense	17	178
Other financial expenses <sup>2)</sup>	94	-
Other expenses	36	34
<b>Total expenses</b>	<b>5,221</b>	<b>5,742</b>
<b>Net income</b>	<b>582,987</b>	<b>1,743</b>

## \* Details of changes in value

Capital gains	252,212	288,342
Capital losses	-190,480	-245,195
Unrealised gains/losses	408,377	-210,451
<b>Sum</b>	<b>470,108</b>	<b>-167,304</b>

## \*\* Details of changes in value

Capital gains	243,123	484,942
Capital losses	-234,529	-316,742
Unrealised gains/losses	59,924	-16,762
<b>Sum</b>	<b>68,518</b>	<b>151,438</b>

1) The item consist primarily of premiums for securities lent.

2) The item consists primarily of expenses for securities lent.

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
ASSETS				
Transferable securities	1,830,945	100.0	1,804,649	103.0
<b>Total financial instruments with positive market value</b> <sup>Note 2)</sup>	<b>1,830,945</b>	<b>100.0</b>	<b>1,804,649</b>	<b>103.0</b>
Bank assets and other liquid assets	450	0.0	6,827	0.4
Prepaid expenses and accrued income	433	0.0	67	0.0
Other assets	11,108	0.6	1	0.0
<b>Total assets</b>	<b>1,842,936</b>	<b>100.6</b>	<b>1,811,544</b>	<b>103.4</b>
LIABILITIES				
OTC derivative instruments with negative market value	-	-	59,924	3.4
<b>Total financial instruments with negative market value</b> <sup>Note 2)</sup>	<b>-</b>	<b>-</b>	<b>59,924</b>	<b>3.4</b>
Accrued expenses and prepaid income	506	0.0	456	0.0
Other liabilities	10,706	0.6	-	-
<b>Total liabilities</b>	<b>11,212</b>	<b>0.6</b>	<b>60,380</b>	<b>3.4</b>
<b>Fund capital</b> <sup>Note 1)</sup>	<b>1,831,724</b>	<b>100.0</b>	<b>1,751,164</b>	<b>100.0</b>
Financial instruments lent	132,300	7.2	-	-
Collateral received for financial instruments lent	145,761	8.0	-	-
Secured collateral for OTC derivative instruments <sup>1)</sup>	-	-	75,666	4.3

1) Bonds on other interest-bearing instruments, SEKt 60 535.

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	1,751,164	1,749,421
Units issued	-	-
Units redeemed	-502,427	-
Profit according to Income Statement	582,987	1,743
Dividends to unit holders	-	-
<b>Fund capital at the close of the period</b>	<b>1,831,724</b>	<b>1,751,164</b>

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

AcadeMedia	103,224	5,688	0.3
Bilia A	100,980	10,734	0.6
Bonava	108,647	10,810	0.6
Byggmax Group	71,621	1,894	0.1
Clas Ohlson B	46,563	5,252	0.3
Dometic Group	367,455	34,658	1.9
Dustin Group	75,922	5,706	0.3
Husqvarna B	656,931	49,283	2.7
JM	68,816	19,090	1.0
Mekonomen	46,189	4,298	0.2
MIPS	29,359	5,825	0.3
Modern Times Group B	83,776	9,354	0.5
Nobia	136,323	9,515	0.5
Pandox B	92,565	19,624	1.1
Scandic Hotels Group	78,353	8,180	0.4
SKISTAR AB ser. B	48,059	5,709	0.3
Thule Group	128,282	27,709	1.5
		<b>233,328</b>	<b>12.7</b>

## CONSUMER STAPLES

AarhusKarlshamn	217,294	38,678	2.1
Axfood	124,168	25,877	1.4
Cloetta B	251,702	7,979	0.4
		<b>72,534</b>	<b>4.0</b>

XACT Svenska Småbolag (UCITS ETF), cont.

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
<b>FINANCIALS AND REAL ESTATE</b>			
Atrium Ljungberg	54,417	12,298	0.7
Avanza Bank	161,381	15,783	0.9
Balder B	121,737	52,736	2.9
Bure Equity	59,092	12,528	0.7
Castellum	292,468	64,343	3.5
Catena	28,798	11,908	0.7
Diös Fastigheter	100,419	8,616	0.5
Fabege	327,063	50,924	2.8
Hoist Finance	84,711	4,230	0.2
Hufvudstaden A	140,811	26,064	1.4
Klövern B	567,358	13,038	0.7
Kungsleden	219,164	21,566	1.2
Nyfosa	193,171	15,647	0.9
Platzer Fastigheter B	69,190	7,611	0.4
Ratos B	238,238	7,962	0.4
Resurs	160,072	9,628	0.5
Sagax B	204,204	27,813	1.5
Samhallsbyggnadsbolaget i Norden	1,510,960	34,677	1.9
Wallenstam B	205,513	23,264	1.3
Wihlborgs	162,129	27,967	1.5
		<b>448,603</b>	<b>24.5</b>
<b>HEALTH CARE</b>			
Arjo B	253,759	11,434	0.6
Attendo	128,282	6,921	0.4
BioArctic B	44,506	4,224	0.2
BioGaia	19,074	8,097	0.4
Biotage	70,312	8,719	0.5
CellaVision	20,570	6,572	0.4
Elekta B	445,995	55,013	3.0
Getinge B	267,410	46,529	2.5
Hansa Medical	46,002	3,857	0.2
Immunicum	86,955	915	0.0
Lifco B	54,604	31,233	1.7
Oasmia Pharmaceutical	244,222	1,011	0.1
Oncopeptides	67,881	8,614	0.5
Orexo	38,709	2,431	0.1
RaySearch Laboratories B	30,481	3,268	0.2
Recipharm B	57,035	8,498	0.5
SECTRA B	31,790	12,430	0.7
Swedish Orphan Biovitrum	332,486	51,369	2.8
Vitrolife1	67,133	13,259	0.7
		<b>284,395</b>	<b>15.5</b>
<b>INDUSTRIALS</b>			
Addtech B	75,548	22,891	1.2
ÅF B	110,704	24,200	1.3
Alimak Group	62,645	8,745	0.5
Beijer Ref B	86,207	23,690	1.3
Bravida Holding	242,913	22,093	1.2
Concentric	46,937	7,463	0.4
Coor Service Management	117,062	9,646	0.5
Eolus Vind	21,318	2,336	0.1
Haldex	53,856	2,747	0.1
Indutrade	109,956	36,857	2.0
Instalco	49,368	6,675	0.4
Intrum Justitia	75,174	21,004	1.1
Inwido	67,507	4,867	0.3
Loomis B	93,500	36,259	2.0
Munters Group B	141,933	6,963	0.4
NCC B	106,029	16,244	0.9
NIBE Industrier B	422,433	68,603	3.7
Nobina	104,346	6,725	0.4
Peab B	221,595	20,775	1.1
SAS	283,866	4,335	0.2
Securitas B	413,831	66,813	3.6
Sweco B	83,963	30,327	1.7
Trelleborg B	300,883	50,714	2.8
		<b>500,970</b>	<b>27.3</b>
<b>INFORMATION TECHNOLOGY</b>			
Fingerprint Cards B	343,145	6,479	0.4
G5 Entertainment	7,106	718	0.0
Micronic Mydata	87,703	16,234	0.9
Nolato B	22,253	12,239	0.7
Starbreeze	330,242	615	0.0
Tobii Technology	98,736	3,709	0.2
		<b>39,994</b>	<b>2.2</b>
<b>MATERIALS</b>			
BillerudKorsnäs	218,042	24,126	1.3
Gränges	92,939	9,196	0.5
Hexpol B	319,022	29,286	1.6
Holmen B1	117,997	33,653	1.8
Lindab International	94,248	11,272	0.6
SCA B	808,401	76,798	4.2
SSAB B	1,070,201	32,663	1.8
		<b>216,994</b>	<b>11.9</b>
<b>TELECOMMUNICATION SERVICES</b>			
Invisio Communications	46,002	4,683	0.3
Karnov Group	77,979	4,133	0.2
Nordic Entertainment	83,589	25,311	1.4
		<b>34,127</b>	<b>1.9</b>
<b>Total listed equities</b>		<b>1,830,945</b>	<b>100.0</b>
<b>Total transferable securities</b>		<b>1,830,945</b>	<b>100.0</b>
<b>Total holdings in financial instruments</b>		<b>1,830,945</b>	<b>100.0</b>
<b>Net, other assets and liabilities</b>		<b>779</b>	<b>0.0</b>
<b>Total fund capital</b>		<b>1,831,724</b>	<b>100.0</b>

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).

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\*\*\* Refers to other financial instruments.

-

**Additional information on loaned securities****Volume of lent securities as a % of total lendable assets** **7.23****The ten largest issuers of collateral for securities lending per issuer, SEK thousand:**

U.S.A	25 859
The German Government	22 129
The French Government	16 602
The British Government	14 742
The Austrian Government	6 474
The Dutch Government	5 285
The Federal Government of Belgium	4 762
Royal Dutch Shell Plc	2 614
Swatch Group Ag	2 520
Aegon Nv	2 405

**The largest counterparties for securities lending, SEK thousand:**

UBS AG, London Branch, Great Britain	48 806
Svenska Handelsbanken AB (publ), Sweden	42 607
Credit Suisse Securities (Europe) Ltd, Great Britain	21 007
Citigroup Global Markets Ltd, Great Britain	19 881
	<b>132 300</b>

**Type and quality of collateral, SEK thousand:**

Equities	49 286
Bonds and other interest-bearing instruments	96 475
	<b>145 761</b>

We accept government bonds and treasury bills with a rating of AA- from S&P or Aa3 from Moody's or higher issued by the United States, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland. We also accept equities in major and well-known indexes as collateral.

**Profile of the collateral's duration, SEK thousand:**

Less than one day	-
One day to one week	1 007
One week to one month	2 787
One to three months	782
Three months to one year	10 111
Greater than one year	81 789
Indeterminate duration	49 286
	<b>145 761</b>

**Currency of the collateral, SEK thousand:**

AUD	165
CAD	11
CHF	2 581
DKK	10
EUR	74 450
GBP	36 234
HKD	476
JPY	257
SEK	4 641
SGD	7
USD	26 929
	<b>145 761</b>

The profile of the duration for securities lending is undetermined, but may be immediately terminated. Settlement and clearing for securities lending is conducted through a third party. The collateral received is held by J.P. Morgan Bank Luxembourg S.A. or another group

**Information about returns and expenses:**

Securities lending for the full year generated a total revenue of 470 SEK thousand, of which 80% was passed on to the fund and 20% to J.P. Morgan Bank Luxembourg S.A. in its role as the intermediary of securities lending.

**Counterparties for securities lending during the year:**

-Citigroup Global Markets Ltd, Great Britain  
-Credit Suisse Securities (Europe) Ltd, Great Britain  
-Svenska Handelsbanken AB (publ), Sweden  
-UBS AG, London Branch, Great Britain



# XACT SVENSKA SMÅBOLAG (UCITS ETF)

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

This fund is managed with enhanced sustainability criteria.

The fund is an index fund and tracks an index that takes enhanced sustainability criteria into consideration. These criteria include the environment, social and corporate governance dimensions. 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 include dialogues with companies and voting at annual general meetings.

### Methods used in sustainability efforts

#### Exclusion

The fund and its index exclude in their entirety companies involved in the production or distribution of weapons banned under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons. Companies involved in the production or distribution of nuclear weapons are also excluded.

The fund and its index also excludes\* companies whose principle operations are within controversial sectors such as alcohol, tobacco, cannabis, commercial gambling, weapons and military equipment, pornography and fossil fuels. The fund and its index also excludes companies that are regarded as contravening international norms and conventions regarding the human rights, labour law, the environment, and anti-corruption.

Follow-up occurs on a daily basis by the Management Company's independent risk control function.

The fund may use ETFs and futures that are not analysed from a sustainability perspective in its fund management up to a maximum of three percent of the fund's value to manage distributions, corporate events as well as withdrawals and deposits in the fund.

### The Management Company's engagement activities

An essential part of taking responsibility as an investor is to influence the companies in which we invest. The starting point for our engagement activities are the core values of Handelsbanken and the Management Company, our commitments and the international norms and conventions we respect. We conduct dialogues for the purpose of encouraging companies to improve their sustainability efforts, and with companies we believe are not compliant with the international norms and conventions we respect. We pursue engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through the external service provider ISS ESG, the Management Company participates in dialogues with companies in so-called Pooled Engagement. The basis for these dialogues is a norm-based analysis that targets primarily companies with suspected or verified breaches of international norms and conventions within human rights, labour law, the environment and anti-

corruption. The dialogue process consists of contact between ISS ESG and the concerned company, and in certain cases, the process also includes meetings or telephone conference calls in which we as an investor can participate.

In 2019, the Management Company participated in a total of 145 company dialogues. Of these company dialogues, the fund held holdings in two of the companies at the close of 2019.

One of the companies subject to dialogue within the scope of Pooled Engagement in 2019 was Loomis. The dialogues were associated with SDG 8 and UNGC Principle 3 and concerned work conditions and respect for union rights at the company's Turkish subsidiary Loomis Güvenlik Hizmetleri A.S. The objective of the dialogue is to have the company report what measures have been taken to manage the allegations that have arisen. Further, the objective is to have the company implement policies that ensure that the right to union representation is respected at the company's foreign units.

B. Dialogues through international collaborations and industry initiatives, such as the UN, PRI and CDP. In 2019, the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability issues. These initiatives are frequently thematic or target 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 Forests, PRI Cyber Security, FAIRR Antibiotics Engagement, and FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we participate and support the dialogues with our capital but do not lead the dialogues with the company concerned.

These international collaborations and initiatives, together with the dialogues, include over 300 companies.

### Annual General Meetings

The Management Company normally votes at general meetings in which the Management Company is a major shareholder or at general meetings where the company concerned is identified as falling short in its sustainability efforts. In general, the Management Company also supports shareholder proposals that seek to promote corporate sustainability, greater transparency in recording and reporting of the company's climate impact, as well as its work with human rights and labour law.

The Management Company voted at one annual general meeting on behalf of the fund during the year. The fund became physically managed and could begin voting in the autumn of 2019.

*\* In accordance with the Swedish Investment Fund Association's definition of "Exclusion", a maximum of five percent of the turnover in the company in which investments are made may relate to the business operations applicable to the specified product or service.*



# 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 index that the fund tracks 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 forbidden weapons, nuclear weapons, war materials, tobacco, cannabis, alcohol, commercial 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 have a strong sustainability rating. For more detailed information refer to the fund's sustainability profile as well as the fund's information brochure. The fund invests in equities included in this index.

### Portfolio

XACT Sverige rose 31.2% in 2019\*. The portfolio consists of all of the equities included in the SIX Sweden ESG Selection Index. The sustainability requirements mean partly that companies with high sustainability ratings are included (inclusion) in the index, and that companies operating within controversial sectors may not be included (exclusion) in the index. The index is reweighted twice each year: at the end of May and the end of November. AFRY, Atrium Ljungberg, Attendo and Dometic Group were new equities added to the index as of November 30, 2019. Avanza, Dustin Group, Sweco and Vitrolife exited the index at the time of reweighting. Atlas Copco, H&M and Volvo were the largest holdings in the fund at year-end.

\*) Refer to fund statistics for comparable index.

### Significant risks

An investment in an equity fund is characterised by high risk as well as by the potential for high returns. As a result, the value of the fund can fluctuate significantly over time. The fund's investments are concentrated geographically to equities issued by companies in Sweden. This results in risks that normally are higher than for an investment in a diversified global equity fund that distributes its investments over several regions. However, the fund's investments are made in companies in several sectors or branches, which reduces the risk in the fund. The fund may invest in derivatives and does this to protect the value of the fund's underlying assets, to maintain the desired risk level in the fund portfolio or to minimize fund management costs. The volume of trading is limited where appropriate and is expected to have a marginal impact on the fund's risk profile.

### Trading with derivatives

According to the fund rules, the fund may trade with derivatives as part of its investment focus. The fund did not use this option during 2019. The fund has the option of lending securities. The fund used this option during 2019. The fund may use other techniques and instruments. The fund did not use this option during 2019.

### Information

As of February 22, 2019 the fund changed its Custodian institution from Skandinaviska Enskilda Banken AB (publ) to J. P. Morgan Bank Luxembourg S.A. Stockholm Bankfilial.

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.

### Shareholder commitments

Based on the Management Company's Policy for Shareholder Engagement, which includes guidelines for responsible investment, voting at general meetings, and dialogue with the portfolio management companies are undertaken independently or in collaboration with others. It is our understanding that this work leads to better governance and reduced sustainability risks in the portfolio management companies, which in turn leads to a positive value growth.

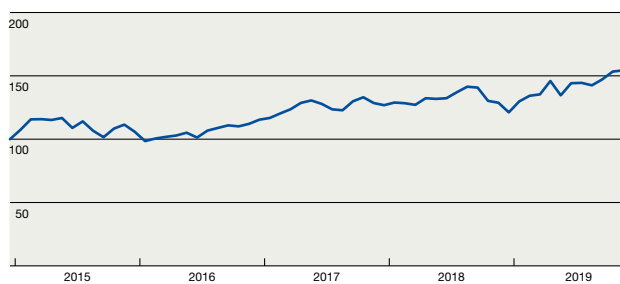
The Management Company ensures that relevant information is available as input for analysis and voting decisions. This is primarily accomplished through analysis from proxy advisors as well as through market information, third-party analysis or direct contact with the company. The Management Company then takes independent decisions on those matters that will be subject to a vote or another decision-making process.

The Management Company normally votes for all of the equities in the fund in those companies where voting takes place, such as in markets where the equities are in a lock-up period to enable registration for voting at a general meeting. Any securities loans are typically recalled prior to a general meeting to ensure that votes can be cast for all of the equities, although the securities loans can remain in effect at the time of the general meeting if it is deemed to be in the common interest of unit holders and there is no significant impact on active ownership.

No conflicts of interest have arisen between the Management Company and the portfolio management company in conjunction with the funds' investments. Information is available in the Management Company's Policy for Shareholder Engagement on how the Management Company in general manages conflicts of interest that can arise as a result of the funds' investments.

Read more about how Xact Kapitalförvaltning acts in ownership matters and about the fund company's guidelines for responsible investments in the company's Policy for shareholder engagement and responsible investments which can be found under <https://www.handelsbanken.com/en/about-the-group/organisation/subsidiaries>

### Fund Performance\*



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

XACT Sverige (UCITS ETF), cont.

## Fund Facts - History

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net asset value, SEK	498.09	392.57	425.90	403.55	383.81	378.10	343.35	285.99	260.15	314.67
The fund's total net flow, mSEK	-200	197	24	-642	595	-339	921	-980	-	-
Fund capital, mSEK	2,814	2,385	2,406	2,260	2,811	2,240	2,386	1,115	1,964	2,706
Number of units, 1000's	5,650	6,075	5,650	5,600	7,325	5,925	6,950	3,900	7,550	8,600
Total returns in %, SEK	+31.2	-4.5	+9.9	+9.0	+5.9	+14.7	+25.2	+16.2	-13.5	+25.6
Index including dividends in %, SEK	+31.5	-4.3	+10.0	+9.2	+6.1	+15.1	+25.6	+16.5	-13.1	+26.1
Tracking error, 2 yrs. %	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Average yearly return, 2 yrs. %	+12.0	+2.5	+9.5	+7.4	+10.2	+19.9	+20.6	+0.3	+4.3	+36.6
Comparison to index including dividends, %	+12.2	+2.6	+9.6	+7.6	+10.5	+20.2	+21.0	+0.6	+4.6	+36.9
Average yearly return, 5 yrs. %	+9.7	+6.8	+12.7	+14.0	+8.9	+12.7	+18.6	+3.0	-0.9	+6.7
Comparison to index including dividends, %	+9.9	+7.0	+13.0	+14.3	+9.2	+13.0	+19.0	+3.3	-0.6	+7.0
Average yearly return, 10 yrs. %	+11.2	+12.6	+7.8	+6.3	+7.8	+10.5	+11.0	-	-	-
Comparison to index including dividends, %	+11.5	+12.8	+8.0	+6.6	+8.1	+10.8	+11.4	-	-	-
Dividends per unit, SEK	15.27	15.71	18.27	13.31	17.65	15.10	13.00	14.43	13.90	18.01

Benchmark: SIX Sweden ESG Selection Index GI

Up to 09/10/2018: 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, SEKt	84
Transaction costs in % of turnover	0.00
Costs in SEK for a one-time subscription, 10 000 SEK	17.35
Costs in SEK for monthly savings, 100 SEK	1.03

## Fund Facts - Other Key Figures

Turnover rate	0.5
Share of turnover conducted via closely-related securities companies in %	5.6
Share of turnover conducted between funds managed by Xact Kapitalförvaltning AB, %	0.0

## Risk and Return Measurements\*

Total risk %	14.2	Information ratio	Negative
Total risk in index %	14.2	Sharpe ratio	0.9
Benchmark	SIX Sweden ESG Selection Index GI	Sharpe ratio in index	0.9
Active return %	-0.2		

\* 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, SEKt

	2019	2018
INCOME AND CHANGES IN VALUE		
Changes in value for transferable securities *	617,559	-212,183
Changes in value for other derivative instruments **	-	684
Interest income	-82	-26
Dividends	113,230	90,695
Other financial income <sup>1)</sup>	630	-
Other income	29	0
Total income and changes in value	731,366	-120,830
EXPENSES		
Management costs:		
- Remuneration to the Management Company	4,290	3,885
Interest expense	-1	-
Other financial expenses <sup>2)</sup>	126	-
Other expenses	84	334
Total expenses	4,500	4,219
Net income	726,867	-125,049
* Details of changes in value		
Capital gains	220,189	190,750
Capital losses	-84,825	-56,332
Unrealised gains/losses	482,196	-346,601
Sum	617,559	-212,183
** Details of changes in value		
Capital gains	-	3,221
Capital losses	-	-2,537
Unrealised gains/losses	-	0
Sum	-	684

<sup>1)</sup> The item consists primarily of premiums for securities lent.<sup>2)</sup> The item consists primarily of expenses for securities lent.

## Balance Sheet, SEKt

	31 dec 2019	% of fund capital	31 dec 2018	% of fund capital
ASSETS				
Transferable securities	2,813,682	100.0	2,384,621	100.0
Total financial instruments with positive market value <sup>Note 2)</sup>	2,813,682	100.0	2,384,621	100.0
Bank assets and other liquid assets	828	0.0	305	0.0
Prepaid expenses and accrued income	72	0.0	-	-
Other assets	1	0.0	263	0.0
Total assets	2,814,583	100.0	2,385,189	100.0
LIABILITIES				
Accrued expenses and prepaid income	372	0.0	318	0.0
Total liabilities	372	0.0	318	0.0
Fund capital <sup>Note 1)</sup>	2,814,211	100.0	2,384,871	100.0
Financial instruments lent	273,041	9.7	-	-
Collateral received for financial instruments lent	303,519	10.8	-	-

Note 1) for Balance Sheet

## Changes in fund capital, SEKt

	2019	2018
Fund capital at beginning of year	2,384,871	2,406,354
Units issued	1,145,252	360,586
Units redeemed	-1,345,051	-163,153
Profit according to Income Statement	726,867	-125,049
Dividends to unit holders	-97,728	-93,867
Fund capital at the close of the period	2,814,211	2,384,871

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	28,476	22,525	0.8
Clas Ohlson B	30,510	3,442	0.1
Dometic Group	150,290	14,175	0.5
Electrolux B	152,776	35,123	1.2
Hennes & Mauritz B	742,410	141,414	5.0
Husqvarna B	236,170	17,717	0.6
JM	35,256	9,780	0.3
Nobla	86,784	6,058	0.2
Thule Group	52,432	11,325	0.4
		261,559	9.3
CONSUMER STAPLES			
AarhusKarlshamn	129,046	22,970	0.8
Axfood	106,672	22,230	0.8
Essity B	324,536	97,945	3.5
ICA Gruppen	102,152	44,661	1.6
		187,806	6.7
FINANCIALS AND REAL ESTATE			
Atrium Ljungberg	65,766	14,863	0.5
Bure Equity	35,030	7,426	0.3
Castellum	138,764	30,528	1.1
Fabege	168,144	26,180	0.9
Handelsbanken A	988,072	99,696	3.5
Industrivärden A	136,278	31,616	1.1
Industrivärden C	84,976	19,196	0.7
Investor A	158,426	80,243	2.9
Investor B	231,424	118,304	4.2
Kinnevik B	122,944	28,154	1.0
Latour B	301,032	45,998	1.6

XACT Sverige (UCITS ETF), cont.

	Number/Nominal amount in 1000's	Market value tSEK	% of fund capital
Lundbergs B	77,292	31,767	1.1
Nordea Bank Abp Stockholm	867,388	65,609	2.3
Ratos B	121,814	4,071	0.1
SEB A	1,102,880	97,142	3.5
Swedbank A	575,396	80,239	2.9
Wihlborgs	78,196	13,489	0.5
		<b>794,522</b>	<b>28.2</b>
HEALTH CARE			
AstraZeneca SDB	69,834	65,658	2.3
Attendo	82,038	4,426	0.2
Elektro B	187,354	23,110	0.8
Getinge B	129,272	22,493	0.8
Hansa Medical	20,340	1,706	0.1
Swedish Orphan Biovitrum	152,550	23,569	0.8
		<b>140,962</b>	<b>5.0</b>
INDUSTRIALS			
ABB SDB	275,268	61,963	2.2
ÅF B	54,918	12,005	0.4
Alfa Laval	213,118	50,275	1.8
Assa Abloy B	536,298	117,449	4.2
Atlas Copco A	426,688	159,411	5.7
Atlas Copco B1	198,428	64,529	2.3
EPIROC A	418,778	47,887	1.7
EPIROC B	198,202	22,010	0.8
NIBE Industrier B	226,452	36,776	1.3
Nobina	44,974	2,899	0.1
Sandvik	637,546	116,448	4.1
SAS	194,586	2,971	0.1
Securitas B	176,732	28,533	1.0
Skanska B	203,400	43,060	1.5
SKF B	214,926	40,707	1.4
Trelleborg B	123,396	20,798	0.7
Volvo A	242,724	38,399	1.4
Volvo B	839,138	131,661	4.7
		<b>997,781</b>	<b>35.4</b>
INFORMATION TECHNOLOGY			
Ericsson B	1,561,660	127,369	4.5
Fingerprint Cards B	156,618	2,957	0.1
Nolato B	11,978	6,588	0.2
		<b>136,914</b>	<b>4.9</b>
MATERIALS			
BillerudKorsnäs	105,994	11,728	0.4
Boliden1	138,990	34,539	1.2
Gränges	38,420	3,802	0.1
Hexpol B	167,466	15,373	0.5
Holmen B1	63,054	17,983	0.6
Lundin Mining	40,680	2,298	0.1
SCA B	324,084	30,788	1.1
SSAB A	154,810	5,086	0.2
SSAB B	369,284	11,271	0.4
Stora Enso R	56,274	7,648	0.3
		<b>140,515</b>	<b>5.0</b>
TELECOMMUNICATION SERVICES			
Millicom	47,686	21,392	0.8
Tele2 B	339,452	46,115	1.6
TeliaSonera	2,139,542	86,117	3.1
		<b>153,623</b>	<b>5.5</b>
<b>Total listed equities</b>		<b>2,813,682</b>	<b>100.0</b>
<b>Total transferable securities</b>		<b>2,813,682</b>	<b>100.0</b>
<b>Total holdings in financial instruments</b>		<b>2,813,682</b>	<b>100.0</b>
<b>Net, other assets and liabilities</b>		<b>529</b>	<b>0.0</b>
<b>Total fund capital</b>		<b>2,814,211</b>	<b>100.0</b>

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).

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\*\*\* Refers to other financial instruments.

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### Compilation, Company and Group exposure\*

Company/Group	% of fund capital	Company/Group	% of fund capital
Atlas Copco	8.0	EPIROC	2.5
Investor	7.1	Industrivärden	1.8
Volvo	6.1	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 parenthesis.

### Additional information on loaned securities

**Volume of lent securities as a % of total lendable assets** **9.71**

<b>The ten largest issuers of collateral for securities lending per issuer, SEK thousand:</b>	
U.S.A	59 656
The British Government	57 729
The French Government	14 614
The Dutch Government	12 574
Aegon Nv	6 228
Royal Dutch Shell Plc	5 714
Swatch Group Ag	5 709
Bayer Ag	5 498
Centrica Plc	5 381
Continental Ag	5 353

**The largest counterparties for securities lending, SEK thousand:**

Svenska Handelsbanken AB (publ), Sweden	96 498
Morgan Stanley & Co International Plc, Great Britain	73 051
Credit Suisse AG, Dublin Branch, Ireland	63 909
J.P. Morgan Securities Plc, Great Britain	37 339
UBS AG, London Branch, Great Britain	1 930
HSBC Bank Plc, Great Britain	220
Credit Suisse Securities (Europe) Ltd, Great Britain	94
	<b>273 041</b>

**Type and quality of collateral, SEK thousand:**

Equities	153 642
Bonds and other interest-bearing instruments	149 877
	<b>303 519</b>

We accept government bonds and treasury bills with a rating of AA- from S&P or Aa3 from Moody's or higher issued by the United States, the British government, states within the eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) as well as Australia, Canada, Denmark, Japan, New Zealand, Norway, Sweden and Switzerland. We also accept equities in major and well-known indexes as collateral.

**Profile of the collateral's duration, SEK thousand:**

Less than one day	-
One day to one week	207
One week to one month	2 674
One to three months	6 997
Three months to one year	15 953
Greater than one year	124 046
Indeterminate duration	153 642
	<b>303 519</b>

**Currency of the collateral, SEK thousand:**

AUD	107
CAD	2 878
CHF	5 922
DKK	1
EUR	76 488
GBP	109 849
HKD	2 948
JPY	10 168
SEK	10 591
SGD	336
USD	84 231
	<b>303 519</b>

The profile of the duration for securities lending is undetermined, but may be immediately terminated. Settlement and clearing for securities lending is conducted through a third party. The collateral received is held by J.P. Morgan Bank Luxembourg S.A. or another group

**Information about returns and expenses:**

Securities lending for the full year generated a total revenue of 630 SEK thousand, of which 80% was passed on to the fund and 20% to J.P. Morgan Bank Luxembourg S.A. in its role as the intermediary of securities lending.

**Counterparties for securities lending during the year:**

-Credit Suisse AG, Dublin Branch, Ireland  
 -Credit Suisse Securities (Europe) Ltd, Great Britain  
 -HSBC Bank Plc, Great Britain  
 -J.P. Morgan Securities Plc, Great Britain  
 -Morgan Stanley & Co International Plc, Great Britain  
 -Skandinaviska Enskilda Banken AB (publ), Sweden  
 -Svenska Handelsbanken AB (publ), Sweden  
 -UBS AG, London Branch, Great Britain

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 enhanced sustainability criteria into consideration. These criteria include the environment, social and corporate governance dimensions. The index and the fund include and exclude companies in accordance with the criteria specified below. The Management Company also carries out engagement activities on behalf of the fund that include dialogues with companies and voting at annual general meetings. The fund has been awarded the Nordic Swan Ecolabel and thereby fulfils the Nordic Swan Ecolabel's 25 mandatory criteria. Read more at [svanen.se/spararen](http://svanen.se/spararen).

## Methods used in sustainability efforts

### Inclusion

The fund's index, as well as the fund, take sustainability dimensions into consideration in the selection of companies. Each company is required to undergo a thorough sustainability analysis with regard to the environment, social and corporate governance criteria to be included in the fund and its index. The analysis is conducted by ISS-Oekom in accordance with their Corporate Ratings Methodology. The ISS-Oekom Corporate Rating evaluates the sustainability performance of companies. The rating scale spans from D- (poor) to A+ (excellent). Each rating is complemented by an analyst opinion that provides a qualitative commentary related to important rating results for three dimensions: sustainability opportunities, sustainability risks and governance.

The rating and assessment is based on the company's industry and the unique sustainability challenges associated with that industry. For example, a textile company places extra emphasis on work conditions in the supply chain and sustainable use of water, while a bank focuses more on customers and product responsibility as well as the bank's environmental impact of 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 percent of the companies, as measured by the 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 that was selected for inclusion in the fund was Telia Co. Relative to comparable companies, Telia Co. demonstrates good management of the sustainable risks that are relevant for the telecom sector, such as data security, corporate governance, corruption and operations in high risk regions, for example.

### Exclusion

The fund and its index exclude in their entirety companies involved in the production or distribution of weapons banned under international law, such as cluster bombs, anti-personnel mines, biological and chemical weapons. Companies involved in the production or distribution of nuclear weapons are also excluded.

The fund and its index also excludes\* companies whose principle operations are within controversial sectors such as alcohol, tobacco, cannabis, commercial gambling, weapons and military equipment, uranium, pornography and fossil fuels. The fund and its index also exclude companies with unacceptable risk for violations of international norms and conventions related to human rights, labour law, the environment and anti-corruption.

Follow-up occurs on a daily basis by the Management Company's independent risk control function.

At the close of 2019, 12 companies were excluded from the fund and its index, based on the criteria above.

## The Management Company's engagement activities

An essential part of taking responsibility as an investor is to influence the companies in which we invest. The starting point for our engagement activities are the core values of Handelsbanken and the Management Company, our commitments and the international norms and conventions we respect. We conduct dialogues for the purpose of encouraging companies to improve their sustainability efforts, and with companies we believe are not compliant with the international norms and conventions we respect. We pursue engagement activities primarily through:

A. Dialogues together with other investors/capital owners. Through the external service provider ISS ESG, the Management Company participates in dialogues with companies in so-called Pooled Engagement. The basis for these dialogues is a norm-based analysis that targets primarily companies with suspected or verified breaches of international norms and conventions within human rights, labour law, the environment and anti-corruption. The dialogue process consists of contact between ISS ESG and the concerned company, and in certain cases, the process also includes meetings or telephone conference calls in which we as an investor can participate.

In 2019, the Management Company participated in a total of 145 company dialogues. Of these company dialogues, the fund held holdings in one of the companies at the close of 2019. The fund also had two open dialogues in which there was no activity conducted during 2019 (Nordea Bank and Ericsson).

One of the companies subject to dialogue within the scope of Pooled Engagement in 2019 was Swedbank. The dialogues were associated with SDG 16 and UNGC Principle 10 and concerned allegations that Swedbank did not satisfactorily prevent money laundering at its operations in the Baltics.

B. Dialogues through international collaborations and industry initiatives, such as the UN, PRI and CDP. In 2019, the Management Company has participated in several international initiatives and collaborations with focus on specific sustainability issues. These initiatives are frequently thematic or target 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 Forests, PRI Cyber Security, FAIRR Antibiotics Engagement, and FAIRR-Ceres Global Investor Engagement on Meat Sourcing. The Management Company is a so-called "supporting investor" in these dialogues, which means that we participate and support the dialogues with our capital but do not lead the dialogues with the company concerned.

These international collaborations and initiatives, together with the dialogues, include over 300 companies.

## Annual General Meetings

The Management Company normally votes at general meetings in which the Management Company is a major shareholder or at general meetings where the company concerned is identified as falling short in its sustainability efforts. In general, the Management Company also supports shareholder proposals that seek to promote corporate sustainability, greater transparency in recording and reporting of the company's climate impact, as well as its work with human rights and labour law.

The Management Company voted at 50 annual general meetings on behalf of the fund during the year.

*"In accordance with the Swedish Investment Fund Association's definition of "Exclusion", a maximum of five percent of the turnover in the company in which investments are made may relate to the business operations applicable to the specified product or service.*



# 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)

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

PÄR NÜRNBERG

### 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

PÄR NÜRNBERG

#### Deputy Chief Executive Officer

HENRIK ÅHMAN

#### Head of Operations

EMMA VIOTTI

#### Head of Asset Management

PETER FAHLSTEDT

#### Head of Legal

FREDRIK KÖSTER

#### Compliance

HANNA NYQVIST

### 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](http://www.handelsbanken.se/funds).

### Management Company's auditors

Elected at the Annual General Meeting  
ERNST & YOUNG AB, JESPER NILSSON

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

## Responsible investments

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](http://www.handelsbanken.se/funds).

## Accounting and valuation 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.

## Foregin 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](http://www.handelsbanken.se/funds). Information about our exchange-traded funds is also available at [www.xact.se](http://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.

## The information below refers to the operational year

	2019	2018
<b>1. Number of employees receiving fixed or variable remuneration payments during the financial year:</b> <i>Information reported refers to every individual who was employed and received fixed or variable remuneration at some time during the year (number of individuals)</i>	10 persons	14 persons
<b>2. The total amount of remuneration paid to specially regulated staff during the financial year distributed by the categories of employees as stated in Chapter 1, §9, second paragraph 31p.</b>		
<b>Executive Management Group:</b> <i>The total remuneration paid to members of the Executive management group is reported here (does not include Compliance or HR, which is not employed by the Management Company).</i>	8 431 tSEK	7 867 tSEK
<b>Employees in senior strategic positions:</b> <i>Those holding strategic positions are included in the Executive management group.</i>	0 tSEK	0 tSEK
<b>Employees with responsibility for control functions:</b> <i>The Head of Risk Management is included in the Executive management group.</i>	0 tSEK	0 tSEK
<b>Risk-takers:</b> <i>The total remuneration paid to the risk-takers who are not included in the categories above are reported here. All of the fund managers, analysts and individuals who have the possibility of receiving variable remuneration in the Management Company.</i>	4 988 tSEK	4 723 tSEK
<b>Employees with total remuneration that amounts to, or exceeds, the total remuneration of any of the Group executives:</b> <i>Employees that are not classified under any of the categories above but who earn in line with the lowest paid Executive management group member are reported here.</i>	0 tSEK	0 tSEK
<b>3. Method for the calculation of remuneration and benefits to employees (FFFS 2016:26):</b> <i>Remuneration and benefits to employees are regulated by the Management Company's remuneration rules, refer above under the heading, Remuneration to employees at Xact Kapitalförvaltning AB.</i>		

# 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 thousandths 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 Allmanstond 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 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.

When the fund lends securities for the purpose of tracking an index, the fund receives 80 percent of the proceeds from the securities loan and the remaining 20 percent is passed on to the securities lending agent. Given that the revenue sharing agreement does not increase expenses for the fund, the remuneration made to the securities lending agent is not included in the ongoing charges.

## 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 30 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% (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.

## Abbreviations

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

**ADR** American Depositary Receipt  
**ADS** American Depositary Share  
**BTA** Betald tekningsaktie

**CB** Callable Bond  
**ETF** Exchange Traded Fund  
**f/r** Foreign Registered  
**FRN** Floating Rate Note  
**GDR** Global Depositary Receipt  
**IR** Inlösenrätt

**KV** Konvertibel  
**NVDR** Non-Voting Depositary Receipt  
**Pref** Preference share  
**SDB** Swedish Deposit Certificate  
**TO** Warrants  
**TR** Subscription Right



## 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.

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 shareholder engagement and 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 our 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%
Cannabis	5%	5%
Commercial gaming	5%	5%
Fossil fuels****	5%	5%
Tar sands	0%	5%

\* Cluster bombs, personal mines, chemical and biological weapons.

\*\* For tobacco production, 0% applies.

\*\*\* For pornography production, 0% applies.

\*\*\*\* For equipment and services in or to this area, a limit of 50% of sales is applied.

**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.

### Descriptions 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 Forests** - 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](http://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 a 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](http://www.handelsbanken.se/funds).

**Fact sheets, the complete information brochure and current share price performance for the funds are available at [handelsbanken.se/fonder](https://handelsbanken.se/fonder).**

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