

YMER ALTERNATIVE CREDIT – INFORMATION BROCHURE

Published 2022-11-18

This brochure provides information about Ymer SC AC AB (the “Fund”). The Fund is an alternative investment fund under the Act (2013:561) regarding Managers of Alternative Investment Funds (the “AIFM Law”). The Fund is managed by Ymer SC AB, which is under supervision of the Swedish Financial Supervisory Authority. The purpose of this information brochure is to fulfil the requirements of Chapter 10, Section 1 of the AIFM Law.

Item	Information
Investment Strategy	<p>The Fund invests in different types of credit securities with compelling risk adjusted return characteristics. The investments have a long-term horizon and focus on a broad range of structures with various underlying credit risks. Investments are mainly concentrated to the primary and secondary credit markets in Europe and US. The Fund is managed with the aim to achieve attractive returns regardless of market conditions. The Fund has an absolute return gross IRR target of 15% per annum.</p> <p>The Fund may only change its investment policy, investment strategy and target return with the approval of investors representing at least 75% of the loans issued by the Fund (the “Loans”).</p>
Assets	<p>The Fund invests predominantly in cash and derivative instruments, issued and traded on the global structured credit market. Instruments may both be listed or traded on the OTC market and include products such as index, options, ABS, CLO, CLN, Corporate Bonds, CDS, synthetic CDOs and loans.</p> <p>Assets of the Fund are kept at segregated client accounts with the Fund’s depository.</p>
Investment Classes	<p>The Fund generally offers investors the possibility to invest in the Loans through six different investment classes: Investment Class 1, Investment Class 1.2, Investment Class 1.3, Investment Class 1.4, Investment Class 2 and Investment Class 2.1. The size of Investment Class 2 and Investment Class 2.1 will be capped at 25 % of the sum of Investment Class 1, Investment Class 1.2, Investment Class 1.3, Investment Class 1.4, Investment Class 2 and Investment Class 2.1. Investment Class 1, Investment Class 1.2, Investment Class 1.3 and Investment Class 1.4 do not allow investors to redeem their Loans until the liquidation of the Fund.</p> <p>Investors in Investment Class 2 and Investment Class 2.1 may, if notice is given 180 days in advance of the second anniversary of the first closing, elect to have their Loans redeemed. Such redemptions of Loans of Investment Class 2 and Investment Class 2.1 will be carried out at the end of each of the four calendar quarters in four equal tranches that follow the second anniversary of the first closing of the Fund at the investor’s pro rata share of the NAV of the Fund.</p>
Risk Profile	<p><i>General</i></p> <p>The Fund invests in credit instruments and will generally be net long. The investments aim at creating a diversified portfolio, based on geography, sector and issuer.</p> <p><i>Risk factors</i></p> <p>An investment in the Fund involves certain risks relating to the Fund and the Loans. While certain key risk factors, enumerated below, are underlying which may or may not occur, potential investors should be aware of the risks involved with investing in the Loans and that such risks may affect the ability of the Fund</p>

to fulfil its obligations and/or have a negative impact on the market value of the Loans.

Key risk factors (not exhaustive):

1. The Fund's main source of income is cash flows generated by the underlying assets

All, or substantially all, of the Fund's assets will consist of future cash flows generated by underlying assets. If such cash flows become less than expected, there is a risk that the Fund may not be able to make payments to the investors.

2. Limited rights

The Loans are direct, unsecured and payments are made solely out of the underlying assets. The investors have no rights in relation to the underlying assets.

3. Changes in applicable law

The Fund and its manager must comply with various regulatory requirements, including securities laws and tax laws as imposed by the different jurisdictions in which the Fund operates. Changes in such requirements could differ materially from current requirements and may have an adverse impact on the Fund. The terms and conditions of the Loans are governed by Swedish law. No assurance can be given as to the possible impact on the Loans of any future judicial decision or change in administrative practice.

4. Payment of profits

No assurance can be given that the cash flows received from the underlying assets will be sufficient to enable the Fund to make payments on the Loans after payments which rank senior.

5. Operational risk in relation to administration of the Loans

The Fund invests in financial instruments with various characteristics which may involve different risks in relation to transactions, cash and liquidity management, valuation, IT-systems etc.

6. Market risk

Market risk is a risk of general nature, affecting all types of investments. The securities market is affected by the economic situation of the issuers, which are affected by the overall situation of the global economy and by economic and political conditions prevailing in each country. Relevant market risks for the Fund include interest rate risk, credit spread risk, currency risk and corresponding volatility risks.

7. Credit risk

Investments in the underlying assets imply a credit risk in relation to the issuer. Issuers are often rated by ranking institutes and bonds and debt instruments with a low rating are generally considered to have a higher credit risk than those with a higher rating.

8. Counterparty risk

Since the Fund invests in OTC derivative instruments, the Fund is exposed to the risk of counterparty's capacity to comply with its obligations.

9. Valuation risk

The Fund invests in assets of different types and various characteristics. This imply that the valuation of the Fund's NAV is a complex process and based on certain assumptions, which may prove to be incorrect.

10. Risk related to the Loans being subordinated.

Please refer to item **Main legal implications of an investment in the Fund and the Fund's target group** below.

11. Use of techniques and instruments in relation to securities, financial instruments and currency.

The use of techniques and derivatives implies risks generated by the use of leverage that may be embedded in such techniques.

12. Lack of liquidity in the underlying instruments

The investments of the Fund may be illiquid which imply the risk that the Fund may be unable to realize its investment at desirable price or at the appropriate time.

13. Systemic risk

Credit risk may arise through a bankruptcy by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, causing a bankruptcy by one institution a series of bankruptcies. This is sometimes referred to as a “systemic risk” and may adversely affect several financial intermediaries on which the Fund is dependent.

14. Key personal risk

The Fund is dependent on the efforts and abilities of its board of directors and its portfolio managers. The loss of these persons’ services could have a materially adverse effect on the Fund.

15. Tax considerations

Tax charges and withholding taxes in the jurisdictions in which the Fund invests may affect the Fund’s result, including return to investors.

Sustainability

Responsible investment decisions

The AIFM considers sustainability risks and the principal adverse impacts of investment decisions on sustainability factors in the investment decisions regarding the funds that the AIFM manages. The work with taking responsible investment decisions is based on the methods “include” and “exclude”, considering each respective fund’s investment strategy, and is through this promoting environmental and social aspects in the fund management process.

A *sustainability risk* means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment".

Sustainability factors mean environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

Not managing sustainability risks in an adequate and responsible manner may negatively impact the value of an investment.

Methods used

Include - In the investment process for the Fund’s investments the AIFM chose certain investments based on an evaluation of certain criteria regarding environment, social and/or business ethical issues. The evaluation is documented and based on the evaluation the investment may be either included or abandoned.

Exclude - In the investment process for the Fund’s investments the AIFM exclude certain investments based on an evaluation of certain criteria. The evaluation is documented and based on the evaluation the investment may be excluded.

The Fund aims to have limited or no exposure to the following industries.

- cluster bombs, person mines
 - chemical and biological weapons
 - nuclear weapons
-

-
- alcohol
 - tobacco
 - commercial gaming
 - pornography
 - fossil fuels (oil, gas, carbon)
 - carbon
 - uranium
 - genetically modified organisms (GMO)

The Fund also exclude investments in products related to companies with a red flag on the UN Global Compact list.

When possible, the AIFM also use its influence during the holding period to promote other sustainability factors, such as diversity, anti-corruption and respect for human rights.

Main legal implications of an investment in the Fund and the Fund's target group

Ymer SC AC AB is registered as a Swedish limited liability company (*Sw. aktiebolag*).

The Loans held by investors are participating loans (issued in accordance with the Swedish Companies Act (2005:551) Chapter 11, Section 11). The Loans are subordinated and rank senior only to the common shares in Ymer SC AB. By investing in the Loans, the investor becomes a creditor in relation to Ymer SC AC AB.

The Loans do not entail any voting rights other than as set out in the terms and conditions of the Fund.

The Fund is through its investment focus mainly addressed to investors that are prepared to accept a relatively high level of risk. The Fund may be unsuitable for investors that intend to withdraw within five years.

The Fund is established in Sweden and governed by Swedish law and jurisdiction. Disputes that may arise in relation to the Fund shall, if not resolved through negotiation, be finally settled through arbitration administered by the Arbitration Institute of the Stockholm Chamber of Commerce (SCC).

AIFM

The Fund's AIFM is Ymer SC AB, reg. no. 559112-4010
 Ymer SC AB is also the AIFM of the AIF Ymer SC Fund 1 AB
 Company establishment: April 2017
 Share capital: SEK 1,301,693.10
 Registered office: Stockholm
 Board of directors: Patrick de Muynck (COB), Anders Appell, and Hubert Warzynski
 CEO and Head of Portfolio Management: Stefan Engstrand
 Risk Management: Mikael Olausson, FCG Risk & Compliance AB
 Compliance: Åsa Kjellander, Andulf Advokat AB

Depository

The Fund's depository is Skandinaviska Enskilda Banken AB, reg. no. 502032–9081. The depository has implemented procedures and measures to identify, manage, monitor and disclose potential conflicts of interest, in accordance with an adopted conflict of interest policy. The depository has procedures in place to ensure segregation between the business units within the depository, including physical and technical separation of the business units.

Prime broker

The Fund's prime broker is Skandinaviska Enskilda Banken AB, reg. no. 502032–9081. This imply that the service of the prime broker is performed by the same legal entity as the Fund's depository. However, the business unit performing the prime broker service is separated organizationally and physically from the business unit performing the depository service and conflicts of interest

	are therefore avoided. The prime broker executes financial transactions on behalf of the Fund. No liability is transferred to the prime broker.
--	---

Auditor	PricewaterhouseCoopers AB, reg. no. 556067-4276, is the auditor of the Fund.
----------------	--

Other service providers and delegation	<p>The Fund's administrator is Wahlstedt Sageryd Financial Services AB, reg. no. 556493-5897. There has not been any delegation of management. The service providers of the Fund (except for the AIFM) have no direct obligations in relation to the investors.</p> <p>The Fund's valuation function is Wahlstedt & Partners AB.</p> <p>The register of investors/limited partners are kept by Wahlstedt Sageryd Financial Services AB.</p>
---	---

Valuation of assets	The AIFM is responsible for the valuation of the Fund's assets and calculation of the NAV in accordance with the AIFM's valuation policy. The value of the Fund's assets is usually determined by using a conventional and well renowned source of market data. In case where a market price may not be retrieved other sources may be used such as independent third party valuation.
----------------------------	--

Management of liquidity and redemption rights and liquidation, termination or transfer of the Fund	<p>Investors in Investment Class 2 and Investment Class 2.1 may choose to have their Loans redeemed as set forth under item Investment Classes above. An investor in Investment Class 1, Investment Class 1.2, Investment Class 1.3 and Investment Class 1.4 may choose to have its pro rata share of NAV in excess of capital subscribed by such investor, redeemed and paid out no later than six months after the second and fourth anniversary of the first closing, provided that a request to such effect is provided to the Fund at least 180 days prior to the relevant anniversary of first closing. Except for aforementioned, there are no redemption rights.</p> <p>The Fund will enter into a contractual liquidation phase at the fifth anniversary of the first closing and the liquidation phase shall not exceed one year unless the AIFM, in its reasonable discretion, determines that up to an additional one-year period is required for an orderly realization of the Fund's assets. This is set forth in the agreement executed by the investors.</p> <p>The Fund may also be liquidated or transferred in case the AIFM's authorisation to manage AIFs' is revoked or if the AIFM is bankrupt or enters into liquidation. In such situation the management of the Fund will primarily be taken over temporary by the Depository or alternatively transferred to a different AIFM. All investors shall in such situation be given written notice.</p>
---	---

Fees and charges	<p>Investment Class 1 is subject to a management fee of 1% of the NAV per annum.</p> <p>Investment Class 1.2 is subject to a management fee of 1% of the NAV per annum.</p> <p>Investment Class 1.3 is subject to a management fee of 0.8 % of the NAV per annum.</p> <p>Investment Class 1.4 is subject to a management fee of 1.75% of the NAV per annum.</p> <p>Investment Class 2 is subject to a management fee of 1.5% of the NAV per annum.</p> <p>Investment Class 2.1 is subject to a management fee of 1.5 % of the NAV per annum.</p> <p>Management fee is charged by the AIFM quarterly in advance. If the liquidation phase is extended the management fee will not exceed 50% of the management fee specified above for each Investment Class as of the sixth anniversary of the first closing.</p>
-------------------------	---

	<p>All Investment Classes are subject to a performance fee of 20% after an annually capitalized interest of 6% calculated with a 100% catch-up. Performance fee is calculated and payable at the second and fourth anniversary of the first closing and at the liquidation of the Fund.</p> <p>In addition, the Fund will incur the costs, fees and expenses associated with the establishment of the Fund and the costs, fees and expenses arising in the Fund's business.</p> <p>There is no limit as regards the amount of such costs, fees and expenses (including the management fee) may be charged to the Fund.</p>										
Equal treatment	<p>Any preferential treatment will be documented in a separate agreement between the Fund and/or the AIFM and the relevant investor (a "Side Letter"). Investors may be granted any kind of preferential treatment through Side Letters, including reduced management fee and/or performance fee. Such agreement may however not be done at the expense of another investor or the Fund.</p>										
Indemnity and Liability Insurance	<p>The AIFM shall indemnify the Fund or an investor for damage caused by the AIFM or a contractor due to breach of the AIFM Law or other laws governing the business of the AIFM, fund terms and conditions or articles of association, or internal regulations, based on laws governing the business of the AIFM.</p> <p>The AIFM has an insurance against liability that is adequate in relation to the risks to be covered.</p>										
Other Information	<p>The Fund's annual report contain information pursuant to 10 Chapter, Section 9 and 10 of the AIFM Law.</p>										
Annual report and NAV	<p>The Fund's annual reports will be distributed to investors and will also be made available on the AIFM's website. The Fund's NAV will be published on the AIFM's website quarterly.</p>										
Historical performance	<table border="1"> <thead> <tr> <th>Investment Class</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Investment Class 1</td> <td>14,7 %</td> </tr> <tr> <td>Investment Class 1.2</td> <td>14,2 %</td> </tr> <tr> <td>Investment Class 1.3</td> <td>14,4 %</td> </tr> <tr> <td>Investment Class 2.1</td> <td>13,7 %</td> </tr> </tbody> </table> <p>Investment Class 1.4 started 2021 and there is thus insufficient historical data to provide a useful indication of historical performance.</p>	Investment Class	2021	Investment Class 1	14,7 %	Investment Class 1.2	14,2 %	Investment Class 1.3	14,4 %	Investment Class 2.1	13,7 %
Investment Class	2021										
Investment Class 1	14,7 %										
Investment Class 1.2	14,2 %										
Investment Class 1.3	14,4 %										
Investment Class 2.1	13,7 %										
Master Fund/Fund of Funds	<p>Not applicable.</p>										
Information regarding listing	<p>The Loans will be listed for trading on the Nordic Growth Market Main Regulated Nordic AIF. The Loans are freely transferable. The Fund does not make any representation or warranty to whether the transferability of the Loans is subject to local laws and regulations in specific jurisdictions and each investor is responsible for its compliance of applicable laws and regulations. The Loans are issued in EUR. All payments from, and distributions to, investors as well as all costs, calculations, valuations and allocation of costs in accordance with the Fund's terms and conditions will be made in EUR. However, the Fund's applicable depository and register keeping institution as regards the Loans, currently Euroclear Sweden AB ("CSD"), may retain preliminary withholding taxes calculated in SEK. The Loans will be registered with each investor's securities account or equivalent. No physical certificates or promissory notes will</p>										

be issued. The Loans will consequently be registered in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). A registration request shall be made to a securities account provider. Each tranche of Loans will be identified using an individual ISIN number. Clearing and termination as regards the Loans will be made within the account-based system of the CSD.

Please refer to item **Investment Classes** above.

Mangold Fondkommission AB act as the grantor in relation to the Fund.
