



Information for the SEB Global fund investors

Questions & answers – management changes in some of SEB's global funds

When will the changes be made and which funds are concerned?

The changes will enter into force on 1 July 2010. They will not imply any amendments to the funds' prospectuses, and will be made within the framework of the prevailing fund rules. The funds concerned are SEB Fund 1 - SEB Global Chance/Risk Fund (ISIN LU0122113094) and SEB Fund 1 - SEB Global Fund with share classes (acc) ISIN LU0030158231 and (inc) LU0397031146 respectively.

What will the changes imply in brief?

SEB Fund 1 - SEB Global Chance/Risk Fund will be managed by SEB's new global team, Global Stock Picking Team*, which will apply a fundamental investment process.

SEB Fund 1 - SEB Global Fund will be managed by SEB's Quant & Beta Team*, which will apply a quantitative investment process.

A common denominator of the new management of these funds is that they will be managed with high active risk (tracking error) compared with their benchmark index, implying that variances against index are expected to be large. However, as indicated above, the investment processes between the teams differ considerably, as described in more detail later in this document.

*Within SEB Investment Management AB

Changes within SEB Fund 1 - SEB Global Chance/Risk Fund

What investment orientation will the fund have?

The fund will continue to invest in equities and equity-related securities in various sectors and regions across the world. The broad investment mandate means that the risk will be spread over many markets. The fund invests principally in developed markets, although it also has the possibility to invest in Emerging Markets. The fund is focused on large companies, although it is also expected to invest in medium-sized companies. It is composed of a concentrated portfolio of around 30-50 equities, while the fund's benchmark index, MSCI World Index, currently embraces about 1,650 companies. The fund has relatively high active risk (tracking error) that is expected to be approximately 6-10 percent against its benchmark index. This implies that the fund's yield may differ significantly from the index yield. The fund is expected to focus on so-called value companies. The team's definition of value companies is that they be characterised by high dividends, strong balance sheets and low valuation.

Are there any differences compared with the previous management of the fund?

The fund will have higher active risk (tracking error) than previously. The management team will aim for an active risk of approximately 6-10 percent (while the previous management aimed for an active risk of about 4 percent). The number of holdings in the fund will also be significantly more concentrated and is expected to be around 30-50. The new management team, Global Stock Picking Team, will use a fundamental investment process (while the fund was previously managed based on a quantitative investment process).

Investment process

The investment process consists of a combination of corporate analysis (bottom-up analysis) and macro analysis (top-down analysis). The investment process is mainly based on the following four corner-stones: concentrated portfolio, economic cycle, value focus, and megatrends, which are described in more detail below:

1) Concentrated portfolio. A concentrated portfolio of around 30-50 equities enables the management team to better follow and focus on the companies contained in the portfolio.

2) Economic cycle. The yield in different sectors is influenced by the stage within the economic cycle at any given time. According to the team, such will be reflected in the portfolio by identifying recurring historical patterns for the yield among different sectors, depending on the current economic situation, and obtaining a clear picture of where in the economic cycle we currently stand.

3) Value focus. Seen over long periods of time (in this example the latest 30+ years from 1978 to 2009), value investments in equities have performed considerably better than growth investments from a global perspective. The management team perceives value investments as companies with, for example, stable earnings growth and return on equity, strong balance sheets, good dividends, and low valuation.

4) Megatrends. The team actively looks for so-called megatrends, and endeavours to position the portfolio so that it benefits from them. Examples of megatrends that the team has identified include commodities, the Internet, and energy-efficiency.

Who will manage the fund?

The fund will be managed by SEB's newly formed Global Stock Picking Team (within SEB Investment Management AB), which includes two experienced managers. The head managers of the fund are Henrietta Theorell and Thor Udenaes. Henrietta Theorell has worked with asset management since 1994 and has received a number of awards for successful management of SEB's Biotechnology Funds. Thor Udenaes has extensive and solid experience as portfolio manager at SEB since 1987, including the successful management of SEB's Technology Funds.

Reasons for investing in the fund:

- Active management with high active risk (tracking error) for investors who are looking for this type of investment
- Many parameters included in the analysis can contribute to creating long-term added-value (such as company and macro analysis, megatrends and value focus)
- The fund's broad investment orientation implies that the managers can choose the "best" companies both in developed markets and emerging markets
- The extensive experience of the managers

Changes within SEB Fund 1 - SEB Global Fund

What investment orientation will the fund have?

The fund, which has two share classes, will continue to invest in equities and equity-related securities in various sectors and regions across the world. The broad investment mandate means that the risk will be spread over many markets. The fund invests principally in developed markets, although it also has the possibility to invest in Emerging Markets. It consists of a diversified portfolio of around 100-300 equities, while the fund's benchmark index, MSCI World Index, currently embraces about 1,650 companies. The fund has relatively high active risk (tracking error) that is expected to be approximately 6-10 percent against its benchmark index. This implies that the fund's yield may differ significantly from the index yield.

Are there any differences compared with the previous management of the fund?

The fund will have higher active risk (tracking error) than previously. The management team will aim for an active risk of approximately 6-10 percent (while the previous management aimed for an active risk of about 1-3 percent). The investment processes are also different, even if both the previous and the new management apply a quantitative investment process. The new management aims to create a portfolio with considerably *lower absolute risk* (volatility) than the fund's benchmark index. The goal is to achieve an absolute risk of approximately 25-30 percent lower than the fund's benchmark index.

Investment process

The team will use a pure quantitative investment process where the portfolio is based on the choice of companies (bottom-up process). The team aims to create a portfolio with the lowest possible absolute risk, given certain limitations. This in turn will give a yield profile with lower risk (volatility) than the fund's benchmark index. It is accordingly expected to achieve a portfolio with better risk-adjusted yield than index. The team also places considerable importance on cost-effective trading and implementation (for example, in the form of brokerage). The team's quantitative investment process implies that they will have the possibility to include *all* companies within the investment universe in the analysis process. The risk level and correlation (the co-variation in yield) is evaluated for all companies in the universe in relation to each other and the market as a whole. This implies that an analysis be made of each individual company's risk and its effect on the total risk in the portfolio. The investment process also means considerable flexibility to actively and

quickly change, for example, sector allocation should a certain sector show high risk (volatility), and to down-weight such a sector, and vice-versa. It can be expected that the sector variances against index will be large at times.

Put simply, the team will endeavour to create a portfolio that gives lower absolute risk than market-weighted indexes through a process that is primarily based on risk minimisation – without foregoing the anticipated yield. This will subsequently create the opportunity to create an attractive relationship between yield and the risk taken (risk-adjusted yield).

Who will manage the fund?

The fund will be managed by SEB's Quant and Beta Team (within SEB Investment Management AB), who are specialists in quant-driven management. Mathematics, programming and development of models constitute the fundamental basis for the team, which is currently (June 2010) composed of 11 persons. The fund manager of the fund is Rikard Andersson, who also acts as team head.

Reasons for investing in the fund:

- Active management with high active risk (tracking error) for investors who wish to use this kind of management
- Enables lower absolute risk and a different yield profile than market-weighted indexes
- Enables high yield in relationship to the adopted risk level (high risk-adjusted yield)
- All companies in the investment universe are continuously monitored
- Enables avoiding "sector bubbles" by down-weighting volatile segments of the market
- Well-diversified portfolio.

Historical return is no guarantee for future return. The value of your fund units may rise or fall, and it is not certain that you will recover the invested capital.