

NORDIC POWER FUND

Fund statutes

This is an English translation of the Swedish original. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

§1 The Fund

The name of the fund is the Nordic Power Fund, called Nordic Power or the fund.

The fund is a special fund (“specialfond”) pursuant to the Swedish Act on Investment Funds (2004:46). Operation of the fund is executed according to this law, the fund statutes and company directives for the fund company as well as other regulations made in accordance with laws or regulations.

The assets of the fund are owned jointly by the fund unit holders and each fund unit confers equal right to the assets that make up the fund. The fund company (see below) represents the holders of units in the fund in all matters regarding the securities fund. The fund may not acquire rights or assume obligations.

The fund is not a legal person and cannot thus be held accountable nor does it have any obligations to third party. Fund assets cannot be expropriated. The fund owners are not responsible for the fund obligations.

The fund is open to private investors.

§2 The fund company

The fund is managed by Nordic Commodity Funds AB, organization number 556708-2465, hereinafter referred to as the fund company.

§3 Custodian institution and its function

The custodian institution for the assets of the fund is Skandinaviska Enskilda Banken AB (publ) called the custodian.

The custodian institution implements the fund company’s decisions with regard to the fund and receives and retains the fund’s assets. In addition the custodian institution ensures that sales and redemptions of fund units, the valuation of fund units and other use of the fund’s assets are not in contravention of the regulations of the Swedish Act on Investment Funds or the fund statutes.

§4 Characteristics of the fund

The fund is a special fund (“specialfond”) denominated in Euro. The focus is trading financial power contracts. This means that the fund assets will be invested on European power exchanges and commodity futures with a correlation to the Nordic electricity price.

The aim of the fund is to create a long term positive and stable return through thorough analysis of the electricity price fundamentals and by utilizing temporary pricing errors on the power market.

§5 Investment strategy

Fund assets will be invested in derivative instruments of Nordic power or highly correlated commodities such as German electricity prices, coal and gas prices as well as derivatives on emission rights, EUAs (Emission Unit Agreement).

Deviations from securities funds

A fund is a special fund (“specialfond”) if the fund in any way deviates from what is applicable for securities funds according to the Act on Investment Funds. Nordic Power deviated in this aspect according to the following:

Swedish Financial Supervisory Authority has granted exceptions from chapter 5 section 13, second section on the Act of Investment Funds and chapter 12 § 5, first section, as well as third section of FFFS 2004:2. This means that the funds total exposure in derivative instruments may exceed the total fund value and that the fund may use derivative instruments even if the fund do not have liquid assets to cover the underlying asset. The fund total exposure in derivative instruments may amount to 500 % of the fund’s value. The fund may also own derivative instruments without actual ownership of the underlying asset. The fund may also own positions in derivative instruments which results in a negative exposure. The fund thus has the possibility to take on short positions with commodity derivatives as underlying asset. With exception to chapter 5 § 11 in the Act on Investment Funds it is possible to have deposits of an amount to 40% of the funds value in one credit institute.

The fund may according to chapter 6 § 2 second section second sentence in the Act on Investment Funds also use derivative instruments with other underlying assets besides those noted in chapter 5 § 12 in the Act on Investment Funds (commodity derivatives). The fund may not let positions in derivatives go to actual delivery.

Risk level and measure of risk

An investment in the fund is to be regarded as medium risk. The annual goal of returns is 15 to 25 % with an annual standard deviation of 10-20 %. This is to be compared with the Swedish stock market, defined as OMXS30 with a standard deviation of 15 – 25 %. Since only derivative instruments is to be traded the clearing house’s security requirements, standard deviation and value-at-risk (VaR) will be used as a risk measure. Energy commodities are the most volatile and the volatility (standard deviation) can therefore be expected to exceed that of the stock market.

The fund’s total margin requirements cannot at any time exceed 40 % of the fund’s total assets.

§6 Stock markets and market places

The fund’s assets may be invested at the following stock markets:

- Nord Pool, Norway
- EEX, Germany
- ICE, Great Britain

Fund assets may also be invested in other regulated markets if in compliance with the fund’s investment strategy and the investments are subject to clearing with a clearing house under supervision by the responsible authority provided the regulated market is situated within the EES.

§7 Special investment strategy

The fund may not make use of OTC derivatives. The exception applies for currency derivatives to hedge currency risk.

The fund invests in derivatives as a measure of the investment strategy.

The Fund may not invest in unlisted currency instruments.

The Fund may not invest in unlisted fund instruments.

Fund assets may be invested in derivatives and underlying assets besides what is noted under the Act of Investment Funds (commodity derivatives) chapter 5 § 12.

§8 Valuation

Swedish Financial Supervisory Authority has granted an exception from chapter 4 § 10 third section in the Act on Investment Funds. This means that the fund value is calculated on the last bank day every month and is used as a basis for sale and redemption when trading fund units. An indicative fund value is calculated each day. The value of the fund is calculated by deducting from the assets its liabilities. The value of one fund unit is the value of the fund divided by the total number of outstanding fund units. The number of fund units is rounded down to six decimals.

The assets of the fund comprise:

Financial instruments, which are valued based on the current market value. If such a market value is not available or is misleading in the assessment of the fund company, financial instruments may be included at a value determined by the fund company on an objective basis. Liquid funds and short term liabilities in the form of assets on bank notes and short investments on the money market as well as payments on sold securities should be denominated at the amount they are deemed influential. For all assets consideration is made to rights in the form of interests, dividends and other receivables related to the fund etc.

The liabilities of the fund comprise:

- Payments to the fund company
- Purchases not settled
- Tax liabilities

§9 Sales and redemptions of fund units

The fund is open for sales and redemptions of fund units on the last bank day every month

The latest information on fund unit value used for sale or purchase can be given by the fund company on each bank day. An indicative fund unit value can be published each bank day. Official sale and redemption price is disclosed not later than five banking days after the last bank day every month. Information on prices is presented on the fund company web page at www.nordiccommodity.se.

The purchase and redemption price is calculated by fund unit value on the day of purchase or redemption. The minimum amount on the first deposit is 5000 EURO and deposits thereafter at 1000 EUR.

Swedish Financial Supervisory Authority has granted exception from chapter 4 § 13 first section in the Act on Investment Funds. This means the fund company only sell and redeem fund units on the last bank day of every month, called settlement day. Requests to purchase or redemption of fund units must be made in writing to the fund company at hand not later than five days before the day of the

transaction. Funds in the same amount as the purchase must be placed in the fund company account with the custodian not later than five bank days before the transaction day.

Requests to redeem fund units shall be made in writing and with the fund company not later than five days before the day of the transaction. Immediate redemptions take place only to the extent that this is possible without the divestment of securities in the fund. If it is necessary to acquire cash through the divestment of securities in the fund, this will take place as soon as possible. In the event a sale will disfavor other fund owner's interests the fund company has the right to postpone the sale after a notification to Swedish Financial Supervisory Authority.

Purchase and redemption is made at the time of request at an unknown price. The transaction will be executed at the fund unit price established the last bank day of the month of the transaction. A request of a purchase or redemption may be revoked only if the fund company agrees to it.

§10 Extraordinary circumstances

The fund may be closed for entry or exit if there exist extraordinary circumstances whereby a valuation of the fund's assets cannot be made in a manner that assures the equal rights of the fund unit holders.

§11 Commissions and fees

Transaction fees for the fund investment operations are charged at the time they occur. Therefore they are not known in advance and are not included in the disclosed percentage rates. Information on accrued costs charged to the fund is disclosed in the latest half-year or annual report.

Fees shall be paid to the fund company, from the fund's assets, for its management, marketing, sales, administration, accounting, information, supervision and revision of the fund. The fee to the fund company comprise of a fixed fee as well as a performance based fee.

Fixed fee

The fixed fee is 2 percent of the fund assets per year. The fee is calculated based on the entry value of the month and is withdrawn from the fund at the end of the month.

Performance based fee

The performance based fee is 20 percent of the fund returns. Returns are defined as total returns exceeding zero percent.

The performance based fee is calculated after deduction of the fixed fee.

The performance based fee is withdrawn the last bank day every calendar month during the financial year. If any month shows a net asset value (NAV) below the highest NAV, no performance fee should be withdrawn until the present monthly return is higher than the previously highest monthly NAV (i.e. high water mark).

In the event a fund unit holder chooses to redeem fund units at the time there is an accumulated negative return the fund will not redeem any performance fees paid at a prior date.

The performance fee shall be paid by the fund. The fee will be charged each fund unit holder in relation to his returns in such a way the fund unit holder's number of units changes.

The sales price of a fund unit is the value at the day of sales with an addition of maximum 5 percent. The purchase price of a fund unit is the value of the day of sales with a reduction of maximum 1.5 percent of the unit value.

The number of units is rounded down to six decimals. Rounding of size and fee is done downwards to the nearest whole number.

§12 Dividends

The fund will redeem returns in order to avoid double taxation.

Unless otherwise decided by the fund company, the fund's taxable profit for the latest completed financial year shall be used for dividends. The basis for dividends may be increased by accrued dividends paid in upon the sale of units and reduced by accrued dividends paid out upon the redemption of units. The dividend per fund unit may be rounded down to the closest cent.

Dividends on fund units will be paid during the month of May following the end of the financial year to all unit holders that are registered as unit holders on a dividend date determined by the fund company. The fund company shall make deductions for tax chargeable to the dividend. With the remaining amount the fund company shall acquire new fund units on behalf of the unit holders. Latest by 15th of January following the end of the financial year, dividends can also be paid in cash – less deduction for tax if requested by the unit holder.

§13 Financial year

The financial year for the fund is the calendar year.

§14 Half-year reporting and annual reporting

For each calendar half-year, the fund company shall provide a half-yearly report for the fund not later than two months after the expiration of the half-year period. For each financial year, the fund company shall publish an annual report for the fund not later than four months after the expiration of the financial year. The half-yearly report and the annual report shall be made available at the offices of the fund company and the intermediary institution and shall be sent to those unit holders that have requested this information.

Any decision by the board of directors of the fund company to amend these fund statutes must be submitted to the Financial Supervisory Authority for approval. The amendment shall be published by the fund company in the manner determined by the Financial Supervisory Authority.

§15 Pledging and transfer of fund units

Fund units may not be pledged.

Requests on transfer of fund units shall be made in writing to the fund company. Fund unit holders are responsible that the request is duly signed. The request shall state transferring party and to who the units are transferred, personal security number / company registration number, address, telephone number, depot-account number, or deposit bank, number, bank account and the purpose of the transfer.

Transfer of fund units must be accepted by the fund company. This approval must be submitted by the fund company only if the transfer is made in order to settle divorce, a gift for a spouse or child or transfer between legal persons within the same company. The transfer is only accepted if the person receiving the units accepts the units at the original purchase price.

§16 Limitation of liability

Neither the fund company nor the custodian institution shall be liable for damage arising as a consequence of Swedish or foreign legislation, acts of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation with respect to strikes, blockades, boycotts, and lockouts shall apply notwithstanding that the fund company or the custodian institution is the subject of, or executes, such measure.

Damage which arises in other cases shall not be compensated by the fund company or the custodian institution where the fund company/custodian institution exercised normal care. The fund company or the custodian institution shall not be liable in any circumstance for indirect damage or damage caused by a custodian bank or other party retained by the fund company or custodian institution in the exercise of due care, nor for damage which may arise as a consequence of restrictions on the right of disposition which may be applied against the fund company or the custodian institution.

In situations not described above, the liability of the fund company and the custodian institute is regulated by Chapter 2, Article 21§ of the Swedish Act on Investment Funds.

§17 Limitation of right to redemption

The fund is not registered according to Unites states Securities Act 1933 or US Investment Companies Act 1940 or other applicable US law. This restricts distribution and sale of fund units to persons living in the United States of America. Fund units may not be sold or distributed to natural or legal persons if this according to the fund company could result in a risk for:

- (i) Breach of Swedish or foreign law
- (ii) the fund company have to take measures when register which could result in less favourable financially or from a taxation perspective.
- (iii) The fund is damaged or will be subject to costs not in the interest of the fund unit holders interest.

The person who would like to acquire fund units must submit country of residence and at the request of the fund company confirm he/she is not subject to the above mentioned limitations. Fund unit holders are also required to notice the fund company of any changes in country of residence.

In case the fund company finds that it has the right to offer, sell or distribute fund units according to the first section the fund company has the right to refuse execution of such an assignment on purchase of fund units.

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