

Stefnir – Icelandic Growth Fund
Prospectus

Stefnir hf.
24 January 2023

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DECLARATION***Declaration of the Management Company***

This prospectus has been designed to present information necessary to help investors form an opinion on investing in unit shares in Stefnir - Icelandic Growth Fund.

The Fund is managed by Stefnir hf, ID-No. 700996-2479, Borgartún 19, 105 Reykjavík.

Stefnir hf. hereby declares that to the best of its knowledge this prospectus has been prepared in accordance with the facts and that no important factors are omitted which could have an effect on evaluating the Fund's unit shares.

Reykjavik, 24 January 2023.

Jón Finnbogason,
Managing Director

KEY INFORMATION FROM THE PROSPECTUS

General	The Fund is an alternative investment fund marketed towards the public pursuant to the Alternative Investment Fund Managers Act No. 45/2020. Alternative investment funds marketed towards the public have broader investment authorizations than UCITS. The Fund's investment authorizations are specified in the section on investment strategy in this prospectus. The Fund's ID-No. is 470206-8450.
Base currency	The Fund's base currency is the Icelandic króna (ISK).
Operations	The operations of alternative investment funds marketed towards the public are restricted to accepting funds from investors for collective investment in deposits and financial instruments on the basis of spreading risk, in accordance with a previously stated investment strategy.
Management company	Stefnir hf., ID-No. 700996-2479, Borgartún 19, 105 Reykjavík.
Depository	Arion Bank hf. ID-No. 581008-0150, Borgartún 19, 105 Reykjavík.
Distributor	Arion Bank hf. ID-No. 581008-0150, Borgartún 19, 105 Reykjavík.
Bid/offer price	The price of the Fund's unit shares will change during the sale period according to changes in the price of securities and other financial instruments owned by the Fund at any given time.
Redemption period	The Fund's unit shares shall be redeemed at the owner's request at the bid price that applies on the redemption date if orders are received by 2:30 p.m. Settlement is on a T+2 basis.
Dividends	The Fund is a capital growth fund. Dividends, interest and other earnings from the Fund's securities holdings shall be added to the Fund's principal.
Amount	The minimum investment is ISK 10,000 at sale value and ISK 5,000 by subscription.
Rights	All parties owning unit shares in the Fund have the same rights to the Fund's income and assets in proportion to their holdings.

Investors are reminded that all trading with financial instruments, including unit shares in the Fund, represents a risk. Returns on the Fund's unit shares can fluctuate significantly. The value of unit shares can decrease and investors may lose part or all of their investment. Deposits of funds for collective investment are not insured under Act No. 98/1999 on Deposit Guarantees and Investor Compensation Schemes.

Investors are reminded that in order for Stefnir to be able to meet its obligations pursuant to these rules, it must collect and process personal data in accordance with the Data Protection Act No. 90/2018 and relevant laws and regulations. Stefnir has adopted a data protection policy which can be viewed on the company's website, www.stefnir.is.

The documents referred to in this prospectus can be obtained from the offices of Stefnir hf. at Borgartún 19 in Reykjavík, on Stefnir's website or at branches of Arion Bank.

INFORMATION ABOUT THE FUND

Operations

Stefnir – Icelandic Growth Fund is an alternative investment fund marketed towards the public pursuant Chapter X of the Alternative Investment Fund Managers Act No. 45/2020. [The Fund is only authorized to market itself in Iceland.]

Different laws and regulations apply to alternative investment funds marketed towards the public from those which apply to UCITS, e.g. with respect to investment authorizations and duty to effect redemption. The investment authorizations of alternative investment funds are less restricted according to Act No. 45/2020 and therefore alternative investment funds marketed toward the public can represent a higher risk than UCITS. Investors are encouraged to read the section on risk and particularly the section on the Fund's investment authorizations.

The fund was established on 9 July 1998 and has no sub-funds.

This prospectus, the key investor information, the regulations of the Fund and regular reports on the Fund's operations can be obtained from the offices of Stefnir hf. at Borgartún 19, 105 Reykjavík. This information can also be obtained on Stefnir's website at www.stefnir.com.

A previous version of the prospectus was published on 6 January 2023. This prospectus was published on 24 January 2023.

In accordance with Article 47 of Act No. 45/2020 investors in the Fund will be provided with information on a regular basis on risk profile and other information as part of the annual financial statement on in regular announcements to investors. This information is provided by Stefnir at least once a year.

Information on past performance and the Fund's assets allocation can be found on Stefnir's website.

Management company

Stefnir hf, ID-No. 700996-2479, Borgartún 19, 105 Reykjavík, (also referred to as “the Management Company”) manages the Fund in accordance with Act No. 45/2020. Stefnir hf. was founded on 26 September 1996. Issued share capital is ISK 43.5 million and is fully paid up. The company is fully owned by Arion Bank hf. (also referred to as “Arion Bank” or “the Bank”) and related parties. Stefnir hf. operates numerous funds for collective investment, see Appendix II for an overview.

Stefnir hf. is the manager of various funds on the basis of the UCITS Act No. 116/2021 and the Alternative Investment Fund Managers Act No. 45/2020. Stefnir is licensed to operate asset management services, investment advisory and custody services and to manage financial instruments for collective investments, cf. Article 27 (1.1-3) of the Financial Undertakings Act No. 161/2002.

The company's activities are mainly focused on the management of funds for collective investments and it employs staff who are specialized in managing investment portfolios for collective investment and specialized securities portfolios for institutional investors.

The board of directors of Stefnir comprises Sigrún Ragna Ólafsdóttir, chairman, ID-No. 180863-3629, self-employed, Hrefna Ösp Sigfinnsdóttir, vice chairman, ID-No. 230969-5239,

managing director of Creditinfo hf., and Guðmundur Jóhann Jónsson, ID-No. 041159-2439, managing director of Vörður tryggingar hf. The managing director of Stefnir is Jón Finnbogason, ID-No. 040873-3769. Further information on board members and shared interests can be found on the company's website.

The Management Company shall operate UCITS in accordance with sound and healthy business practices and customs, which includes working with integrity, professionalism, diligence and fairness, and shall be guided by the interests of the alternative investment funds it operates, their investors and the integrity of the market, cf. Article 19 (1.1) of Act No. 45/2020.

Remuneration policy

The company has adopted a remuneration policy. The main objective with regard to employee remuneration at Stefnir is to offer competitive salaries so that the company is able to attract and retain outstanding employees. It is also Stefnir's objective to ensure that jobs at Stefnir are attractive to qualified people. When devising a remuneration policy it must be ensured that the policy does not encourage excessive risk taking but rather supports Stefnir's long-term goals and safeguards its healthy operation. Remuneration should also be in compliance with the company's policy on responsible investment and active ownership pursuant to the rules on proxy voting.

The remuneration policy is an integral part of protecting the interests of the unit holders, other clients, the long-term interests of Stefnir's owners, its employees, and other stakeholders in an organized and transparent manner. Stefnir seeks to coordinate the key points of remuneration at the company with the key points of the policy at Arion Bank within the boundaries allowed by the law and regulations and to the extent compatible with the company's objective, the interests of unit holders and good corporate governance.

In accordance with Article 79 a of the Public Limited Companies Act No. 2/1995 and good corporate governance, the board of directors of Stefnir is required to approve a remuneration policy pertaining to salary and other payments to the managing director, key employees and board directors. Stefnir's remuneration policy is applicable to all employees of the company. The current remuneration policy can be found in its entirety on the company's website.

Depositary

The Fund's depositary is Arion Bank hf., ID-No. 581008-0150, Borgartún 19, 105 Reykjavík. ("Arion Bank" or "the Bank"), cf. Article 32 of Act No. 45/2020. Arion Bank is a financial institution pursuant to Act No. 161/2002 which provides comprehensive banking services, including investment services pursuant to the Markets in Financial Instruments Act No. 115/2021.

The Management Company has outsourced the safekeeping of financial instruments, the settlement of transactions and other tasks to Arion Bank hf. on the basis of Article 29 of Act No. 45/2020. Article 31 of Act No. 45/2020 states that the outsourcing of tasks has no effect on the management company's responsibility towards unit holders. Stefnir can at its discretion decide whether to change the Fund's depositary and any such decision is subject to the approval of the Financial Supervisory Authority of the Central Bank of Iceland (hereafter "the FSA").

The statutory role of the depositary pursuant to Article 37 of Act No. 45/2020 includes monitoring the cash flow of the Fund and ensuring that all financial assets are received and deposited in the Fund's accounts. The depositary shall also keep safe all the Fund's financial instruments, ensure that the Fund's financial instruments are kept separate from others and that custody accounts are in the name of the Fund or the Fund's Management Company, so that it is always possible to identify financial instruments belonging to the Fund, cf. Article 38 of Act No. 45/2020. Furthermore, the depositary shall ensure that the sale, issue, repurchase, redemption and invalidation of the unit shares or shares and calculation of the value of unit shares or shares is conducted in accordance with the law, regulatory acts and the rules of the Fund. In addition, the depositary is obliged to carry out the instructions of the Management Company unless they are in violation of the law, regulatory acts or the rules of the Fund, to ensure that in transactions with the Fund's assets that payment is made for them within a reasonable time frame and that the Fund's income is used in compliance with the law and the rules of the Fund, cf. Article 39 of Act No. 45/2020.

The depositary is liable to alternative investment funds marketed towards the public and investors in it when a financial instrument or that of party to which safekeeping has been outsourced gets lost. The depositary is not liable, however, under Article 41 (1) if it can demonstrate that the financial instrument became lost due to an external incident which the depositary cannot reasonably have been expected to control and the consequences of the incident were unavoidable even though the depositary had taken action which could reasonably have been expected of it, cf. Article 41 (2)) of Act No. 45/2020.

The depositary is also liable for other damage than that pursuant to Article 41 (1) which it causes deliberately or negligently to an alternative investment fund or its investors while performing its tasks, cf. Article 41 (3) of Act No. 45/2020. The liability of management companies is governed by Regulation No. 555/2020.

The Management Company and the depositary shall be independent in their activities. The Management Company shall always be guided by the interests of the alternative investment funds it operates, their investors and the integrity of the market, cf. Article 19 (1.1) of Act No. 45/2020. The Management Company shall also treat investors fairly, cf. Article 19 (1.5) of the Act.

According to Article 40 of Act No. 45/2021 the depositary shall perform its role honestly, fairly, professionally and independently and protect the interests of the alternative investment fund and its investors.

The depositary is not permitted to perform tasks which may result in a conflict of interest between itself, a UCITS, investors or management company unless the depositary has adequately separated the execution and responsibility of its safekeeping tasks from other tasks which may result in a conflict of interests and these potential conflicts of interest are identified and monitored and the investors are informed of them. Stefnir has adopted a policy on conflicts of interest. It cannot be ruled out that conflicts of interest may arise in connection with the activities of Arion Bank as the Fund's depositary. For example, the following have been defined as potential risks: impact on decisions, abuse of confidential information and unilateral decisions by the depositary. Stefnir has established controls to limit conflicts of interest to the best of its abilities at any given time. With reference to the above, the risk of conflicts of interest are therefore reduced substantially through analysis and active monitoring. If conflicts of interest occur, Stefnir takes appropriate measures and records any incidents in a special register.

Distributor

Stefnir has partly outsourced marketing and customer service to Arion Bank on the basis of Article 29 of the Act. The Bank provides services to people wishing to invest in the Fund or requesting information concerning potential investments in the Fund and acts as intermediary in the issuing and redemption of unit shares.

Auditor

The auditor of the Fund and the Management Company is Deloitte ehf., ID-No. 521098-2449, Smáratorg 3, 201 Kópavogur. Hugrún Arna Vigfúsardóttir, ID-No. 051190-2039, and Gunnar Þorvarðarson, ID-No. 24108-24239, chartered accountants, are responsible for auditing the Fund on behalf of Deloitte ehf.

Risk***General***

The Fund is designed for both the general public and institutional investors, such as pension funds and companies, who wish to choose an investment option involving funds for collective investments operated and managed by professionals and in accordance with current legislation and supervision of such funds. Investments in unit shares of funds for collective investments are generally safer than buying individual securities because the funds distribute investors' risk exposure by buying more than one class of security.

All trading with financial instruments, including unit shares in the Fund, represents a risk. Returns on the Fund's unit shares can fluctuate significantly. The value of unit shares can decrease and investors may lose part or all of their investment.

Historical volatility measured according to the methodology used to calculate risk classification has fluctuated considerably. The composition of the portfolio and the underlying risks e.g. risks related to financial instruments can be found in the prospectus and key information of this fund.

Categorizing risk

Stefnir has divided its funds into seven different categories depending on the standard deviation in weekly returns over the past 5 years. Category 1 is the least volatile, while category 7 is the most volatile. A fund can be moved into a different category if the volatility of the underlying financial instruments changes. The categorization is based on guidelines issued by the European Securities and Markets Authority, ESMA.

The indicator, which is published in the Key Investor Information Document for the Fund, is based entirely on historical fluctuations in returns. Past returns are not a reliable indicator of future returns and do not take into account the various risks which UCITS and alternative investment funds marketed towards the public may have to deal with in their operations.

Risk associated with financial instruments

Many factors can cause a decrease in the price of financial instruments in which the Fund has invested, including the price of unit shares in the Fund, factors including unforeseen events and the general economic conditions. New or amended legislation could also affect the price of unit shares. There is also liquidity risk, i.e. the risk of not being able to sell the securities when wanted. This risk can materialize in two ways, either by the market not being able to cope with

the volume intended for sale due to a lack of buyers, or a significant bid/offer spread may form which means the desired results are not achieved when the securities are sold.

Other risks related to investments in the fund

1. *Market risk* refers to the impact that possible changes in the performance of financial instruments can have on the performance of the Fund. Financial instruments fluctuate in price and their value may both rise and fall, resulting in market risk for fund members.
2. *Counterparty credit risk*. Because the Fund will own, buy from and sell financial instruments to third parties there is a risk that the buyer will not pay for the sold instruments or that the seller fails to hand over the instruments which the Fund has purchased.
3. *Depository and accounting risks*. The Management Company of the Fund entrusts a depository with the safekeeping of all the Fund's financial instruments. There is a risk is that these instruments can be lost through the bankruptcy of the depository, malpractice, misuse or fraud on the part of the depository. There is also a risk of errors during settlement.
4. *Principal risk*. The price of financial instruments may fluctuate and therefore the principal may decrease in the short or long term, due to fluctuations in the financial instruments in which the Fund is investing at any given time. There is also always the risk when investing in any kind of debt instrument that the borrower will not be able to repay the debt in question at any given time. Even if certain collateral is put up to increase the likelihood that the borrower in question can repay the debt, there is always a possibility that this will not happen when put to the test. Collateral may decrease in value or may not be available when attempts are made to satisfy a debt in the event of a default. As a result the principal of the debt in question may not be repaid in part or in full. The same applies to accrued interest or inflation compensation on the debt in question.
5. *Inflation risk*. Since the Fund invests in deposits, bills, bonds and other short-term financial instruments which may not be indexed bonds, there is considerable inflation risk in the Fund. Such risk is created if short-term or long-term inflation is higher than the Fund's returns. The value of the Fund's assets will decrease in value, resulting in a decrease in the real value of the Fund's units.
6. *Extraneous circumstances* such as war, terrorism and political instability or related factors can affect the performance of financial instruments and are therefore considered a risk factor for Fund members.
7. *Counterparty risk and risk connected to deposits and other lending by the Fund*. Since a certain proportion of the Fund's assets are always invested in deposits of financial companies, the payment of deposits depends on the ability of the relevant financial company/companies to pay. There is a risk that the financial company at which the Fund has invested in deposits is unable to repay them in full, which would cause damage to the Fund and unit holders through the decrease in value of the unit shares. The Fund can invest in both demand and term deposits (sometimes called wholesale deposits or money market deposits). Generally, there is a higher risk associated with investing in term deposits. The Fund is also authorized to invest in bills, bonds and other debt instruments guaranteed by the Icelandic government. In such cases the issuers might not be the Icelandic government and in the event of default by these issuers, the Fund and unit holders may suffer damage, e.g. in the form of lost interest until the government guarantee comes into effect. Furthermore, if the Icelandic government does not honour its obligations this will cause damage to the Fund and unit holders. The Fund is authorized to invest in derivatives and there is therefore a risk that the counterparty may

not meet the conditions of the financial instrument. In accordance with Act No. 45/2020 the Fund is authorized to invest in derivatives provided that they are within the Fund's investment authorizations, cf. particularly Article 89 (4 and 5), Article 92, Article 93 (1 and 3) and Article 93 (2) of the Act. The fund can invest up to 10% in derivatives. The aim of trading in derivatives is, firstly, to reduce the risk posed to the Fund, such as reinvestment risk and interest rate risk, and secondly, to implement the Fund's investment strategy by position-taking in the financial instruments underlying the derivative in question. The Fund may use forward contracts, options or swaps.

8. *Risk connected to repurchase transactions* The Fund is authorized to enter repurchase agreements with financial institutions. There is a risk that the Fund's counterparty in repurchase agreements cannot honour their obligations and therefore the Fund will need to take possession of the underlying financial instrument (collateral) and sell it on the market. If the sale of the underlying assets does not completely satisfy the counterparty's obligation, this could result in damage to the Fund and the unit holders and reduce the value of the unit shares.
9. *Risk connected with the use of derivatives.* The Fund's derivatives can be in the form of forward contracts, swaps or options. In the case of forward contracts, the Fund undertakes to trade in financial instruments at a pre-determined price and time in the future. Future transactions of this nature create an obligation in the fund. The value of the forward contract fluctuates alongside changes in the price of underlying assets, thus affecting the intrinsic value of the fund. The same applies to swaps. Forwards and swaps both represent counterparty and market risk. Options have known cash flows as they are paid for in advance. If the Fund buys an option, the Fund's risk is limited to the price it paid for the option. If, on the other hand, the Fund sells the option, it will be paid for the sale but will also undertake to trade the underlying financial instruments according to the terms of the option.

Rights of unit holders

Investors putting financial resources into the Fund will receive a receipt for buying unit shares which will state the date of purchase, the number of units and the price paid. Investors will be provided with unit share certificates if requested, cf. Article 74 (1) of Act No. 45/2020. The unit share certificate will state the name of the Fund, its depositary, management company, plus the name and ID-No. of the original owner of the certificate and its number. It will also contain information on how to redeem unit shares, the rules on dividends, the name and ID-No. of the transferee if the unit share certificates have been bought and sold without being redeemed. Unit share certificates shall be dated and signed by the board of the Fund's management company or by parties authorized to do so by the board. The signature may be printed or presented in another comparable way.

All parties with a holding in the Fund have the same right to assets and income in proportion to their holding and unit shares are proof of holdings in the Fund's assets in securities. No voting rights are attached to unit shares.

Stefnir hf. wields the supreme authority in the affairs of the Fund and the board of the Management Company can amend its regulations. Amendments to the Fund's regulations do not take effect until confirmed by the FSA. Unit holders must be informed of any changes to the regulations of the Fund in accordance with the provisions of Act No. 45/2020. Any proposal on the dissolution of the Fund or merger with other funds shall be made in accordance with the Fund's regulations.

Buying and selling unit shares

The Fund's unit shares will only be sold against cash payment of the bid price, cf. Article 77 of Act No. 45/2020. The Fund issues unit shares in the form of units. The minimum investment is ISK 10,000 at sales value and ISK 5,000 by subscription.

Applications for redemption received by the distributor before the closing time of the Fund on a business day of Arion Bank hf., must be dealt with on the same day. Applications received after that deadline must be dealt with on the following business day of the bank.

Offer price

Arion Bank is responsible for registering the value of securities and other assets of the Fund. A special valuation committee at Stefnir, under the supervision of the depositary and an auditor, is responsible for evaluating illiquid assets, both listed and unlisted.

The sales fee is included in the offer price. Buyers also pay a handling fee and a fee for issuing a unit share certificate if this is requested. Both make up a "certificate fee."

The fee for issuing unit share certificates is ISK 5,000.

The bid and ask price of the Fund's unit shares shall be calculated at least once every business day.

The price changes according to market conditions since the price of unit shares is based on the value of the securities in which the Fund invests. Such changes will be published by Stefnir hf. on its website and Arion Bank will also publish them at the Bank's service outlets.

Assessments of the Fund's assets are carried out in accordance with Act No. 45/2020. According to Article 26 of the Act the Fund's assets shall at any given time reflect the real value of assets, taking into account market conditions. The calculation of the redemption value and the assessment of the market value of assets are otherwise determined by the regulations in force each time. Financial instruments listed or admitted to trading on regulated securities markets shall be valued according to the closing price of the regulated securities market in question. The value of other financial instruments is subject to an assessment by the Management Company, and there is a valuation committee at Stefnir. A valuation is also subject to supervision by the depositary and an auditor.

Annual accounts and six-month financial statements

The audited annual accounts of Stefnir hf. shall be available to unit holders no later than four months after the end of the accounting year, which is from 1 January to 31 December. The Fund's six-month financial statement shall also be available on the website of Stefnir to unit holders free of charge at the offices of the management company no later than two months after the publication of each financial statement. The annual report and interim financial statements shall contain separate information on the Fund.

Taxation

Profit from the redemption of unit shares in the Fund is liable for tax in Iceland in accordance with Act No. 90/2003 on Income Tax and withholding tax in accordance with Act No. 94/1996 on Withholding Tax on Capital Gains. Arion Bank, the Fund's depositary, pays the capital gains tax which is calculated when unit shares are sold at a profit or when income is paid from the unit shares. Further taxes may also be levied.

With respect to residence outside Iceland, it should be determined whether additional taxation to that which applies in Iceland is relevant.

Operating expenses

Stefnir is entitled to charge a fee for the day-to-day operation of the Fund, as is Arion Bank for managing the accounting and the safekeeping of financial instruments. There is a handling fee of ISK 700 for issuing this prospectus, but it is without charge in the online bank and app of the depositary.

All expenses and fees are deducted from income and then from the returns on assets and finally from the Fund's assets.

Outsourcing of tasks

Stefnir hf. has outsourced the following tasks to Arion Bank hf, with the approval of the FSA, in accordance with Article 29 of the Alternative Investment Fund Managers Act No. 45/2020.

- Accounting and settlement services
- Human resources
- Certain tasks to the Retail Banking division (including distribution by digital media)
- Certain tasks to Back Office
- Legal services

The outsourcing of the following tasks has also been approved by the FSA in accordance with the relevant laws and regulatory acts which are defined as key services:

- Internal audit
- Information technology services (FSA has also approved chain outsourcing to Origo hf.)
- Compliance (including data protection and anti-money laundering and terrorist financing measures).

Stefnir hf. regularly examines the services provided by third parties, cf. Article 22 (4) of Act No. 116/2021. Under Article 24 of Act No. 116/2021 the outsourcing of the aforementioned statutory tasks of the Management Company does not affect Stefnir's responsibility towards the Fund or investors. It cannot be ruled out that conflicts of interest may arise in connection with the activities of Arion Bank as the Fund's depositary. For example, the following have been defined as potential risks: impact on decisions, abuse of confidential information and unilateral decisions by the depositary. Stefnir has adopted a policy on conflicts of interest and records any conflicts of interest in a special register. The risk of conflicts of interest is reduced substantially through analysis of conflicts of interest and active monitoring. The service provided by third parties is examined regularly by reviewing service agreements. The outsourcing of tasks by Stefnir does not affect Stefnir's responsibility towards the Fund or its investors. Stefnir can terminate outsourcing agreements at any time if they no longer serve the interests of unit holders in the opinion of Stefnir. Furthermore, reference is made to the section on conflicts of interest above.

ADDITIONAL DOCUMENTS***Viðauki I: Reglur Stefnis – Innlendra hlutabréfa hs.*****Rules****Stefnir - Icelandic Growth Fund****Article 1****Name of Fund, type, legal form and Management Company**

The name of the Fund is Stefnir – Icelandic Growth Fund. The Fund's ID-No. is 470206-8450. The Fund is an alternative investment fund marketed towards the public pursuant to the Alternative Investment Fund Managers Act No. 45/2020.

Stefnir hf, ID-No. 700996-2479, Borgartún 19, 105 Reykjavík, (also referred to as “Stefnir”) manages the Fund in accordance with Act No. 45/2020. The management company cannot be changed unless decided by the board of directors of Stefnir and with the approval of the Financial Supervisory Authority of the Central Bank of Iceland. In event of such decision the unit holders in the Fund must be notified of the change and their redemption right pursuant to Articles 84 and 85 of Act No. 45/2020.

The Fund has no sub-funds and is not authorized to be marketed in any other country than Iceland. The Fund's base currency is the Icelandic króna (ISK).

Article 2**The Fund's objective, investment authorizations and investment policy****Objective**

The objective of the Fund is to invest primarily in shares of Icelandic limited companies and companies operating in Iceland which are listed on NASDAQ OMX Nordic Iceland, First North market, or another recognized stock exchange. The objective of the Fund is to invest primarily in shares of Icelandic limited companies and companies operating in Iceland which are listed on NASDAQ OMX Nordic Iceland, First North market, or another recognized stock exchange. Stefnir – Icelandic Growth Fund will seek to invest in the highest yielding investment options by buying and selling listed and unlisted assets.

Investment authorization

Stefnir – Icelandic Growth Fund is an alternative investment fund marketed towards the public and its investment authorizations are limited to the investments set out in the table below and the provisions of Act No. 45/2020 referred to below. The Fund has less restricted authorizations than UCITS to invest in individual issuers and to invest in other funds for collective investments than UCITS and alternative investment fund marketed towards the public.

1. Under Article 1 (1.1) of Act No. 45/2020 the Fund is authorized to invest up to 20% of its assets in securities, money market instruments and derivatives, listed on a regulated securities market, issued by the same issuer. It is, however, permitted to invest up to 35% in the same issuer.

2. Under Article 89 (6) of Act No. 45/2020 the Fund is authorized to invest in unit shares of other alternative investment funds than alternative investment funds marketed towards the public. Under Article 93 (1.6) of Act No. 45/2020 the Fund is authorized to invest a maximum of 20% of the Fund's assets in such funds.
3. Under Article 89 (1) of Act No. 45/2020 the Fund is authorized invest up to 25% in unlisted equities without restriction provided that the maximum investment in each issuer is 10% cf. Article 93 (1.7) of Act No. 45/2020.
4. The Fund is authorized to invest its assets in deposits or other liquid assets which do not form part of the investment policy for the purposes of liquidity management or in the interests of unit holders, cf. Article 90 of Act No. 45/2020.

Investment policy

Breakdown of investments of Stefnir – Icelandic Growth Fund	%
Equities listed on NASDAQ OMX Nordic Iceland or First North	45-100%
Equities listed on foreign stock exchange (companies active in Iceland)	0-55%
Icelandic private equity	0-25%
Deposits of financial institutions	0- 30%
Derivatives	0-10%
Other financial instruments than those listed above	0-20%

Derivatives

In accordance with Act No. 45/2020 the Fund is authorized to invest in derivatives provided that they are within the Fund's investment authorizations, cf. particularly Article 89 (4 and 5), Article 92, Article 93 (1.1-3) and Article 93 (2) of the Act. The aim of trading in derivatives is, firstly, to reduce the risk posed to the Fund, such as reinvestment risk and interest rate risk, and secondly, to implement the Fund's investment strategy by position-taking in the financial instruments underlying the derivative in question. The Fund may use forward contracts, options or swaps.

Article 3

The Depositary of the Fund

The Fund's depositary is Arion Bank hf., ID-No. 581008-0150, Borgartún 19, 105 Reykjavík. Only Stefnir can decide to change the Fund's depositary. The tasks of the Fund are described in greater detail in agreements between the Management Company and the depositary.

Article 4

Fees

Fees due to Stefnir hf. for operating the Fund shall be a maximum of 2.5% p.a. of the average net asset value of the Fund whilst in operation. The fee is currently 1.71%.

Fees due to the depositary for the supervision and safekeeping of the Fund's financial instruments are included in the fees to Stefnir.

In addition to administrative fees, a sales fee is paid to Arion Bank hf. for the sale of the unit shares in the Fund. The sales fee is a maximum of 5% of the net asset value of each unit. The sales fee reflects the bid/offer spread in each case and is currently 2%. No redemption fee is collected for redeeming units in the Fund.

If an investment is made in unit shares of funds for collective investment, which are managed directly by or with a mandate from Stefnir, or by another company which is linked to Stefnir by common operations or management, or by substantial direct or indirect holdings, Stefnir may not take a fee for subscriptions or redemption of investment in the funds.

Expenses related to the operation of the Fund are not included in Stefnir's fees, nor are expenses related to the FSA. The Management Company reserves the right to demand repayment of costs relating to financial systems other than the asset management system and costs relating to subscriptions to share indices, software, auditing, legal services, postage and paper etc. The cost of the above may not exceed 0.10% of the average net asset value of the Fund on an annual basis.

If special circumstances dictate that it is necessary to protect the interests of the Fund with measures which will significantly exceed the aforementioned ratio, it shall be permitted to charge the Fund for related expenses, provided that Stefnir has concluded that it is in the Fund members' best interests to pursue this course of action.

Article 5

Issue and redemption of unit shares

All parties with a holding in the Fund have the same right to assets and income in proportion to their holding.

The unit share certificates shall be issued by Stefnir hf. to parties who entrust assets to the Fund for investment and request them, cf. Article 74 (1) of Act No. 45/2020. Unit share certificates will be sent to people who request them by registered post no later than 30 days after the purchase has taken place and the distributor has issued a receipt. The Fund's unit shares will only be sold against cash payment of the bid price, cf. Article 77 of Act No. 45/2020.

The Fund's unit shares shall be redeemed at the owner's request at the bid price current at the end of trading on the day that trading orders are received by the distributor, provided that such orders are received before the closing time of the Fund. The closing time of the Fund is 2:30 p.m. every business day. Purchases and sales of unit shares in the Fund are settled on a T+2 basis, i.e. settlement takes place on the two working days after the order to buy or sell unit shares is made. The redemption price of unit shares is governed by the rules on the calculation of the redemption value of unit shares in alternative investment funds marketed towards the public at any given time.

It is possible to suspend the redemption of unit shares under certain circumstances and if it is in the interest of the unit holders to do so, provided that this does not contravene the conditions of Act No. 45/2020.

Article 6

Disposal of dividends and other earnings

The Fund is a capital growth fund. Dividends and other profits from the Fund's securities holdings shall be added to the Fund's principal.

Article 7

Calculation of the redemption value of unit shares

The redemption value of the Fund's unit shares is the total market value of combined assets minus any debts of the Fund at the time of redemption, such as debts owed to credit institutions, unpaid administrative and management costs, collection costs and payable or imputed public levies, divided by the total number of issued and unredeemed unit shares.

Assessments of the Fund's assets are carried out in accordance with Act No. 45/2020. According to Article 26 of the Act the Fund's assets shall at any given time reflect the real value of assets, taking into account market conditions. The calculation of the redemption value and the assessment of the market value of assets are otherwise determined by the regulations in force each time.

Article 8

Dissolution of the Fund and merger with other funds

If the combined market value of the Fund's securities and other financial instruments falls beneath ISK 100,000,000 the board of directors of the Fund's management company shall investigate whether it is better for the unit holders to dissolve the Fund. Any decision on the dissolution of the Fund shall be taken by Stefnir hf. and reported to the FSA pursuant to Article 17 (5) of Act No. 45/2020. Any decision on the merger between the Fund and other funds shall be taken by Stefnir hf. and guided by the interests of the unit holders, with the consent of the FSA, cf. Article 84 (1) of Act No. 45/2020. Any such arrangement shall be announced to each unit holder by letter or other durable medium which shall also include information on the relevant party's assets in the Fund.

Any announcement to unit holders on a merger shall contain the information stipulated in Articles 83 and 84 of Act No. 116/2021, cf. Article 84 (1) of Act No. 45/2020, and should be sent no later than 30 days before the duty to effect redemption or, if applicable, the right of unit holders to exchange their unit shares free of charge ends. Unit shares in the merged fund and takeover fund shall be redeemed at the request of their owners pursuant to the rules of the funds without incurring any fee other than that retained by the Fund to cover the cost of the sale of assets. If applicable, the owners of unit shares shall be permitted to ask to exchange their unit shares for unit shares in another fund with a similar investment policy which is managed by the same management company or a company with which the management company is linked via shared management or direct or indirect ownership.

The duty to effect redemption and the right exchange unit shares for unit shares in another fund comes into effect when the unit holders have received adequate information on the merger and remains in effect until five working days before the reference date for calculating the exchange ratio in the merger.

If the Fund is dissolved without a merger, Stefnir hf. shall sell the Fund's assets with the interests of the unit holders as a priority and shall divide the net proceeds from dissolution, minus all related costs, and allocate them to unit holders in proportion to the number of unit shares owned. Stefnir hf. is authorized to divide the Fund's assets in whole or in part by assigning securities in kind to unit holders in a fair manner. When this has been completed, an auditor shall confirm the division of assets. All proceeds from the Fund which remains unpaid after assets have been divided shall be allocated to Stefnir hf. for safekeeping for six months. At the end of this period, assets on which no claim has been made shall be assigned to Arion Bank hf. for safekeeping, for the use of entitled parties.

Reykjavík, 29 September 2003,

With amendments made on 4 March 2007, 16 July 2008, 3 December 2008, 4 January 2010, 2 February 2011, 18 January 2012, 23 September 2014 and 23 November 2021.

Appendix II: Overview of funds

Overview of the UCITS and alternative investment funds marketed towards the public which Stefnir hf. was managing at the time this prospectus was published. The latest information can always be found on the company's website.

Name/asset class	ID-No.	Type
<i>Icelandic bonds</i>		
Stefnir – Inflation Linked Fund	671009-9910	UCITS
Stefnir – Treasury Note Fund	630109-9810	UCITS
Stefnir – Government Bonds Medium	650398-9129	UCITS
Stefnir – Government Bonds Long	490499-9039	UCITS
Stefnir – Fixed Income Opportunities Fund	531213-9980	Alternative investment fund marketed towards the public
Stefnir – Liquidity Fund	520412-9640	Alternative investment fund marketed towards the public
Stefnir – Savings Fund	520617-9810	Alternative investment fund marketed towards the public
Stefnir – Yield Fund	531020-8390	Alternative investment fund marketed towards the public
Stefnir - Sustainable Fixed Income Fund	581120-9900	Alternative investment fund marketed towards the public
<i>Mixed funds</i>		
Stefnir – Balanced Fund	561204-9180	Alternative investment fund marketed towards the public
Stefnir – Green Selection	581120-9820	UCITS
Asset Allocation Fund A	511005-8840	Alternative investment fund marketed towards the public
Asset Allocation Fund B	511005-8920	Alternative investment fund marketed towards the public
Asset Allocation Fund C	511005-9060	Alternative investment fund marketed towards the public
Asset Allocation Equities Fund	591112-9880	Alternative investment fund marketed towards the public
<i>Icelandic equities</i>		
Stefnir – Icelandic Growth Fund	470206-8450	Alternative investment fund marketed towards the public
Stefnir - Dividend Fund	581120-9740	Alternative investment fund marketed towards the public
Stefnir – Growth Fund Leveraged	510422-9960	Alternative investment fund marketed towards the public
<i>International equities</i>		
Stefnir - Scandinavian Fund - ESG	430407-9880	UCITS
Asset Allocation International Equities Fund	591110-9930	Alternative investment fund marketed towards the public
Sustainable Arctic Fund	510422-9880	UCITS

Enskar útb.lýs 11-15 af 21
Jón Finnbogason