

ARTICLES OF ASSOCIATION OF ICELAND FUNDS (Íslandssjóðir hf.)

CHAPTER I - Company name, domicile and purpose

Article 1

The Company is a Public Limited Company and its name is **Iceland Funds** (Íslandssjóðir hf.)

Article 2

The Company's domicile and venue are at Hagasmári 3, 201 Kópavogur.

Article 3

The purpose of the company is to manage UCITS, investment funds and institutional investment funds, in accordance with Act No. 128/2011 on mutual funds, investment funds and professional investment funds. The purpose of the company is also to provide asset management and other activities covered by the company's operating licence, pursuant to Article no. 27 of Act no. 161/2002 on Financial Undertakings, in addition to investments and other related activities within the framework permitted by the law.

Chapter II - Regarding share capital

Article 4

The share capital of the company amounts to ISK 25,000,000 – twenty five million Icelandic krónur. The share capital is divided into 25,000,000 shares of a value of ISK 1 each. It is permissible to combine shares into one share.

The share capital of the company can be increased by a resolution passed at a shareholder meeting and requires the same amount of votes that is required to amend these Articles of Association. The Board of Directors of the company shall determine the selling price and terms of payments of the new shares. Shareholders shall have pre-emptive rights for all the new shares in proportion to their holdings in the Company. Only shareholder meetings may decide on a reduction in the share capital.

Article 5

No special rights are attached to the shares in the Company. Shareholders are not obliged to be subject to the redemption of their shares unless otherwise required by statutory law.

Article 6

There are no restrictions regarding the sale or other transfers of shares in the company. Shareholders do, however, have pre-emptive rights to new shares in the company. The company is not authorised to buy own shares except to the extent provided for by law. The company may not issue a loan in its shares.

Any changes in the ownership of company shares, whether through sale, gift, inheritance, settlement of an estate or attachment shall always be reported immediately to the offices of the company, and the register of shares shall be amended accordingly.

Any party acquiring shares in the company cannot exercise his/her rights as a shareholder unless his/her name has been registered in the register of shares or he or she has provided proof of ownership to the shares.

The register of shares shall be regarded vis-à-vis the company as full proof of ownership to shares in the company. In every case dividends, bonus shares, notices of meetings and all notifications shall be sent to all the entities that are registered as the owners of the relevant shares in the company's shareholder registry.

CHAPTER III

A. Shareholder meetings

Article 7

The Annual General Meeting shall be held before the end of April each year.

A shareholder meeting shall be convened with a notification to all shareholders sent by registered mail or fax or in some other verifiable manner. An Annual General Meeting shall be convened with at least two weeks' notice, but no more than four weeks' notice. Other shareholder meetings shall be convened with at least a week's notice. The notice of the meeting shall state the business of the meeting.

A shareholder meeting is valid if it has been legitimately called and if it is attended by shareholders or their representatives who control at least half of the company's share capital. If a meeting is invalidated as a result of failing to meet the above conditions, a new meeting shall be convened within a month with a week's notice and that meeting shall have the authority to legitimately discuss the issues that were meant to be discussed at the previous meeting, if it is attended by two shareholders or more or their representatives, provided they control at least one fifth of the share capital of the company.

Article 8

All shareholders are entitled to have a specific item of business included on the agenda at shareholders' meetings, provided they do so in writing to the board of directors at least five days before the start of the meeting.

A call to a meeting shall specify the matters to be taken for consideration at a shareholder meeting and specify the language of the meeting and its material. Two weeks before an Annual General Meeting, the agenda, final motions and annual accounts shall be laid open for inspection at the Company office and, at the same time sent to the shareholders who have requested it. A week before a shareholder meeting, the agenda and final motions shall be laid open for inspection and sent to the shareholders who so request it.

Article 9

At shareholder meetings one vote is attached to each króna of share capital.

Article 10

The agenda of the Annual General Meeting shall include the following items:

1. The Board of Directors shall explain the Company's finances and operations over the past working year.
2. The annual accounts of the company for the past year shall be submitted for approval along with comments from the company's auditors.
3. A decision shall be made regarding how to handle profits or losses and regarding dividends and contributions to reserve funds.
4. Motions to amend the Articles of the Company, if submitted.
5. The Board of Directors of the Company shall be elected as well as the auditors.
6. The Chairperson of the Board of Directors and the Vice-chairperson shall be elected.
7. Decision on remuneration to the members of the Board of Directors for services rendered in the new operating year.
8. Proposals from the Board of Directors regarding the remuneration policy of the company.
9. Any other business legitimately raised.

B. Board of Directors

Article 11

The board of directors shall comprise four members and between two to four alternate members, who are elected at a shareholder meeting once a year. Board members shall fulfil the general eligibility criteria pursuant to the Act on Financial Undertakings.

The Board of Directors of the Company controls all the affairs of the Company between shareholder meetings and protects its interests vis-à-vis third parties. Two board members have the authority to sign for the company.

Article 12

The Board of Directors sets the Rules of Procedure prescribing the implementation of its tasks in detail. The vice-chairperson shall assume the tasks of the chairperson in the event of his/her absence. The chairperson convenes board meetings, chairs them and prepares them in

consultation with the Managing Director. A board member may request a board meeting. The same right applies to the Managing Director.

Board meetings are considered to be duly constituted when they are attended by a majority of board members, including alternate members in the event of the absence of regular board members. Decisions are made by majority vote unless otherwise provided in these Articles or other legitimate instructions. If votes break even, the chairperson's vote shall determine the outcome or in the case of his/her absence the vice-chairman's vote shall prevail. Minutes shall be kept of board meetings and they shall be signed by those attending the meetings. Any person entitled to sit at board meetings may request that his/her comments and personal opinions be entered into the Record of Minutes.

Article 13

The company's Board of Directors shall have supreme authority over the affairs of the company unless otherwise provided for in these Articles of Association. Its tasks include the following:

1. To supervise the company's activities. It is responsible for monitoring operations, particularly book-keeping and financial affairs, in accordance with laws and the Articles of Association.
2. To confirm key factors in the company's administration.
3. To be responsible for appointing a Managing Director and his employment termination and to determine the terms of his or her employment and .
4. To present proposals at Annual General Meetings regarding the company's remuneration policy.
5. To take policy making and major decisions concerning the company's activities.
6. To submit proposals to the Annual General Meeting on how to dispose of profits according to the annual accounts.
7. To tend to other tasks specified by law, e.g. maintaining a register of shareholders.

C. Senior management

Article 14

The board of directors of the Company shall appoint a Managing Director and decide on his or her terms of employment. The Company's Board of Directors grants the power of attorney on behalf of the company.

The Managing Director is in charge of the day-to-day operations of the Company and represents the Company in all matters concerning normal operations, in accordance with the law, these Articles of Association and board decisions. Daily operations do not extend to unusual or major arrangements. The Managing Director is responsible for the accounts, financial management and hiring employees. The Managing Director shall grant board members and auditors all necessary information on the operations of the Company which they might request and are entitled to receive by law.

The Managing Director is not permitted, except with the permission of the Board of Directors, to sit on the boards of institutions and companies or to participate in the management of other business operations, unless an alternative stipulation be contained in the law.

CHAPTER IV - Annual accounts and auditing

Article 15

The Company's financial year is the calendar year. The annual accounts shall be audited by certified public auditors. The auditor shall be elected at the Annual General Meeting of the company in accordance with applicable laws in each case.

Article 16

These articles of association may be amended at a duly constituted General Meeting, Annual General Meeting or Extraordinary General Meeting, with 2/3 thirds of votes cast, and with the approval of shareholders controlling at least 2/3 shares in the company represented at the meeting, provided that no other proportion of votes is stipulated in the Articles of Association or provisions of the law.

Article 17

Proposals on the dissolution or division of the company should be treated in the same way as amendments to these Articles of Association. Shareholders' votes representing at least 2/3 of the total share capital in the company are required for a resolution on the dissolution of the company to be valid.

CHAPTER V - Other provisions

Article 18

Matters on which these Articles provide no directions shall be governed by the provisions of the Act on Financial Undertakings as well as the Public Limited Companies Act and any other applicable legislation.

Approved at the Annual General Meeting on April 8th 2009.

Approved with amendments at the Annual General Meeting on April 1st 2014.

Approved with amendments at the Annual General Meeting on April 13th 2016.

Approved with amendments at the Annual General Meeting on April 21st 2017.

Kjartan Smári Höskuldsson

Managing Director