

Product name: LUX MULTIMANAGER
SICAV – Kavaljer Quality Focus

Legal entity identifier:
391200HZ7TU79QO9IX33

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes the following sustainability-related characteristics:

- 1) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (UN goal 8).
- 2) Affordable and clean energy (UN goal 7). The Sub-Fund promotes environmental characteristics that are in line with the Paris Agreement's goal of preventing climate change, which is achieved through reduced carbon dioxide emissions and emissions of other greenhouse gases, as well as the increased use of renewable energy.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Kavaljer, the investment manager of the Sub-Fund, measures the impact of environmental or social characteristics using climate-related, other environmental-related and social indicators to the extent that relevant information is available. The following indicators are used to measure and follow up the promoting characteristics:

- **Affordable and clean energy:** Kavaljer measures carbon dioxide emission using data from a third-party supplier and monitors the carbon footprint in the Sub-Fund on an annual basis. Scope 1 includes the emissions that occur directly in the company's own operation. For example, from production in their own factories. Scope 2 covers indirect emissions from the production of purchased electricity, steam, heating and cooling that is consumed by the reporting company.
- **A conscious sustainability work:** Investments in the Sub-Fund must meet Kavaljer's guidelines for sustainability levels in the investments, which aim to ensure investments in companies that have a conscious sustainability work. Kavaljer measures this primarily through the service of a supplier of sustainability analysis for ESG ratings as well as analysis that Kavaljer itself performs. Kavaljer regularly monitors the companies' ESG ratings.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable as the Sub-Fund does not commit to make sustainable investments.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable as the Sub-Fund does not commit to make sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

--- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable as the Sub-Fund does not commit to make sustainable investments.

--- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable as the Sub-Fund does not commit to make sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

- Yes
- No

In order to be able to assess the main negative consequences of the investment decisions on sustainability factors, the negative consequences that arise in the investments made in the funds and the mandates need to be able to be reliably analysed and measured. In order to be able to carry out such measures, there need to be standardized data from, among other things, the portfolio companies. In light of the above, Kavaljer has decided not to take into account the main negative consequences of the investment decisions for sustainability factors at the time. Given the current lack of data, Kavaljer does not believe that it can measure the negative impact of investments on sustainability factors in a reliable way. This is something that Kavaljer will evaluate on an ongoing basis.



What investment strategy does this financial product follow?

The Sub-Fund is an index-independent active equity fund that invests in 20-35 major and minor quality companies. The focus is on the Swedish Stock Market. The Sub-Fund has the opportunity to invest up to 20% of the Sub-Fund's value in the Nordic region and up to 10% outside the Nordic region. The share of short-term fixed income securities and checkouts can

amount to a maximum of 30 %. Characteristics that characterize a quality company include, among other things: increasing turnover and profits over time, stable finances, an experienced and competent management and a board of directors with the goal of creating shareholder value. Investments in quality companies result in a lower risk of unpleasant surprises. The goal is to generate a return over time that exceeds the Swedish Stock Index. The Sub-Fund fund is intended for the long-term investor who has an investment horizon of at least 5 years.

ESG is an important part of the investment strategy and goes hand in hand with the fact that Kavaljer wants to create long-term good returns for our savers, keep the fees low and be a responsible company. As an integrated part of the work to create high returns, the Sub-Fund takes sustainability into account in the management. This means that Kavaljer takes sustainability risks and opportunities into account as an integral part of the investment decisions. The Sub-Fund integrates sustainability perspectives – both risks and opportunities – into investment decisions based on the three methods as follows:

- **Opt out:** In the composition of portfolios, exclusion is applied to limit investments in companies and issuers with a significant exposure to certain activities considered harmful to the environment or society at large in line with Kavaljer's Climate Principles and the fundamental exclusion criteria discussed above.
- **Opt in:** the Sub-Funds' managers integrate ESG analysis into the investment process by using third party data and its own in-house built analysis tool. To this end, companies and issuers are analyzed and audited using the Sub-Funds' managers and third-party data to identify and select sustainable investments that contribute to increasing the share of such investments.
- **Influence:** On behalf of the shareholders, Kavaljer may, if deemed appropriate, enter into dialogues with companies in which the Sub-Fund has invested or intends to invest. The aim is to encourage enhanced sustainability workpractices, among other things, through promoting long-term decisions. Kavaljer will also exercise its voting rights at annual general meetings when deemed appropriate.

As the objective of the Sub-Fund is to achieve the best possible risk-adjusted return, ESG considerations are a fundamental part of achieving this objective. All investment subjects are analyzed before the investment decision is made, and continuously during the investment period with regard to ESG factors. Kavaljer monitors its active investments, and seeks to improve the companies' practices. Furthermore, the Sub-Fund uses sector and norms based exclusion to limit its exposure against harmful environmental and/or social controversial activities and companies.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The exclusion criteria that Kavaljer has set for the Sub-Fund shall be binding. The Sub-Fund's holdings must be continuously reviewed to ensure that holdings meet the requirements. Should a holding company prove to violate the basic principles of sustainable business, the Sub-Fund may continue to invest in the company, provided that it can be judged that the company can overcome the problems within a reasonable time and that the company, on its own or together with other investors, can be engaged in the right direction. The criteria for selecting companies must also be binding, and assumes that the company meets the requirement to conduct

conscious sustainability work. The assessment is based on Kavaljer's own analyses as well as analyses based on data provided through third parties.

The binding elements of the investment strategy that is used for investment decision making are in line with the promotion of environmental and social characteristics as discussed sector- and norms-based exclusion criteria. Kavaljer shall not exceed the predefined thresholds of accepted exposure to excluded activities or invest in companies that breaches international norms or conventions. All potential investment subjects are analyzed before the investment decision is made and regularly during the investment period. ESG factors are integrated into the analysis of the companies and their selection for investment by the Sub-Fund. Kavaljer uses external data and ratings provided by a third-party data provider together with its own in-house built ratings tool both in the pre-investment stage and in regular intervals during the investment period.

Kavaljer's Responsible Investment Policy lays out the fundamental standards for norm based and sector-based exclusion of companies. If an investee is found to violate the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or Kavaljer's sector-based exclusion criteria, Kavaljer will either exclude the company from its portfolio or if the remediation is assessed to be possible, seek to improve the companies' practices. For an existing holding, the severity of the breach is considered, using data from third party providers.

According to Kavaljer's sector-based exclusion principles, Kavaljer will exclude companies involved in the manufacturing of controversial weapons, including cluster bombs and anti-personnel mines, chemical and biological weapons, and nuclear weapons. Furthermore, the Sub-Fund does not invest in companies involved in production and distribution of tobacco, arctic drilling, and oil sands extraction. Additionally, the Sub-Fund does not invest in companies with over 5% of total revenue derived from the production and distribution of adult entertainment.

Kavaljer monitors the greenhouse gas emissions of its investments, on entity level and on portfolio level. All investees shall have a public commitment to phase out fossil fuels, a sufficient transition plan and clearly stipulated targets. This is imperative for all investment subjects to be investible. In line with Kavaljer's Climate Principles, the Sub-Fund does not invest in companies with more than 10% of their revenue coming from:

- Thermal coal mining or its use in energy production;
- Oil- and gas related products and services, including transport, distribution and storage of oil and gas;
- Extraction, production, distribution, or exploration of fossil fuels.

Kavaljer can make an exemption from the 10% threshold if all the following criteria are fulfilled:

1. The entity has set a science-based target in line with the Paris agreement, for example through the Science based target initiative, or have made a public commitment to achieve reduction of greenhouse gas emissions in line with the Paris agreement.

2. The entity's capital expenditures support a phase out and transition from fossil fuels.
3. The entity's operations are not primarily related to fossil fuels, where maximum 50% of the revenue is derived from fossil fuels.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Sub-Fund had no minimum share before the investment strategy was applied.

- ***What is the policy to assess good governance practices of the investee companies?***

Kavaljer shall examine that investee companies have a sound management structure and a healthy relationship with its employees. Furthermore, Kavaljer reviews remuneration structures for affected personnel and compliance with tax rules. Before investing in a new investee, Kavaljer examines the investee code of conduct and whether the investee complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as climate-related indicators, by receiving data from third parties. Kavaljer always conducts an individual assessment of each company if doubts arise as to whether the company lives up to Kavaljer's sustainability requirements. An overall assessment is made that takes into account Kavaljer's responsibility for the interests of savers.

Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation

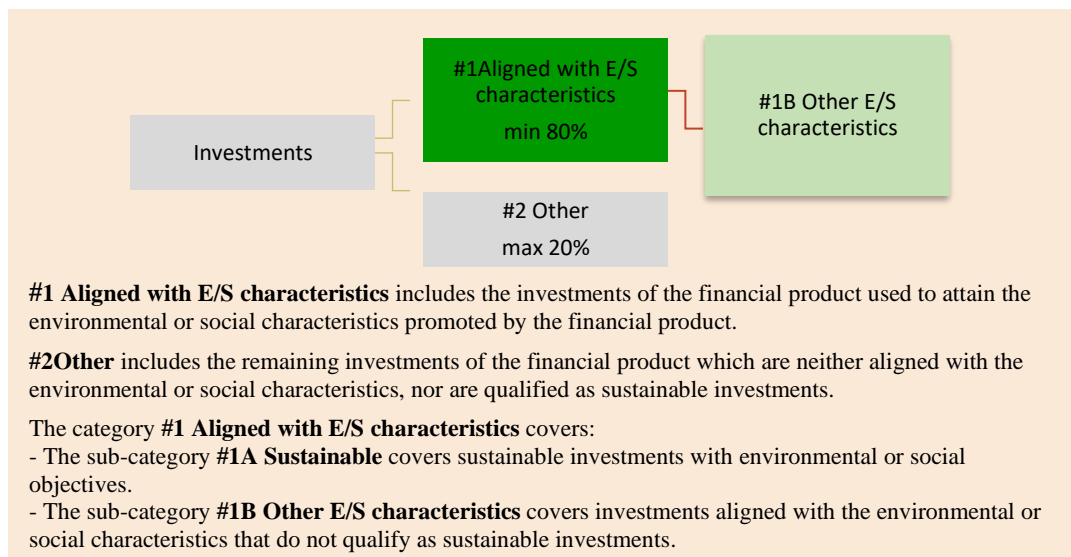
describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Sub-Fund has the following planned asset allocation:

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Derivatives are not used to attain the environmental and social characteristics promoted by the Sub-Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable as the Sub-Fund does not commit to make sustainable investments.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

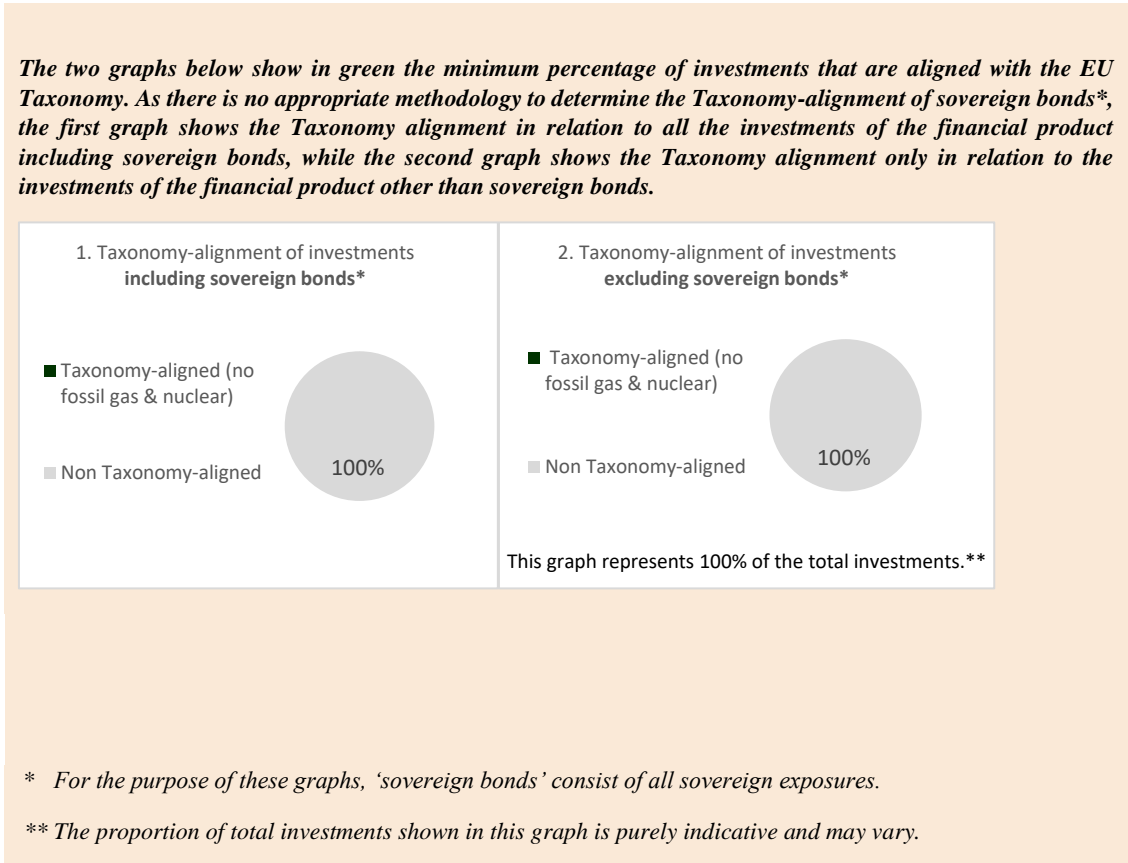
Yes:

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

In fossil gas
 In nuclear energy

x No



● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund has no commitments to make minimum investments in conversion activities or enabling activities as the the Sub-Fund does not commit to make sustainable investments.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable as the Sub-Fund does not commit to make sustainable investments.



What is the minimum share of socially sustainable investments?



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Not applicable as the Sub-Fund does not commit to make sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash and cash equivalents may be held as a complement or for risk balancing. It may also include ESG unrated securities for which data needed for the measurement of attainment of environmental or social characteristics is not available. There are no minimum environmental or safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Kavaljer currently has no reference index for the Sub-Fund.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable

- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://kavaljer.se/fonder/>

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: LUX MULTIMANAGER
SICAV – Kavaljer Investmentbolagsfond

Legal entity identifier: 391200WI0DE9C5747G85

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes the following sustainability-related characteristics:

- 1) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (UN goal 8).
- 2) Affordable and clean energy (UN goal 7). The Sub-Fund promotes environmental characteristics that are in line with the Paris Agreement's goal of preventing climate change,

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

which is achieved through reduced carbon dioxide emissions and emissions of other greenhouse gases, as well as the increased use of renewable energy.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Kavaljer, the investment manager of the Sub-Fund, measures the impact of environmental or social characteristics using climate-related, other environmental-related and social indicators to the extent that relevant information is available. The following indicators are used to measure and follow up the promoting characteristics:

- **Affordable and clean energy:** Kavaljer measures carbon dioxide emission using data from a third-party supplier and monitors the carbon footprint in the Sub-Fund on an annual basis. Scope 1 includes the emissions that occur directly in the company's own operation. For example, from production in their own factories. Scope 2 covers indirect emissions from the production of purchased electricity, steam, heating and cooling that is consumed by the reporting company.
- **A conscious sustainability work:** Investments in the Sub-Fund must meet Kavaljer's guidelines for sustainability levels in the investments, which aim to ensure investments in companies that have a conscious sustainability work. Kavaljer measures this primarily through the service of a supplier of sustainability analysis for ESG ratings as well as analysis that Kavaljer itself performs. Kavaljer regularly monitors the companies' ESG ratings.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable as the Sub-Fund does not commit to make sustainable investments.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable as the Sub-Fund does not commit to make sustainable investments.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable as the Sub-Fund does not commit to make sustainable investments.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable as the Sub-Fund does not commit to make sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

- Yes
- No

In order to be able to assess the main negative consequences of the investment decisions on sustainability factors, the negative consequences that arise in the investments made in the funds and the mandates need to be able to be reliably analysed and measured. In order to be able to carry out such measures, there need to be standardized data from, among other things, the portfolio companies. In light of the above, Kavaljer has decided not to take into account the main negative consequences of the investment decisions for sustainability factors at the time. Given the current lack of data, Kavaljer does not believe that it can measure the negative impact of investments on sustainability factors in a reliable way. This is something that Kavaljer will evaluate on an ongoing basis.



What investment strategy does this financial product follow?

The Sub-Fund is an index-independent equity fund investing with a long-term horizon, in 20 – 35 investment companies, conglomerates and “compounders”. The Sub-Fund can invest worldwide. Investment companies are companies that invest in other companies. These companies can be both listed and unlisted. Conglomerates are companies that usually own 100 % of the shares in other unlisted companies in various industries. “Compounders” are companies that continuously acquire other companies at a high rate. The common factor provided for these categories is a good spread of risk and active management at low costs.

The Sub-Fund’s holdings are distinguished by the fact that they have managed to show growth and good returns over a long period of time and that they have experienced and proven competent management. The goal is to generate returns over time that exceed a global stock index at a low fee of 0.3 per cent per year. The Sub-Fund is intended for the long-term investor who has an investment horizon of at least 5 years.

ESG is an important part of the investment strategy and goes hand in hand with the fact that Kavaljer wants to create long-term good returns for our savers, keep the fees low and be a responsible company. As an integrated part of the work to create high returns, the Sub-Fund takes sustainability into account in the management. This means that Kavaljer takes

sustainability risks and opportunities into account as an integral part of the investment decisions. The Sub-Fund integrates sustainability perspectives – both risks and opportunities – into investment decisions based on the three methods as follows:

- **Opt out:** In the composition of portfolios, exclusion is applied to limit investments in companies and issuers with a significant exposure to certain activities considered harmful to the environment or society at large in line with Kavaljer's Climate Principles and the fundamental exclusion criteria discussed above.
- **Opt in:** the Sub-Funds' managers integrate ESG analysis into the investment process by using third party data and its own in-house built analysis tool. To this end, companies and issuers are analyzed and audited using the Sub-Funds' managers and third-party data to identify and select sustainable investments that contribute to increasing the share of such investments.
- **Influence:** On behalf of the shareholders, Kavaljer may, if deemed appropriate, enter into dialogues with companies in which the Sub-Fund has invested or intends to invest. The aim is to encourage enhanced sustainability workpractices, among other things, through promoting long-term decisions. Kavaljer will also exercise its voting rights at annual general meetings when deemed appropriate.

As the objective of the Sub-Fund is to achieve the best possible risk-adjusted return, the integration of ESG considerations are a fundamental part of achieving this objective. All investment subjects are analyzed before the investment decision is made, and continuously during the investment period with regard to ESG factors. Kavaljer monitors its active investments, and seeks to improve the companies' practices. Furthermore, the Sub-Fund uses sector and norms based exclusion to limit its exposure against harmful environmental and/or social controversial activities and companies

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The exclusion criteria that Kavaljer has set for the Sub-Fund shall be binding. The Sub-Fund's holdings must be continuously reviewed to ensure that holdings meet the requirements. Should a holding company prove to violate the basic principles of sustainable business, the Sub-Fund may continue to invest in the company, provided that it can be judged that the company can overcome the problems within a reasonable time and that the company, on its own or together with other investors, can be engaged in the right direction. The criteria for selecting companies must also be binding, and assumes that the company meets the requirement to conduct conscious sustainability work. The assessment is based on Kavaljer's own analyses as well as analyses based on data provided through third parties.

The binding elements of the investment strategy that is used for investment decision making are in line with the promotion of environmental and social characteristics as discussed sector- and norms-based exclusion criteria. The portfolio manager shall not exceed the predefined thresholds of accepted exposure to excluded activities or invest in companies that breaches international norms or conventions. All potential investment subjects are analyzed before the investment decision is made and regularly during the investment period. ESG factors are integrated into the analysis of the companies and their selection for investment by the fund. Kavaljer uses external data and ratings provided by

a third-party data provider together with its own in-house built ratings tool both in the pre-investment stage and in regular intervals during the investment period.

Kavaljer's Responsible Investment Policy lays out the fundamental standards for norm based and sector-based exclusion of companies. If an investee is found to violate the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or Kavaljer's sector-based exclusion criteria, Kavaljer will either exclude the company from its portfolio or if the remediation is assessed to be possible, seek to improve the companies practices. For an existing holding, the severity of the breach is considered, using data from third party providers.

According to Kavaljer's sector-based exclusion principles, Kavaljer will exclude companies involved in the manufacturing of controversial weapons, including cluster bombs and anti-personnel mines, chemical and biological weapons, and nuclear weapons. Furthermore, the fund does not invest in companies involved in production and distribution of tobacco, arctic drilling, and oil sands extraction. Additionally, the fund does not invest in companies with over 5% of total revenue derived from the production and distribution of adult entertainment.

Kavaljer monitors the greenhouse gas emissions of its investments, on entity level and on portfolio level. All investees shall have a public commitment to phase out fossil fuels, a sufficient transition plan and clearly stipulated targets. This is imperative for all investment subjects to be investible. In line with Kavaljer's Climate Principles, the fund does not invest in companies with more than 10% of their revenue coming from:

- Thermal coal mining or its use in energy production
- Oil- and gas related products and services, including transport, distribution and storage of oil and gas
- Extraction, production, distribution, or exploration of fossil fuels

Kavaljer can make an exemption from the 10% threshold if all the following criteria are fulfilled:

1. The entity has set a science-based target in line with the Paris agreement, for example through the Science based target initiative, or have made a public commitment to achieve reduction of greenhouse gas emissions in line with the Paris agreement.
2. The entity's capital expenditures support a phase out and transition from fossil fuels.
3. The entity's operations are not primarily related to fossil fuels, where maximum 50% of the revenue is derived from fossil fuels.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Sub-Fund had no minimum share before the investment strategy was applied.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

Kavaljer shall examine that investee companies have a sound management structure and a healthy relationship with its employees. Furthermore, Kavaljer reviews remuneration structures for affected personnel and compliance with tax rules. Before investing in a new investee, Kavaljer examines the investee code of conduct and whether the investee complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as climate-related indicators, by receiving data from third parties. Kavaljer always conducts an individual assessment of each company if doubts arise as to whether the company lives up to Kavaljer's sustainability requirements. An overall assessment is made that takes into account Kavaljer's responsibility for the interests of savers.



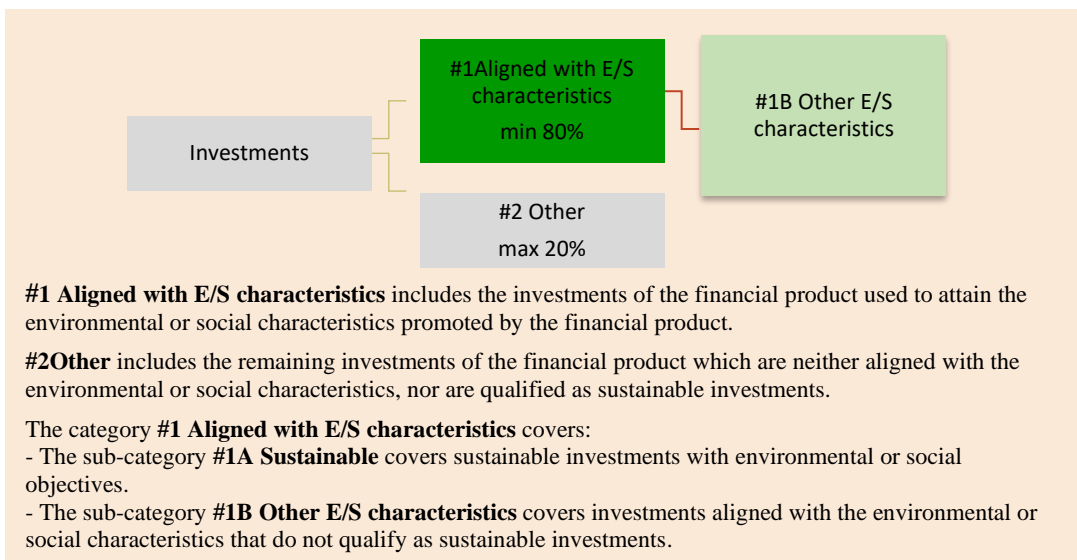
What is the asset allocation planned for this financial product?

The Sub-Fund has the following planned asset allocation:

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental and social characteristics promoted by the Sub-Fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable as the Sub-Fund does not commit to make sustainable investments.

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy²?

Yes:

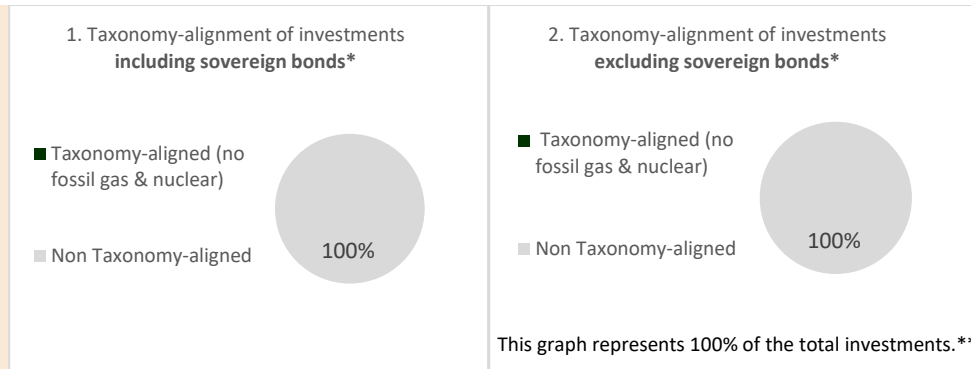
In fossil gas

In nuclear energy

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

** The proportion of total investments shown in this graph is purely indicative and may vary.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable as the Sub-Fund does not commit to make sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash and cash equivalents may be held as a complement or for risk balancing. It may also include ESG unrated securities for which data needed for the measurement of attainment of environmental or social characteristics is not available. There are no minimum environmental or safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Kavaljer currently has no reference index for the Sub-Fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

- **How does the designated index differ from a relevant broad market index?**

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://kavaljer.se/fonder/>