

Sustainable Investments Policy

1 Introduction

Movestic Kapitalförvaltning AB, Corp. ID 556760-8780 (hereafter referred to as the “Company”) is a Fund Management Company authorised according to the European Council Directive 2009/65/EC, as implemented in Sweden through the law on undertakings for collective investments in transferable securities (UCITS) (*Lag (2004:46) om värdepappersfonder*). The Company is domiciled at Birger Jarlsgatan 57B, S-103 99 STOCKHOLM, Sweden. It is a wholly owned subsidiary of Movestic Livförsäkring AB (“Movestic Liv”) domiciled in Sweden. The Company serves as Management Company for a number of investment funds under the brand name “Movestic” (hereafter the “Funds”) in Sweden.

The purpose of the Company is the management of Swedish domiciled and, if applicable, foreign undertakings for collective investments in transferable securities (UCITS) which are authorised in accordance with the European Council Directive 2009/65/EC.

The Company manages discretionary mandates for other companies, as well as its own established funds under management (mutual funds). For the funds domiciled in Sweden, there is a requirement in the law regulating the production and dissemination of financial statements (“Årsredovisningslagen 1995:554”) for information in the financial statements of the funds, regarding sustainability. The requirement in the law has not been transposed into regulations by the Swedish Financial Regulator. Instead, the Swedish Fund Management Company Association has implemented the requirements in its guidelines, and the members of the association comply with the requirements in the law through adhering to the guidelines (“Riktlinjer för fondbolagens marknadsföring och information”).

This policy shall be read in conjunction with the Company’s policy for the entire investment process.

2 Purpose

There are many stakeholders in the investments made by the Company and the performance of the Company’s fund products. Often these interests conflict with one another and it would be an impossible task to try to serve all parties and take in all opinions at the same time. For this reason, a coherent way of thinking is vital to provide a structure and systematic way of reasoning about sustainability and sustainable investments. In order to provide guidelines for how the Company shall manage the investment process for sustainable investments, the Board has established this policy.

The purpose of this policy is therefore to outline the priorities and practical work processes for making sustainable investments.

3 Application and scope

This policy is applicable for all the funds under management by the Company where the Company is acting as regulated Fund Management Company. This policy shall be used to the extent permitted in fund regulations for mandates which the Company assumes as discretionary management mandates for UCITS from third party management companies. It is important to note that this policy is only applicable to the investments and the investment process of the Company. Other aspects of sustainability and ethics, for example on areas such as a sustainable work/life balance, sustainability aspects on environmentally friendly use of resources, are not covered.

4 The approach to sustainable investments in the Movestic Group

The Movestic Group (Movestic Liv& Pension AB and Movestic Kapitalförvaltning AB), hereafter referred to as “Movestic”, offers long term savings through occupational insurance products based on unit-linked investments into funds. Movestic offers a range of investment funds to its clients and take utmost care of analysing the fund products it offers within its financial products, in order to provide a fund range which give clients long term sound financial investments, a choice between risk levels and investment policy as well as the choice to make sustainable investments.

Movestic’s view on sustainable investments is that focus on sustainability factors such as the environment, ethical behaviour, the respect for human rights bring long term value for investors. The work with sustainability and sustainable investments is an integrated part of the analysis provided to determine if an investment product is suitable and qualifies into the fund range offered. Sustainable investments shall also be a natural part of the development of new products and services and the ambition at Movestic is to be an active and engaged partner with external fund management companies and through dialogue work together with its business partners to include sustainability factors in the investment process and investment products. The objective at Movestic is that all of the fund management companies entrusted with providing their fund products to the range of possible investments for our savers understand and try to minimize risk factors contributing to unsustainable practise and unsustainable investments.

Movestic is a member of the following organisations and engages itself as a member to actively contribute to sustainability and sustainable investments:

- United Nations Principles for Responsible investments (UNPRI). In practice, the implementation of the six principles stipulated by the United Nations that Movestic put forward requirements on the fund management companies represented in the range of investment products. Movestic is also committed towards working for more organisations to be signatories to the UNPRI. The work conducted within Movestic is made each year in a public evaluation.
- Sweden´s Sustainable Investment Forum (SWESIF). Movestic is a member actively contributing to discussion and dissemination of information about sustainable investments. Part of this work is to actively promote the benefits of declaring the sustainability work through completing the sustainability profile provided by SWESIF.
- UN Global Compact. Movestic is a signatory to the UN Global Compact 10 principles.
- Fondbolagens Förening. Movestic is a member of the Swedish Fund Management Companies Association. Movestic adheres to the guidelines of the Association and reports on its sustainability work in the financial statements.

5 Principles for applying sustainability criteria to investments

When the Company applies sustainability criteria to the funds under management, a distinction must firstly be made between investments in so called “direct investments” and “indirect investments”. Secondly, a distinction must be made between investments carried out for the Company’s own funds under management (the Company is the responsible “Fund Management Company”) and discretionary mandates (the Company carries out investments as a discretionary manager for other fund management companies).

The following order of priority shall be respected regardless of which type of fund or mandate the Company manages:

- 1) The Company shall always act in the best interest of its investors. This means, for this particular policy, that the Company shall always have as a first priority to implement the investment policy in the approved prospectus, and act as it believes is the best way for respecting the best interest of the investors.
- 2) The Company shall always act in a compliant way with law and regulation, with policies established by the Board and with rules and guidelines pertaining to those professional organisations where the Company is a member.
- 3) Adhere to the principles for making sustainable investments as defined by the Company and/or its parent company in the Movestic Group

5.1 Principles for direct investments (excluding derivatives)

With “direct investments” are meant “Investments in equities, bonds or other financial instruments directly at the financial markets”. When the Company makes direct investments, the Company shall exclude Companies, where it can be determined that more than 5% of the turnover is derived from business activities such as:

- Controversial weapons (mines, cluster ammunition, chemical weapons, biological warfare instruments, nuclear weapons)
- Conventional Weapons (broadly defined)
- Production of Tobacco
- Pornography
- Alcohol
- Fossile fuels

5.1.1 *Methods applied to own funds under management*

For own funds under management, in order to proactively work with the principles for direct investments, the Company shall apply screening to its direct investments in order to avoid investments which shall be avoided. The Company shall define what is meant with “involved” and set criteria for determining the maximum allowed turnover from activities which shall be avoided, in order to determine if an investment shall be made or not.

5.1.2 *Methods applied to discretionary mandates involving direct investments*

For discretionary mandates, when applicable, the Company shall apply the criteria listed above for direct investments to the extent permitted by the fund regulations and investment policy of the mandate. The Company shall define what is meant with “involved” and set criteria for the maximum allowed turnover from activities which shall be avoided, in order to determine if an investment shall be made or not.

If it is not possible within the commercial terms and conditions to use the defined criteria, the Company shall actively work towards implementing a focus on sustainable investments with its client.

5.2 Principles for indirect investments and derivatives

With “indirect investments” are meant investments in the financial markets through other financial instruments (i.e “funds, exchange trade derivatives, ”). When the Company engages in investments whereby the Company’s own funds in their turn invest in funds (which in their turn invest in the financial markets), it is significantly more challenging to apply criteria for exclusion of investments in certain companies, as this decision does not lie with the Company, but with the external fund management company, the manufacturer of the fund. For that reason, the work with sustainable investments need a different approach from the one applied for direct investments.

5.2.1 Methods applied to own funds under management

The ambition in the Movestic policy for sustainable investments is that funds being branded with the Movestic name, shall have the same criteria applied as for the external fund companies providing investment alternatives for the pension savers in the fund range offered by Movestic Liv & Pension. However, for indirect investments, the general rule is not to “exclude” based on set criteria, but instead to try to avoid investments which are deemed “unsustainable” according to the Movestic sustainability criteria.

The decision to avoid a certain investment shall be made as a decision weighing in and taking several factors into account, such as:

- Contribution to risk profile and performance
- Cost for the investment
- Transaction costs
- Suitability as regards the policy for sustainable investments
- Availability and fit with the investment policy and investment restrictions for UCITS

5.2.2 Methods applied to discretionary mandates involving direct investments

For discretionary mandates, the decision to avoid a certain investment shall, as for the own funds under management, be made as a decision weighing in and taking several factors into account. For mandates, there is also a need to take into account other factors, and the overall view and judgement when taking decisions regarding sustainable investment shall at least consist of:

- Cost for the investment
- Transaction costs
- Suitability as regards the policy for sustainable investments
- Availability and fit with the investment policy and investment restrictions for UCITS
- Constraints in investment policy or in other policies at the fund management company
- Risk levels of the fund

5.3 Principles for the Company's investment of its own capital

When the Company makes investments for its own purposes, for example investments of own free available capital or excess liquidity, the Company shall apply the same criteria as for direct investments listed above in 5.1

6 Decisions, follow up and control

The Company applies a systematic and structured process for its funds under management which consists of three distinct steps; 1) decision making about investments and tactical allocations, 2) a regular follow up of the decisions made and 3) control and monitoring. The decisions regarding sustainable investments and decisions concerning sustainable investments shall be subject to the same process as for all other investments as outlined below.

6.1 Investment decisions

The appointed portfolio managers for a fund is responsible for taking all investment decisions in the portfolio. For larger rebalancing of portfolios, change of tactical allocations or sectors, it is important that the Company also focusses on the risk profile of the fund and the provisions in the prospectus. In general, the investment decisions have the following process:

- Weekly updates: Portfolio management have a weekly meeting to discuss market development and how they fit or don't fit into the general outlook of the firm. The administrative/risk control person at the Company is present at these meetings.
- Portfolio Allocation meetings: Portfolio managers meet every beginning of a new month, to go through updated models and interpret signals. Larger rebalancing or investments outside of the established model is discussed at these meetings and an analysis is made of changes to the risk profile and the provisions in fund regulations to ensure that investments are not causing excessive risk taking or problems for operations surrounding the portfolios. Should major shifts in the markets occur, or political developments lead to a situation where markets are not behaving normally, the investment committee meeting can organize additional ad-hoc meetings.
- Monthly meeting: Portfolio Management, Administration and the CEO participate in a monthly investment committee. The purpose of these meetings is to convey the outlook of the PMs to the CEO, how this outlook has played out in actions taken, making sure these guidelines are followed and follow up, see below. The regular investment committee meeting is always held, regardless if all staff can attend or not, and minutes are taken for future reference.

6.2 Follow up

At each monthly meeting, the below items are subject to a regular follow up:

- Breaches and problems for the past month, operations risk in the portfolios
- Previously decided on target allocations, returns, portfolio attribution and contribution
- Results regarding active portfolio management (active share, tracking error)
- Risk profile of the portfolio, contribution to risk profile from suggested changes for next month

6.3 Monitoring and control

The Board is ultimately responsible for the Company. To each board meeting, portfolio management reports on all of the Company's funds under management including mandates for discretionary portfolio management. The portfolio management function is responsible for providing the following reports for the Board for their monitoring and control, for each fund product:

- Target allocation for the past quarter, deviations from model portfolio
- Portfolio contribution and attribution
- Portfolio comparison to peer group and benchmark
- Portfolio inflows- and outflows for the past quarter
- A presentation of the long term, medium term view
- A presentation of short-term tactical decisions taken over the past quarter

6.4 Reporting

The Company shall always comply with the reporting requirements of the organizations where it is a member. The report on sustainability shall be made in accordance with the practices and guidelines laid down by the Swedish Fund Management Company Association and shall be made in the yearly financial statements of each fund under management.

The Company is not responsible for reporting on sustainability for its portfolio management of discretionary mandates, unless this is required by the external fund management company.