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# Nordic Equities

## INFORMATION BROCHURE — NORDIC EQUITIES GLOBAL STARS

### About the information brochure

The information brochure has been prepared in accordance with the Investment Fund Act (2004:46) and the Swedish Financial Supervisory Authority's regulations regarding UCITS (FFFS 2013:09).

### About the Fund and the Fund Company

Nordic Equities Global Stars, ISIN SE0010100990, was established on 23th of April 2018. It is an investment fund (UCITS) under the Act (2004:46) on investment funds and managed by Nordic Equities Kapitalförvaltning AB (the fund Company), corporate id 556571-9126. Responsible manager since the start of the Fund is Lars-Olov Olsson. The Fund Management Company keeps a registry of unit holders.

### Investor profile

The Fund targets institutions (e.g. pension funds and foundations), businesses and private individuals.

### Focus and strategy

Nordic Equities Global Stars is an equity fund focusing on the Nordic market. The Fund has a relatively concentrated portfolio and does not strive to achieve an even spread by geography or sector.

The Fund's assets may be invested in transferable securities (e.g. shares), money market instruments, derivative instruments, fund units and accounts with credit institutions. Typically, more than 90 percent of the Fund's assets are invested in shares.

The Fund's strategy is to invest in those securities that the fund management considers most attractive from a market evaluation and growth potential point of view. Based on ongoing evaluation, holdings are increased, decreased or replaced. We look at each stock individually, so called stock picking, which means that we are not dependent on industry weightings.

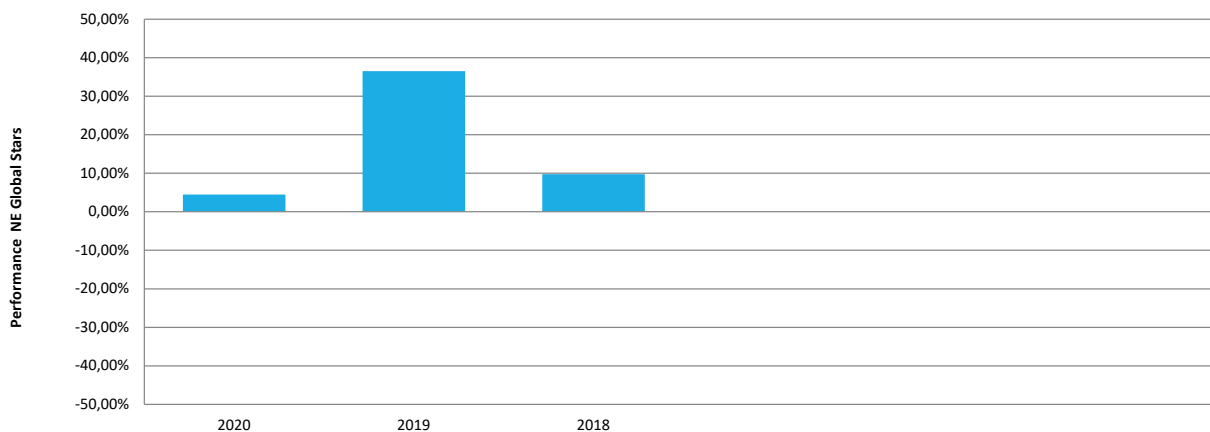
### Benchmark

The fund's benchmark is MSCI Nordic Countries local currencies. The index is considered well established and frequently used as benchmark to Nordic equity funds. The fund's performance is calculated after fees and including dividends and issues.

### Tracking Error

2020	8,28
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### Past record – Performance NE Global Stars



### The Fund's risk profile

Historical return is no guarantee for future return. Money invested in the Fund may both increase and decrease in value, and there is no guarantee that an investor will recover the entire amount invested. For a fund there are different types of risks. The following risk groups, among others, have been identified:

**Market Risk.** Market risk can be divided into three parts: general market risk, company-specific risk and currency risk. All investors face *general market risks* and it means that the value of shares may be affected by, for example,

changes in economic conditions, interest rates, inflation and geopolitical events. *Company specific risk* is the risk associated with a specific company, e.g. that the company may develop differently than the market. *Currency risk* arises as exchange rate fluctuations affect the value of a holding. *Credit and counterpart risk*, e.g. the risk that the fund's counterpart is unable to meet its obligations. *Liquidity risk.* The risk that a position can not be liquidated on time at a reasonable price. *External risks* can be divided into business risk, concentration risk, image risk and strategic risk. These risks are particularly relevant for the fund company.

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# Nordic Equities

*Operational risk* is the risk of losses due to ineffective internal processes and procedures, human error, faulty systems and external events.

Since the Fund is an equity fund with a Nordic profile, it will always be a fund exposed to risk. By diversifying the fund investments, by industry and by geography, the risk level can be reduced. Risk Profiling in the fact sheet (KIID) is calculated on volatility and the fund's risk class should be 6 or 7 at times. The Fund's overall risk profile, however, shall be relatively low through well-developed investment methods and safe practices. The Fund invests primarily in large and medium-sized global companies which are to traded on a well-regulated market. The holdings will thus be relatively easy to evaluate and follow.

Trading in derivative instruments and the granting of securities loans may take place in order to render more efficient management of the Fund's assets and to protect the Fund's assets against currency losses or other risks. Trading options and futures contracts have special features that could lead to substantially higher risks than trading shares.

Where derivatives are used in the Fund, the total exposure should be calculated according to the commitment approach.

## **Dividends**

The Fund pays dividends. The aim is to redistribute dividends received by the Fund in the previous year. In the interests of the shareholders, the Board of the Fund Management Company may decide on a higher or a lower amount than the dividends received by the Fund.

## **Guidance for best possible result when placing orders**

The Company has established internal rules in order to achieve the best results when placing the order. For example it is stated that the transaction will be implemented fairly, under market conditions, and by a well-established broker.

## **THE FUND'S CURRENT AND MAXIMUM CHARGES**

For management of the Fund a fixed fee is charged. Upon purchase and redemption of fund units, an acquisition/exit fee may be charged. Current fee levels and the maximum fee levels, according to the fund rules, are as follow:

Annual fixed compensation to the Fund Company in respect of fund management, custodian, supervision, auditors, and costs incurred in the protection of the Fund's interests is 1,55 % (maximum 1,55 %).

Exit charge, of fund units acquired during the most recent 12-months period, is 0% each year (maximum 1,55%).

Costs charged to the Fund are outlined in the Annual Report. Further information about the charges can be found in the Fund rules.

The fixed fee is calculated daily and charged twice per month. Costs charged to the fund are shown in the Annual Report.

In addition to the management fee that the company charges the Fund in accordance with the fund rules, the Fund pays commission in connection with securities transactions. Bank charges can also be charged in some cases. As a result of the fund's broker dealings, the Company may utilize data systems and analysis from the brokers, which are used for managing the Fund.

More about the fees is available in the fund rules and additional information may also be obtained from the Company.

## **Purchases and redemptions**

**New customer:** All new customers with the Fund company must complete a new-customer notification with a certified copy of identification attached. For a legal entity, current documentation of the signatories must be attached.

**Trading fund units:** A completed purchasing/redemption notification will be sent to the Fund Company, and, in case of purchasing, paid cash to the Fund's account. Fund unit prices cannot be limited. Notification of purchase or redemption of units, and payment, shall be available at the fund company no later than two business days before the trading date.

**Minimum deposit:** Minimum purchase via the Fund company is SEK 50 000 on the first occasion, thereafter SEK 10 000 each time.

**Minimum redemption:** The minimum redemption amount is SEK 10 000.

## **FUND UNIT PRICING AND TRADING DAYS**

Fund unit pricing is done every banking day when all the markets in which the Fund invests are fully open. However, the Fund Company has the right to keep the fund open for trading and pricing also on the days when any of the markets in which the fund invests is partly closed. Detailed information about trading days may always be obtained from the Fund Company.

The Fund unit's price is determined by the Fund Company on the trading day at 4 pm at the earliest. The valuation of the Fund's financial instruments is done in accordance with Section 8 of the Fund rules.

## **Price information**

The value of the Fund unit is determined each banking day when the Fund is open for trading. The fund unit value is published on the website of the Fund Company.

## **OPENING AND CLOSING OF THE FUND**

The Fund Company shall be entitled to close the Fund from further deposits. This is described in more detail in the Fund Rules. The reasons for closure may, for example, be that the Fund Company believes that too large a fund will make it difficult to adhere to the Fund's objectives and strategy, and therefore be detrimental for the unit holders' return.

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# Nordic Equities

## Tax rules

As from January 1, 2012, the Fund is not taxable. Instead, individuals resident in Sweden are obliged to take up a standard capital income of 0.4% of its net asset value at the beginning of the year. Also taxable legal persons who own shares in mutual funds will declare such a standard income, however as income from business activity.

For dividends received by individuals who are resident in Sweden, the Fund is obliged to withhold preliminary tax. For shareholders who are resident abroad, a coupon tax will be withheld.

For individuals who are resident in Sweden, the capital gains tax is currently 30 percent. Capital losses are deductible to varying degrees. Capital gains / losses are reported to the tax authorities.

A unit holder's tax may depend on individual circumstances, and investors who are unsure should seek expert help.

## CEASING AND TRANSFERRING FUND OPERATIONS

If the Fund Company wishes to cease managing the Fund, loses its license granted by the Swedish Financial Supervisory Authority to run operations subject to a license, is liquidated or declared bankrupt, the management of the Fund will be temporarily taken over by the depositary. The depositary shall, following the consent of the Swedish Financial Supervisory Authority, transfer the management to a mutual fund company as soon as possible. In other cases, the Fund will be dissolved and the net balance distributed to the unit holders. Following approval by the Swedish Financial Supervisory Authority, the Fund Company may transfer the management of the Fund to another mutual fund company. Notification thereof must be published in Post- och Inrikes Tidningar (The Swedish Official Gazette), and be kept available at the depositary and the Fund Company as soon as possible.

## Damages

Chapter 2, § 21 in the act on investment funds states that:

If a unit holder has been inflicted damage by the Fund Company violating this law or the fund rules, the Fund Company will compensate for the damage. If a unit holder or a fund company has been damaged by the Custodian violating this law or the fund rules, the institute shall compensate for the damage.

More information is available in § 16 of the fund rules.

## Amendment to the fund rules

The Fund Company may, upon approval by the FSA, change the fund rules. Changes may affect the fund's characteristics, such as its investment policy, fees and risk profile.

## Custodian

The fund's custodian is Skandinaviska Enskilda Banken AB, corporate identity number 502032-9081, which is incorporated and headquartered in Stockholm. Its main business is banking and other financial activities.

The custodian's general information is to store the Fund's assets and to execute the fund company's instructions relating to the mutual fund if it does not violate any provisions of law or other constitution or against the fund rules and ensure that

1. The sale, redemption and cancellation of shares in the fund is carried out in accordance with the law and the fund rules,
2. The value of the shares in the fund is calculated in accordance with the law and the fund rules.
3. Payments for transactions affecting a Fund's assets shall be paid to the Fund without delay
4. Fund revenue is used in accordance with the Fund Rules.

## About the Fund Company

The fund company Nordic Equities Asset Management Ltd, identity number 556571-9126 was founded in 1999 and has its headquarters and offices in Stockholm. The company's share capital is SEK 1,500,000 .

In 2000, the company obtained permission to manage the fund NE Strategy, and in 2006, received permission to operate as a fund manager. The Management Company currently offers three funds: Nordic Equities Strategy, Nordic Equities Sweden, Nordic Equities Select and Nordic Equities Global Stars, and conducts discretionary management as well.

## Remuneration policy

In order not to encourage excessive risk taking, the fund company has adopted a compensation policy. Remuneration to employees is based on fixed monthly salary, retirement provision and health insurance. There are no agreements on variable remuneration or similar.

Chapter 3, section 22 and chapter 9 section 3, of the Financial Supervisory Authority's regulations on investment fund managers (FFFS 2013: 10) and Chapter 3, section 8a, of the Financial Supervisory Authority's Securities Funds (FFFS 2013: 9) stipulates that the Company must have a compensation policy. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector states that the company shall present information in their remuneration policy whether the policy is in line with the company's integration of sustainability risks.

The company has decided to integrate sustainability risks into the investment process. Therefore a special policy for integrating sustainability risks has been established. Thus, the employees whose working tasks are related to the investment decision process have to comply in particular with the company's policy for integrating sustainability risks. All decisions made on behalf of the funds, have to be analysed and integrate any potential sustainability risks. The fact that sustainability risks have been integrated into the investment process is a foundation for assessment when deciding on variable remuneration for such employees.

According to the regulations, the Company must have a remuneration policy that is partly compatible with and

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# Nordic Equities

promotes a salutary and efficient risk management and counteracts excessive risk taking.

The compensation policy shall be designed and applied in a manner appropriate to the size and internal organization of the enterprise and the nature, scale and complexity of the business. The remuneration policy must also agree with the business strategy, objectives, values, long-term interests of the trustee and the managed alternative investment funds or the investors of the alternative investment funds, as well as a list of measures to be taken to avoid conflicts of interest.

The company has identified that an incorrect design of compensation systems and variable payment payments could adversely affect the Company's liquidity and result in the Company failing to comply with the regulatory framework for capital adequacy and conflicts with shareholders' interests. Risk takers could potentially take an excessive risk or violate the fund rules and the Company's internal rules with a view to shortening their own remuneration level in the short term. Furthermore, the assets of the Fund could potentially be valued at an amount higher than the market price in order to increase the Company's charging.

Against this background, it is essential for the Company to ensure that its compensation policy and remuneration systems are consistent with and promote a salutary and efficient risk management. A part of this work is to identify and report what measures are to be taken. Compensation models that may occur in the Company must have an appropriate balance between fixed and movable parts. Guaranteed variable compensation may not occur.

The fixed part shall represent a sufficiently high proportion of the employee's total remuneration for it to be possible to put the moving parts to zero. The company shall state in its remuneration policy the extent to which the movable shares can be highest in relation to the fixed parts for all categories of employees who receive variable remuneration.

All employees may be entitled to variable remuneration. Variable compensation to employees may in no case be set at a higher amount than the corresponding 24 month salary.

Variable remuneration shall be decided by the Board on a proposal from the Chairman of the Board. The variable remuneration is not calculated on the basis of any predetermined formula but is by its nature discretionary. The company is based on the possibility of variable remuneration on, among other things, the following criteria for the respective personnel category.

#### Investment Staff:

The company's result

The employee's contribution to the company's earnings ability

Seniority

Customer Care/Investor Satisfaction

Management tasks

Training programs

Compliance with internal / external rules / risk management policy/policy for integration of sustainability risks

Distribution

Customer Care / Investor Satisfaction

Strategic goals

structural issues

New unit owners

Compliance with internal / external rules

Non-investment staff:

Audit Results

Strategic goals

structural issues

Adaptation to new regulations

Compliance with internal / external rules, risk management policy/policy for integration of sustainability risks

Teamwork / motivation

Leadership

When the Company decides how much of the total remuneration to be variable, the Company shall always ensure that its total remuneration does not limit the Company's ability to maintain a sufficient capital base or, if necessary, strengthen the capital base. This means that the company, among other things, shall take into account:

- size and cost of the additional capital required to cover the risks affecting the profit for the period,
- the size of and the cost of the liquidity risk, and
- the possibility that expectations of future earnings can not be realized

For specially regulated staff, at least 60 percent of the variable compensation shall be postponed for three years before it is paid out or ownership of shares will pass on to the employee. For others, at least 40 percent of the variable compensation is postponed for five years before it is paid out.

Variable remuneration that is postponed is paid only or transferred to the employee to the extent that it is justified in view of the Company's financial situation and justified according to the Company and the employee's result. The deferred part of the remuneration may also fall completely for the same reasons.

An information about the fund company's remuneration is published in the Fund's annual report and on the fund company's website. Information on the remuneration policy can also be sent in writing free of charge on request. Follow-up of compliance with the remuneration policy is performed annually by the compliance function.

#### Statement of the remuneration 2020:

The total amount of remuneration for the fund company 2020 was SEK 6 644 618. The amount was divided into fixed remuneration of SEK 4 344 618 as well as variable remuneration of SEK 2 300 000. 23 employees have been paid fixed or variable remuneration during the year. Variable remuneration to employees in leading strategic positions was SEK 1 658 000. No variable remuneration was paid to risk takers. No other employee

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# Nordic Equities

has been paid remuneration that exceeds the total remuneration to anyone in a leading strategic position. Remuneration to employees has been calculated according to the company's results, the company's positions as well as the employee's contribution to the earnings capacity, seniority, customer care, compliance with internal rules etc.

## Sustainability

### **Transparency on the integration of sustainability risks, on the promotion of environmental or social characteristics, and on sustainable investments**

- The fund's objective is sustainable investments.
- The fund promotes, among other things, environmental or social aspects.
- Sustainability risks are taken into account in investment decisions, without the fund having environmental or social aspects or sustainable investments as objectives.
- Sustainability risks are not relevant (explanation below)

The fund company's comment:

*In the management of the fund, sustainability risks are integrated into investment decisions. The portfolio manager evaluates and analyses the investment objects and considers any risks associated with sustainability. The company bases the analysis on data collections from Sustainalytics' screenings, interviews and conversations with representatives of the investment objects as well as analysis of annual reports. Sustainability risks are analysed based on whether they have an actual or potentially significant negative impact on the value of the investment over time, if the risk would be realized. If the sustainability risk is considered to be significant and can have negative consequences for the return on the investment, the investment is waived. The company believes that the integration of sustainability risks will affect the return on the fund in a positive way. High sustainability risks are a risk in themselves for companies, but can also mean that companies experience incidents linked to the sustainability risk, which can negatively impact the return. The company therefore believes that investments in companies with lower sustainability risks are more attractive in a longer perspective.*

### **Sustainability-related characteristics that are promoted in the management of the fund, or included in the fund's objectives:**

- Environmental aspects (e.g. companies' impact on the environment and climate)
- Social aspects (e.g. human rights, labour rights and equal treatment)
- Corporate governance aspects (e.g. shareholders' rights, issues of remuneration to senior executives and anti-corruption).
- Other sustainability-related aspects.

The fund company's comment:

*The fund promotes environmental aspects in terms of reducing CO2 emissions and by promoting investments that contribute to renewable energy. Additional environmental aspects are also promoted in the fund. The fund also promotes social aspects such as equality and human rights. The fund also promotes good governance practices, including good corporate culture and management.*

*Through negative screening of investment objects, investment objects that fail to support the above aspects are excluded, and through positive screening, investment objects that promote the*

*properties can be selected. Meetings and direct dialogues with representatives of the investment objects provide an opportunity for further follow-up and analysis. The dialogues can also lead to advocacy in the form of questioning decisions that do not promote environmental or social aspects, or encouraging certain actions and products that promote environmental or social aspects.*

Reference values:

- The fund has the following index as reference value:
- No index has been selected as reference value.

The fund company's comment: N/A

### **Methods used to integrate sustainability risks, promote environmental or social aspects or to achieve a sustainability-related objective:**

#### **The fund selects**

The fund company's comment:

*Before the manager makes an investment decision, an internal and external analysis of the potential investment object is carried out. If the investment object is considered to live up to the criteria set by the company, the fund may invest in the investment object. Thereafter, regular meetings are held with representatives from the investment objects that contribute to the manager's overall picture of the investment object, which also influences the investment decisions.*

The criteria includes:

- The investment object has its own sustainability reporting
- The investment object contributes to one or more of the UN's 17 Sustainable Development Goals
- The investment object has undergone a screening and is compliant according to Sustainalytics' standards-based screening.

#### **The fund opts out**

The fund does not invest in companies that are involved in the following products and services. A maximum of five percent of the turnover in the investment object may refer to activities that are attributable to the specified product or service.

Products and services:

- Cluster bombs, anti-personnel mines

Company's comment:

- Chemical and biological weapons

Company's comment:

- Nuclear weapons

Company's comment:

- Weapons and / or war material

Company's comment:

- Alcohol

Company's comment: The fund is invested in one company that corresponds to less than 5% of the fund's assets, where alcohol accounts for about 12% of the product portfolio. This results in a share of the fund's AUM of approximately 0,5%.

- Tobacco

Company's comment:

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# Nordic Equities

- Commercial gaming

Company's comment:

- Pornography

Company's comment:

- Fossil fuels

Company's comment:

- Charcoal

Company's comment: Charcoal is excluded from the fund and included in the exclusion of fossil fuels.

- Uranium

Company's comment:

- Genetic modified organisms (GMO)

Company's comment:

- Others

Company's comment: The fund does not invest in cannabis.

## International standards

International standards refer to international conventions, laws and agreements such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises concerning issues of the environment, human rights, working conditions and business ethics.

- The fund does not invest in companies that violate international standards. The assessment is made either by the fund company itself or by a subcontractor.

Company's comment: N/A

- The fund does not invest in companies that do not take measures to remedy identified problems or in companies, that the fund assesses, will not remedy the problems during a period that the fund company deems reasonable in an individual case.

This alternative refers to funds that produce an action plan for the companies in question, which are excluded if the specified conditions are not met during the set period.

Company's comment:

The fund company uses Sustainalytics screening where regular Alerts inform if the company has taken measures. If the company has not become compliant, it is excluded in a way that is favourable to the unit holders.

## Countries

- For sustainability reasons, the fund does not invest in companies involved in certain countries / interest-bearing securities issued by certain states.

This alternative refers to funds that carry out a country-specific sustainability analysis that results in companies involved in certain countries being excluded or interest-bearing securities issued by certain states being excluded.

Company's comment: N / A

## Other

- Other

Company's comment: N/A

- The fund company influences**

The fund company uses its influence to guide companies in sustainability-related issues.

The fund company has contact with companies to influence them in a more sustainable direction.

- Company influence under own auspices

Company's comment:

*The fund company has regular contact with the portfolio companies where sustainability issues are discussed. Confrontation can be carried out if the company is stuck in screenings or if the fund company believes that a document or product should be questioned. Encouragement is also presented when the company promotes sustainability in order to strengthen the fund company's position on the issue.*

- Company influence in collaboration with other investors

Company's comment:

- Company influence through external suppliers/consultants

Company's comment:

*The fund company has a collaboration with Sustainalytics, which conducts ongoing corporate influence on companies that are stuck in their screening.*

- Votes at general meetings

Company's comment:

*With regard to the fund company's size, it is not possible to conduct voting.*

- Participates in nomination committees to influence the composition of the board

Company's comment:

- Other company influence

Company's comment: N/A

## Board of directors, executive officers and auditors

Fredrik Boström, lawyer, Chairman

Jonas Jakobson, Board member

Lennart Hager, lawyer, Board member

Lars-Olov Olsson, managing director, Board member

Lars Kinnunen, customer ombudsman

Rune Evertsson, REVAC redovisningsbyrå, risk control manager

Anders Tagde, KPMG, auditor

## Supervision

The fund and the fund company are under the supervision of Finansinspektionen (The Swedish Financial Supervisory Authority).

## Assignment agreements

The Management Company has entered into the following assignments:

- Skandinaviska Enskilda Banken (publ) AB as custodian of the fund.

- REVAC Redovisningsbyrå Ltd for accounting and financial reporting.

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- Harvest Law for compliance function.
- KPMG as internal auditor.

## **About the information brochure**

The information brochure has been prepared under the Act (2004:46) on investment funds and the regulations on investment funds (FFFS 2008:11).

## **Contact**

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