ANNEX TO SUB-FUND PARTICULAR 3

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

Product name: SKAGEN Kon-Tiki Lux

Legal entity identifier: 549300M1OTD2JQUZEZ51

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 lay down 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:** ___%	☐ 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
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments 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 environmental and/or social characteristic promoted by this Sub-Fund is the application of an ESG integration strategy.

The Investment Manager's ESG integration strategy consists of four pillars to execute the investment selection process and exercise of ownership rights. The first pillar of the strategy is negative screening and control of potential investments, the second is an enhanced due diligence of companies in high emitting industries*, the third is ESG integration through dedicated factsheets, whilst the fourth and final pillar is active ownership.

The Sub-Fund also promotes the consideration of certain principal adverse impact ("**PAI**") indicators at various levels throughout the ESG integration strategy based on the level of financial materiality for the investment case.

*High emitting industries: Energy equipment & services, oil, gas & consumable fuels, chemicals, construction materials, containers & packaging, metals & mining, paper & forest products, industrial conglomerates, machinery, environmental & facilities services, transportation, automobiles, food products, utilities, real estate segments focusing on data centres and industrial real estate.

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?

In achieving the attainment of the ESG integration strategy of the product, varying indicators are used for each pillar. Each pillar uses indicators that are measurable. For the first pillar, each investment case is screening against exclusion criteria to ensure alignment with minimum social and environmental safeguards. The second pillar applies to investment cases defined as being in high emitting industries, and assesses management of climate and transition risks. The third pillar incorporates material PAI considerations for each investment case, with a corresponding traffic light indicator denoting relative ESG risks of the investment at hand. The fourth pillar uses active ownership figures from the voting and engagement activitieswith investee companies.

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?

N/A as the Sub-Fund has no commitment to invest in 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?

N/A as the Sub-Fund has no commitment to invest in sustainable investments.

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

N/A

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

N/A

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?

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.

☒ Yes,

The Sub-Fund considers PAI as part of its integrated ESG strategy. Subject to data availability and level of materiality, the PAIs are tracked over time for respective holdings to identify positive and negative developments at security level. Financially material PAIs are also considered pre-investing where an individual assessment will be made in each case. The development in the investee companies can be used as a basis for voting and dialog activities.

Further information can be found in the Company's annual report.

☐ No

What investment strategy does this financial product follow?

The Investment Manager's ESG investment strategy is as follows:

The Investment Manager is required to communicate all potential investments to the ESG team of the Investment Manager for approval. The ESG team of the Investment Manager will conduct a screening process (negative screening) to control whether the potential investments aligns with the exclusion criteria of the Investment Manager's sustainable investment policy (entity level) which aligns with the broader Storebrand Asset Management Sustainable Investment Policy at group level. If the investment in a company is deemed to be in violation with the exclusion criteria (at entity-level and at group level), the Sub-Fund cannot invest in that company and the potential investment will be rejected in the screening phase. Moreover, the Sub-Fund's investments are subject to quarterly screening controls to ensure their continued alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and the Investment Manager's exclusion criteria.

Secondly, the Investment Manager's ESG team with support from the portfolio manager is required to articulate a dedicated ESG factsheet for the potential investment, identifying material ESG and PAI information and to present potential efforts on how to manage ESG and PAI associated risks – or undervalued opportunities – through active ownership or other investment related actions. Here, contextual and relevant ESG factors are tied to the investment thesis. The degree of ESG risk of each investment is assessed using a traffic light model, where short-term results and the extent of engagement increases in step change with the level of risk. To avoid conflicts of interest, it is the task of the ESG team to determine the traffic light assessment of a potential investment; to which the portfolio manager, in collaboration with the ESG team, must articulate a clear plan on environmental and social risk mitigation. The portfolio manager must also articulate financial considerations that have been made on the back of the ESG profile of the investment at hand. Investments with ESG risks that fail to be mitigated following escalation strategies, will be excluded as it will be deemed a thesis violation.

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?

All four pillars of the ESG strategy below are binding elements, and are applied throughout the investment process:

- *negative screening and control of potential investments (environmental, social and governance characteristics are collected, measured, and assessed);*
- *enhanced due diligence of climate risk of companies in high emitting industries;*
- *ESG integration through dedicated factsheets: The factsheets include an assessment of the double materiality of environmental and social characteristics that are of relevance at investment*

level. Double materiality considerations are continuously assessed. If salient sustainability risks (harm to investment) or principle adverse impacts (potential harm by investing) are not improving, the investment into an investee company will ultimately have to be divested should the investee company fail to mitigate them; and

- *active ownership with holdings: this is a lever that is deployed by the Sub-Fund to work for factor improvement over time. Quarterly checks and controls are conducted on the holdings in the Sub-Fund to monitor developments of events and general exposure, to ensure alignment with the investment policy.*

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

There is no fixed committed minimum rate to reduce to scope of investments considered prior to the application of the investment strategy. The committed minimum rate to reduce the scope of investments considered is therefore a product of the exclusion criteria in the Storebrand Asset Management Sustainable Investment Policy and the number of companies on that list as a result. These exclusion criteria are divided into conduct-based norm breaches and non-conduct-based-norm-breaches. More covert factors pertain to financial propositions that do not align with the investment philosophy of the product.

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

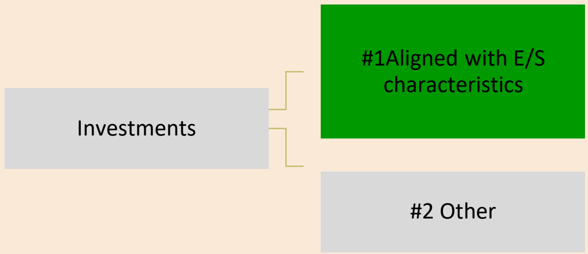
What is the policy to assess good governance practices of the investee companies?

The Investment Manager is a signatory to the UN PRI and commits to invest according to its principles. Reference to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are also explicitly stated in the Sustainable Investment Policy. Systemic breaches of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights that are not addressed by a potential investment will constitute a breach of good governance practice.

What is the asset allocation planned for this financial product?

In theory, all of the Sub-Fund's assets under management should be aligned with E/S characteristics as all companies that are selected and invested in by the Sub-Fund are subject to the ESG integration strategy. Residual capital in the Sub-Fund can however de-facto be categorized as 'other' due to cash position of the Sub-Fund. But, at a minimum, it should be expected that more than 95% of the capital allocation in the Sub-Fund will fall into the category "#1 Aligned with E/S characteristics". The minimum indication might fluctuate depending on the market and there is no absolute certainty regarding the indicated percentage. The product does not have a sustainable investment objective and a minimum proportion of ESG investments is therefore not applicable.

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

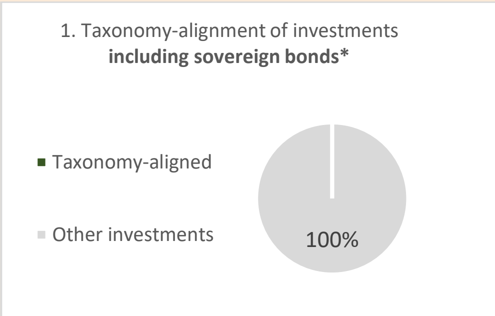
The Sub-Fund does not use derivatives to attain environmental or social characteristics.

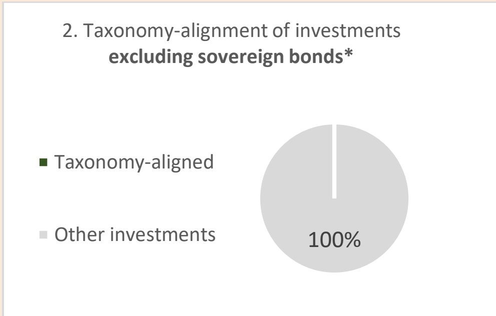
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure**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

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

The Sub-Fund does not have any intention to invest in Taxonomy-aligned investments (including transitional and enabling activities) but it is not excluded that this may be the case. Taxonomy alignment of this Sub-Fund's investments has therefore not been calculated and has as result been deemed to constitute 0% of the Sub-Fund's portfolio.

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.





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

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

0%

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.

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

N/A as the Sub-Fund has no commitment to invest in 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.

What is the minimum share of socially sustainable investments?

N/A as the Sub-Fund has no commitment to invest in sustainable investments.

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

Residual capital in the Sub-Fund can however de-facto be categorized as 'other' due to cash position of the Sub-Fund.

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?

The Sub-Fund is actively managed and uses a benchmark for performance comparison purposes. However, the fund does not specifically use a benchmark index to attain its environmental or social characteristics.

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?***

  N/A

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

  N/A

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

  N/A

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

  N/A

Where can I find more product specific information online?

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

More Sub-Fund-specific information can be found on the website:

https://www.skagenfunds.com/about-us/sustainable-investing/