

**Simplicity.**

ASSET MANAGEMENT

**ANNUAL REPORT 2023**

SIMPLICITY GLOBAL CORPORATE BOND



## The fund company Simplicity AB

**We manage securities funds according to an efficient and disciplined management model**

Simplicity is authorized by the Swedish Financial Supervisory Authority to manage funds and has been under its supervision since 2002. We manage over 24 billion Swedish kronor across six equity funds, five fixed-income funds, and one balanced fund. All our funds are characterized by active management, a strong awareness of risk, sustainability considerations, with a focus on long-term risk-adjusted returns. Our equity management is based on facts and measurable factors with a clear connection to companies' performances and prospects. We seek the leading quality companies based on profitability, value, risk, company development, and positive stock trends. Our latest addition among the equity funds, launched in 2022, Simplicity Green Impact, meets the highest sustainability standards and is classified as dark green, Article 9 according to the Disclosure Regulation. The fund invests solely in companies that contribute to and benefit from sustainable transition with a focus on the environment and climate. All other Simplicity funds promote environmental or social characteristics contributing

to sustainability, without sustainability being an explicit goal of the investments, and are therefore classified as light green, i.e., Article 8 according to the Disclosure Regulation. Simplicity's portfolio management service, established in the fall of 2023, offers discretionary and advisory management to foundations, institutions, companies, and wealthy individuals. Our experienced management team conducts active asset allocation within broad frameworks and the ability to use all asset classes and available financial instruments. Based on market conditions and risk analysis, repositioning is carried out according to a systematic investment process. Since the fall of 2023, Simplicity also offers a tailored comprehensive solution for foundations regarding management, administration, accounting, board administration, and application management. Our overall goal is to build long-lasting and transparent relationships with both customers and partners through good management results with lower risk, continuity in management, and a high degree of accessibility.

# Responsible investments

**At Simplicity, responsible investments and sustainability are integral parts of our management approach**

At Simplicity, our philosophy is to invest in sustainable and well-managed companies, which we believe is one of the most critical prerequisites for generating high-risk adjusted returns for our clients. One of the key factors in this regard is that companies conduct their operations in a responsible and sustainable manner. Simplicity's work on responsible investments and consideration of sustainability risks occurs in fund management, discretionary portfolio management, and investment advisory services. We are convinced that this approach leads to sustainable and long-term value creation.

Simplicity has identified several sectors where sustainability risks are deemed significant, leading us to completely exclude fund investments in these sectors. The excluded sectors include tobacco, cannabis, alcohol, pornography, commercial gambling services, weapons, fossil fuels, and GICS sector 10. In addition to the mentioned sectors, our funds also have specific requirements regarding energy production based on fossil fuels and nuclear power. Furthermore, norm-based exclusions are made for companies subject to current EU or UN sanctions. Individual funds may have stricter requirements. Thresholds are applied to determine if a company is associated with any of the aforementioned sectors or activities.

Fund management integrates sustainability risks by including assets that positively contribute to a more sustainable society, whether through their business activities or specific characteristics related to sustainability. Our funds work towards promoting the goals of the Paris Agreement, aiming for all fund holdings to have climate targets verified by the Science Based Targets Initiative (SBTi) by 2040. Additionally, we aim for all investments through our funds to be aligned with

the UN Global Compact by 2040. Green, social, sustainable, and sustainability-linked bonds have specific conditions attached to them, ensuring that the capital raised through bond issuance is used for projects deemed to have positive impacts in these areas. At least five percent of the capital in our fixed-income funds should consist of one or more types of such bonds.

Investments in companies that do not operate responsibly pose sustainability risks. Therefore, Simplicity uses norm-based screening to identify any violations of international norms, such as the UN Global Compact, OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights (UNGPs), but also to identify other types of environmental, social, and governance-related incidents. All funds are screened regularly.

If it is found that a company in which Simplicity's funds have invested has been involved in an incident or violation, actions must be taken by Simplicity. These actions may include initiating an engagement dialogue to understand the company's perspective on what happened and what actions have been taken or will be taken to address the issue. The dialogue and other information gathered by Simplicity will then form the basis for the actions to be taken by Simplicity, which may include divesting the holding if the actions taken are deemed insufficient.

Simplicity's funds should not invest in companies that systematically violate international norms and conventions without demonstrated willingness to change. Engagement dialogues may also be used here to influence and encourage companies to act more sustainably.

## Become a customer at Simplicity

**It's easy to become a shareholder in Simplicity's funds**

Investing in our funds is very simple. If you choose to open a fund account or *Investringssparkonto* (ISK) directly with us at Simplicity, you'll have access to the personalized service that only an independent fund company can provide. In addition to a more personalized contact regarding your investments, we also offer personalized login access directly on [simplicity.se](https://simplicity.se). Through this personalized login, you can track the performance of your own, your family's, or your company's fund holdings with us. At the end of each month, you'll receive our monthly reporting on the most significant market events of the past month, along with more specific comments on the performance of our funds.

If you value the convenience of consolidating investments, accounts, and loans in one place, you'll also find

our funds available at most Swedish banks and investment platforms. For a complete list of banks and platforms offering our funds, please visit our website – see below. Several of our funds are also available through the pension system. If you're interested in purchasing or switching to our funds in the pension system, this can be done through the Swedish Pensions Agency, which also handles all information dissemination and administers the buying and selling of shares. The Swedish Pensions Agency can be reached most easily through their website ([www.pensionsmyndigheten.se](https://www.pensionsmyndigheten.se)) or by phone at 0771-776 776.

More information about Simplicity and our funds can be found at [www.simplicity.se](https://www.simplicity.se).



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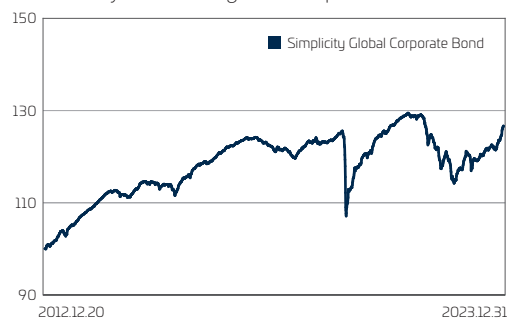
# SIMPLICITY GLOBAL CORPORATE BOND

Fund start date	2012.12.20
Benchmark index	50 % Bloomberg Barclays Global High Yield Total Return Index Hedged SEK and 50 % S&P Sweden Investment Grade Corporate Bond Index Total Return
NAV (Net Asset Value) / Trading	Daily
Subscription fee	0 %
Redemption fee	0 %
Management fee class A	Maximum 1.0% (of which 0.9% is compensation to the fund company)
Management fee class B	Maximum 1.0% (of which 0.9% is compensation to the fund company)
Management fee class C	Maximum 0.55% (of which 0.45% is compensation to the fund company)
Minimum initial deposit	100 kr
Monthly savings plan	100 kr
One-time deposits	100 kr
Bankgiro (a type of bank payment system in Sweden)	128-1757
Custodian institution	Skandinaviska Enskilda Banken AB
PPM Fund number	934711

# Management report **Simplicity Global Corporate Bond**

## DEVELOPMENT OF THE FUND DURING THE YEAR

Simplicity Global Corporate Bond generated a return of 8.20% after management fees in 2023. The fund's benchmark, consisting of 50% Bloomberg Barclays Global High Yield Total Return Index Hedged SEK and 50% S&P Sweden Investment Grade Corporate Bond Index Total Return, increased by 8.86% during the same period.



The fund's positive return is attributed to high yields and decreasing credit spreads in the international and Nordic corporate bond markets. Since its inception in December 2012, the fund has risen by 26.89%, with an effective average annual return of 2.18%.

The fund's duration has ranged from approximately 2.1 to 2.5 years, while the credit duration has been slightly longer, ranging between 2.6 and 3.1 years. Both the duration and credit duration have been adjusted to create a balanced risk in the portfolio.

The average interest rate, which was around 9.2% at the beginning of the year before management fees, decreased slightly and was around 8.8% at year-end. The lower yield is primarily explained by lower credit spreads.

The fund has had a volatile but strong performance during the year. Its performance has been positively influenced by high yields and strong performance in several high yield bonds, as well as some subordinated bank bonds, while some individual real estate bonds and some long-dated bonds have had a negative impact.

Volatility has been high in the fund in line with the general market trend. The liquidity situation has varied, and at times during the year, it has been somewhat weaker than historically observed.

## FIXED INCOME MARKET

The development of the financial markets in 2023 has been largely influenced by global economic growth, inflation, and central bank actions. Throughout the year, signs of an economic slowdown have become increasingly evident. However, economic growth has proven to be more resilient than many analysts had anticipated, except for a few sectors such as the construction and real estate sectors, as well as the consumer goods sector, the rest of the economy has shown relatively strong strength.

Inflation has been high for much of the year, but the rate of increase has gradually declined, which can be explained by base effects from factors such as energy prices, but also to some extent by the economic slowdown. Most central

banks have continued to raise their policy rates to address the situation, but as inflation has moderated, the majority have now chosen to leave their rates unchanged. Market expectations regarding the continued actions of central banks have significantly influenced overall sentiment. During the spring and summer, both short and long-term market interest rates rose sharply as the market priced in increasingly higher policy rates. In the autumn, interest rates turned downward due to lower inflation figures and signals from various central banks indicating a less restrictive monetary policy. Long-term bond yields have remained lower than short-term yields throughout the year, which historically has been a good indicator of an upcoming recession.

The international banking system came under pressure in March when the American niche bank, Silicon Valley Bank, collapsed. The bank, which primarily served larger clients in the tech sector, had invested a significant portion of its liquidity in long-term US government bonds, which declined sharply in value as interest rates rose. When a large proportion of the bank's clients sought to withdraw their deposited funds, the bank was forced to sell off large portions of its bond portfolio, resulting in significant losses. When the bank communicated this, it led to further outflows of funds, and eventually, the situation became unsustainable, and the bank was taken over by US authorities. The situation spread to the rest of the banking system, and even Signature Bank was forced to close its operations in March. However, the real test for the banking system occurred when the Swiss major bank, Credit Suisse, came under pressure. The bank had been struggling with significant problems for some time, but in the aftermath of events in the US, Credit Suisse also experienced large outflows, ultimately leading Swiss authorities to engineer a solution where the bank was taken over by its local competitor, UBS. The remarkable aspect of the deal was that shareholders in Credit Suisse received some compensation for their shares, while holders of so-called AT1 bonds saw the value of their securities written down to zero, contrary to the practice regarding priority ranking in insolvency situations. This measure, initiated by the Swiss Financial Market Supervisory Authority, caused prices of bank bonds to plummet. However, after EU supervisory authorities announced that a similar setup would not be applicable within the EU, the market recovered.

The corporate bond market performed well at the beginning of the year. However, volatility increased as uncertainty about central banks' future actions and the condition of the banking system grew. Nevertheless, the situation calmed down quite quickly, and the market had a relatively strong performance during the spring and summer. Volatility increased again in the market during the autumn due to concerns about rising inflation and high-interest rates. Towards the end of October, optimism returned to the market, and the year ended with both declining interest rates and higher prices for corporate bonds. The average interest rate, or yield, has been at very high levels due to a higher general interest rate environment and higher credit spreads. This has contributed to the good overall returns in both the Nordic and international credit markets.

The Swedish real estate industry has remained in focus during the year, and skepticism from international investors, particularly towards the industry, has been significant. A few smaller companies have encountered serious problems, but the vast majority of companies have been able to handle the situation by selling assets or conducting new share issues. Many companies have also chosen to refinance their debt maturities in the banking system instead of the bond market, as they consider the pricing in the latter to be too high. The weaker economic conditions have been noticed among several companies in other sectors that have been forced to take various measures to manage high indebtedness and weaker profitability. Among the companies forced into various forms of refinancing processes are the airline SAS and the media company Viaplay. In most cases, these types of situations have been resolved through a combination of extended maturities and better terms for bondholders.

Primary market activity was strong in Europe and the USA, while it was relatively low in the Nordic region. This is explained by many companies in the real estate sector choosing to refinance in the banking system instead of the bond market, as they believe the pricing in the latter has been too high. Liquidity in the market has varied but has generally been at an acceptable level.

#### **RISK MANAGEMENT AND KEY RATIOS**

The fund has had a standard deviation of 5.67% over the past two years, indicating an upward trend. This is explained by volatile developments in 2022 and March 2023. The standard deviation for the last twelve months is 3.92%. Our assessment is that it is reasonable to assume that the standard deviation will be lower over a longer period of time. Company-specific risk is managed by diversifying the portfolio with holdings in several bonds with a relatively short average maturity. The fund's duration was 2.14 years at the end of the year. The average maturity in the portfolio was 2.62 years at the same time. The distribution between companies with an official rating and those without an official rating was approximately 85% and 9%, respectively. Cash and cash equivalents accounted for approximately six percent of the fund's value.

The fund's level of activity is described by the key figure of active risk, a measure of how much the difference in performance between the fund and its benchmark index varies over time. The fund's benchmark index consists of 50% Bloomberg Barclays Global High Yield Total Return

Index Hedged SEK and 50% S&P Sweden Investment Grade Corporate Bond Index Total Return, which is considered relevant as it provides a good representation of the fund's long-term investment focus, including asset allocation, maturity, and currency. The fund's active risk has been 3.10% over the past two years. The level of activity is high as the fund is actively managed and often deviates significantly from its benchmark index in terms of sector allocation, geographical allocation, and weight in specific bonds.

#### **HOLDINGS AND POSITIONS**

Since the fund's inception, the management strategy has been to invest in high-yield bonds issued by companies with good credit ratings. This type of investment has also constituted a large portion of the portfolio. Regarding geographic exposure, the investment-grade portion of the portfolio has primarily focused on the Nordic region, Europe, and the USA. In addition to the aforementioned markets, the fund has also had some exposure to various emerging markets such as Asia, Latin America, and Africa. However, these holdings have constituted a smaller part of the portfolio. In terms of sector exposure, the fund has had the highest exposure to companies in the financial sector, followed by companies in the telecommunications, consumer goods, and industrial sectors.

#### **DEVELOPMENT OF FUND WEALTH**

The fund experienced a net outflow of approximately 20 MSEK during the year, and the assets under management amounted to 1 861 MSEK as of December 31, 2023.

#### **DERIVATIVES**

To streamline management and protect the fund's assets against price and currency risks, the fund is allowed to engage in trading options and futures contracts. The fund has utilized this opportunity by hedging its holdings in foreign currency, and as of year-end, the fund was entirely currency-hedged to Swedish krona. Additionally, the fund has used interest rate derivatives to mitigate interest rate risk in the portfolio.

#### **SIGNIFICANT EVENTS**

No significant events were recorded.

## Follow-up of sustainability work

The fund is an Article 8 fund according to the SFDR regulations and promotes environmental or social characteristics but does not have sustainable investments as its objective. At least 20% of the fund should consist of sustainable investments. At year-end, this type of investment represented [22%] of the fund's assets.

A comprehensive description of the fund's sustainability efforts is provided below in the "Template for regular disclosures for financial products referred to in Article 8 points 1, 2, and 2a of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852".

### ***Information on the EU taxonomy for environmentally sustainable activities***

The fund made investments that are aligned with the EU taxonomy.

More information is available below under "Template for regular disclosures for financial products referred to in Article 8 points 1, 2, and 2a of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852".

### ***Methods used to integrate sustainability risks, promote environmental or social characteristics, or achieve a sustainability-related goal.***

#### **The Fund includes**

The fund's investments have to some extent been made in securities issued by companies deemed to have environmentally sustainable activities in line with the EU taxonomy and

in companies assessed to contribute to achieving the UN's climate- and environmentally related goals. At the year-end, sustainable investments constituted [22%] of the fund's assets.

More information is available below under the "Template for regular disclosures for financial products referred to in Article 8 points 1, 2, and 2a of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852."

#### **The Fund excludes**

Through the fund company's exclusion policy, companies in certain industries and sectors are excluded. The exclusion process has been conducted in accordance with the pre-purchase information regarding the fund company's sustainability efforts.

#### **The fund company has affected**

The fund's holdings have been screened in MSCI's databases for incidents related to environmental issues, social factors, and corporate governance. Engagement has been conducted in accordance with the pre-purchase information regarding the fund company's sustainability efforts.

#### **General comments on sustainability work**

More information on sustainability-related criteria is available in the fund's information brochure and on its website.

## Performance

	2023.12.31	2022.12.31	2021.12.31	2020.12.31	2019.12.31	2018.12.31	2017.12.31	2016.12.31	2015.12.31	2014.12.31
Net assets, SEK thousands	1,860,910	1,743,564	1,895,381	1,985,152	3,705,374	3,253,287	4,047,814	1,461,489	511,509	226,627
Share class A	1,813,768	1,701,966	1,870,882	1,965,674	3,593,684	3,177,552	4,000,463	1,456,319		
Share class B	38,535	38,265	24,173	18,717	95,226	62,766	47,351	5,170		
Share class C	8,607	3,333	326	761	16,464	12,969				
NAV, SEK class A	126.89	117.31	129.26	124.55	124.52	119.82	124.10	119.21	114.09	111.38
NAV, SEK class B	93.05	90.20	104.14	104.56	109.02	109.44	118.26	119.21		
NAV, SEK class C	105.00	96.66	106.04	101.64	101.17	96.96				
Trading NAV*, SEK class A	126.88	117.27	129.26	124.55	124.53	119.83	124.11	119.21	114.12	111.37
Trading NAV*, SEK class B	93.04	90.17	104.14	104.57	109.02	109.45	118.27	119.21		
Trading NAV*, SEK class C	104.99	96.63	106.04	101.65	101.17	96.96				
Number of outstanding units										
Share class A	14,294,160	14,508,285	14,473,740	15,807,005	28,969,241	26,584,182	32,255,127	12,216,078	4,483,222	2,034,751
Share class B	414,149	424,225	232,115	150,514	767,630	525,115	381,786	43,371		
Share class C	81,972	34,485	3,078	6,119	132,719	108,505				
Dividend per share, Share Class B	4.20	4.47	4.34	4.07	4.66	4.85	5.77			
Annual return, %										
Share class A	8.19%	-9.28%	3.78%	0.02%	3.92%	-3.45%	4.10%	4.46%	2.47%	2.84%
Share class B	8.14%	-9.28%	3.78%	0.02%	3.92%	-3.45%	4.10%	4.84%		
Share class C	8.65%	-8.87%	4.33%	0.46%	4.34%	-3.04%				
Annual return benchmark, %	8.86%	-9.16%	1.05%	3.02%	-0.54%	-0.81%	-0.77%	-0.65%	-0.27%	0.47%
Active risk**	3.1%	2.2%	3.0%	3.2%						

\*NAV for the last trading day of the period

\*\*As the fund did not have a benchmark index prior to 2020-01-01, Active Risk is not presented for the period before that date. The portfolio's Active Risk is high due to active management and significant deviations between the fund's portfolio and its benchmark index, both in terms of sectors and specific bonds. The ways in which the portfolio deviates from its benchmark index will also vary over time.

## Key ratios

	2023.12.31
Average net assets, SEK thousands	1,781,755
Total return since inception	26.9%
Average annual return last 2 years	-0.9%
Average annual return last 5 years	1.2%
Turnover ratio	0.4
<b>Benchmark</b>	50 % Bloomberg Barclays Global High Yield Total Return Hedged SEK and 50 % S&P Sweden Investment Grade Corporate Bond Index Total Return
Benchmarks return since the fund's inception	29.1%
Average annual return last 2 years benchmark	-0.6%
Average annual return last 5 years benchmark	1.8%
<b>RISK*</b>	
Correlation	0.87
Standard deviation	5.67%
Standard deviation benchmark	6.36%
Duration	2.13
Spread exposure	13.20

\*The key ratios are calculated using the last 24 months data, in accordance with the Swedish Investment Fund Associations guidelines.



## Change in net assets

	<b>2023.12.31</b>
Net assets in the beginning of the year, SEK thousands	1,743,564
Unit issue, SEK thousands	533,825
Unit redemption, SEK thousands	-553,836
<b>Net result according to income statement, SEK thousands</b>	<b>139,231</b>
Dividend SEK per unit	-1,874
<b>Net assets, SEK thousands</b>	<b>1,860,910</b>

## Income statement

	Not	<b>2023</b>
<b>INCOME AND VALUE CHANGES</b>		tkr
Change in value of transferable securities and money market instruments	1	141,755
Change in value of other derivative instruments	1	-5,229
Change in value of OTC derivatives	1	32,510
<b>Total value changes</b>		<b>169,036</b>
Interest income		3,967
Net gains and losses on currency exchange		-16,768
Other financial income		15
<b>Total income and value changes</b>		<b>156,250</b>
<b>EXPENSES</b>		
<b>Management expenses</b>		
Compensation to the company operating the fund management		-16,007
Compensation to the custodian institution		-305
Compensation to regulatory authorities		-25
Compensation to auditors		-76
<b>Total management expenses</b>		<b>-16,413</b>
Interest expenses		-431
Other expenses		-175
<b>Total expenses</b>		<b>-17,019</b>
<b>Annual result</b>		<b>139,231</b>

## Balance sheet

	Not	2023.12.31
<b>ASSETS</b>		tkr
Transferable securities		1,470,438
Money market instruments		261,026
OTC derivative instruments with positive market value		13,989
Other derivative instruments with positive market value		0
<b>Total financial instruments with positive market value</b>		<b>1,745,453</b>
<b>Total investments with positive market value</b>		<b>1,745,453</b>
Cash and cash equivalents		117,009
Prepaid expenses and accrued revenues	2	1,079
Other assets		62
<b>Total assets</b>		<b>1,863,603</b>
<b>LIABILITIES</b>		
OTC derivative instruments with negative market value		0
Other derivative instruments with negative market value		900
<b>Total financial instruments with negative market value</b>		<b>900</b>
Accrued expenses and prepaid revenues	3	1,398
Other liabilities		395
<b>Total liabilities</b>		<b>2,693</b>
<b>FUND ASSETS</b>		<b>1,860,910</b>

### Note 1 Value Changes

#### Value changes on transferable securities and money market instruments

Realized gains		165,815
Realized losses		-39,790
Unrealized gains/losses		15,730
<b>Total</b>		<b>141,755</b>

#### Value changes on other derivative instruments

Realized gains		814
Realized losses		-1,776
Unrealized gains/losses		-4,267
<b>Total</b>		<b>-5,229</b>

#### Value changes on OTC derivatives

Unrealized gains/losses		32,510
<b>Total</b>		<b>32,510</b>
<b>Total value changes</b>		<b>169,036</b>

### Note 2 Prepaid expenses and accrued revenues

Accrued interest		1,079
<b>Total</b>		<b>1,079</b>

### Note 3 Accrued expenses and prepaid revenues

Accrued management fees		1,395
Accrued expense interest		3
<b>Total</b>		<b>1,398</b>

### Accounting and valuation principles

This annual report has been prepared in accordance with the Swedish Investment Funds Act (2004:46), the Swedish Financial Supervisory Authority's regulations FFFS 2013:9 and the Swedish Investment Fund Associations guidelines.

### Financial instruments

Realized earnings consist of the difference between the sales value and the original acquisition value. When calculating realized earnings, the average method has been used. Transaction costs are included in the acquisition value and are deducted from the sales value. Financial instruments have been valued at market value corresponding to the current closing price on the closing date.

## Holdings as of 2023.12.31

FINANCIAL INSTRUMENTS			
	Quantity	Market value (tSEK)	% of net asset
<b>Transferable securities admitted to trading on a regulated market</b>			
<b>CORPORATE BONDS</b>			
4finance 261026 (LU) <sup>1</sup>	1,600,000	16,920	0.9%
4finance 280523 (LU) <sup>1</sup>	666,000	7,350	0.4%
ALD 270705 (NL)	1,500,000	17,421	0.9%
Arion 250714 (IS) <sup>3</sup>	500,000	5,227	0.3%
AT securities 280721 (NL)	2,000,000	9,860	0.5%
B2 holding 260922 (NO)	1,500,000	17,069	0.9%
Balder 260123 (SE) <sup>10</sup>	1,700,000	17,633	0.9%
Balder 280128 (SE) <sup>10</sup>	1,600,000	14,759	0.8%
Bayport 251120 (MU) <sup>6</sup>	1,000,000	6,730	0.4%
Bayport SNR 250520 (MU) <sup>6</sup>	1,400,000	10,763	0.6%
BBVA 250604 (ES) <sup>4</sup>	900,000	9,699	0.5%
BBVA 260115 (ES) <sup>4</sup>	1,200,000	13,447	0.7%
Bewi 260903 (NO)	1,200,000	12,598	0.7%
BNP 260123 (FR) <sup>7</sup>	1,000,000	11,040	0.6%
BNP 270112 (FR) <sup>7</sup>	1,600,000	14,470	0.8%
Britel 261123 (GB)	1,500,000	14,313	0.8%
Castellum 261204 (SE) <sup>9</sup>	10,000,000	10,094	0.5%
Citi 260706 (US)	1,500,000	16,183	0.9%
Credit agri 240923 (FR)	1,000,000	10,240	0.6%
DDM 260419 (CH)	1,900,000	15,310	0.8%
Deutsche PB 280428 (DE)	1,600,000	11,800	0.6%
DNB disco 250101 (NO)	400,000	4,107	0.2%
EDF 261215 (FR) <sup>13</sup>	1,000,000	10,603	0.6%
EDP 280123 (PT)	1,000,000	12,038	0.6%
Fertib 251222 (ES)	1,850,000	20,885	1.1%
Force bidco 260705 (DK)	1,000,000	10,115	0.5%
Foxway 280712 (SE)	500,000	5,772	0.3%
GM 251001 (US) <sup>15</sup>	1,000,000	10,359	0.6%
GM 271001 (US) <sup>15</sup>	1,500,000	16,289	0.9%
Goldman sachs 250327 (US) <sup>16</sup>	100,000	1,141	0.1%
Heimstaden 260309 (SE) <sup>12</sup>	1,000,000	5,485	0.3%
Heimstaden 270306 (SE) <sup>12</sup>	2,000,000	9,839	0.5%
Iberdrola 280425 (ES)	600,000	6,895	0.4%
ISS 250707 (DK)	1,500,000	16,182	0.9%
Japfa comfeed 260323 (ID)	300,000	2,691	0.1%
Kruk 280510 (PL)	1,000,000	11,876	0.6%
Kvika 260511 (IS)	10,000,000	10,162	0.5%
Luminor 270806 (EE)	1,200,000	14,698	0.8%
Media & games 260621 (SE) <sup>21</sup>	400,000	4,301	0.2%
Media & games 270324 (SE) <sup>21</sup>	1,800,000	19,272	1.0%
Metso outotec 271207 (FI)	500,000	5,865	0.3%
Momax 250710 (DE)	700,000	8,131	0.4%
MTR 300819 (HK)	250,000	2,121	0.1%
Nykredit real 241001 (DK)	20,000,000	20,098	1.1%
Oriflame FIX 260504 (CH) <sup>24</sup>	1,300,000	3,965	0.2%
Raiffeisen 250615 (AT)	1,600,000	13,372	0.7%
Romanov SEK 261022 (GB)	12,022,315	12,388	0.7%
SEB 280817 (SE) <sup>26</sup>	700,000	8,261	0.4%
Securitas 270404 (IE)	2,100,000	24,600	1.3%
SGL 280302 (DK)	1,846,000	20,915	1.1%
Sirius INT. 270922 (BM) <sup>25</sup>	22,000,000	17,068	0.9%
SKF 280914 (SE)	400,000	4,501	0.2%
Socgen 281214 (FR) <sup>27</sup>	1,700,000	18,555	1.0%
Socgen 290118 (FR) <sup>27</sup>	1,600,000	19,057	1.0%
Swiss re 250815 (NL)	1,500,000	15,242	0.8%
TDC 280531 (DK)	700,000	8,336	0.4%
Tele italia 250415 (IT) <sup>30</sup>	1,750,000	19,423	1.0%
Telefonica 241214 (ES)	2,200,000	25,235	1.4%
Totalp 280920 (MX)	500,000	2,207	0.1%
TVO 270331 (FI)	1,300,000	14,248	0.8%
Volvo treasur 271124 (SE)	15,000,000	15,565	0.8%
Vostok new 250131 (SE)	6,250,000	5,987	0.3%
Vw finans 250617 (DE) <sup>31</sup>	1,500,000	16,611	0.9%
Vw finans 271228 (NL) <sup>31</sup>	1,500,000	15,707	0.8%
Vw finans 280906 (NL) <sup>31</sup>	700,000	8,664	0.5%
<b>Total Corporate bonds</b>		<b>781,760</b>	<b>42.0%</b>
<b>Total Transferable securities admitted to trading on a regulated market</b>		<b>781,760</b>	<b>42.0%</b>
<b>OTHER FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET OR EQUIVALENT MARKET OUTSIDE OF EES</b>			
<b>MONEY MARKET INSTRUMENTS</b>			
BNP 240325 (FR) <sup>7</sup>	2,500,000	25,551	1.4%
EDF 240410 (FR) <sup>13</sup>	1,500,000	16,767	0.9%
FNGBB 240725 (SE)	9,000,000	7,005	0.4%
Klövern 240416 (SE)	20,000,000	20,307	1.1%
Leaseplan 240529 (NL)	1,500,000	16,919	0.9%
SHB 240301 (SE) <sup>28</sup>	600,000	6,351	0.3%
<b>Total Money market instruments</b>		<b>92,899</b>	<b>5.0%</b>
<b>DERIVATIVES</b>			
EUREX BOBL MARS 2024	-40	-900	0.0%
<b>Total Derivatives</b>		<b>-900</b>	<b>0.0%</b>
<b>Total Other financial instruments admitted to trading on a regulated market or equivalent market outside of EES</b>		<b>91,999</b>	<b>4.9%</b>
<b>TRANSFERABLE SECURITIES SUBJECT TO REGULAR TRADE ON ANOTHER MARKET THAT IS REGULATED AND OPEN FOR THE PUBLIC</b>			
<b>CORPORATE BONDS</b>			
ABN 250922 (NL)	1,000,000	10,793	0.6%
Allianz 260430 (DE)	1,000,000	9,165	0.5%
Antolin 260430 (ES)	1,000,000	9,981	0.5%
Apple 271113 (US) <sup>2</sup>	1,000,000	9,706	0.5%
Apple 280805 (US) <sup>2</sup>	2,000,000	17,961	1.0%
Arion 250226 (IS) <sup>3</sup>	1,100,000	10,820	0.6%
AT & T 280215 (US)	1,500,000	15,010	0.8%
Balder 260302 (SE) <sup>10</sup>	1,100,000	9,491	0.5%
Bank Of America 270423 (US)	1,500,000	14,651	0.8%
Bankinter 280815 (ES)	200,000	2,285	0.1%
Barclays 240915 (GB) <sup>5</sup>	1,800,000	22,449	1.2%
Barclays 251215 (GB) <sup>5</sup>	1,500,000	14,461	0.8%
BBVA 250305 (ES) <sup>4</sup>	1,200,000	11,877	0.6%
BBVA 290319 (ES) <sup>4</sup>	2,000,000	21,554	1.2%
Canpack 271101 (PL)	1,250,000	12,826	0.7%
Castellum 261202 (SE) <sup>9</sup>	3,000,000	26,238	1.4%
Danaos 280301 (GR)	1,200,000	12,593	0.7%
Danske Bank 250626 (DK)	1,600,000	15,918	0.9%
Dell 260615 (US)	1,500,000	15,506	0.8%
Ford 251125 (US) <sup>11</sup>	1,800,000	19,525	1.0%
Ford 260306 (US) <sup>11</sup>	1,000,000	10,533	0.6%
Garfunkel 251101 (LU)	1,000,000	9,029	0.5%

Goldman sachs 270126 (US) <sup>16</sup>	1,000,000	9,965	0.5%
Heims bostad 241119 (SE)	900,000	5,515	0.3%
HSBC 240917 (GB) <sup>17</sup>	1,000,000	10,169	0.5%
HSBC 250330 (GB) <sup>17</sup>	500,000	5,065	0.3%
ING 270516 (NL) <sup>18</sup>	1,000,000	8,213	0.4%
Intrum 250815 (SE) <sup>19</sup>	700,000	7,366	0.4%
Intrum 260715 (SE) <sup>19</sup>	500,000	4,827	0.3%
Intrum 270915 (SE) <sup>19</sup>	500,000	4,288	0.2%
Intrum 280315 (SE) <sup>19</sup>	1,900,000	19,937	1.1%
JPM 271022 (US)	2,000,000	20,952	1.1%
Kimber mex 250312 (MX)	100,000	991	0.1%
Kraft heinz 270515 (US)	1,000,000	9,927	0.5%
Mandatum 241004 (FI)	2,000,000	21,868	1.2%
Maxeda 261001 (NL)	1,000,000	8,597	0.5%
Microsoft 260808 (US) <sup>22</sup>	2,000,000	19,424	1.0%
Microsoft 270206 (US) <sup>22</sup>	2,000,000	19,890	1.1%
Morgan stanley 280722 (US)	1,500,000	14,659	0.8%
Netflix 290515 (US)	2,000,000	23,970	1.3%
Nordea 250312 (FI) <sup>23</sup>	1,047,000	11,637	0.6%
Nordea 260326 (FI) <sup>23</sup>	1,500,000	15,145	0.8%
Oriflame 260504 (CH) <sup>24</sup>	300,000	1,036	0.1%
Rabo 251229 (NL) <sup>9</sup>	1,600,000	17,220	0.9%
Rabo 290629 (NL) <sup>9</sup>	400,000	4,033	0.2%
Santan 250319 (ES)	1,600,000	16,562	0.9%
Schletter 250912 (NL)	650,000	7,558	0.4%
SEB 250513 (SE) <sup>26</sup>	2,400,000	23,419	1.3%
SHB 290816 (SE) <sup>28</sup>	800,000	9,525	0.5%
Simpair europe 310126 (BR)	1,000,000	8,998	0.5%
Sirius INT. 261101 (BM) <sup>25</sup>	2,100,000	19,926	1.1%
Stanch 270130 (GB)	1,000,000	9,822	0.5%
Swedbank 240917 (SE) <sup>29</sup>	1,000,000	10,060	0.5%
Swedbank 290317 (SE) <sup>29</sup>	1,000,000	8,003	0.4%
Tele italia 280215 (IT) <sup>30</sup>	500,000	6,077	0.3%
Telia 270921 (SE)	1,500,000	16,755	0.9%
T-mobile FIX 250415 (US)	500,000	4,968	0.3%
Very 260801 (GB)	1,000,000	11,509	0.6%
<b>Total Corporate bonds</b>	<b>720,248</b>	<b>38.7%</b>	

**Total Transferable securities subject to regular trade on another market that is regulated and open for the public** **720,248** **38.7%**

#### OTHER FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET OR EQUIVALENT MARKET OUTSIDE OF EES

##### MONEY MARKET INSTRUMENTS

ING 240416 (NL) <sup>18</sup>	1,000,000	10,180	0.5%
Liberty 240523 (US) <sup>20</sup>	2,000,000	22,218	1.2%
Limaco 280201 (IT)	400,000	4,600	0.2%
<b>Total Money market instruments</b>	<b>36,998</b>	<b>2.0%</b>	

**Total Other financial instruments admitted to trading on a regulated market or equivalent market outside of EES** **36,998** **2.0%**

#### TRANSFERABLE SECURITIES WHICH WILL BE ADMITTED TO OFFICIAL LISTING WITHIN A YEAR

##### CORPORATE BONDS

Creditas 261103 (CI)	2,000,000	20,829	1.1%
<b>Total Corporate bonds</b>	<b>20,829</b>	<b>1.1%</b>	
<b>Total Transferable securities which will be admitted to official listing within a year</b>	<b>20,829</b>	<b>1.1%</b>	

##### OTHER FINANCIAL INSTRUMENTS

#### UNLISTED TRANSFERABLE SECURITIES

Liberty 260201 (US) <sup>20</sup>	1,250,000	8,554	0.5%
Niam vi 250305 (LU)	694,902	7,462	0.4%
Norton 144a 270930 (US) <sup>34</sup>	1,000,000	10,434	0.6%
Norton 250415 (US) <sup>34</sup>	1,000,000	10,126	0.5%
Norton 270930 (US) <sup>34</sup>	100,000	1,046	0.1%
Oppenheimer 251001 (US)	900,000	8,920	0.5%
QVC INC 280901 (US)	800,000	5,947	0.3%
Seagate 290601 (US)	1,096,000	10,254	0.6%
UPM 271126 (FI)	1,500,000	15,984	0.9%

**Total Other financial instruments unlisted transferable securities** **78,729** **4.2%**

#### OTC- DERIVATIVES

EUR/SEK 240129 (SE)	-81,039,801	3,093	0.2%
USD/SEK 240129 (SE)	-66,600,000	10,612	0.6%
GBP/SEK 240129 (SE)	-2,350,000	284	0.0%
<b>Total OTC-derivatives</b>	<b>13,989</b>	<b>0.8%</b>	

**Total Other financial instruments** **92,718** **5.0%**

**TOTAL FINANCIAL INSTRUMENTS** **1,744,553** **93.7%**

**OTHER ASSETS AND LIABILITIES, NET** **116,357** **6.3%**

**TOTAL NET ASSET** **1,860,910** **100.0%**

(AT) Austria, (BM) Bermuda, (BR) Brazil, (CH) Switzerland, (CI) Cayman Islands, (DE) Germany, (DK) Denmark, (EE) Estonia, (ES) Spain, (FI) Finland, (FR) France, (GB) United Kingdom, (GR) Greece, (HK) Hong Kong, (ID) Indonesia, (IE) Ireland, (IS) Iceland, (IT) Italy, (LU) Luxembourg, (MU) Mauritius, (MX) Mexico, (NL) Netherlands, (NO) Norway, (PL) Poland, (PT) Portugal, (SE) Sweden, (US) United States

- Part of the corporate group 4finance Group SA and constitutes 1.3%
- Part of the corporate group Apple Inc and constitutes 1.49%
- Part of the corporate group Arion Banki HF and constitutes 0.86%
- Part of the corporate group Banco Bilbao Vizcaya Argentari and constitutes 3.04%
- Part of the corporate group Barclays PLC and constitutes 1.98%
- Part of the corporate group Bayport Management Ltd and constitutes 0.94%
- Part of the corporate group BNP Paribas SA and constitutes 2.74%
- Part of the corporate group Castellum AB and constitutes 1.95%
- Part of the corporate group Cooperatieve Rabobank UA and constitutes 1.14%
- Part of the corporate group Fastighets AB Balder and constitutes 2.25%
- Part of the corporate group Ford Motor Co and constitutes 1.62%
- Part of the corporate group Fredensborg AS and constitutes 0.82%
- Part of the corporate group French Republic and constitutes 1.47%
- Part of the corporate group Gen Digital Inc and constitutes 1.16%
- Part of the corporate group General Motors Co and constitutes 1.43%
- Part of the corporate group Goldman Sachs Group Inc/The and constitutes 0.6%
- Part of the corporate group HSBC Holdings PLC and constitutes 0.82%
- Part of the corporate group ING Groep NV and constitutes 0.99%
- Part of the corporate group Intrum AB and constitutes 1.96%
- Part of the corporate group Liberty Mutual Holding Co Inc and constitutes 1.65%
- Part of the corporate group MGI - Media and Games Invest S and constitutes 1.27%
- Part of the corporate group Microsoft Corp and constitutes 2.11%
- Part of the corporate group Nordea Bank Abp and constitutes 1.44%
- Part of the corporate group Oriflame Holding Ltd and constitutes 0.27%
- Part of the corporate group SiriusPoint Ltd and constitutes 1.99%
- Part of the corporate group Skandinaviska Enskilda Banken and constitutes 1.7%
- Part of the corporate group Societe Generale SA and constitutes 2.02%
- Part of the corporate group Svenska Handelsbanken AB and constitutes 0.85%
- Part of the corporate group Swedbank AB and constitutes 0.97%
- Part of the corporate group Telecom Italia SpA/Milano and constitutes 1.37%
- Part of the corporate group Volkswagen AG and constitutes 2.2%

**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.

**Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Simplicity Global Corporate Bond **Legal entity identifier:** 549300MROXRFX7EU34

## Sustainable investment objective

### Did this financial product have a sustainable investment objective?

**Yes**

**No**

It made **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 made **sustainable investments with a social objective:** \_\_\_%

It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 23,6 % 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 promoted E/S characteristics, but **did not make any sustainable investments**

### To what extent was the sustainable investment objective of this financial product met?



The fund promoted environmental and social characteristics through exclusion, inclusion, norm-based screening, and engagement. Additionally, the fund made investments with sustainability goals. More information about the goals of sustainable investments is provided below under the

heading "What were the objectives of the sustainable investments partially made by the financial product, and how did the sustainable investment contribute to these goals? The fund promoted the following environmental characteristics:

- **Combatting climate change (UN Goal 13)** by selecting companies with scientifically anchored climate goals. Proactive dialogues were conducted to encourage companies to adopt climate goals verified by the Science Based Targets initiative (SBTi). The fund also contributed to combating climate change by excluding fossil fuels.
- **Sustainable energy for all (UN Goal 7)** by excluding companies with more than 25% of their energy production based on fossil fuels. The fund only invested in companies that produce or distribute electricity that is largely generated by nuclear power, considered to be a leader in sustainability in their industry.

The fund promotes the following social characteristics:

- **Responsible business conduct** by selecting companies affiliated with the UN Global Compact. Proactive dialogues were conducted to encourage companies to join the UN Global Compact.
- **Global health and well-being (UN Goal 3)** by excluding companies involved in alcohol, tobacco, and cannabis.
- **Reducing violence in the world (UN Goal 16)** by excluding companies that produce or distribute weapons.
- **Social responsibility** by excluding companies involved in pornography and commercial gambling.
- **Good governance practices** by excluding companies that systematically violate international conventions and norms without demonstrated willingness to change.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

The fund invested in green, social, sustainable, and/or sustainability-linked bonds, where capital is earmarked for projects assessed to have positive effects within the environmental and social areas.

Under the heading "What investment strategy does this financial product follow" in the fund's information brochure, further details are provided on how the fund promoted environmental and social characteristics.

### ● **How did the sustainability indicators perform?**

The table below shows the results for the sustainability indicators during the year. The measurement is based on the fund's holdings at each quarterly interval throughout the year.

Sustainability Indicator	Description of Indicator	Result 2023	Result 2022
Sustainable Investments	The proportion of the fund that meets the fund company's definition of a sustainable investment according to Article 2(17) of the EU's Disclosure Regulation (SFDR). See the definition in the fund's information brochure under "What investment strategy does this financial product follow?" <b>Task:</b> At least 20% of holdings should meet the fund's thresholds for sustainable investment.	23,6 % of the fund.	20,5 % of the fund.

<b>Exclusion</b>	<p>Refer to the current exclusion criteria in the fund's information brochure under the section "What investment strategy does this financial product follow?".</p> <p><b>Task:</b> The fund should not have any exposure to companies that exceed the fund's exclusion criteria.</p>	The fund has excluded this type of companies.	The fund has excluded this type of companies.
<b>Green, Social, Sustainable, and Sustainability-Linked Bonds</b>	<p>The proportion of the fund's assets represented by green, social, sustainable, and/or sustainability-linked bonds. <b>Task:</b> At least 5% should consist of this type of bonds.</p>	10.5% of the fund (including both sustainable and non-sustainable investments in these bonds).	9.1% of the fund (including only sustainable investments in these bonds).
<b>Norm-Based Screening</b>	<p>Exposure to companies that violate, for example, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, or other types of environmental, social, and governance-related incidents.</p> <p><b>Task:</b> The fund excludes companies that systematically violate international conventions and norms without demonstrated willingness to change.</p>	The fund has excluded companies that systematically violate international conventions and norms without demonstrated willingness to change.	The fund has excluded companies that systematically violate international conventions and norms without demonstrated willingness to change.
<b>Scientifically Anchored Climate Goals</b>	<p>Proportion of holdings with climate goals verified by the Science Based Targets Initiative (SBTi).</p> <p>SBTi is an organization that guides and ensures companies set scientific climate goals to reduce their greenhouse gas emissions in line with the Paris Agreement to limit global warming to 1.5 degrees Celsius. Adopting climate goals according to SBTi signals high climate ambitions and credibility as the climate efforts have been validated by an independent third party.</p> <p><b>Task:</b> Simplicity, as a fund company, has set a goal that all investments through Simplicity's funds should have climate goals verified by SBTi by 2040. By 2025, the interim goal is 50%, and by 2030, the interim goal is 75%. The goals are company-wide, meaning the proportion may be lower than the interim goals for an individual fund. Proactive dialogues are conducted to encourage companies to adopt climate goals verified by SBTi.</p>	<p>21.7% of the fund.</p> <p>4 of the fund's portfolio companies have been contacted with the aim of encouraging the company to adopt a scientifically anchored climate goal.</p>	NA.
<b>FN:s Global Compact</b>	<p>Proportion of holdings that have joined the UN Global Compact and thus committed to ten principles regarding human rights, labor</p>	<p>62.8% of the fund.</p> <p>3 of the fund's portfolio companies has been contacted with the aim of</p>	32,0 % of the fund.

	<p>rights, the environment, and anti-corruption.</p> <p>As a member of the Global Compact, companies are required to annually report on their efforts related to the ten principles and how they contribute to the UN's global goals.</p> <p><b>Task:</b> Simplicity, as a fund company, has set a goal that all investments through Simplicity's funds should be aligned with the UN Global Compact by 2040. By 2025, the interim goal is 50%, and by 2030, the interim goal is 75%. The goals are company-wide, meaning the proportion may be lower than the interim goals for an individual fund.</p> <p>Proactive dialogues are conducted to encourage companies to join the UN Global Compact.</p>	<p>encouraging the company to join the UN Global Compact.</p>	
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● **...and compared to previous periods?**

See above under the column 'Results 2022'. Note that since the previous period, the fund company's exclusion criteria and thresholds for sustainable investment according to Article 2(17) of the EU's Disclosure Regulation (SFDR) have been updated. Results for the indicator 'Scientifically Anchored Climate Goals' for the year 2022 are not included in the table as the method has changed since then.

● **What were the objectives of the sustainable investments partially made by the financial product, and how did the sustainable investment contribute to these goals?**

A sustainable investment is an investment in an economic activity that contributes to an environmental goal or a social goal, provided that the investments do not cause significant harm to any of these goals and that the investment objects adhere to good governance practices. All sustainable investments in the fund are consistent with a social goal or an environmental goal. The company has established thresholds to assess whether an investment substantially contributes to an environmental goal or a social goal in accordance with Article 2(17) of the EU's Disclosure Regulation (SFDR). At least one of the criteria below has been met for the fund's sustainable investments.

- **Contribution to the environmental objectives of the EU taxonomy.** Refers to investments in companies where at least 10% of the company's revenues are reported or estimated to be environmentally sustainable according to the EU taxonomy regulation. These investments contribute to the taxonomy's environmental objectives of **limiting climate change**.

- **Contribution to the UN's global goals.** Refers to investments in companies where at least 10% of the company's revenue is linked to activities assessed to contribute to one or more of the UN's 17 global goals for sustainable development.

- **Contribution to the Paris Agreement and the UN's Global Compact.** Refers to investments in companies that have climate goals verified by the Science Based Targets



initiative (SBTi) and are also signatories to the UN's Global Compact. These investments contribute to UN goal 13 (combatting climate change) and the fulfillment of the climate goals in the Paris Agreement while promoting responsible business practices.

- **Specific securities with sustainability-related goals.** Refers to investments in green, social, sustainable, and sustainability-linked bonds. Investments in these bonds are directly linked to one or more sustainability goals. For green and social bonds, capital is earmarked for projects assessed to have positive effects within the environmental or social areas. Sustainability-linked and sustainable bonds are linked to various sustainability goals.

### ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The Fund took into account indicators of adverse impacts on sustainability factors in order to ensure that the Fund's sustainable investments do not cause significant harm to any environmental or social objective. More information can be found under the headings below.

#### *How were the indicators for adverse impacts on sustainability factors taken into account?*

By analysing the indicators of adverse impacts on sustainability factors (PAI indicators) set out in the section below entitled 'How were principal adverse impacts on sustainability factors taken into account in this financial product?', the 'do no significant harm' criterion to any environmental or social objective of the Fund's sustainable investments was met.

In addition to taking PAI indicators into account, the Fund excluded a number of additional sectors and activities that are deemed to contribute to negative impacts on environmental and social sustainability, are ethically controversial or for other reasons, in our view, are not considered to contribute positively to a sustainable society. The Fund's exclusion criteria can be found in the Fund's information brochure under the heading "What is the investment strategy for this financial product?".

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

All sustainable investments are adapted to the above-mentioned guidelines and principles. All holdings in Simplicity's funds have been screened on a regular basis to check that no violations have occurred. The norm-based screening has been carried out by a third party. The screening forms the basis for assessing good governance practices for the fund's holdings.

*The EU Taxonomy sets out a 'do no significant harm' principle, as set out in which taxonomy-aligned investments shall not cause significant harm to the objectives of the EU taxonomy, and are accompanied by specific Union criteria.*

*The DNSH principle applies only to those of the Member States concerned by the investments of the financial product that take into account the EU criteria for environmentally sustainable economic activities. The remaining part of this underlying investments that do not take into account the EU criteria for environmentally sustainable economic activities.*

*In addition, any other sustainable investment may not cause significant harm to the environmental or social objectives.*



## How did 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.

The fund considered the main adverse impacts on sustainability factors when making investment decisions. The fund limited the negative impacts on sustainability factors caused by the activities of the fund's holdings through two main methods: exclusion and norm-based screening.

In the first step, the Company's exclusion criteria were used, which means that companies of particular negative nature are excluded from the Company's funds (see more in the fund's information brochure under the heading "What investment strategy does this financial product follow?"). The funds excluded fossil fuels (PAI factor 1.4), companies with more than 25% of their energy production based on fossil fuels (PAI factor 1.5), and controversial weapons (PAI factor 1.14). The funds excluded additional types of activities, but these are not directly linked to any PAI factor.

Norm-based screening was used to identify any breaches of international norms, such as the UN Global Compact, OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights (UNGPs). Simplicity's funds should not invest in companies that systematically violate international norms and conventions without demonstrated willingness to change (PAI factor 1.10).

Other PAI factors were considered based on the likelihood that the negative consequence associated with the area occurs and its severity if it does. Investments were analyzed based on data availability. The analysis and assessment also varied depending on the companies' industry, geography, and business model. Very negative consequences for the other PAI factors may have resulted in investments being avoided, even if the Company does not have set thresholds for these PAI factors.



## What were the top investments of this financial product?

Below table shows the fund's key investments during the year. The measurement is based on the fund's holdings at each quarterly turnover during the year.

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 2023

Largest investments	Sector	% Assets	Country
TELEFONICA 241214	Communication services	1,5%	Spain
BNP 240325	Finance	1,4%	France
NETFLIX 290515	Communication services	1,4%	USA
CASTELLUM 261202	Real estate	1,4%	Sweden
SEB 250513	Finance	1,4%	Sweden
LIBERTY 240523	Finance	1,2%	USA
MANDATUM 241004	Finance	1,2%	Finland
BARCLAYS 240915	Finance	1,2%	United Kingdom
MICROSOFT 270206	IT	1,2%	USA
MEDIA & GAMES 270324	Communication services	1,1%	Sweden
DELL 260615	IT	1,1%	USA
MICROSOFT 260808	IT	1,1%	USA
KLÖVERN 240416	Real estate	1,1%	Sweden
FORD 251125	Consumer discretionary	1,1%	USA
TELE ITALIA 250415	Communication services	1,1%	Italy



## What was the proportion of sustainability-related investments?

All measurements in this section are based on the fund's holdings at each quarterly turnover during the year.

### ● What was the asset allocation?

#### Nr 1 Adapted to Environmental or Social Characteristics

All direct investments in corporate bonds.

##### Nr 1A. Sustainable

These investments are divided between taxonomy-compliant investments and other sustainable investments with environmental or social goals.

In the diagram below, "Taxonomy-compliant" sustainable investments only include the proportion of holdings with reported taxonomy-compliant revenue of at least 10%. Other sustainable investments with environmental goals are categorized as "Other environmentally-related" sustainable investments. "Social" sustainable investments are sustainable investments that only contribute to the fund's social goals.

##### Nr 1B. Other Environmentally-Related or Social Characteristics

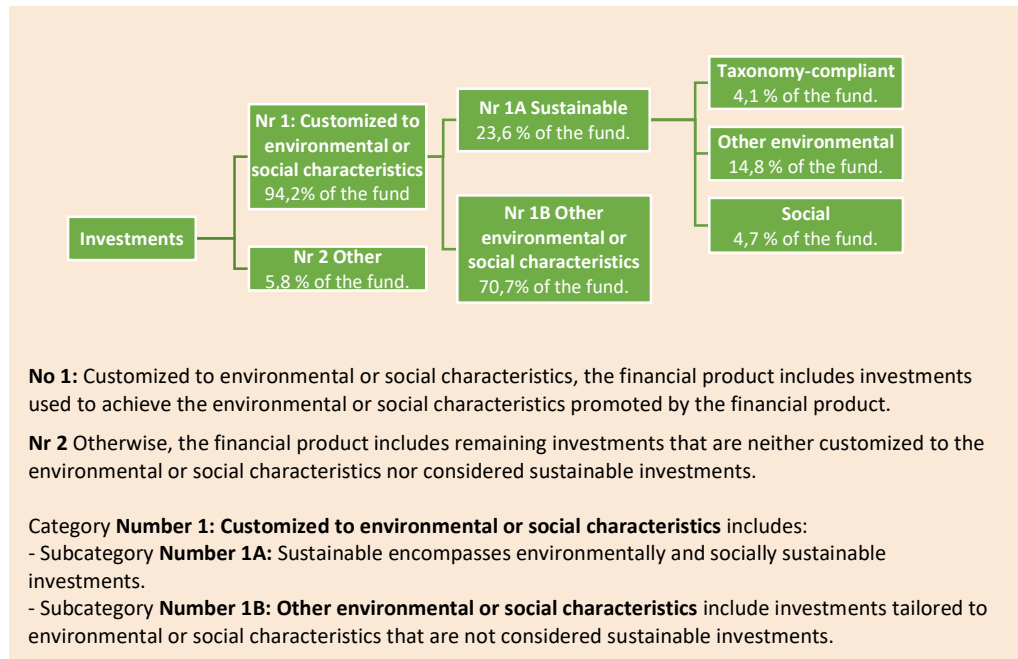
Investments that align with environmental or social characteristics but do not qualify as sustainable investments according to the fund's definition.

##### Nr 2. Other

Cash for liquidity management and derivatives. According to the fund regulations, the fund may hold cash for liquidity management up to a maximum of 10%. The fund may use derivative instruments to optimize management in order to reduce costs and risks, and

Asset allocation describes the share of investments in specific assets.

these fall into the category. Derivatives are assessed to have a neutral impact on the environmental or social characteristics that the fund promotes.



● **In which economic sectors were the investments made?**

The fund has not invested in companies engaged in the extraction of fossil fuels or any other company within sector 10 according to the GICS classification.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective

**Transitional activities are economic activities** for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

Sektor	Vikt
Räntefond	32,9%
Aktiefond	20,0%
Finans	12,6%
Dagligvaror	5,3%
Industri	4,5%
Fastigheter	4,4%
Sällanköpsvaror	3,6%
IT	2,0%
Kommunikationsservice	1,1%
Material	0,5%



**To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?**

All calculations in this section are based on the fund's holdings at each quarterly turnover during the year. The calculations are based on reported company data publicly available at the beginning of 2024. Estimated taxonomy compliance is not included in the calculations. No further third-party checks have been performed.

**The proportion of sustainable investments according to Article 2(17) of the SFDR with an environmental objective compatible with the EU taxonomy.**

The fund's proportion of sustainable investments compatible with the EU taxonomy's environmental objectives was 4,1%. This includes holdings in companies with at least 10% of their revenue reported as environmentally sustainable according to the EU taxonomy (which is the fund's threshold for sustainable investments compatible with the EU taxonomy). Estimated taxonomy compatibility is not included in this calculation, even though the revenue exceeds the threshold for sustainable investment.

#### The fund's average taxonomy compatibility

The bars in the chart below show the fund's taxonomy compatibility for all holdings, i.e., the sum of each holding's weight multiplied by the holding's taxonomy-compatible share of turnover, capital expenditure, and operating expenses. Only reported taxonomy compatibility is used. Companies estimated to have environmental objectives compatible with the EU taxonomy are not included in the compilation below.

Reported taxonomy compatibility currently covers two of the taxonomy regulation's six environmental objectives: Climate Change Mitigation and Climate Change Adaptation. Based on reported taxonomy compatibility, the fund's investments contribute to the environmental objectives as follows:

	Climate change mitigation	Climate change adaptation
Operating expenses	3,2%	0,0%
Capital expenditures	3,8%	0,0%
Turnover	2,1%	0,0%

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

Yes

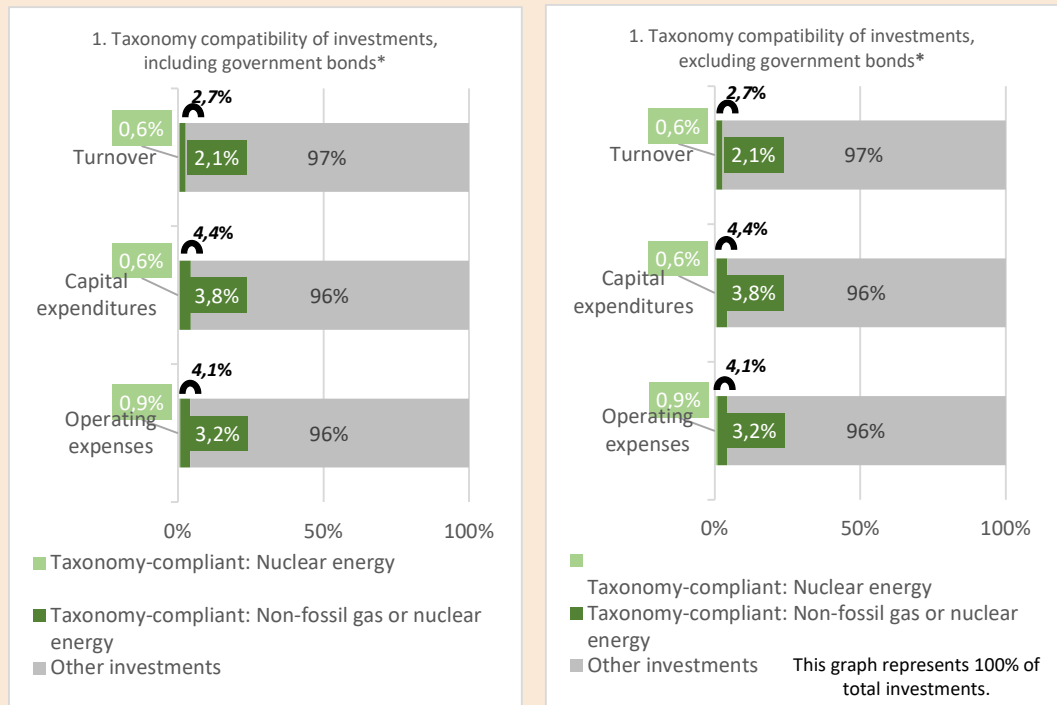
In fossil gas     In nuclear energy

No

*The graphs below show in green the percentage of investments that were 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*

<sup>1</sup> 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 no significant harm to 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.

**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.

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.

● **What was the share of investments made in transitional and enabling activities?**

The numbers in the bars below are the sum of the weight of all holdings multiplied by the reported taxonomy-compliant turnover, capital expenditures, and operational expenses from transition activities and enabling activities, respectively. Companies that only have estimated taxonomy-compliant contributions to environmental objectives are not included in the compilation.

	Transition activities	Enabling activities
Operating expenses	0,0%	1,5%
Capital expenditures	0,1%	1,4%
Turnover	0,1%	0,7%

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

### The fund's average taxonomy compatibility for 2022

The numbers in the table below are the sum of each holding's weight multiplied by all holdings' taxonomy-compatible share of turnover, capital expenditures, and operational expenses for the year 2022. Only reported taxonomy compatibility from companies has been used. No further third-party checks have been performed. The measurement was based on reported data publicly available at the beginning of 2023. The figure is low as most companies had not yet reported the extent to which their activities were compatible with the EU taxonomy at that time. Companies estimated to have environmental objectives compatible with the EU taxonomy were not included.

Data was missing to disaggregate the contributions of investments to each taxonomy's environmental objective and to specify the proportion of investments made in transition activities and enabling activities.

Taxonomy-compliant investments (excluding fossil gas or nuclear energy)	
Operating expenses	0,8 %
Capital expenditures	0,7 %
Turnover	0,8 %



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 was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The proportion of sustainable investments with an environmental objective that is not compatible with the EU taxonomy for the fund is 14.8%. This proportion is calculated by subtracting the proportion of investments in companies with at least 10% of their revenue reported as environmentally sustainable according to the EU taxonomy (sustainable investments with an environmental objective compatible with the EU taxonomy according to the fund's definition) from the total proportion of sustainable investments with an environmental objective.

The fund made sustainable investments with an environmental objective that were not compatible with the EU taxonomy. Examples of investments belonging to this group include green bonds, bonds issued by companies with scientifically anchored climate goals, or bonds issued by companies whose products and services contribute to achieving one or more of the UN's environmental global goals.



### What was the share of socially sustainable investments?

The fund's share of socially sustainable investments was 4.7%. This portion represents investments in social bonds or in companies that contribute to achieving one or more of the UN's social global goals.

To avoid overlap, investments that contribute to both the fund's social and environmental goals are primarily counted as environmentally sustainable investments, and therefore are not included in the figure for the fund's share of socially sustainable investments.



### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Investments included in the "Other" category consisted solely of cash for liquidity management and derivatives. The fund may use derivative instruments to streamline management with the aim of reducing costs and risks. According to the fund regulations, the fund may have cash for liquidity management amounting to a maximum of 10%. The fund management company has assessed that any cash and derivatives do not represent environmental or social risks.



### **What actions have been taken to attain the sustainable investment objective during the reference period?**

The fund has taken the following actions during the year:

- The fund has excluded companies that are not deemed to meet the fund's environmental or social criteria.
- The fund has selected sustainable investments to meet the minimum requirement of sustainable investments at 20%.
- Holdings have been discussed in the Sustainability Committee. The focus has been on assessing whether the holdings meet good governance practices. Some holdings are currently under surveillance in the sustainability committee.
- Proactive engagement work has been carried out to encourage the fund's portfolio companies to adopt scientifically anchored climate goals and to join the UN's Global Compact.
- Holdings have been regularly screened for norm-based incidents. Three engagement dialogues have been initiated.
- Green, social, and sustainable bonds have been included in the fund.





**Simplicity AB** Södra Hamnvägen 12, 432 44 Varberg | Tel: 0340-21 95 00 | [kundservice@simplicity.se](mailto:kundservice@simplicity.se) | [simplicity.se](http://simplicity.se)