

ANNEX - PRE-CONTRACTUAL DISCLOSURE FOR THE FINANCIAL PRODUCT REFERRED TO IN ARTICLE 9, PARAGRAPHS 1 TO 4A, OF SFDR AND ARTICLE 5, FIRST PARAGRAPH, OF TAXONOMY REGULATION

Product name: CB European Quality Fund – European Equity

Legal entity identifier:
549300G6TK5TFMDMOC83

Sustainable investment objective

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.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 80 % <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> 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 <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What is the sustainable investment objective of this financial product?

The sustainable investment objective of the Sub-Fund is to achieve a sustainable long-term capital growth mainly through investment in equities dealt in the European financial markets, of the countries represented in the MSCI Europe Net Index (code Bloomberg: NDDUE15 Index) that:

- 4) Contribute to the climate change mitigation and/or adaptation goal(s) outlined in the EU taxonomy (at least 1%), and/or
- 5) Contribute to one or more of the UN's global goals for sustainable development, and/or
- 6) Have a verified goal of carbon neutrality or emission targets according to the Science-Based Target initiative (SBTi).

The companies should also promote human rights and not pose a risk of:

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

- Harmful forms of child labor and forced labor or unfair working conditions (defined in the UN Convention on the Rights of the Child and ILO conventions No. 29, 87, 98, 105, 138, and 182);
- Deliberate discrimination of employees based on gender, race, or religion (defined in the UN Declaration of Human Rights and ILO conventions No. 100 and 111);
- Deliberate violations of key international agreements in the environmental field (defined in the UN Climate Convention and the Kyoto Protocol);
- Corruption, extortion, and/or bribery (defined in the UN Convention against Corruption).

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The Sub-Fund invests in companies with a stable profit growth and a long-term sustainable business model.

The sustainability indicators used to measure the attainment of the sustainable investment objective of this financial product are:

- Portfolio level of taxonomy alignment;
- Portfolio alignment with the UN Sustainable Development Goals (SDGs);
- Portfolio carbon footprint against MSCI Europe Net;
- Portfolio alignment with the Science Based Target initiative (SBTi);
- Portfolio ESG-rating against MSCI Europe Net;
- Alignment with the exclusion policy.

In relation to the exclusion policy, the Sub-Fund does not invest in companies active in:

- Production or sales of tobacco, alcohol and cannabis;
- Sales and manufacturing of conventional weapons;
- Sales and manufacturing of civilian hand-held weapons;
- Gambling;
- Pornography;
- Mining, pumping or refining of coal, natural gas, crude oil or uranium for fuel;
- Companies that extract energy from coal, natural gas, crude oil or uranium;
- Production of genetically modified seeds used by others in agriculture.

These restrictions are valid also for companies who supply services/products to/in the above mentioned industries. Activity in these industries is defined as accounting for 5% or more of the companies reported revenue in the most recent annual report. In the case of energy production from fossil fuels, the production capacity in Gigawatt (GW) must also not exceed 5%.

Furthermore, the Sub-Fund does not invest in companies operating in any capacity in the production or sale of the following controversial weapons:

- Nuclear weapons;
- Chemical weapons;
- Biological weapons;
- Cluster munition;
- Landmines;
- Depleted uranium;
- White phosphorus.

The restriction also applies to companies that provide components with the sole purpose of being used in these weapons and refer to those cases where it has been stated in the company's most recently published annual report that they generated sales in some capacity in the above-mentioned areas.

In the case of investments in government bonds, in addition to the restrictions defined in the prospectus, investments from the Sub-Fund may not be made in government bonds issued by:

- Countries which the EU or the UN issued financial sanctions against;

- Countries that have not approved the following:
 - o The UN Convention on Biological Diversity,
 - o The Paris Agreement;
- Countries whose ranking in the Transparency International's Corruption Perception Index falls outside of the top 70.

The Sub-Fund aims to invest in companies which promote human rights and should therefore show diligence in the management of funds with investments that pose a risk of contributing to:

- Harmful forms of child labor and forced labor or unreasonable working environment (defined in the UN Rights of the Child Convention and ILO Conventions nr 29, 87, 98, 105, 138 and 182);
- Deliberate discrimination of employees due to gender, race, or religion (defined in the UN Declaration of Human Rights and ILO Conventions nr 100 and 111);
- Deliberate crimes against central international agreements in the environmental area (defined in the UN Climate Convention and the Kyoto protocol);
- Corruption, extortion and / or bribery (defined in the UN Convention against Corruption), the Sub-Fund does not invest in companies sanctioned by the European Union, United Nations, or the United States (OFAC).

The Sub-Fund aims to invest in companies supporting the conservation of biodiversity and to refrain from investing in companies active within deforestation. CB Asset Management is a member of UN PRI, the principles regarding socially responsible investments sanctioned by the UN, and SWESIF, Sweden's forum for sustainable investment.

CB Asset Management is not an official signatory of the Paris Agreement but supports it by analyzing the funds' portfolio temperature, the proportion of companies that have set SBTs and various other GHG emission metrics. Further, CB Asset Management evaluates and works towards minimizing sustainability risks in accordance with the TCFD framework. CB Asset Management provides quarterly updates on all holdings in the Sub-Fund managed by the company. This is done to ensure access to data and information that investors need to ensure that all investments made by the Sub-Fund are within the limits of this document.

The sustainability indicators have been determined in the framework of the Investment Manager's internal ESG screening methodology.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The Investment Manager integrates the sustainability risks in its investment decision process based on its proprietary fundamental analysis of the companies the Sub-Fund is invested in. The Investment Manager selects companies that have demonstrated ESG good practices. The Investment Manager's methodology is documented and is available on the following website www.cbfounder.se. The Investment Manager's ability to analyse and integrate the sustainability risks in its investment decisions is made on a best effort basis and is dependent on the availability of ESG information/disclosures. As a result, the Sub-Fund may be exposed to companies leading to adverse effects on sustainability issues.

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

All holdings are screened in relation to the above-mentioned indicators using data from the companies themselves such as annual reports, as well as from vendors and in some occasions other media such as newspapers. In situations when a screening comes back positive for a violation to exclusion criteria, the Investment Manager evaluates the violation and decides what action to take. If it is determined that the company for which the violation is raised is not responsible for any of the actions leading to the violation, the Investment Manager can hold off on selling the holding in anticipation of preventive actions from the affected company. On the other hand, if the Investment Manager agrees with the results of the screening, and the company for which the violation has been raised is not in the process of remedying it, the Investment Manager excludes the company and sells all holdings of the company in the Sub-Fund. In case of criteria that not in itself result in exclusion, such as non-Taxonomy alignment and high carbon footprint, the Investment Manager evaluates how this may affect financial performance and financial risks associated with the ESG risks and decides what action to take based on what is believed to result in the best financial outcome for the investors.

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

The investment approach adheres strictly to international norms and conventions governing environmental protection, human rights, labor rights, and anti-corruption efforts, including guidelines set forth by the OECD for multinational enterprises and the UN's Guiding Principles on business and human rights. During the investment process, analysis and evaluation are conducted to ensure compliance with these standards, and companies found to violate them are excluded from the investment universe. The Investment Manager also utilizes exclusionary screens to make sure that the Sub-Fund does not invest in companies active in:

- Production or sales of tobacco, alcohol, and cannabis;
- Sales and manufacturing of conventional weapons;
- Sales and manufacturing of civilian hand-held weapons;
- Gambling;
- Pornography;
- Mining, pumping or refining of coal, natural gas, crude oil, or uranium for fuel;
- Companies that extract energy from coal, natural gas, crude oil or uranium;
- Production of genetically modified seeds used by others in agriculture.

These restrictions are valid also for companies who supply services/products to/in the abovementioned industries. Activity in these industries is defined as accounting for 5% or more of the companies reported revenue in the most recent annual report. In the case of energy production from fossil fuels, the production capacity in Gigawatt (GW) must also not exceed 5%.

Furthermore, the Sub-Fund do not invest in companies operating in any capacity in the production or sale of the following controversial weapons:

- Nuclear weapons;
- Chemical weapons;
- Biological weapons;
- Cluster munition;
- Landmines;
- Depleted uranium;
- White phosphorus.

The restriction also applies to companies that provide components with the sole purpose of being used in these weapons and refer to those cases where it has been stated in the company's most recently published annual report that they generated sales in some capacity in the above-mentioned areas.

Additionally, the Sub-Fund excludes companies deemed non-compliant with global standards by the external research provider. These global standards encompass the UN Global Compact, UN Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.



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

Please refer to "How have the indicators for adverse impacts on sustainability factors been taken into account?" below and the [Sustainability Report](#).



No



What investment strategy does this financial product follow?

The Sub-Fund invests in companies with stable growth in profits and long-term sustainable business models.

The investment process is described in detail in the [Investment process](#) on CB Asset Management website. To summarize, the Sub-Fund utilizes a four-step bottom-up strategy when screening securities for the portfolio. To form the investment universe, fundamental and ESG analysis of the company and management team, and quantitative analysis with internally developed models for screening and ranking based on quantitative variables, are used. Technical analysis is used to determine optimal portfolio weights and timing for entry and exit levels. ESG analysis – in addition to the fundamental part of that analysis – is used to ensure that the portfolio companies adhere to the same sustainable guidelines as the fund itself. Please refer to the first question of this Appendix for more information regarding sustainable investment objective and the measurement of these.

The last step of the analysis is technical analysis, which is used to determine portfolio weights as well as levels of entry and exit.

Screening of potential investments as well as continuous screening of holdings is conducted to make sure they are in line with CB Asset Management's strong ESG standards.

The portfolio managers monitor all holdings daily through:

- MSCI ESG screening reports;
- News feeds;
- Bloomberg;
- Infront;
- Relations with other investors;
- Contact with brokers;
- Ongoing dialogue with companies.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The binding elements of the investment strategy used to select the investments to attain the sustainable investment objective are the following:

- ✓ Contribute to the climate change mitigation and/or adaption goal(s) outlined in the EU taxonomy, and/or
- ✓ Contribute to one or more of the UN's global goals for sustainable development, and/or
- ✓ Have a verified goal of carbon neutrality or emission targets according to the Science-Based Target initiative (SBTi).
- ✓ Exclusion list;
- ✓ Asset allocation with a minimum of 80% sustainable investments and the remaining in cash

In addition, all investments are subject to an ethical and sustainable framework. This framework is upheld by the portfolio managers and used in the screening of potential investments, continuous screening of holdings, and screening of potential divestments. With help from a leading provider of ESG rating, the Sub-Fund is screened continuously to detect violations against matters of ESG. The screenings are key in ensuring that the internal investment process at CB Asset Management is based on the guidelines and restrictions set in place by the sustainability policy. In situations when a screening comes back positive for a violation, CB Asset Management evaluates the violation and decides what action to take. If it is determined that the company for which the violation is raised is not responsible for any of the actions leading to the violation, CB Asset Management can hold on to the company in anticipation of preventive actions from the affected company. On the other hand, if CB Asset Management agrees with the results of the screening, and the company for which the violation has been raised is not in the process of remedying it, CB Asset Management excludes the company and sells all holdings of the company in its funds.

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

It is the managers' belief that long-term investing is synonymous with investing in sustainability. The Sub-Fund's management is subject to an ethical framework as well as the UN principles for Responsible Investments, UN PRI. Additionally, the Sub-Fund is connected to SWESIF Hållbarhetsprofilen and excludes all controversial products and services mentioned by SWESIF such as weapons, alcohol, uranium, and pornography.

The Sub-Fund invests in European quality companies with long-term growth potential. These companies have a proven top management with a strong track record, consistently delivering on their promises. In addition to robust leadership, the companies must demonstrate strong environmental practices and have a clear plan for taking responsibility for their impact on the environment. Against this backdrop, E and G factors are considered the primary considerations in the management of the Sub-Fund. Against this background, factors that are generally perceived as worthy of consideration need not necessarily be so from the Sub-Fund's perspective.

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

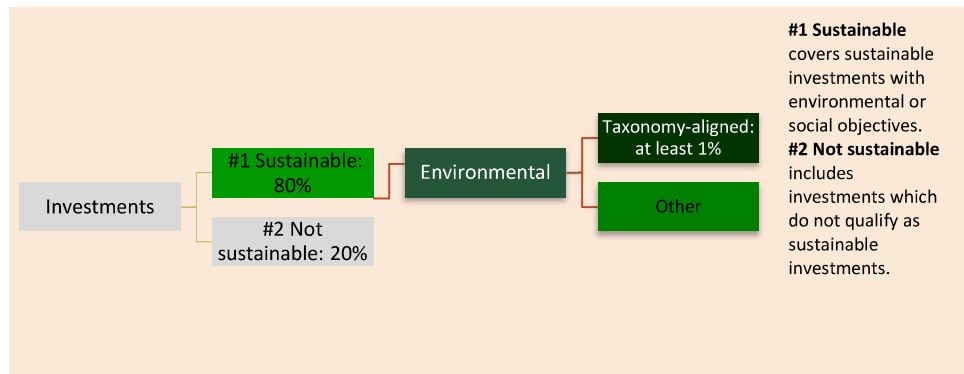
● **What is the policy to assess good governance practices of the investee companies?**

The ESG characteristics that will be taken into consideration integrate best-in-class approach with regard to governance practices - thus guaranteeing the good governance of the companies forming part of the portfolio.



What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

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

● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable. The Sub-Fund may enter into derivatives for hedging purposes, but not to attain the sustainable investment objective.



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

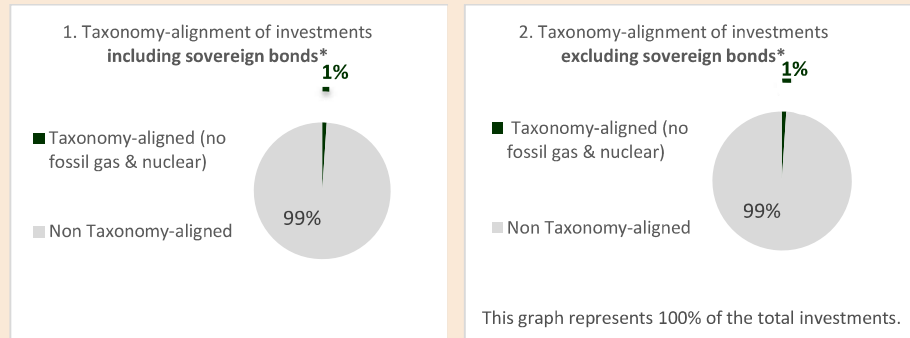
The minimum share expected to be invested in accordance with the EU Taxonomy is 1%.

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

- Yes:
 - In fossil gas
 - In nuclear energy
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - 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 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?**

The Sub-Fund does not have a minimum share of investments in transitional and enabling activities.



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

The minimum share expected to be invested in accordance with the environmental objective that are not aligned with the EU Taxonomy is 50%.



What is the minimum share of sustainable investments with a social objective?

The Sub-Fund does not commit to a minimum share of socially sustainable investments.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Investments in the “#2 Not Sustainable” category are only (i) cash used to meet liquidity requirements as well as protecting assets in bad market conditions, and (ii) derivatives for hedging purposes.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No. The benchmark is only used for the calculation of the performance fee and to define the investment countries without constraints on the asset allocation in the portfolio. The benchmark has not been designated for the purpose of attaining the sustainability characteristics promoted by the Sub-Fund and as a consequence is not aligned with the sustainability characteristics promoted by the Sub-Fund.

● **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

The benchmark index does not take into account sustainability factors.

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

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

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable.

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

It does not differ, it is a broad market index.

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

MSCI index methodologies can be found on their [website](#).



Where can I find more product specific information online?

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

[Website](#)

Monitoring of environmental or social characteristics

[Sustainability report](#)

[Quarterly report](#)

[Monthly reports](#)

Methodologies

Positive screening

[Investment process](#)

Negative screening

[Investment process](#)

Limitations to methodologies and data

Please see the Prospectus.

Due diligence

[Website](#)

Engagement policies

[Principer för aktieägarengagemang](#) (in Swedish)

Attainment of the sustainable investment objective

[Sustainability report](#)

[Investment process](#)

[Sustainability policy](#)