

FONDITA EUROPEAN SMALL CAP INVESTMENT FUND

ANNUAL REPORT

31.12.2023

FONDITA EUROPEAN SMALL CAP INVESTMENT FUND

TABLE OF CONTENTS

| | page |
|------------------|------|
| Activity Report | 1 |
| Income Statement | 2 |
| Balance Sheet | 3 |
| Appendix | 6 |

Activity Report 2023

The Fondita European Small Cap Investment Fund began operations on May 19, 2009. It mainly invests in shares of publicly traded small and mid cap companies in Europe.

The development of the fund is described in the following table:

| | 2023 | 2022 | 2021 |
|--|---------------|----------------|---------------|
| Market value 31.12. | 52 825 648,71 | 51 387 839,72 | 87 338 242,29 |
| Unit value 31.12. (return / A) | 178,18 | 180,74 | 280,55 |
| Unit value 31.12. (growth / B) | 361,94 | 350,33 | 512,57 |
| Growth unit price change during period | 3,3 % | -31,7 % | 37,5 % |
| Fiscal period profit | 1 189 048,06 | -26 641 973,58 | 23 303 387,27 |
| Management fees paid to Fund Company | 1 043 766,39 | 1 251 943,61 | 1 472 318,15 |
| A-unit returns | 9,05 | 14,05 | 10,70 |
| Turnover rate (times/year) | 0,38 | 0,23 | 0,39 |
| Volatility (%/year) | 16,4 | 27,2 | 15,6 |
| TER (Total Expense Ratio) | 2,00 % | 2,00 % | 2,00 % |
| Number of unitholders at end of period | 339 | 346 | 355 |

During the year the fund has not participated in any shareholders' general meetings. Thereby the right to vote has not been used.

SFDR classification of the fund: Article 8

The Board of Directors suggested that the A-units return will be 8,90 € / share.

The return is paid on February 13, 2024.

The Fund Company has during 2022 paid 2 040 173,46 euros in remuneration to the employees whereof 0,00 euros in variable remuneration.

executive management (CEO, deputy CEO and chairman of the board)

741 585,70 euro, no variable part

risk requiring actions (portfolio managers)

924 633,18 euro, no variable part

those who manage the internal supervisory functions (all members of the Risk Control Function, Compliance Function and Internal Control Function)

651 891,67 euro, no variable part

Note that some people may belong to several groups

INCOME STATEMENT 1.1.2023-31.12.2023

(euros)

| REVENUE | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|----------------------------|---------------------|-----------------------|
| Net profit from securities | 1 254 442,96 | -26 417 315,63 |
| Dividends | 956 373,12 | 1 033 931,73 |
| Interest | 21 998,37 | 0,00 |
| Intäkter totalt | <u>2 232 814,45</u> | <u>-25 383 383,90</u> |
| | | |
| COSTS | | |
| Commissions | | |
| to the Fund Company | 1 043 766,39 | 1 251 943,61 |
| Interest fees | 0,00 | 6 646,07 |
| Total Costs | <u>1 043 766,39</u> | <u>1 258 589,68</u> |
| | | |
| FISCAL PERIOD PROFIT | <u>1 189 048,06</u> | <u>-26 641 973,58</u> |

BALANCE SHEET 31.12.2023

(euros)

| ASSETS | 31.12.2023 | 31.12.2022 |
|---|----------------------|----------------------|
| Current assets | | |
| Current assets | | |
| Market value of securities | 52 243 642,79 | 50 401 948,62 |
| Receivables | | |
| Dividends | 8 414,04 | 8 575,19 |
| | <u>8 414,04</u> | <u>8 575,19</u> |
| Cash and bank deposits | 654 200,62 | 1 064 452,44 |
| TOTAL ASSETS | <u>52 906 257,45</u> | <u>51 474 976,25</u> |
| LIABILITIES AND SHAREHOLDER EQUITY | | |
| | 31.12.2023 | 31.12.2022 |
| Fund value | | |
| Fund value | 52 825 648,71 | 51 387 839,72 |
| Liabilities | | |
| Current liabilities | | |
| Accruals | 80 608,74 | 87 136,53 |
| | <u>80 608,74</u> | <u>87 136,53</u> |
| TOTAL LIABILITIES AND EQUITY | <u>52 906 257,45</u> | <u>51 474 976,25</u> |

Fondita European Small Cap Investment Fund

Portfolio content 31.12.2023

| Germany | GICS | Shares | Price (euro) | Market value | 25,20 % |
|------------------------------------|------------------------|---------|--------------|----------------|---------|
| Dermapharm Holding | Health care | 47 765 | 42,34 | 2 022 370,10 € | 3,83 % |
| Jenoptik | IT | 65 000 | 28,44 | 1 848 600,00 € | 3,50 % |
| Kontron | IT | 84 593 | 21,50 | 1 818 749,50 € | 3,44 % |
| Adesso | IT | 14 672 | 107,40 | 1 575 772,80 € | 2,98 % |
| All For One Group | IT | 33 003 | 47,20 | 1 557 741,60 € | 2,95 % |
| Befesa | Industrials | 34 904 | 35,20 | 1 228 620,80 € | 2,33 % |
| Jungheinrich | Industrials | 32 000 | 33,22 | 1 063 040,00 € | 2,01 % |
| Verbio | Industrials | 26 888 | 29,88 | 803 413,44 € | 1,52 % |
| TAG Immobilien | Real Estate | 58 000 | 13,20 | 765 310,00 € | 1,45 % |
| Secunet | IT | 4 300 | 146,00 | 627 800,00 € | 1,19 % |
| Switzerland | GICS | Shares | Price (euro) | Market value | 13,02 % |
| Siegfried | Health care | 2 250 | 928,19 | 2 088 417,93 | 3,95 % |
| Kardex | Industrials | 7 063 | 235,42 | 1 662 779,70 | 3,15 % |
| Inficon Holding | IT | 1 250 | 1302,38 | 1 627 969,76 | 3,08 % |
| Zehnder Group | Industrials | 25 944 | 57,78 | 1 498 924,41 | 2,84 % |
| Sweden | GICS | Shares | Price (euro) | Market value | 20,22 % |
| Bufab | Industrials | 67 464 | 34,92 | 2 355 660,99 | 4,46 % |
| NCAB | IT | 266 574 | 6,60 | 1 759 782,40 | 3,33 % |
| Dometic | Consumer Discretionary | 215 000 | 8,12 | 1 746 196,83 | 3,31 % |
| AFRY | Industrials | 137 111 | 12,59 | 1 726 244,30 | 3,27 % |
| Synsam | Consumer Discretionary | 315 598 | 4,13 | 1 302 666,58 | 2,47 % |
| Lagercrantz B | IT | 77 976 | 12,18 | 949 401,37 | 1,80 % |
| Hexatronic | Industrials | 342 500 | 2,46 | 843 285,87 | 1,60 % |
| Italy | GICS | Shares | Price (euro) | Market value | 7,42 % |
| Reply | IT | 11 982 | 119,50 | 1 431 849,00 | 2,71 % |
| Piaggio | Consumer Discretionary | 420 000 | 2,98 | 1 250 760,00 | 2,37 % |
| Interpump Group | Industrials | 26 431 | 46,87 | 1 238 820,97 | 2,35 % |
| Netherlands | GICS | Shares | Price (euro) | Market value | 3,80 % |
| Alfen | Industrials | 20 000 | 60,28 | 1 205 600,00 | 2,28 % |
| IMCD | Industrials | 5 091 | 157,55 | 802 087,05 | 1,52 % |
| Great Britain | GICS | Shares | Price (euro) | Market value | 5,52 % |
| Discoverie Group | Industrials | 193 220 | 9,09 | 1 756 444,39 | 3,32 % |
| CVS Group | Health care | 60 000 | 19,37 | 1 161 958,46 | 2,20 % |
| Finland | GICS | Shares | Price (euro) | Market value | 5,36 % |
| Mandatum | Financials | 385 000 | 4,07 | 1 566 950,00 | 2,97 % |
| Konecranes | Industrials | 31 000 | 40,78 | 1 264 180,00 | 2,39 % |
| Norway | GICS | Shares | Price (euro) | Market value | 6,40 % |
| Borregaard | Materials | 126 000 | 15,25 | 1 921 302,43 | 3,64 % |
| Crayon Group | IT | 194 000 | 7,54 | 1 461 838,89 | 2,77 % |
| Belgium | GICS | Shares | Price (euro) | Market value | 3,66 % |
| Recticel | Materials | 105 000 | 10,60 | 1 113 000,00 | 2,11 % |
| Montea | Real Estate | 9 500 | 86,20 | 818 900,00 | 1,55 % |
| Denmark | GICS | Shares | Price (euro) | Market value | 2,42 % |
| Össur | Health care | 346 734 | 3,68 | 1 277 066,42 | 2,42 % |
| France | GICS | Shares | Price (euro) | Market value | 2,51 % |
| Vetoquinol | Health care | 12 932 | 102,40 | 1 324 236,80 | 2,51 % |
| Spain | GICS | Shares | Price (euro) | Market value | 3,36 % |
| Laboratorios Farma Rovi | Health care | 29 500 | 60,20 | 1 775 900,00 | 3,36 % |
| Portfolio value | | | | 52 243 642,79 | |
| Cash and other asset, net | | | | 582 005,92 | 1,10 % |
| Fund value | | | | 52 825 648,71 | |
| Number of outstanding units | | | | | |
| Return units (A) | | | 93 789,1020 | | |
| Growth units (B) | | | 99 778,9604 | 193 568,0624 | |
| Unit value | | | | | |
| Return unit value (A) | | | | 178,1823 | |
| Growth unit value (B) | | | | 361,9410 | |

Fondita European Small Cap Investment Fund

Securities' change in the portfolio 1.1.-31.12.2023

(%-points)

| | | | |
|--------------------|--------|----------------------|--------|
| Germany | -8,5 | Netherlands | -2,0 |
| Jungheinrich | 2,0 * | Alfen | 2,3 * |
| TAG Immobilien | 1,5 * | IMCD | -1,0 * |
| Jenoptik | 1,1 * | Corbion | -1,3 |
| Dermapharm Holding | -0,3 * | TKH Group | -2,0 |
| Kontron | -0,6 * | | |
| Secunet | -0,8 * | Great Britain | 1,3 |
| Befesa | -1,0 * | CVS Group | 2,2 * |
| Adesso | -1,0 * | Discoverie Group | 0,0 * |
| Stratec | -1,3 | Genuit Group | -0,9 |
| Verbio | -1,4 * | | |
| Basler | -1,6 | Norway | 2,6 |
| All For One Group | -1,9 * | Crayon Group | 2,8 * |
| 7C Solarparken | -3,1 | Borregaard | -0,1 * |
| | | | |
| Switzerland | -2,2 | Belgium | 0,5 |
| Inficon Holding | 3,1 * | Montea | 1,6 * |
| Kardex | 0,3 * | Recticel | -1,1 * |
| Siegfried Holding | -0,4 * | | |
| Zehnder Group | -1,2 * | Denmark | -0,6 |
| Huber + Suhner | -4,0 | Össur | -0,6 * |
| | | | |
| Sweden | 6,6 | France | -0,4 |
| Dometic | 3,3 * | Vetoquinol | -0,4 * |
| Afry | 3,3 * | | |
| Bufab | 2,1 * | Spain | 0,6 |
| NCAB | 0,8 * | Rovi | 0,6 * |
| Synsam | 0,2 * | | |
| Lagercrantz | -1,5 * | Portugal | -2,7 |
| Hexatronic | -1,7 * | Greenvolt | -2,7 |
| | | | |
| Italy | 1,2 | Austria | -0,8 |
| Piaggio | 2,4 * | UBM Development | -0,8 |
| Interpump Group | -0,4 * | | |
| Reply | -0,8 * | | |
| | | Cash | -0,8 |
| Finland | 5,4 | | |
| Mandatum | 3,0 * | | |
| Konecranes | 2,4 * | | |

* = Current holding at 31.12.2023

FONDITA EUROPEAN SMALL CAP INVESTMENT FUND

INCOME STATEMENT APPENDIX 31.12.2023

(euros)

| | 31.12.2023 | 31.12.2022 |
|----------------------------|---------------------|-----------------------|
| Net profit of securities | | |
| Sales profit of securities | 3 519 243,73 | 9 534 106,15 |
| Sales losses of securities | (-) 4 141 907,88 | (-) 4 165 289,86 |
| Unrealized gains | 8 429 900,12 | 2 181 985,56 |
| Unrealized losses | (-) 6 552 793,01 | (-) 33 968 117,48 |
| Total | <u>1 254 442,96</u> | <u>-26 417 315,63</u> |
| | | |
| Transaction costs | 69 100,85 | 72 236,27 |

BALANCE SHEET APPENDIX 31.12.2023

| | | |
|-------------------------|----------------------|-----------------------|
| Fund value | | |
| Fund value 1.1. | 51 387 839,72 | 87 338 242,29 |
| Unit subscriptions | 5 617 297,53 | 1 813 415,91 |
| Unit redemptions | (-) 4 686 938,40 | (-) 9 679 138,82 |
| Distribution of returns | (-) 681 598,20 | (-) 1 442 706,08 |
| Fiscal year profits | <u>1 189 048,06</u> | <u>-26 641 973,58</u> |
| Fund value 31.12. | <u>52 825 648,71</u> | <u>51 387 839,72</u> |

Helsinki 28 / 2 2024

CEO



Markus Larsson

This is an unofficial translation of the original in Swedish.



**Building a better
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Ernst & Young Oy
Korkeavuorenkatu 32-34
FI-00130 Helsinki
FINLAND

Tel: +358 207 280 190
www.ey.com/fi
Business ID: 2204039-6,
domicile Helsinki

AUDITOR'S REPORT (Translation of the Swedish original)

To Fondita Fund Management Company Ltd and to the unit holders of special mutual funds managed Fondita Fund Management Company Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fondita Fund Management Company Ltd (business identity code 0899688-5) and the mutual funds managed by Fondita Fund Management Company Ltd for the financial year ending 31.12.2023. The financial statements comprise the balance sheet, income statement, cash flow statement for the mutual fund company and notes.

In our opinion

- the financial statements of Fondita Fund Management Company Ltd give a true and fair view of the financial performance and financial position of the mutual fund company in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.
- the financial statements of the mutual funds managed by Fondita Fund Management Company Ltd give a true and fair view of the financial performance and financial position of the mutual funds in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements

The mutual funds managed by Fondita Fund Management Company Ltd are Fondita Nordic Small Cap Placeringsfond, Fondita Global Megatrends Placeringsfond, Fondita Nordic Micro Cap Placeringsfond, Fondita European Small Cap Placeringsfond, Fondita Sustainable Europe Placeringsfond, Fondita Healthcare Placeringsfond, Fondita Finland Micro Cap Placeringsfond and Fondita European Micro Cap Placeringsfond.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company/mutual fund in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's/mutual fund's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company/mutual fund or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's/mutual fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's/mutual fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company/mutual fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 1.2.2024

Anders Svennas
Authorized Public Accountant

Matias Jäntti
Authorized Public Accountant



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 4

ANNEX

to the

Commission Delegated Regulation (EU) .../...

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Fondita European Small Cap

Legal entity identifier: 743700250XW1G45XK174

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes

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:** ___%

No

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 50% 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**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The financial product has as its primary environmental objective to promote climate change mitigation and as a social objective to promote equality including safeguarding fundamental human rights. For Fondita, sustainable investments in an Article 8 fund are investments that contribute to sustainable development in environmental, social and economic terms. Several aspects are considered. Fondita has defined the main criteria for a sustainable investment as follows; an environmentally sustainable investment means that the company has in its strategy set CO2 reduction initiative and/or has a plan for CO2

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



neutrality. In 2023 the set environmental target, that at least 75% of the holdings classified as sustainable investments (50% of the total allocation) have a carbon reduction target or initiative, was met. In the end of the year the fund could report that 46,3% of the total holdings had a CO2 reduction initiative, with a 88,7% coverage in MSCI.

In 2023 the social sustainability target, that at least 25% of the sustainable investments (50% of the total allocation) have a equality/diversity policy in place, was met. In the end of the year the fund could report that 50 % of the holdings had a equality and/or diversity policy, with a 88,7% MSCI coverage. Also companies followed good governance practices.

Fondita uses primarily data from MSCI ESG Research which is complimented by manual ESG assessments on a best effort basis which is dependent on publicly disclosed information by the holdings.

- ***How did the sustainability indicators perform?***

The sustainability indicators performed well over the year, and the expected minimum thresholds were met with improvements in both carbon reduction targets and equality related policies. Furthermore, the fund did not hold any companies against our exclusion policy.

Additionally, the PAI indicators were closely monitored and they were published in July on the Fondita webpage (<https://fondita.com/reports-and-documents/>) where 14 mandatory and 2 voluntary indicators were reported, on both a fund- and company level.

The ESG rating for the fund in the end of 2023 was AA (very good) in MSCI.

- ***...and compared to previous periods?***

In year 2022 35,4% of the holdings had a carbon reduction target with a 76% coverage of the funds holdings in MSCI. We are able to report an improvement in both areas, as MSCI coverage for 2023 was 88,7% and 46,3% of the holdings had a carbon reduction target. We have limited historical data for the equality/diversity policies, and can not compare to 2022.

The ESG rating of the fund in the end of 2022 was AA (very good), compared to A (good) in the end of 2023. The change was mainly linked to MSCI's new methodology of rating principles before the summer 2023.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The Fund's environmental objective is to promote climate change mitigation. The Fund's primary climate change objectives focus both on companies' carbon

emission targets and on excluding environmentally unsustainable sectors from the Fund's investment universe. The fund's environmental objective is mainly aligned with UN SDG 13 Climate Action and SDG 7 Affordable and Clean Energy.

The Fund's social objectives include improving equality and safeguarding fundamental human rights. By screening for international norms and for equality policies the Fund's social objectives are in line mainly with SDG 5 gender equality and SDG 9 Industry Innovation & Infrastructure.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The investments did not cause significant harm to any sustainable investment objective by excluding environmentally unsustainable sectors, considering sustainability risks and opportunities in the business analysis, and investing in companies that follow good corporate governance practices. In addition, all holdings met the MSCI's EU Taxonomy DNSH "do no significant harm" screen that is conducted on a monthly basis. Furthermore, the companies did not violate UN Global Compact and OECD guidelines for multinational enterprises. These international norms and standards consider what Fondita views as fundamental environmental, social and governance aspects which serves as a minimum requirement. A screen is conducted monthly against all of Fondita's exclusion criteria and if a company is found in violation, an escalation process is conducted which if verified results in selling the company from our holding. There was no holdings in the fund which violated any of the international norms during the year 2023. Early exclusion helps to ensure that investments do not contribute to either negative or harmful environmental and social impacts.

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

The portfolio manager takes into account the adverse impacts on sustainability factors before making an investment decision and monitor them during the lifetime of the investment. The PAI map is updated at least annually of all holdings. The fund considers all 14 mandatory and two voluntary factors which have been chosen based on relevance for all of our funds, which can be reviewed on our homepage (published on a fund level and company level.). Fondita uses data from several sources to make the assessment, mainly MSCI data. If data is not attainable from MSCI we search company public disclosures and use thirdparty providers for estimates. We expect more reliable data availability when regulation such as CSRD enter into force.

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

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.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Yes, the investments were aligned. The fund conducts a monthly screen for breaches of UN Global Compact, OECD multinational guidelines for enterprises and the EU Taxonomy ". In case a company is found in violation of our exclusion criteria, an escalation process is conducted and if the violation is verified with the company, the holding is removed.



The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

Yes, the fund takes into account the potential negative impact of the investment decision on sustainability factors. Before making an investment, we evaluate the sustainability risks associated with the company. In order to assess the potential negative sustainability impacts of an investment, we pay close attention to the sector to which the holding belongs, where production takes place geographically and what the company produces. Certain sectors and geographies are simply associated with a higher risk of sustainability-related incidents. We also take into account a number of qualitative and quantitative indicators relating to the company's management and their ESG priorities.

The following mandatory PAI indicators are considered and tracked.

1. GHG Emissions (Scope 1, Scope 2, Scope 3 and Total GHG Emissions)
2. Carbon Footprint
3. GHG intensity of investee company
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector (NACE A-L)
7. Activities negatively affecting biodiversity-sensitive areas

8. Emissions to water
9. Hazardous waste ratio
10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

The following voluntary PAI indicators are considered and tracked.

15. Investments in companies without carbon emissions reduction initiatives.
16. Number of identified cases of severe human rights issues and incidents.

The PAI-reports are published in the Fondita Fund Management Company's annual report and on Fondita's webpage.



What were the top investments of this financial product?

| Largest investments | Sector | % Assets | Country |
|---------------------------|-----------------------|--------------|--------------------|
| <i>Bufab</i> | <i>IT</i> | <i>4,46%</i> | <i>Sweden</i> |
| <i>Siegfried Holding</i> | <i>Health Care</i> | <i>3,95%</i> | <i>Switzerkand</i> |
| <i>Dermapharm</i> | <i>Health Care</i> | <i>3,83%</i> | <i>Germany</i> |
| <i>Borregaard</i> | <i>Materials</i> | <i>3,64%</i> | <i>Norway</i> |
| <i>Jenoptik</i> | <i>IT</i> | <i>3,50%</i> | <i>Germany</i> |
| <i>Kontron</i> | <i>IT</i> | <i>3,44%</i> | <i>Germany</i> |
| <i>Laboratorios Farma</i> | <i>Health Care</i> | <i>3,36%</i> | <i>Spain</i> |
| <i>NCAB Group</i> | <i>IT</i> | <i>3,33%</i> | <i>Sweden</i> |
| <i>Discoverie Group</i> | <i>Industrials</i> | <i>3,32%</i> | <i>UK</i> |
| <i>Dometic Group</i> | <i>Consumer Discr</i> | <i>3,31%</i> | <i>Sweden</i> |

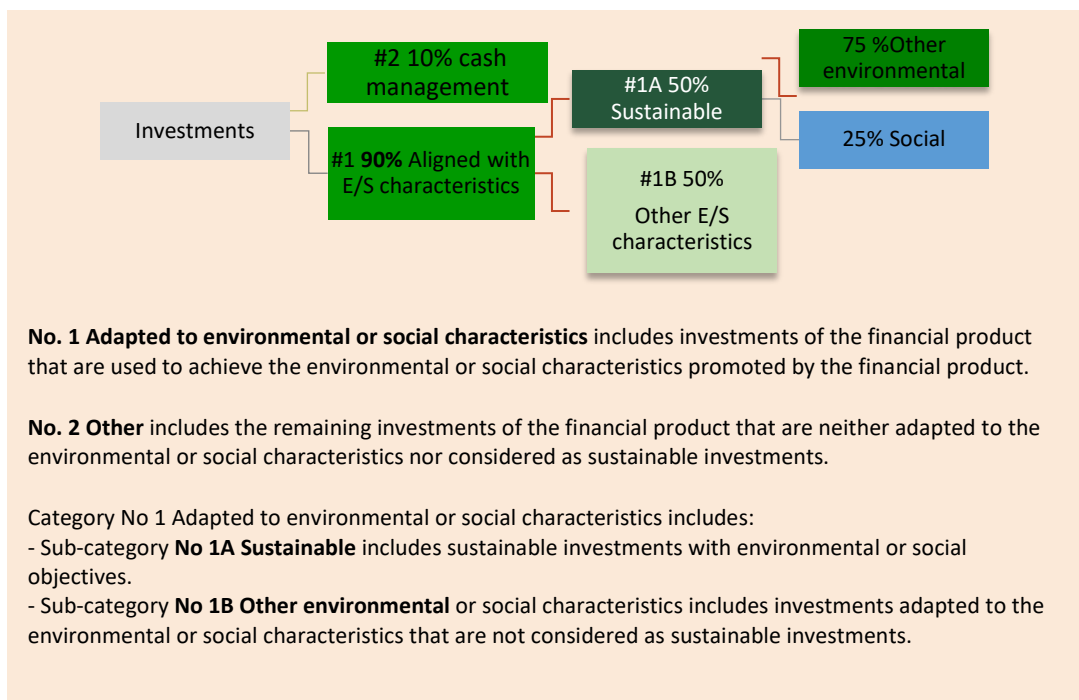
What was the proportion of sustainability-related investments?

Over 50% of the funds holdings meet the aforementioned goals of promoting environmental and social sustainable investments. The proportion is ensured by a monthly screening in MSCI.



Asset allocation describes the share of investments in specific assets.

● *What was the asset allocation?*



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

Health care, industrials, information technology, consumer staples, consumer discretionary and materials.



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

Although the fund promotes environmental aspects, the fund is not committed to making sustainable investments or investments in environmentally sustainable activities that meet the requirements of the EU Taxonomy Regulation and therefore the fund do not have a target of a certain proportion of investments being sustainable investments according to Taxonomy.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 31.12.2023

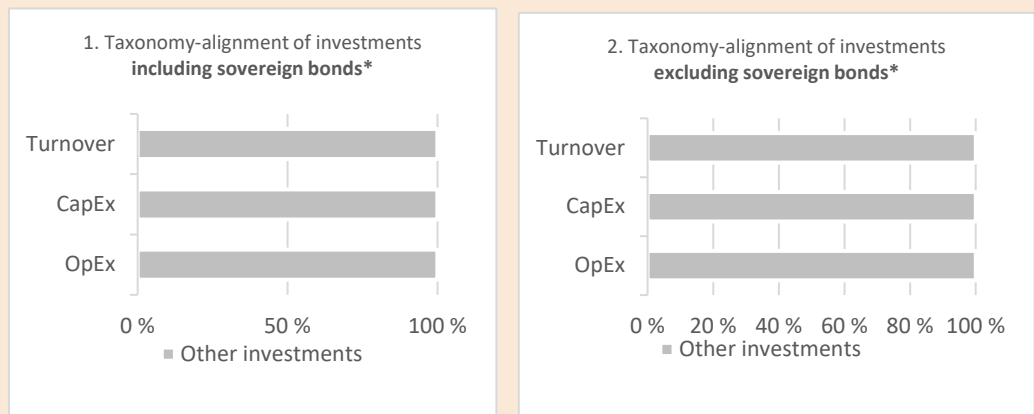
- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

No, the financial product does not invest in fossil gas or nuclear energy related activities as the sectors are part of the Fondita exclusion list.

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

The fund does not have a minimum requirement of share of investments in transitional or enabling activities.

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

The fund does not have a minimum requirement regarding alignment with the EU Taxonomy.



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

75% of the sustainable investments promote an environmental objective not aligned with the EU Taxonomy.



What was the share of socially sustainable investments

25% of the sustainable investments promote an socially sustainable investments according to aformentioned paremeters.



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

The fund integrates ESG factors equally for all holdings in the investment process, promotes environmental and social characteristics, excludes unsustainable sectors and it considers principal adverse impacts for all holdings. The companies are not allowed to have revenue streams of over 5% from our exluded sectors or violation of UN Global Compact, OECD Guidelines for multinational enterprises or the EU Taxonomy “Do No Significant Harm” principle. In case a company is found in violation of our exclusion criteria, an escalation process is conducted and if the violation is verified with the company, the holding is removed.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

We regularly screen the holdings via MSCI and can thus monitor the performance. For those companies for which there is no coverage, discussions are conducted in order to influence and contribute to better reporting by the companies. Furthermore, if a company was found in our screening to be watchlisted for international norms, or similar, a dialogue with conducted with the Investor Relations unit of the holding to investigate the matter and conduct an escalation process according to aformentioned process.

How did this financial product perform compared to the reference benchmark?

The fund has no offical benchmark.



- ***How does the reference benchmark differ from a broad market index?***
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***
- ***How did this financial product perform compared with the reference benchmark?***

The fund underperformed the European small-cap index (MSCI Europe Small NTR).

- ***How did this financial product perform compared with the broad market index?***

The fund underperformed the broad European large-cap index (MSCI Europe NTR).