Storebrand Global ESG Plus

Quarterly Fund Update

Note: This is a marketing communication for professional investors only.

Important Information

Except otherwise stated, the source of all information is Storebrand Asset Management AS as at 30th of June 2023. Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skills, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. Statements reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. Future fund performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future.

No offer to purchase shares can be made or accepted prior to receipt by the offeree of the fund's prospectus and KIID and the completion of all appropriate documentation. You can download more information including Investor Rights information, full prospectus, Key Information Documents, General Commercial Terms and Annual Reports in Norwegian **here**. The fund is classified in risk profile 5 out of 7 (SRRI score). The value of a fund with risk class 5-7 may increase or decrease significantly due to its com position and the fund company's portfolio management practices.

Storebrand Asset Management AS may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

Global ESG Plus:

The fund return gross of fees was 1.21% in Q2, or 0.14% behind the benchmark return of 1.36%. At the surface level, Q2 seems quite uneventful, with the fund delivering a return close to that of the benchmark. Looking at the contributions of the individual components of the strategy, however, one sees that there were some larger movements that just happened to nearly net out to zero. Not investing in fossil fuels-related companies gave a +0.3% contribution to benchmark relative returns in Q2. Climate solutions stocks had a slight outperformance in the two first months of the quarter, but in June they suffered performance wise. Since the fund is overweight such companies as part of the strategy to create climate beta exposure, this resulted in a negative contribution to benchmark relative returns for the quarter as a whole, at -0.4%. Other parts of the fund's exclusion list gave a positive 0.4% contribution. The fund's entire asset base is invested in climate solutions with a 12% target weight, and in other, non-screened companies, with a weight of 88%. For this latter majority of the fund's portfolio, the fund has a preference for being overweight companies which rate well on a list of climate- and sustainability-related properties. Apart from that, the portfolio's weights are constructed such that the fund's expected tracking error level is as low as possible given the fund's climate and sustainability characteristics. In other words, we construct a portfolio which avoids all avoidable sources of expected return differences

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relative to the MSCI World index, based on a view that the MSCI World index is a very attractive investment, but that we'd like the fund to differ from it when it comes to climate and sustainability exposure. This largest, non-climate solutions part of the fund had a -0.3% contribution to benchmark relative return in Q2. Small differences in currency exposure between fund and benchmark gave a -0.1% contribution.

During Q2 we identified 9 new companies to the climate solutions list which were added to the fund's portfolio during the quarter. Six were related to electrification, with three involved in electrical motor components and the three related to upgrading and building new electricity grid lines. One more was a producer of school buses in the US which has won a large contract for electric busses. One is a producer of electrolysis machinery for hydrogen production. The last addition was a company within purification and quality control of water. In sum, these new additions had a sum of portfolio weights of 0.4% at the end of the quarter.

The fund is constructed with the intention of giving a beta-like exposure to unexpected changes in the world's ability to deliver on the Paris Agreement goals. Examples of changes which the portfolio's benchmark-relative returns are sensitive to are political changes; changes in investor sentiment related to climate change; and changes in policies supporting climate mitigation. In Q2, the EU elections resulted in the political landscape shifting a bit in the direction of parties which are in opposition to parts of the EU Green Deal. This triggered an election in France which may strengthen that shift. In the US, Trump's chances of winning the upcoming election have strengthened, according to the number crunchers. On a different level, international trade in climate change mitigation products, like EVs and solar panels, have become caught up in increasing trade restrictions. First, the US hiked import taxes for Chinese EVs to a level of 100%. Then the EU followed with it's own increase, although more moderate in size. Even though Chinese companies may bypass parts of the consequence by moving production abroad, the net effect will be a slow-down in EV adaptation. This slowing trend is seen already in EV sales numbers in Europe and the US, and it reflects a reduction in political dilution of prior commitments to force through the phasing out of ICE cars. At the same time, global investments in the EV value chain have been high, leading to over-capacity and a lack of pricing power.