

## Prospectus for SKAGEN Avkastning Verdipapirfond, org.nr. 979 876 084 (established 16 September 1994)

### 1. Storebrand Asset Management AS

#### 1.1 Legal matters

Storebrand Asset Management AS was founded on 01.07.1981 and is registered in the Register of Business Enterprises with org. no. 930 208 868. On 01.07.1981 the company was authorised by the Financial Supervisory Authority of Norway to manage securities funds. The company manages the following different fund categories; equity funds, fixed income funds and balanced funds. The funds are managed according to different mandates within their respective categories. For more information about which funds are managed by the company, please refer to [www.skagenfunds.com](http://www.skagenfunds.com) or contact the company directly. The company's registered office address is Professor Kohtsvei 9, N-1366 Lysaker. The company is authorised to market SKAGEN Avkastning in Norway, Sweden, Denmark, Luxembourg, the Netherlands and the Faroe Islands.

Changes in the marketing of the Fund or the termination of the marketing of the fund in the above mentioned markets may not be carried out until Storebrand Asset Management AS has provided written notification to the financial authorities in the relevant host countries. Unit holders will be informed via our web pages.

#### 1.2 Ownership

The company is 100 percent owned by Storebrand ASA.

#### 1.3 Board of Directors

##### Shareholder-elected representatives:

Odd Arild Grefstad (Chairman)  
Lars Aasulv Løddesøl  
Jenny Rundbladh (deputy)  
Lars-Erik Eriksen (deputy)

##### Unitholder-elected representatives:

Sverre Dale Moen  
Brita Cathrine Knutson  
Sondre Gullord Graff (deputy)

##### Employee-elected representatives:

Hilde Marit Lodvir Hengebøl  
Karsten Solberg

In 2022, the members of the board received a total of NOK 694.000 in remuneration for the position. Board remuneration is not paid to shareholder-elected board members employed by the Storebrand Group.

#### 1.4 Managing director

Jan Erik Saugestad

Compensation to CEO amounted to NOK 7.201.000 in 2022.

#### 1.5 Remuneration scheme

The remuneration scheme in Storebrand Asset Management AS consists of fixed salary and variable remuneration. Fixed salary is determined on the basis of a market-based assessment, and the variable remuneration is based on a comprehensive assessment of the team's and individual employee's results, including achieved relative returns where relevant. A more detailed description of the scheme is available at [www.storebrand.com/sam/international/asset-management/legal](http://www.storebrand.com/sam/international/asset-management/legal). Paper copy is sent free of charge on request.

### 2. Articles of Association for the fund SKAGEN Avkastning

#### § 1 Name of the securities fund and of the management company

The securities fund SKAGEN Avkastning is managed by the management company Storebrand Asset Management AS. The Fund is authorised in Norway and is regulated by the Norwegian Financial Services Authority (Finanstilsynet).

The Fund is regulated by the Norwegian Act No 44 of 25 November 2011 on securities funds (hereinafter referred to as 'the Norwegian Securities Funds Act').

#### § 2 UCITS fund

The Fund is a UCITS fund and, under Section 6(7)(3) of the Norwegian Securities Funds Act, it has permission from the Financial Supervisory Authority of Norway to invest up to 100% of its assets in transferable securities or money market instruments issued or guaranteed by a Member State, by its local authorities, by a third country or by a public international body to which one or more Member

States belong. The Fund shall comply with the provisions governing subscription and redemption of the Norwegian Securities Funds Act § 4-9 (1) and § 4-12 (1).

### § 3 Rules for the investment of the Fund's assets

#### 3.1 The Fund's investment area and risk profile

The Fund is a bond fund which primarily invests in Norwegian and Nordic interest-bearing transferable securities. The Fund may also invest a proportion of its assets in issuers outside the Nordics. Details of the Fund's investment mandate are given in the prospectus. The Fund is normally characterised by a relatively low to moderate fluctuation risk (volatility). The risk profile is set out in detail in the Fund's Key Information Document.

#### 3.2 General information about the investment area

The Fund's assets may be invested in the following financial instruments and/or deposits with credit institutions:

transferable securities	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
securities fund units	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
money market instruments	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
derivatives	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
deposits with credit institutions	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Regardless of the investment options in this section, the Fund may hold liquid assets.

The Fund's investments in securities fund units shall, together with its other investments, shall be in accordance with these Articles of Association.

Investment in other securities funds constitutes not more than 10% of the Fund's assets:  yes  no

Investment in non-UCITS securities funds meets the conditions of the Norwegian Securities Funds Act § 6-2 (2) and does not, overall, constitute more than 10% of the Fund's assets:  yes  no

Securities funds in which investment is placed may themselves invest a maximum of 10% of the Fund's assets in securities fund units:  yes  no

The Fund's assets may be invested in money market instruments normally traded on the monetary market, which are liquid and can be valued at any time:  yes  no

The Fund may use the following derivative instruments: options, futures and swaps. The basis for the derivatives shall be financial instruments as mentioned above in Section 3.2 first paragraph, indices with financial instruments as defined in Section 3.2, first paragraph or interest rates, currencies or exchange rates.

Expected risk and expected return of the Fund's underlying securities portfolio shall remain the same or be reduced as a result of the derivative investments.

#### 3.3 Liquidity requirements

The Fund's assets may be invested in financial instruments which:

- are admitted to official quotation or are traded on a regulated market in an EEA state, including a Norwegian regulated market, as defined in Directive 2014/65/EU Art. 4 (1) point 21 and the Securities Trading Act section 2-7 (4).  yes  no
- are traded on another regulated market which operates regularly and is open to the public in a state which is party to the EEA Agreement.  yes  no
- are admitted to official listing on a stock exchange in a country outside the EEA or which are traded in such a country on another regulated market which operates regularly and is open to the public.  yes  no

Any stock exchange and regulated market in the world is eligible. Investments are in well-developed markets and emerging markets.

4. are newly issued, if the issue is conditional upon an application being made for admission to trading on a stock exchange or market as ticked in items 1 to 3 above. Admission to trading shall take place within one year of the expiry of the subscription period.  
 yes  no

The Fund's assets may be invested in money market instruments traded on a market other than those indicated in items 1 to 3 above, if the issue or the issuer of the instruments is regulated for the purpose of protecting investors and savings and if the instrument is covered by the Norwegian Securities Funds Act § 6-5 (2).

Up to 10% of the Fund's assets may be invested in financial instruments other than those mentioned in this section.

#### 3.4 Investment restrictions – the Fund's assets

The Fund's portfolio of financial instruments shall be of a composition which provides a suitable spread of the risk of loss.

The Fund may invest up to 100% of its assets in transferable securities or money market instruments as referred to in the Norwegian Securities Funds Act §6-6 (2) (3). Assets shall be invested at least 6 different issues and the investment in any such issue may not exceed 30% of the Fund's total assets.

#### 3.5 Investment restrictions – ownership interest with issuer

The Fund's investments shall at all times comply with investment restrictions of Section 6(9) of the Norwegian Securities Funds Act.

#### 3.6 Techniques for efficient portfolio management

The Fund may not, in accordance with the Securities Funds Act Section 6-11 and the Securities Funds Regulations Section 6-8 use techniques to achieve effective portfolio management.

#### § 4 The Fund's management of capital gains and dividends

Capital gains shall be reinvested in the Fund.

Dividends shall not be distributed to unit holders.

The management company's Board of Directors may provide that capital gains of the Fund's bonds and certificates shall be distributed to unit holders.

The management company's Board of Directors may provide that the net return of the Fund's investments in the form of interest income shall be distributed to unit holders.

#### § 5 Costs

The management fee is the management company's remuneration for the management of the Fund. The basis for the calculation of the management fee is the Fund's current value. When calculating the Fund's value (total net assets), the basis shall be the market value of the portfolio of financial instruments and deposits with credit institutions, the value of the Fund's liquid assets and other receivables, the value of accrued income not yet due less liabilities and accrued expenses not yet due, including deferred tax liabilities.

Apart from the management fee, the following costs may also be covered by the Fund:

1. transaction costs of the Fund's investments,
2. payment of any taxes imposed on the Fund,
3. interest on borrowings as referred to in Section 6(10) of the Norwegian Securities Funds Act Section, and
4. extraordinary costs which are necessary to protect unit holders' interests, cf. Section 4(6)(2) of the Norwegian Securities Funds Act.

The management company may charge the Fund a fixed management fee. The fixed management fee shall be calculated daily and charged quarterly.

The management fee is allocated equally to each unit in the Fund. The fixed management fee is 0.4% per annum.

The management company Storebrand Asset Management AS may invest the Fund's assets in other funds that charge a maximum management fee of 1.5% per annum. The management fee charged to other funds shall be in addition to Storebrand Asset Management AS' management fee stated above.

Any retrocession which Storebrand Asset Management AS receives from a management company or equivalent of another fund shall accrue to the Fund in its entirety.

#### § 6 Subscription and redemption of units

The Fund is normally open for subscription 5 times a week. The Fund is normally open for redemption 5 times a week.

A subscription fee of up to 0% of the subscription amount may be charged for the subscription of units.

The Board of Storebrand Asset Management AS may decide that the costs shall increase by up to 10% of the subscription amount. The difference between 0% and the adopted increased subscription fee of up to 10% shall accrue to the Fund. The Board may set an increased subscription fee for a certain period with the possibility of extension or shortening by board resolution.

A redemption fee of up to 0% of the redemption amount shall be incurred for the redemption of units.

Storebrand Asset Management AS may use swing pricing. Please refer to the prospectus for further details.

#### § 7 Unit classes

The Fund has no unit classes.

#### 3. Taxation

The information given below is not intended as tax advice, but merely provides information on the basic tax rules for the Fund. Please contact your local tax consultant for further information.

##### *The Fund:*

The Fund is subject to a 22 % tax on the taxable income. Taxable income consists of net capital gains on the interest bearing securities, as well as the accrued capital gain and foreign exchange gains, minus deductible cost such as management fee, interest costs and foreign exchange losses. In practical terms, the Fund distributes taxable income to unit holders so that the Fund will not be subject to taxation. On distribution to unit holders, the Fund has a right of deduction for the distribution of interest income. The Fund is exempt from wealth tax.

##### *All investors:*

The Fund's taxable income is annually separated from the Fund and distributed to the unit holders in the form of the issue of new units. The price of the unit will thus be adjusted down by an amount exactly equal to the value of the taxable income per unit. The taxable income per unit is charged to the unit holder in the year it accrued.

The Fund does not distribute dividends.

#### 4. Classification according to the industry standard set by the Norwegian Mutual Fund Association

The Fund is classified as an "other fixed income fund" in accordance with the industry standard set by the Norwegian Mutual Fund Association regarding information about and classification of fixed income funds. However, the Fund has the following limitations:

- Maximum term for binding of fixed interest rate on individual securities in the Fund's portfolio: 10
- The Fund's maximum interest rate sensitivity: < 5
- Expected maximum interest rate sensitivity: 0–5
- The Fund's maximum weighted average duration: <5
- The Fund may invest in securities denominated in NOK, SEK, DKK, EUR and USD.
- Securities denominated in currencies other than NOK may amount to a maximum of 40% of the Fund
- Investments in issuers outside of the Nordics may amount to a maximum of 30% of the Fund
- Investments in subordinated loans and Tier 1 Capital may amount to a maximum of 30% of the Fund
- At least 75% of the Fund's securities must have an investment grade credit rating, i.e. BBB- or higher
- The 25% maximum share of the Fund that may be invested in government securities rated lower than investment grade must, on the investment date, have a minimum credit rating of B-, and be limited to a maximum of 5% per issuer
- A maximum of 10% of the Fund may be invested in mutual fund units

#### 5. Derivatives

In accordance with § 3 3.2 of the Articles of Association, the Fund shall have the possibility of using derivatives, the purpose of which shall be the reduction of risk.

#### 6. Benchmark index

The Fund's benchmark index is a combination of 92% NBP Norwegian RM3 FRN Index NOK (NORM3FRN) and 8% NBP Norwegian HY Aggregated Index NOK Hedged (NBPHY).

The benchmark index may be used as a point of reference to compare the Fund's return. The index may also be a source for selecting the Fund's investments, but the composition of the Fund may deviate substantially from the index.

#### 7. Objectives and investment strategy

The objective of the management of the Fund is to maximise absolute returns relative to the risk taken by the Fund.



The Fund is actively managed and invests primarily in Norwegian and Nordic fixed income instruments. The Fund may also invest a proportion of its assets in issuers outside the Nordics.

The average fixed interest rate (duration) will be in the range of 0-5 years. A proportion of the Fund may invest in loans with credit quality BB+ or lower (high yield), and the lowest permitted credit quality for an individual investment is B- at the time of investment. Such loans have a high expected return, but also a high credit risk. Up to 30 percent may be invested in subordinated loan capital, which carries a higher risk than ordinary bonds. Some of the Fund's investments may at times have low tradability, which may also increase the risk of falling prices. To reduce risk, investments are divided between many issuers. The Fund manager shall strive to select the most attractive securities based on proprietary analyses. Derivatives may be used for more reasonable or more efficient portfolio management. The Fund is managed in line with the Storebrand Group's principles for sustainable investments.

The Fund receives interest payments from its investments, and these are reinvested continuously and thus included in the net asset value.

## 8. Sustainability information

For relevant information regarding the sustainability considerations the Fund takes into account, please refer to the Annex in this document.

## 9. Nature and character of the unit

All units represent one ownership share in the securities fund SKAGEN Avkastning.

A unit holder is not entitled to demand that the Fund be split up or dissolved. All unit holders or their appointed proxies have the right to vote at the election meeting for the fund. Beyond their unit investment, unit holders are not liable for the Fund's obligations. If the Financial Supervisory Authority of Norway decides that the Fund shall be liquidated or transferred to another management company, unit holders will be informed in accordance with the Norwegian Securities Funds Act §4-13.

The end of the Fund's financial year is 31.12.

## 10. Auditor

PwC Norway, state certified auditors, Dronning Eufemias gate 8, 0191 Oslo, is the auditor for the management company and for the accounts of the mutual funds.

Ernst & Young AS, state certified auditors, Dronning Eufemias gate 6, 0191 Oslo, is the internal auditor for the management company and for the accounts of the mutual funds.

## 11. Custodian

The Fund's Custodian is J.P. Morgan SE - Oslo Branch (org.no. 921 560 427), Tordenskiolds gate 6, 0160 Oslo, Norway. The bank is a foreign enterprise registered in Norway.

## 12. Historical returns and risk

Please refer to the Fund's Key Information Document for up-to-date bar graphs showing the Fund's historical returns and the Fund's position on the Fund's risk scale. You may order the Key Information Document free of charge from Storebrand Asset Management AS, or download it from [www.skagenfunds.com](http://www.skagenfunds.com).

There are risks associated with investment in the Fund as a result of fluctuating exchange rates, interest levels, general economic conditions, specific corporate conditions and the quality of issuers' credit. The distribution of investments in the interest portfolio is the result of Storebrand Asset Management AS' investment philosophy and the evaluation of each issuer's credit rating and the general economic conditions in the markets where the issuers operate. In addition to the statutory requirements, Storebrand Asset Management AS has internal requirements for the spread of investments and the liquidity of the financial instruments the fund invests in. Storebrand Asset Management AS has drawn up internal procedures for reducing the probability of operating errors which can affect the Fund.

The Fund's modified duration shall be between 0 and 5 years.

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the Fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. The Fund's performance may vary considerably over the course of a year. Gains or losses for individual unit holders will therefore depend on the exact timing of the subscription and redemption of units.

## 13. Calculation and publication of Net Asset Value per unit

Each unit of the Fund shall be denominated in NOK 100.

When calculating the net asset value (NAV) per unit class, the basis shall be the market value of the portfolio of financial instruments and deposits in credit institutions, the value of the Fund's liquid assets and other receivables, the value

of accrued non-overdue income and the value of any carryforward losses, less liabilities and accrued expenses not yet due, including deferred tax liabilities.

The net asset value per unit is calculated on all trading days. These are published through Oslo Børs ASA. The Fund is closed for price setting, subscription and redemption on Norwegian public holidays and when markets in which a significant part of the Fund's portfolio is invested in are closed. A trading calendar is available on [www.skagenfunds.com](http://www.skagenfunds.com)

Discretionary valuation is used if events occur that may have a bearing on the value of a relevant security, if a non-significant part of the market in which the security is traded is closed, or if the security is illiquid. Storebrand Asset Management AS' practice for discretionary valuation is in accordance with the Norwegian Mutual Fund association's industry recommendation on the valuation of illiquid equity instruments, available at [www.vff.no](http://www.vff.no).

Furthermore, Storebrand Asset Management AS has established procedures for swing pricing in order to prevent losses for existing unit holders due to subscriptions and redemptions made by other unit holders of the fund. The NAV is adjusted by a swing factor on days when the fund has had net subscriptions or redemptions in excess of a predetermined proportion of the fund's total assets. The threshold for adjustment of the NAV is set at the level at which net subscriptions or redemptions are expected to result in the fund having to make adjustments to the portfolio leading to transaction cost, spread cost (the difference between the purchase and sales price of the underlying securities) and currency exchange cost. If the fund has had net subscriptions above this threshold, NAV is adjusted up, and vice versa if the fund has had net redemptions above this threshold. The swing factor is based on average historical costs, and is evaluated every quarter.

The procedures are set up according to the industry standard set by The Norwegian Mutual Fund Association for subscription and redemption. Read more about the industry standard for subscription and redemption of fund units on [www.vff.no](http://www.vff.no).

## 14. Unit holder register

The unit holder register of SKAGEN Avkastning is maintained by Storebrand Asset Management AS. Unit holders will receive notifications of changes to holdings, annual statements and realisation statements through SKAGEN's web portal. Upon request, unit holders/nominees may arrange to receive annual statements and realisation statements by post.

## 15. Costs

The cost of subscription and redemption shall currently be 0.0% of the subscription amount and 0.0% of the redemption amount.

The management fee is 0.4% per annum.

If deemed to be in the interest of the unit holders, the management company will, on behalf of the fund, claim refund of withholding tax and pursue legal claims (including class actions). In this regard, the fund can be charged costs directly, or indirectly by reducing the payment (gain) for the fund.

## 16. Information

Storebrand Asset Management AS will publish the Fund's annual report and half year report on [www.skagenfunds.com](http://www.skagenfunds.com). The annual report will be published no later than four months after the end of the financial year. The half year report will be published no later than two months after the end of the reporting period. Unit holders who have provided an e-mail address will receive the report electronically. Unit holders may request to receive a copy of the reports by post free of charge.

Unit holders will receive first half and second half year reports informing them of the number of units they hold in the fund, the value of their holding and the return for the period and the year. This information will be distributed via SKAGEN's web portal.

## 17. Subscriptions and redemptions

Units shall be subscribed for and redeemed in accordance with the Norwegian Fund and Asset Management Association's industry standard for subscription and redemption.

For subscription and redemption in a currency other than NOK, the subscription/redemption price shall be calculated from the Fund's NAV in Norwegian kroner using the exchange rate for the relevant Fund on the valuation day. For information about the currencies that can be used for subscription/redemption, please visit [www.skagenfondene.no](http://www.skagenfondene.no)

Requests for subscription and redemption shall be made in writing and shall be signed, unless otherwise regulated by a prior written agreement between Storebrand Asset Management AS and the unit holder. New units shall be subscribed for at the net asset value per unit as of the first valuation following the subscription date (that is, when the application has been received by the management company, the funds connected with the subscription have been received and any checks have been completed). Redemption shall take place at the net asset value per unit as of the first valuation following receipt by the

management company of the redemption request. The redemption request must reach the management company by 3 pm CET, adjusted for summer time, or by another point in time set with reference to public holidays (the cut-off deadline) in order for the first valuation following receipt of the redemption request to be used as the basis.

In the event of stock exchange closure, or other extraordinary circumstances, including in special instances the protection of unit holders' interests, the management company may, with the consent of the Financial Supervisory Authority, either wholly or partially suspend the value assessment and payment of redemption claims.

#### Facilities Services for Investors

Storebrand Asset Management AS provides facilities services for investors according to the relevant EU legislation. European investors are provided with legal documentation (prospectuses, articles of incorporation, KIIDs/PRIIPs KIDs, Annual Report and Half Year Report), fund-related information (NAV), how subscription/redemption/payments can be effected and how to access procedures and arrangements related to investor complaints and exercising investor rights.

The above-mentioned facilities information for investors can be accessed here:

**In Sweden**, Storebrand Asset Management AS has established an office. Storebrand Asset Management AS Norge, Filial Sverige, is located at Vasagatan 10, 105 39, Stockholm, Sweden. Company number 516408-8402. For more information, please refer to <https://www.skagenfonder.se/>

**In Denmark** (incl. the Faroe Islands), Storebrand Asset Management AS has established an office. Storebrand Asset Management AS, Danmark, Filial af Storebrand Asset Management AS, Norge, is located at Bredgade 25 A, 1. sal, 1260 København K, Denmark. Company number 41353570. For more information, please refer to <https://www.skagenfondene.dk/>

**In Finland**, Storebrand Asset Management AS has established an office. Storebrand Asset Management AS Norway, Suomen sivuliike, is located at Erottajankatu 15-17, 00130 Helsinki, Finland. Company number 3259978-3. For more information, please refer to <https://www.skagenfunds.fi/>

**In the UK**, Storebrand Asset Management AS has appointed Storebrand Asset Management UK Ltd as facility agent. Storebrand Asset Management UK Ltd is located at Green Park House, 15 Stratton Street, London W1J 8LQ, United Kingdom. UK Company No: 14734422. Storebrand Asset Management UK Ltd is an Appointed Representative of Robert Quinn Advisory LLP, which is authorised and regulated by the Financial Conduct Authority. For more information, please refer to <https://www.skagenfunds.co.uk/how-to-invest/facilities-services-for-investors/>

**In Luxembourg**, the facilities services information can be found here: <https://www.skagenfunds.lu/how-to-invest/facilities-services-for-investors/>

**In the Netherlands**, the facilities services information can be found here: <https://www.skagenfunds.nl/how-to-invest/facilities-services-for-investors/>

**In Belgium**, the facilities services information can be found here: <https://www.skagenfunds.com/how-to-invest/facilities-services-for-investors/>

**In Ireland**, the facilities services information can be found here: <https://www.skagenfunds.ie/how-to-invest/facilities-services-for-investors/>

**In France**, the facilities services information can be found here: <https://www.skagenfunds.fr/comment-investir/facilities-services-for-investors/>

**In Iceland**, the facilities services information can be found here: <https://www.skagenfunds.is/how-to-invest/facilities-services-for-investors/>

**In Germany**, the facilities services information can be found here: <https://www.skagenfunds.de/how-to-invest/facilities-services-for-investors/>

#### 18. Trading via a regulated market

SKAGEN Avkastning is not traded on a regulated market.

#### 19. Dispute settlement body

The management company shall be affiliated with the Norwegian Financial Services Complaints Board.

#### 20. Other matters

This prospectus is only directed to investors in jurisdictions where the relevant funds are authorised for distribution. Units in the fund shall not be distributed or sold in the U.S. to any natural or legal person who falls under the definition of

"U.S. Person" in Regulation S of the U.S. Securities Act of 1933. This includes, amongst others, any natural person resident in the U.S. and any partnership or corporation organised or incorporated under the laws of the U.S.

Storebrand Asset Management AS is part of the Storebrand Group and has outsourced tasks to SKAGEN AS. The outsourcing covers management of SKAGEN Vekst, SKAGEN Global, SKAGEN Global II, SKAGEN Global III, SKAGEN Kon-Tiki, SKAGEN M2, SKAGEN Focus, SKAGEN Select 15, SKAGEN Select 30, SKAGEN Select 60, SKAGEN Select 80 and SKAGEN Select 100.

The management company has not entered into any consultancy agreements outside of the Storebrand Group that will affect operations to a significant degree.

Storebrand Asset Management AS has outsourced certain tasks to Storebrand's strategic partner Cognizant. This outsourcing includes a selection of operational tasks, and Cognizant delivers these outsourced tasks from its office in Vilnius, Lithuania.

Intra-group agreements have also been entered into for outsourcing of IT, finance, marketing functions, etc. with other companies in the Storebrand Group.

Companies in the Storebrand Group may subscribe and redeem units free of cost in mutual funds managed by a management company in the same group as Storebrand Asset Management AS.

#### 21. The Board

The management company's board shall consist of at least six members and at least two deputies. One third of the board members are elected by unit holders in the mutual funds managed by Storebrand Asset Management AS. At least two board members are elected by the management company's general meeting. For both groups of board members, elected by unit holders and the general meeting, respectively, at least half as many deputies are elected. Deputies shall have the right to attend, but not the right to vote when the board is otherwise full. Two of the board members are elected by and from among the employees.

The management company appoints a nomination committee, which nominates unitholder elected representatives to the board before the election meeting.

The unitholder elected board members and deputies are elected at the election meeting on the recommendation of the nomination committee. The election meeting is convened by public announcement with at least 2 weeks notice. The election meeting is held every year by the end of June.

#### 22. Board of Directors' responsibility

The Board of Directors of the Management Company is responsible for ensuring that the prospectus meets the requirements of the regulations laid down by the Norwegian Ministry of Finance on 21 December 2011 no. 1467 in pursuance of the Norwegian Securities Funds Act of 25 November 2011 no. 44.

The Board of Directors of Storebrand Asset Management AS hereby declares that, to the best of its knowledge, the prospectus reflects the actual facts and does not contain omissions of a nature liable to alter the meaning of the prospectus.

#### 23. Amendment of the Articles of Association

The Fund's Articles of Association may only be amended if the majority of the unit holder-elected directors of the management company have voted for the amendments. A decision concerning any amendments shall be obtained from the unit holder meeting and the Financial Supervisory Authority of Norway (FSA). The FSA shall approve the amendments if legal requirements concerning the contents of the Articles of Association and procedures for their amendment are met.

Approved by the Board of Storebrand Asset Management AS 24 November 2023

Updated 7 March 2024

*The original Articles of Association and prospectuses were prepared in Norwegian. This is a translated version, which is published with reservations regarding possible errors and omissions as well as erroneous translation. The original prospectus is available in Norwegian at [www.skagenfondene.no](http://www.skagenfondene.no) or by contacting the Customer Service department on +47 51 80 39 00.*

Product name: SKAGEN AVKASTNING Legal entity identifier: 54930005BFBK3IDEYU22

# Environmental and/or social characteristics

**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.

Does this financial product have a sustainable investment objective?

Yes    No

<p><input type="checkbox"/> It will make a minimum of <b>ustainable investments with an environmental objective: __ %</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: __ %</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __ % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What environmental and/or social characteristics are promoted by this financial product?

The financial product promotes environmental and social characteristics by integrating ESG aspects (environmental, social and corporate governance aspects) in all its investments. These aspects include both ESG risks and limiting climate change.

Sustainability risks that may be relevant to the financial product's investments include, but are not limited to:

- Environmental risks: the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity, waste management challenges, and impact on global and local ecosystems, including biodiversity.
- Social risks: human rights, rights in war and conflict, employee rights in own business and in supply chains, product security and data and privacy.
- Governance risks: board composition and effectiveness, management incentives, management quality and stakeholder alignment.

The financial product also applies a general product and norm based exclusion strategy, which include an assessment of whether the investee is negatively affecting certain environmental or social objectives (listed below).

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the financial product.

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

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**
  - **Carbon intensity** financial product vs benchmark (scope 1 and 2)
  - **Storebrand ESG Score** financial product vs benchmark
  - **PAI 10** Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
  - **PAI 14** Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons, and biological weapons)
  - **Revenues from business activities related to the production and distribution of product- and norm based exclusions** (group 1 screening): tobacco, cannabis, coal, oil sand, arctic drilling, deep sea mining, marine/riverine tailings disposal, deforestation, climate lobbying, conduct based breaches, state controlled companies, government bonds.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives**  
The financial product does not plan for a minimum share of sustainable investments, as such.

The financial product promotes sustainability-related properties by integrating product- and norm based exclusions to the investment process. Product-based exclusions cover such as tobacco, cannabis, coal, oil sands, unsustainable palm oil production and controversial weapons. Norm based exclusions include serious climate and environmental damage, lobbying against the Paris Agreement, corruption and violations of international law and human rights.

In addition, the financial product promotes sustainability-related characteristics through the investment manager's influence work, active ownership and/or voting.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

| Not applicable as the financial product has no commitment to sustainable investments.

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

| Not applicable as the financial product has no commitment to sustainable investments.

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

| Not applicable as the financial product has no commitment to sustainable investments.

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

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

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

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, the financial product's screening and exclusion process described above cover several of the principal adverse impacts (the “PAIs”) on sustainability factors.



No

Yes

The Investment Manager has been working to reduce adverse impact in its portfolios since the turn of the century and it has identified the following as main adverse sustainability impact categories that applies to all equity and debt portfolios:

Adverse impacts affecting the environment and climate such as: severe environmental damage; Green House Gas emissions; biodiversity loss and deforestation

Adverse impact affecting workers, communities, and society such as: violations of basic workers' rights; forced labor; gender/diversity discrimination or indigenous rights violations

Adverse impact in connection with gross corruption and money laundering

Adverse impact in connection with controversial weapons (landmines, cluster munitions and nuclear weapons)

Adverse impact in connection with tobacco products

The Investment Manager also identified some adverse impacts that it aims to avoid such as coal or oil sands and others, such as alcohol, gambling, and conventional weapons. These products are associated with significant risks and liabilities to society, the environment or health.

The Investment Manager's methodology is to identify PAI laggards (red), PAI intermediate performers (yellow) and PAI leaders (green) so that risk can be avoided, and more capital can be allocated to more sustainable companies and solution companies.

RED: Those companies identified as PAI laggards will be further analyzed by the Risk and Active Ownership team and may result in exclusion depending on the risk and severity of the negative impact identified and the total cumulative negative impact identified across all PAI indicators.

YELLOW: PAI intermediate performers will also be further analyzed with the aim to mitigate adverse impact through engagement. Please see 3.3 Addressing of PAIs and Mitigation

GREEN: In addition, the analyzed PAI data will be further integrated in financial decisions with the aim to allocate more capital to PAI leaders, and thus lift the sustainability value of the Fund. Please see 3.3 Addressing PAIs and Mitigation.

Information on principal adverse impacts considered by the financial product will be available in the Investment Manager's annual report.



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

### What investment strategy does this financial product follow?

In order to promote environmental and social characteristics, the following methods are central to the financial product's investment strategy:

- Exclusions of products and services
- Engagement

#### Opting out

The financial product does not invest in companies that are subject to the norm- and product based exclusion criteria set out the Storebrand group. The exclusion process is systematic and comprehensive, and includes both internal and external data and assessments. **Norm based** exclusions include companies that:

- contribute to serious and systematic breaches of international law and human rights
- are involved in serious environmental degradation, including the climate and biodiversity

- are involved in systematic corruption and financial crime
- produce or sell controversial weapons, such as nuclear weapons, land mines, cluster munitions, biological and chemical weapons

**Product based** exclusions include companies:

- with more than 5 percent of revenue from coal-related activities, oil sands, tobacco production and distribution, recreational cannabis
- that are involved in deforestation or conversion of native ecosystems through severe and/or systematic unsustainable production of palm oil, soy, cattle, timber, cocoa, coffee, rubber and minerals
- involved in lobbying that deliberately and systematically work against international norms and conventions, such as the goals and targets enshrined in the Paris Agreement or the Global Biodiversity Framework
- with operations in biodiversity sensitive areas
- involved with deep sea mining
- with mining operations that conduct direct marine or riverine tailings disposal
- which are state-owned and controlled by states excluded under sovereign bond criteria

We influence

The Investment Manager uses its interest in entities to engage in sustainability-related issues, and there is two main ways of doing this: voting at shareholder meetings or direct company engagement by expressing our views, in writing or through dialogue with the company's management, advisers or Board of directors. Both methods can effectively address ESG concerns and provide complementary signals to companies on where the Investment Manager stand on important issues. The decision to engage with companies is based on our assessment of the significance of a particular matter, holding size, scope to effect change and opportunities to collaborate with other investors.

The Investment Manager will consider engagement with companies in cases related to serious or systematic breaches of human rights, corruption and bribery, severe environmental and climate damage, companies with a low sustainability rating in high-risk industries, company strategy or performance differing substantially from that previously communicated, governance issues such as: replacement of directors, equity issuance and dividend policies, remuneration of key personnel, transactions between related parties, diversity issues, Improve ESG reporting.

• **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

- The norm and product based exclusions (see list above) is a central binding element for the investment strategy.

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

The financial product does not have a committed minimum rate to reduce the scope of investments, but sustainability requirements provide for the financial product's exclusion of potential investments. The exclusions strategy reduces the potential investment universe by about 15-20 percent but will vary over time.

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

The financial product has implemented a norm-based exclusion screening process to assess whether investee companies follow good governance practises. The purpose of this screening is to exclude all companies that do not follow what the Investment Manager considers to be good governance practices from the financial product's investment universe.

The financial product has defined criteria for what is considered as good governance practices. In order to assess whether a company follow this criteria, the financial product uses several different governance indicators to assess whether any investee company follows what the Investment Manager has defined as good governance practices or not. In the assessment specific indicators are considered on:

- board and management quality and integrity,
- board structure,
- ownership and shareholder rights,
- remuneration packages,

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

- auditing and financial reporting,
- stakeholder governance.

The list is however not inclusive of all indicators that the Investment Manager uses to measure good governance practices, and a full list can be found on the Company's website. The assessment process consists of two steps:

1) A data-driven analysis where the Investment Manager's data suppliers provide scores indicating how well the investee performs in relation to good governance practices, measured by the specific indicators. The financial product will not invest in any company assessed to be non-compliant with the principles of good governance.

2) Internal qualitative assessment where an internal team assesses the seriousness of the breach that either has or may take place. This assessment is based on a qualitative assessment where factors such as geography, sector and the individual incident are considered. The financial product will not exclude companies based on operations in specific countries but will assess the manner in which they run their business in the countries where they operate. The Investment Manager screens all its investments in a norm-based exclusion assessment, which means it will not invest if the investee has contributed, or are involved with, violations of its criteria for good governance practices.



#### 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.

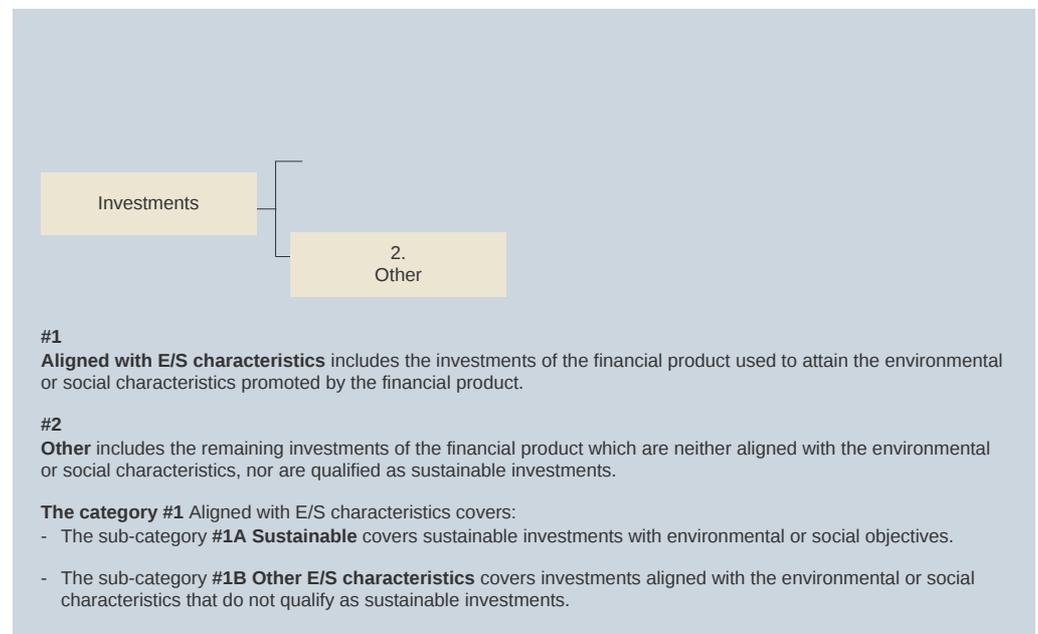
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For



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

The financial product does not commit to having a minimum share of taxonomy-aligned investments. The Taxonomy Regulation (EU) 2020/852 (the "EU Taxonomy") is a classification system that aims to establish common criteria for environmentally sustainable activities. The financial product shall report the proportion of its investments that are consistent with the EU Taxonomy, but the companies in which the financial product invests have not yet begun to report the extent to which their activities are consistent with the EU taxonomy. Accordingly, the Investment Manager believes that currently it is not possible to provide reliable information about the proportion of the financial product's investments that are consistent with the EU Taxonomy.

#### What is the asset allocation planned for this financial product?



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

The financial product does not use derivatives to attain environmental or social characteristics.

**nuclear energy**, the criteria include comprehensive safety and waste management rules.

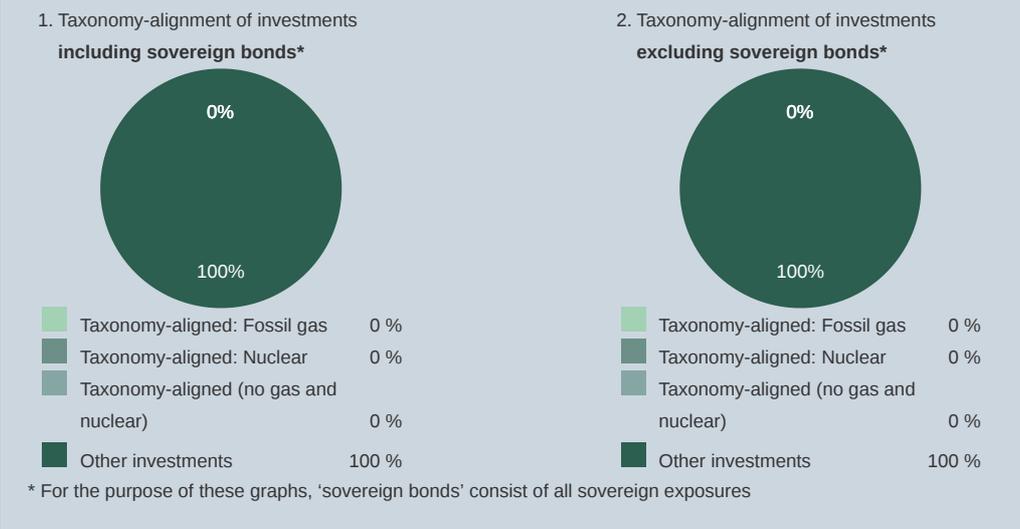
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

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

• **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes
- in fossil gas     in nuclear energy
- No

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.



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



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

Not applicable as the financial product has no commitment to sustainable investments.



**What is the minimum share of socially sustainable investments?**

Not applicable as the financial product has no commitment to sustainable investments.



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

As 'Other', the financial product may hold cash for liquidity management purposes and derivatives for efficient management purposes. No minimum environmental or social safeguards are applied.

The financial product may also hold, as 'Other', investments where insufficient data exists to determine the investments' alignment with the promoted characteristics.

It is also possible that the financial product may hold investments that are not in line with the promoted characteristics, for instance as a result of a merger or other corporate action. In such case, the Investment Manager will generally seek to dispose of these investments as soon as possible, and in the best interest for the investors.

<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 not significantly harm 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.



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

No minimum environmental or social safeguards are applied to “other” investments.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No, the financial product does not use a benchmark to determine alignment with environmental and/or social objectives.

• **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable as the financial product does not use a benchmark to determine environmental or social objectives.

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

Not applicable as the financial product does not use a benchmark to determine environmental or social objectives.

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

Not applicable as the financial product does not use a benchmark to determine environmental or social objectives.

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

Not applicable as the financial product does not use a benchmark to determine environmental or social objectives.



**Where can I find more product specific information online?**

More product specific information can be found on the website at [www.skagenfunds.com](http://www.skagenfunds.com)