Stefnir – Scandinavian Fund – ESG

Prospectus

Stefnir hf.

21 May 2025

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DECLARATION

Declaration of the management company

This prospectus has been designed to present information necessary to help investors form an opinion on investing in unit shares in Stefnir – Scandinavian Fund – ESG.

The Fund is managed by Stefnir hf., ID-No. 700996-2479, Borgartún 19, 105 Reykjavík.

Stefnir hf. hereby declares that to the best of its knowledge this prospectus has been prepared in accordance with the facts and that no important factors are omitted which could have an effect on evaluating the Fund's unit shares.

Reykjavik, 21 May 2025.

Jón Finnbogason,

Managing Director

KEY INFORMATION FROM THE PROSPECTUS

General	The Fund is an undertaking for collective investments in transferable securities as defined in Act no. 116/2021 on Undertakings for Collective Investment in Transferable Securities (UCITS). UCITS have more restricted investment authorizations than alternative investment funds. The Fund's investment authorizations are specified in the section on investment strategy in this prospectus. The Fund's ID-No. 430407- 9880. The Fund will, for the most part, consist of shares of companies from the Nordic countries, but the fund may invest up to 15% of its assets in companies in the Baltic States.
Base currency	The Fund's base currency is the euro (EUR).
Operations	The operations of UCITS are restricted to accepting funds from investors for collective investment in deposits and financial instruments on the basis of spreading risk, in accordance with a previously stated investment strategy.
Management Company	Stefnir hf., ID-No. 700996-2479, Borgartún 19, 105 Reykjavík.
Depositary	Arion Bank hf., ID-No. 581008-0150, Borgartún 19, 105 Reykjavík.
Distributor	Arion Bank hf., ID-No. 581008-0150, Borgartún 19, 105 Reykjavík.
Bid/offer price	The price of the Fund's unit shares will change during the sale period according to changes in the price of securities and other financial instruments owned by the Fund at any given time.
Redemption period	The Fund's unit shares shall be redeemed at the owner's request at the bid price that applies on the redemption date, if orders are received before 12:00 p.m. on a business day which is also a day on which Arion Bank is open. Settlement is on a T+2 basis.
Dividends	The Fund is a capital growth fund. Dividends, interest and other earnings from the Fund's securities holdings shall be added to the Fund's principal
Amount	The minimum investment is ISK 10,000 at sale value and ISK 5,000 by subscription.
Rights	All parties owning unit shares in the Fund have the same rights to the Fund's income and assets in proportion to their holdings.

<u>Investors are reminded that all trading with financial instruments, including unit shares in the Fund, represents a risk. Returns on the Fund's unit shares can fluctuate significantly. The value of unit shares can decrease and investors may lose part or all of their investment. Deposits of funds for collective investment are not insured under Act No. 98/1999 on Deposit Guarantees and Investor Compensation Schemes.</u>

Investors are reminded that in order for Stefnir to be able to meet its obligations pursuant to these rules, it must collect and process personal data in accordance with the Data Protection Act No. 90/2018 and relevant laws and regulations. Stefnir has adopted a data protection policy which can be viewed on the company's website, www.stefnir.is.

The documents referred to in this prospectus can be obtained from the offices of Stefnir hf. at Borgartún 19 in Reykjavík, on Stefnir's website or at branches of Arion Bank.

INFORMATION ABOUT THE FUND

Operations

Stefnir – Scandinavian Fund – ESG is an undertaking for collective investments in transferable securities as defined in Act no. 116/2021 on Undertakings for Collective Investment in Transferable Securities (UCITS). The Fund is only authorized to market itself in Iceland.

Different laws and regulations apply to UCITS from those which apply to alternative investment funds, e.g. with respect to investment authorizations and duty to effect redemption. UCITS have more restricted investment authorizations according to Act No. 116/2021. Investors are encouraged to read the section on risk and particularly the section on the Fund's investment authorizations.

The fund was established on 5 March 2007 and has no sub-funds.

This prospectus, the key investor information, the regulations of the Fund and regular reports on the Fund's operations can be obtained from the offices of Stefnir hf. at Borgartún 19, 105 Reykjavík. This information can also be obtained on Stefnir's website at www.stefnir.com.

A previous version of the prospectus was published on 20 January 2025. This prospectus was published on 21 May 2025.

In accordance with Article 56 of Act No. 116/2021 Stefnir hf. ensures that the contents of the prospectus and key investor information is kept updated. The Management Company also publishes information on the ten largest issuers in the Fund's asset portfolio plus information on the size of the investment in each issuer. Information on the Fund's largest issuers is updated at least every six weeks.

Information on past performance and the Fund's assets allocation can be found on Stefnir's website.

The Management Company

Stefnir hf, ID-No. 700996-2479, Borgartún 19, 105 Reykjavík, (also referred to as "the Management Company") manages the Fund in accordance with Act No. 116/2021. Stefnir hf. was founded on 26 September 1996. Issued share capital is ISK 43.5 million and is fully paid up. The company is fully owned by Arion Bank hf. (also referred to as "Arion Bank" or "the Bank") and related parties. Stefnir hf. operates numerous funds for collective investment, see Appendix II for an overview.

Stefnir hf. is the manager of various funds on the basis of the UCITS Act No. 116/2021 and the Alternative Investment Fund Managers Act No. 45/2020. Stefnir is licensed to operate asset management services, investment advisory and custody services and to manage financial instruments for collective investments, cf. Article 27 (1.1-3) of the Financial Undertakings Act No. 161/2002.

The company's activities are mainly focused on the management of funds for collective investments and it employs staff who are specialized in managing investment portfolios for collective investment and specialized securities portfolios for institutional investors.

The board of directors of Stefnir comprises Sigrún Ragna Ólafsdóttir, chairman, ID-No. 180863-3629, self-employed, Hrefna Ösp Sigfinnsdóttir, vice chairman, ID-No. 230969-5239, managing director of Creditinfo hf., and Guðmundur Jóhann Jónsson, ID-No. 041159-2439, self-employed. The managing director of Stefnir is Jón Finnbogason, ID-No. 040873-3769. Further information on board members and shared interests can be found on the company's website.

The Management Company shall operate UCITS in accordance with sound and healthy business practices and customs, which includes working with integrity, professionalism, diligence and fairness, and shall be guided by the interests of the UCITS it operates, their investors and the integrity of the market, cf. Article 15 (1.1) of Act No. 116/2021.

Remuneration policy

The company has adopted a remuneration policy. The main objective with regard to employee remuneration at Stefnir is to offer competitive salaries so that the company is able to attract and retain outstanding employees. It is also Stefnir's objective to ensure that jobs at Stefnir are attractive to qualified people. When devising a remuneration policy it must be ensured that the policy does not encourage excessive risk taking but rather supports Stefnir's long-term goals and safeguards its healthy operation. Remuneration should also be in compliance with the company's policy on responsible investment and active ownership pursuant to the rules on proxy voting.

The remuneration policy is an integral part of protecting the interests of the unit holders, other clients, the long-term interests of Stefnir's owners, its employees, and other stakeholders in an organized and transparent manner. Stefnir seeks to coordinate the key points of remuneration at the company with the key points of the policy at Arion Bank within the boundaries allowed by the law and regulations and to the extent compatible with the company's objective, the interests of unit holders and good corporate governance.

In accordance with Article 79 a of the Public Limited Companies Act No. 2/1995 and good corporate governance, the board of directors of Stefnir is required to approve a remuneration policy pertaining to salary and other payments to the managing director, key employees and board directors. Stefnir's remuneration policy is applicable to all employees of the company. The current remuneration policy can be found in its entirety on the company's website.

Depositary

The Fund's depositary is Arion Bank hf., ID-No. 581008-0150, Borgartún 19, 105 Reykjavík. ("Arion Bank" or "the Bank"). Arion Bank is a financial institution pursuant to Act No. 161/2002 which provides comprehensive banking services, including investment services pursuant to the Markets in Financial Instruments Act No. 115/2021.

The Management Company has outsourced the safekeeping of financial instruments, the settlement of transactions and other tasks to Arion Bank hf. on the basis of Article 22 of Act No. 116/2021. Article 24 of Act No. 116/2021 states that the outsourcing of tasks has no effect on the Management Company's responsibility towards unit holders. Stefnir can at its discretion decide whether to change the Fund's depositary and any such decision is subject to the approval of the Financial Supervisory Authority of the Central Bank of Iceland (hereafter "the FSA").

The statutory role of the depositary pursuant to Article 45 of Act No. 116/2021 includes monitoring the cash flow of the Fund and ensuring that all financial assets are received and deposited in the Fund's accounts. The depositary shall also keep safe all the Fund's financial instruments, ensure that the Fund's financial instruments are kept separate from others and that custody accounts are in the name of the Fund or the Fund's Management Company, so that is always possible to identify financial instruments belonging to the Fund, cf. Article 46 of Act No. 116/2021. Furthermore, the depositary shall ensure that the sale, issue, repurchase, redemption and invalidation of the unit shares and calculation of the value of unit shares is conducted in accordance with the law, regulatory acts and the rules of the Fund. In addition, the depositary is obliged to carry out the instructions of the Management Company unless they are in violation of the law, regulatory acts or the rules of the Fund, to ensure that in transactions with the Fund's assets that payment is made for them within a reasonable time frame and that the Fund's income is used in compliance with the law and the rules of the Fund, cf. Article 47 of Act No. 116/2021.

The depositary is liable to UCITS and investors in it when a financial instrument or that of party to which safekeeping has been outsourced gets lost. The depositary is not liable, however, under Article 51 (1) of Act No. 116/2021 if it can demonstrate that the financial instrument became lost due to an external incident which the depositary cannot reasonably have been expected to control and the consequences of the incident were unavoidable even though the depositary had taken action which could reasonably have been expected of it, cf. Article 51 (2) of Act No. 116/2021.

The depositary is also liable for other damage than that pursuant to Article 51 (1) of Act No. 116/2021 which it causes deliberately or negligently to a UCITS or its investors while performing its tasks, cf. Article 51 (3) of Act No. 116/2021.

According to Article 50 of Act No.116/2021 the depositary shall perform its role honestly, fairly, professionally and independently and protect the interests of the UCITS and its investors.

The depositary is not permitted to perform tasks which may result in a conflict of interest between itself, a UCITS, investors or management company unless the depositary has adequately separated the execution and responsibility of its safekeeping tasks from other tasks which may result in a conflict of interests and these potential conflicts of interest are identified and monitored and the investors are informed of them. Stefnir has adopted a policy on conflicts of interest. It cannot be ruled out that conflicts of interest may arise in connection with the activities of Arion Bank as the Fund's depositary. For example, the following have been defined as potential risks: impact on decisions, abuse of confidential information and unilateral decisions by the depositary. Stefnir has established controls to limit conflicts of interest to the best of its abilities at any given time. With reference to the above, the risk of conflicts of interest are therefore reduced substantially through analysis and active monitoring. If conflicts of interest occur, Stefnir takes appropriate measures and records any incidents in a special register.

Distributor

Stefnir has partly outsourced marketing and customer service to Arion Bank on the basis of Article 22 of the Act. The Bank provides services to people wishing to invest in the Fund or requesting information concerning potential investments in the Fund and acts as intermediary in the issuing and redemption of unit shares.

Auditor

The auditor of the Fund and the Management Company is Deloitte ehf., ID-No. 521098-2449, Smáratorg 3, 201 Kópavogur. Gunnar Þorvarðarson, ID-No. 24108-24239, chartered accountant, is responsible for auditing the Fund on behalf of Deloitte ehf.

Risk

General

The Fund is designed for both the general public and institutional investors, such as pension funds and companies, who wish to choose an investment option involving funds for collective investments operated and managed by professionals and in accordance with current legislation and supervision of such funds. Investments in unit shares of funds for collective investments are generally safer than buying individual securities because the funds distribute investors' risk exposure by buying more than one class of security.

All trading with financial instruments, including unit shares in the Fund, represents a risk. Returns on the Fund's unit shares can fluctuate significantly. The value of unit shares can decrease and investors may lose part or all of their investment.

Historically, the fund has fluctuated considerably according to the methodology for calculating risk classification. The composition of the portfolio and the underlying risks that are e.g. risks related to financial instruments and are specified in the prospectus and key information of this fund.

Categorizing risk

Stefnir has divided its funds into seven different categories depending on the standard deviation in weekly returns over the past 5 years. Category 1 is the least volatile, while category 7 is the most volatile. A fund can be moved into a different category if the volatility of the underlying financial instruments changes. The categorization is based on guidelines issued by the European Securities and Markets Authority, ESMA.

The indicator, which is published in the Key Investor Information Document for the Fund, is based entirely on historical fluctuations in returns. Past returns are not a reliable indicator of future returns and do not take into account the various risks which UCITS and alternative investment funds marketed towards the public may have to deal with in their operations.

Risk associated with financial instruments

Many factors can cause a decrease in the price of financial instruments in which the Fund has invested, including the price of unit shares in the Fund, factors including unforeseen events and the general economic conditions. New or amended legislation could also affect the price of unit shares. There is also liquidity risk, i.e. the risk of not being able to sell the securities when wanted. This risk can materialize in two ways, either by the market not being able to cope with the volume intended for sale due to a lack of buyers, or a significant bid/offer spread may form which means the desired results are not achieved when the securities are sold.

Other risks related to investments in the fund

1. *Market risk* refers to the impact that possible changes in the performance of financial instruments can have on the performance of the Fund. Financial instruments fluctuate in price and their value may both rise and fall, resulting in market risk for fund members.

2. *Counterparty credit risk*. Because the Fund will own, buy from and sell financial instruments to third parties there is a risk that the buyer will not pay for the sold instruments or that the seller fails to hand over the instruments which the Fund has purchased.
3. *Depositary and accounting risks.* The Management Company of the Fund entrusts a depositary with the safekeeping of all the Fund's financial instruments. There is a risk is that these instruments can be lost through the bankruptcy of the depositary, malpractice, misuse or fraud on the part of the depositary. There is also a risk of errors during settlement.
4. *Principal risk.* The price of financial instruments may fluctuate and therefore the principal may decrease in the short or long term, due to fluctuations in the financial instruments in which the Fund is investing at any given time. There is also always the risk when investing in any kind of debt instrument that the borrower will not be able to repay the debt in question at any given time. Even if certain collateral is put up to increase the likelihood that the borrower in question can repay the debt, there is always a possibility that this will not happen when put to the test. Collateral may decrease in value or may not be available when attempts are made to satisfy a debt in the event of a default. As a result the principal of the debt in question may not be repaid in part or in full. The same applies to accrued interest or inflation compensation on the debt in question.
5. *Inflation risk.* Since the Fund invests in deposits, bills, bonds and other short-term financial instruments which may not be indexed bonds, there is considerable inflation risk in the Fund. Such risk is created if short-term or long-term inflation is higher than the Fund's returns. The value of the Fund's assets will decrease in value, resulting in a decrease in the real value of the Fund's units.
6. *Extraneous circumstances* such as war, terrorism and political instability or related factors can affect the performance of financial instruments and are therefore considered a risk factor for Fund members.
7. *Counterparty risk and risk connected to deposits and other lending by the Fund*. Since a certain proportion of the Fund's assets are always invested in deposits of financial companies, the payment of deposits depends on the ability of the relevant financial company/companies to pay. There is a risk that the financial company at which the Fund has invested in deposits is unable to repay them in full, which would cause damage to the Fund and unit holders through the decrease in value of the unit shares. The Fund can invest in both demand and term deposits (sometimes called wholesale deposits or money market deposits). Generally, there is a higher risk associated with investing in term deposits. The Fund is authorized to invest in derivatives and there is therefore a risk that the counterparty may not meet the conditions of the financial instrument.
8. *Risk connected to repurchase transactions* The Fund is authorized to enter repurchase agreements with financial institutions. There is a risk that the Fund's counterparty in repurchase agreements cannot honour their obligations and therefore the Fund will need to take possession of the underlying financial instrument (collateral) and sell it on the market. If the sale of the underlying assets does not completely satisfy the counterparty's obligation, this could result in damage to the Fund and the unit holders and reduce the value of the unit shares.
9. *Risk connected with the use of derivatives.* The Fund is authorized to invest up to 25% of assets in derivatives to follow its investment policy on position-taking position in the underlying financial instrument of the derivative in question. Forwards and futures are only used for position-taking in equities hedge against a fall in stock prices. The fund is not authorized to sell derivatives. Price developments in the market can cause the fund

to lose all the value of purchased derivatives. The fund will only take a short position in the form of put options, against the fund's assets, and will not have any naked short positions. If the fund buys a long position, in the form of a call option or a futures contract, it must not involve leverage and the fund shall thus, have in liquidity, the amount so that the derivative and liquidity together amount to the underlying shares (the call option).

10. *Risks related to sustainability.* Sustainability risk is defined as an event or situation in the field of environmental, social or governance factors (ESG), which could, if it materializes, have an actual or potentially significant, negative effect on the value of the fund's investment. Conversely, sustainability risk can significantly increase volatility in portfolio returns. Exclusions of certain sectors and/or certain issuers from the investment universe are expected to reduce the portfolio's sustainability risk. However, exclusions can increase portfolio concentration risk, which could lead to increased volatility and risk of loss.

Rights of unit holders

Investors putting financial resources into the Fund will receive a receipt for buying unit shares which will state the date of purchase, the number of units and the price paid. Investors will be provided with unit share certificates if requested, cf. Article 39 of Act No. 116/2021. The unit share certificate will state the name of the Fund, its depositary, management company, plus the name and ID-No. of the original owner of the certificate and its number. It will also contain information on how to redeem unit shares, the rules on dividends, the name and ID-No. of the transferee if the unit share certificates have been bought and sold without being redeemed. Unit share certificates shall be dated and signed by the board of the Fund’s management company or by parties authorized to do so by the board. The signature may be printed or presented in another comparable way.

All parties with a holding in the Fund have the same right to assets and income in proportion to their holding and unit shares are proof of holdings in the Fund’s assets in securities. No voting rights are attached to unit shares.

Stefnir hf. wields the supreme authority in the affairs of the Fund and the board of the Management Company can amend its regulations. Amendments to the Fund’s regulations do not take effect until confirmed by the FSA. Unit holders must be informed of any changes to the regulations of the Fund in accordance with the provisions of Act No. 116/2021. Any proposal on the dissolution of the Fund or merger with other funds shall be made in accordance with the Fund’s regulations.

Buying and selling unit shares

The Fund's unit shares will only be sold against cash payment of the bid price, cf. Article 42 of Act No. 116/2021. The Fund issues unit shares in the form of units. The minimum investment is ISK 10,000 at sales value and ISK 5,000 by subscription.

Applications for redemption received by the distributor before the closing time of the Fund on a business day of Arion Bank hf., must be dealt with on the same day. Applications received after that deadline must be dealt with on the following business day of the bank.

Offer price

Arion Bank is responsible for registering the value of securities and other assets of the Fund. A special valuation committee at Stefnir, under the supervision of the depositary and an auditor, is responsible for evaluating illiquid assets, both listed and unlisted.

The sales fee is included in the offer price. Buyers also pay a handling fee and a fee for issuing a unit share certificate if this is requested. Both make up a “certificate fee."

The fee for issuing unit share certificates is ISK 5,000.

The bid and offer price of the Fund’s unit shares shall be calculated at least once every business day. The price changes according to market conditions since the price of unit shares is based on the value of the securities in which the Fund invests. Such changes will be published by Stefnir hf. on its website and Arion Bank will also publish them at the Bank's service outlets.

Assessments of the Fund’s assets are carried out in accordance with Act No. 116/2021 on Undertakings for Collective Investment in Transferable Securities (UCITS). According to Article 21 of the Act the Fund's assets shall at any given time reflect the real value of assets, taking into account market conditions. The calculation of the redemption value and the assessment of the market value of assets are otherwise determined by the regulations in force each time. Financial instruments listed or admitted to trading on regulated securities markets shall be valued according to the closing price of the regulated securities market in question. The value of other financial instruments is subject to an assessment by the Management Company, and there is a valuation committee at Stefnir. A valuation is also subject to supervision by the depositary and an auditor.

Annual accounts and six-month financial statements

The audited annual accounts of Stefnir hf. shall be available to unit holders no later than four months after the end of the accounting year, which is from 1 January to 31 December. The Fund’s six-month financial statement shall also be available on the website of Stefnir to unit holders free of charge at the offices of the management company no later than two months after the publication of each financial statement. The annual report and interim financial statements shall contain separate information on the Fund.

Taxation

Profit from the redemption of unit shares in the Fund is liable for tax in Iceland in accordance with Act No. 90/2003 on Income Tax and withholding tax in accordance with Act No. 94/1996 on Withholding Tax on Capital Gains. Arion Bank, the Fund’s depositary, pays the capital gains tax which is calculated when unit shares are sold at a profit or when income is paid from the unit shares. Further taxes may also be levied.

With respect to residence outside Iceland, it should be determined whether additional taxation to that which applies in Iceland is relevant.

Operating expenses

Stefnir is entitled to charge a fee for the day-to-day operation of the Fund, as is Arion Bank for managing the accounting and the safekeeping of financial instruments. There is a handling fee of ISK 700 for issuing this prospectus, but it is without charge in the online bank and app of the depositary.

All expenses and fees are deducted from income and then from the returns on assets and finally from the Fund's assets.

Outsourcing of tasks

On the basis of Article 29 of the Alternative Investment Fund Managers Act No. 45/2020 Stefnir has reached agreements with Arion Bank on the outsourcing of certain tasks for the company. Under these agreements Arion Bank will carry out the following tasks: marketing, issuing and redeeming unit shares and other services to customers, settlement of trades and the maintenance of a register of unit share holders. Arion Bank is also responsible for the internal audit of Stefnir, legal services, compliance, the management of IT systems, accounting and fund settlement.

Stefnir hf. regularly examines the services provided by third parties, cf. Article 22 (4) of Act No. 116/2021. Under Article 24 of Act No. 116/2021 the outsourcing of the aforementioned statutory tasks of the Management Company does not affect Stefnir's responsibility towards the Fund or investors. It cannot be ruled out that conflicts of interest may arise in connection with the activities of Arion Bank as the Fund's depositary. For example, the following have been defined as potential risks: impact on decisions, abuse of confidential information and unilateral decisions by the depositary. Stefnir has adopted a policy on conflicts of interest and records any conflicts of interest in a special register. The risk of conflicts of interest is reduced substantially through analysis of conflicts of interest and active monitoring. The service provided by third parties is examined regularly by reviewing service agreements. The outsourcing of tasks by Stefnir does not affect Stefnir's responsibility towards the Fund or its investors. Stefnir can terminate outsourcing agreements at any time if they no longer serve the interests of unit holders in the opinion of Stefnir. Furthermore, reference is made to the section on conflicts of interest above.

ADDITIONAL DOCUMENTS

Appendix I The Rules of Stefnir – Scandinavian Fund – ESG

Rules

Stefnir - Scandinavian Fund – ESG

Article 1

Name of the Fund, legal form, Management Company, and marketing authorization.

The name of the Fund is Stefnir - Scandinavian Fund – ESG. The Fund's ID-No. is 430407- 9880. The Fund is an undertaking for collective investments in transferable securities in accordance with Act No. 116/2021 on Undertakings for Collective Investment in Transferable Securities (UCITS).

Stefnir hf, ID-No. 700996-2479, Borgartún 19, 105 Reykjavík, (also referred to as "the Management Company") manages the Fund in accordance with Act No. 116/2021. The management company cannot be changed unless decided by the board of directors of Stefnir and with the approval of the Financial Supervisory Authority of the Central Bank of Iceland.

The Fund has no sub-funds and is only authorized to market itself in Iceland. The Fund's base currency is the euro (EUR).

Article 2

The Fund's investment policy

Objective

The fund's objective is to focus on investing in the shares of public limited companies that have been admitted to trading on international stock markets. The fund will invest in shares of listed companies in Denmark, Finland, Norway, Sweden, the Baltic countries and Iceland. The aim of the fund is not to reflect any particular index but the fund will use MSCI Nordic 10/40 (Bloomberg ticker: MP40NDE), as a benchmark.

When investing, the Fund, will take this into account environmental, social and governance factors. Investments are made in accordance with Stefnir's policy on responsible investment.

Investment authorizations

The Fund's investment authorizations are limited to the investments set out in the table below and in accordance with Act No. 116/2021.

Investments shall chiefly be made in equities issued by public limited companies with a broad shareholder base and a guaranteed resale market. The equity portfolio shall contain equities from no fewer than twenty different issuers at any given time. This shall be easily sellable foreign equity listed on recognized foreign stock exchanges. The fund's investment portfolio will largely comprise shares in companies in Scandinavia but it is also authorized to invest up to 15% of its assets in companies in the Baltic countries.

The fund may invest up to 10% of its assets in deposits of domestic companies. Stefnir – Scandinavian Fund will focus on the investment options which the management company believes are most likely to yield the best returns with regard to risk.

The fund is authorized to invest in unit shares of exchange-traded funds which match its investment policy, provided it is a UCITS or another fund which meets the provisions of the UCITS directive. The fund will also invest in deposits of financial institutions and money market funds.

In accordance with Act No. 116/2021 the fund is authorized to invest in derivatives provided that they are within the fund's investment limits, cf. particularly Article 64 (2.5 and 2.6), Article 66 and Article 74 of the Act.

It is permitted to use derivatives for purposes other than currency hedging for up to 25% of the Fund's assets in compliance with the fund's investment policy through position-taking in the underlying financial instruments of the relevant derivatives. Forwards and futures are only used for position-taking in equities and equities indices. If market prices develop negatively, the fund may lose the equivalent amount of the price change on the contract. If using derivatives for purposes other than foreign exchange hedges the sub-fund must have in cash the maximum that amount the sub-fund can lose on the derivatives contract, i.e. corresponding to the value of the assets underlying the derivatives contract.

The fund is therefore not authorized to invest more than 10% of its assets in securities and money market instruments issued by the same issuer. Moreover, if the fund invests more than 5% in securities issued by the same issuer, the total of these investments may not exceed 40% of its assets according to Article 67 (3) of Act No. 116/2021.

Investment authorizations of Stefnir – Scandinavian Fund	**%**
Shares which have been admitted to trading on international regulated markets	80-100%
Deposits of financial institutions	0-10%
Money market funds	0-10%
Unit shares of exchange-traded funds	0-10%
Derivatives used for position-taking	0-25%
Icelandic equities	0-10%

Article 3

The Depositary of the Fund

The Fund's depositary is Arion Bank hf., ID-No. 581008-0150, Borgartún 19, 105 Reykjavík. Stefnir hf. may not change depositary without the permission of the FSA.

Article 4

Fees

Fees due to Stefnir hf. for operating the Fund shall be a maximum of 2.5% a year of the average net asset value of the Fund whilst in operation. The fee is currently 1.65% a year.

Fees due to the depositary for the supervision and safekeeping of the Fund’s financial instruments are included in the fees to Stefnir.

In addition to administrative fees, a sales is collected for the sale and redemption of the unit shares in the Fund. The sales fee is a maximum of 2.0% of the net asset value of each unit. The sales fee is reflected in the bid/offer spread at any given time and is currently 2.0%. No redemption fee is collected for redeeming units in the Fund.

If an investment is made in unit shares of UCITS and other funds for collective investment, which are managed directly by or with a mandate from Stefnir, or by another company which is linked to Stefnir by common operations or management, or by substantial direct or indirect holdings, Stefnir may not take a fee for subscriptions or redemption of investment in the funds.

Expenses related to the operation of the Fund are not included in the management company’s fees, nor are expenses related to the FSA. The Management Company reserves the right to demand repayment of costs relating to financial systems other than the asset management system and costs relating to subscriptions to share indices, software, auditing, legal services, postage and paper etc. The cost of the above may not exceed 0.10% of the average net asset value of the Fund on an annual basis.

If special circumstances dictate that it is necessary to protect the interests of the Fund with measures which will significantly exceed the aforementioned ratio, it shall be permitted to charge the Fund for related expenses, provided that Stefnir has concluded that it is in the Fund members' best interests to pursue this course of action. The FSA must be notified of the charging of any such expense.

Article 5

Issue and redemption of unit shares

All parties with a holding in the Fund have the same right to assets and income in proportion to their holding.

The unit share certificates shall be issued by Stefnir hf. to parties who entrust assets to the Fund for investment and request them. Unit share certificates will be sent to people who request them by registered post no later than 30 days after the purchase has taken place and the distributor has issued a receipt. The Fund's unit shares will only be sold against cash payment of the bid price.

The redemption price of unit shares is governed by the rules on the calculation of the redemption value of unit shares in UCITS at any given time. The Fund's unit shares shall be redeemed at the owner's request at the bid price current at the end of trading on the day they are redeemed. The closing time of the Fund is 12:00 p.m. on a week day when Arion Bank hf. is also open for business. Purchases and sales of unit shares in the Fund are settled on a T+2 basis, i.e. settlement takes place on the next but one working day after the order to buy or sell unit shares is made.

It is possible to suspend the redemption of unit shares under certain circumstances and if it is in the interest of the unit holders to do so, provided that the conditions of Act No. 116/2021 are met.

Article 6

Disposal of dividends and other earnings

The Fund is a capital growth fund. Dividends and other profits from the Fund's securities holdings shall be added to the Fund's principal.

Article 7

Calculation of the redemption value of unit shares

The redemption value of the Fund's unit shares is the market value of the combined assets of the relevant Fund, minus any debts of the Fund at the time of redemption, such as debts owed to credit institutions, unpaid administrative and management costs, collection costs and payable or imputed public levies, divided by the total number of issued and unredeemed unit shares. The calculation of the redemption value and the assessment of the market value of assets are otherwise determined by Act No. 116/2021 and the regulations in force any given time.

Article 8

Dissolution of the Fund and merger with other funds

If the combined market value of the Fund's securities and other financial instruments falls beneath ISK 100,000,000 the board of directors of the Fund's management company shall investigate whether it is better for the unit holders to dissolve the Fund. Any decision on the dissolution of the Fund shall be taken by Stefnir hf. Any decision on a merger between the Fund and other funds shall be taken by Stefnir hf. and should be guided by the interests of the unit holders, and once the conditions of Chapter X of Act No. 116/2021 have been met, which includes obtaining the permission of the FSA. Any such arrangement shall be announced to each unit holder by letter or other durable medium which shall also include information on the relevant party's assets in the Fund.

Any announcement to unit holders on a merger shall contain the information stipulated in Articles 83 and 84 of Act No. 116/2021 and should be sent no later than 30 days before the duty to effect redemption or, if applicable, the right of unit holders to exchange their unit shares free of charge ends. Unit shares in the merged fund and takeover fund shall be redeemed at the request of their owners pursuant to the rules of UCITS without incurring any fee other than that retained by the UCITS to cover the cost of the sale of assets. If applicable, the owners of unit shares shall be permitted to ask to exchange their unit shares for unit shares in another UCITS with a similar investment policy which is managed by the same management company or a company with which the management company is linked via shared management or direct or indirect ownership.

The duty to effect redemption and the right exchange unit shares for unit shares in another UCITS comes into effect when the unit holders have received adequate information on the merger and remains in effect until five working days before the reference date for calculating the exchange ratio in the merger.

If the Fund is dissolved without a merger, Stefnir hf. shall sell the Fund's assets with the interests of the unit holders as a priority and shall divide the net proceeds from dissolution, minus all related costs, and allocate them to unit holders in proportion to the number of unit shares owned. Stefnir hf. is authorized to divide the Fund's assets in whole or in part by assigning securities in kind to unit holders in a fair manner. When this has been completed, an auditor shall confirm the division of assets. All proceeds from the Fund which remains unpaid after assets have been divided shall be allocated to Stefnir hf. for safekeeping for six months. At the end of this period, assets on which no claim has been made shall be assigned to Arion Bank hf. for safekeeping, for the use of entitled parties.

Article 9

Integration of sustainability risks in investment processes

This section provides investors with information on the integration of sustainability risk into the investment process in accordance with the Regulation (EU) 2019/2088 of the European Parliament and of the council on sustainability-related disclosures in the financial services sector ("SFDR"). The fund promotes environmental and social factors.

Sustainability risk is included in the investment process when building and monitoring the portfolio together with traditional financial aspects, such as risk and valuation. The assessment is based on an evaluation by the fund's investment team and an independent third party.

The integration of sustainability risk in the investment process includes ethical exclusions on the fund's investments, which can be found on the company's website (https://www.stefnir.is/english/sustainability/responsible-investments/methodology/), together with an examination of non-financial information of the security, observations on controversial issues, voting at general meetings and other aspects of active ownership.

The fund integrates sustainability risk into investment decisions by ensuring that fund managers and analysts have access to relevant ESG information, which enables the identification of sustainability risks within the portfolio as well as identifying, evaluating, and taking appropriate action against issuers that show high sustainability risks.

Relevant ESG factors may include greenhouse gas emissions, the gender pay gap, or workplace safety.

The fund also takes into account the main negative effects of investment decisions on sustainability factors in point a of Article 4(1) SFDR (PAI). Information on the fund's environmental and social characteristics, commitments to sustainable investments and methodology (Article 10(1) SFDR) is available in Stefnir's policy on responsible investments.

Sustainability risk can significantly increase volatility in portfolio returns. Exclusions of certain sectors and/or certain issuers from the investment universe are expected to reduce the portfolio's sustainability risk. Conversely, exclusions can increase portfolio concentration risk, which could lead to increased volatility and risk of loss.

Also, 80% of the fund's investments must adhere to the principles of the United Nations (UN) Global Compact (rules to respect human rights, labour standards, environmental standards and anti-corruption standards).

Reykjavik, 11 November 2006,

With amendments made 20 December 2007, 8 April 2008, 4 January 2010, 19 January 2011, 18 January 2012, 12 September 2014, 21 May 2015, 28 September 2015, 21 December 2015, 20 February 2020, 15 February 2021, 23 November 2021 and 17 November 2023.

Appendix II: Overview of funds

Overview of the UCITS and alternative investment funds marketed towards the public which Stefnir hf. was managing at the time this prospectus was published. The latest information can always be found on the company's website.

Name/asset class	**ID-No.**	**Type**
Icelandic bonds		
Stefnir – Inflation Linked Fund	671009-9910	UCITS
Stefnir – Treasury Note Fund	630109-9810	UCITS
Stefnir – Government Bonds Medium	650398-9129	UCITS
Stefnir – Government Bonds Long	490499-9039	UCITS
Stefnir – Fixed Income Opportunities Fund	531213-9980	Alternative investment fund marketed towards the public
Stefnir – Liquidity Fund	520412-9640	Alternative investment fund marketed towards the public
Stefnir – Savings Fund	520617-9810	Alternative investment fund marketed towards the public
Stefnir – Yield Fund	531020-8390	Alternative investment fund marketed towards the public
Stefnir - Sustainable Fixed Income Fund	581120-9900	Alternative investment fund marketed towards the public
Mixed funds		
Stefnir – Balanced Fund	561204-9180	Alternative investment fund marketed towards the public
Stefnir – Green Selection	581120-9820	UCITS
Asset Allocation Fund A	511005-8840	Alternative investment fund marketed towards the public
Asset Allocation Fund B	511005-8920	Alternative investment fund marketed towards the public
Asset Allocation Fund C	511005-9060	Alternative investment fund marketed towards the public
Asset Allocation Fund D	651024-9940	Alternative investment fund marketed towards the public
Asset Allocation Equities Fund	591112-9880	Alternative investment fund marketed towards the public
Icelandic equities		
Stefnir – Icelandic Growth Fund	470206-8450	Alternative investment fund marketed towards the public
Stefnir - Dividend Fund	581120-9740	Alternative investment fund marketed towards the public
Stefnir – Growth Fund Leveraged	510422-9960	Alternative investment fund marketed towards the public
International equities		
Stefnir - Scandinavian Fund - ESG	430407-9880	UCITS
Asset Allocation International Equities Fund	591110-9930	Alternative investment fund marketed towards the public
Sustainable Arctic Fund	510422-9880	UCITS

ANNEX II

Template pre-contractual 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: Stefnir – Scandinavian Fund – ESG **Legal entity identifier:** 254900FUOBHRCHEDNU85

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

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

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **20%** of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ 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	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes environmental and social characteristics by ESG assesment and screening.

Exclusion filters are applied to the portfolio construction process to exclude investments in companies and issuers with significant exposure to certain activities deemed to be detrimental to the environment or the society at large.

The environmental and/or social characteristics of this fund include:

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

Environmental

- Climate change and greenhouse gas emissions
- Resource depletion, including water
- Waste and pollution

Social

- Working conditions, including no child labour or slavery
- Health and safety
- Employee relations and diversity

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

To measure the attainment of the environmental or social characteristics, the investment manager will use climate-, other environmental and social indicators to the extent that relevant data is available. Indicators used are for example, but not limited to:

- Carbon emission score
- Carbon emission performance relative to peers
- Water Stress Score Quartile
- Natural Capital Theme Score
- Pollution & Waste Theme Score
- MSCI Toxic Emissions & Waste Score Quartile
- BESG Waste Management Issue Percentile
- Company's Social Pillar Score Quartile
- MSCI Social Pillar Score
- MSCI Health & Safety Exposure Score
- MSCI Labor Management Employee Satisfaction Score

The assessment is currently conducted with data from third party providers as well as self-reported data from companies invested in when available. Companies are excluded based on a minimum ESG rating by external rating agencies. The seeks to not invest in companies with a lower rating than B (MSCI ESG Rating) and/or a higher risk score than 36 (Sustainalytics ESG Risk Rating). No minimum scores are on individual sub parameters, but they contribute to the overall rating and scores.

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 Sustainable Investments pursued by the fund may involve various objectives, either individually or in combination, or be associated with environmental or social goals through the utilization of issue proceeds. These objectives can encompass:

Environmental Objectives:

- Climate risk mitigation
- Climate risk adaptation

Social Objectives:

- Inclusive and sustainable communities, with a focus on increased female executive representation
- Inclusive and sustainable communities, emphasizing increased female representation on boards of directors

The alignment with these objectives is determined through the following criteria:

Products and Services Sustainability Indicators: This includes factors such as the percentage of revenue derived from products and/or services contributing to the relevant sustainable objective. For instance, a company engaged in the production of renewable energy meeting the Investment Manager's specified thresholds for climate risk mitigation is considered to contribute. The minimum threshold for revenue is set at 20%, and if met, the entire holding in the issuer is classified as a Sustainable Investment.

Use of Proceeds: If the use of proceeds from the issue is designated to be linked to a specific environmental or social objective, it contributes to the alignment with Sustainable Investments.

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?

As part of the process to identify sustainable investments, companies are screened to ensure that they do no significant harm (DNSH test) on any PAI indicators or other social or environmental objectives. Such considerations include climate change, protection of water and marine resources, transition to a circular economy, pollution and protection of biodiversity and ecosystems.

In addition, companies that do not fulfill the EU Paris-aligned Benchmarks exclusion criteria do not pass the DNSH test.

The Investment Manager also applies a screen that seeks to identify and exclude those issuers that the Investment Manager considers to be in violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights based on data supplied by third party service providers.

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.

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

The relevant indicators in Table 1 of Annex 1 of the EU SFDR Regulatory Technical Standards consist of 9 environmental and 5 social and employee related indicators. The environmental indicators are listed at 1-9 and relate to green-house gas emissions (1-3), exposure to fossil fuel, share of non-renewable energy consumption and production, energy consumption intensity, activities negatively affecting biodiversity sensitive areas, emissions to water and hazardous waste (4-9 respectively).

Indicators 10 – 14 relate to an issuers social and employee matters and cover violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles, unadjusted gender pay gap, board gender diversity and exposure to controversial weapons respectively. The Investment Manager also takes into account PAI 16 in relation to Investee countries subject to social violations.

The Investment Manager’s approach includes quantitative and qualitative aspects to take the indicators into account. It uses particular indicators for screening, seeking to exclude issuers that may cause significant harm.

The data needed to take the indicators into account, where available, may be obtained from investee issuers themselves and/ or supplied by third party service providers (including proxy data). Data inputs that are self-reported by issuers or supplied by third-party providers may be based on data sets and assumptions that may be insufficient, of poor quality or contain biased information. The Investment Manager cannot guarantee the accuracy or completeness of such data.

Companies that do not pass the thresholds that are defined by the investment manager, will not qualify as a sustainable investment. This includes companies that are involved in severe human rights incidents, severe controversies related to biodiversity or violations of the UNGC and OECD principles.

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

Alignment of the sustainable investments with the OECD guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is confirmed as part of the process to identify sustainable investments using the Violations of the UNGC and OECD principles indicator based on third party data.

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, For informational and data tracking reasons, the Investment manager assesses the performance of the investments across multiple PAI indicators. The specific PAI indicators that are observed are subject to data availability and may evolve with improving data quality and availability.

☐ No

What investment strategy does this financial product follow?

The fund takes into account ESG factors when making investment decisions with the aim of reducing risk and generating long-term sustainable investment returns. A special ESG risk assessment is performed on all assets and investment options by the fund's investment team and independent third parties. The fund invests in companies in Scandinavia and invests in those companies, sectors and countries which in the opinion of the fund manager are most likely to generate optimum returns, companies which have demonstrated high and steady profitability, are moderately leveraged and have organic growth potential.

Prior to qualitative assessment of the reduced investment universe, the fund applies ESG criteria through a selective approach, reducing the original universe of potential investments based on ESG rating from independent rating agencies. On top of that, the fund applies exclusion process as follows:

ESG is integrated into the strategy by excluding companies and issuers due to their exposure to certain activities that have been deselected based on ESG considerations (UN Global Compact violation).

Primary components applied are the following:

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

Consideration of controversies, i.e. non-financial information in regard to the issuers of securities.

Exclusion of companies that are involved in the manufacturing, use or possession of controversial weapons.

Voting at general meetings of investee companies where the threshholds of the proxy voting policy of the investment manage are met.

Engaging in active discussions with investee companies.

Following exclusion process based on ESG considerations, companies are evaluated based on quantitative and qualitative measures as well as ESG measures for ranking within viable investment universe.

The criteria that investments must meet in order to be selected are determined based on independent external research that has been validated internally and are linked to compliance with the principles of the United Nations (UN) Global Compact (principles relating to respecting human rights, labour standards, environmental standards and anti-corruption standards).

It follows therefore that companies that do not comply with the UN Global Compact and that would encounter major controversies are excluded from the portfolio.

Nevertheless, after a thorough analysis of the situation and/or when active discussions have led to a satisfactory resolution or management of the controversy encountered by the issuer, a security may be maintained in a portfolio following approval by an independent committee within the Investment Manager.

Business controversies include industrial accidents, significant environmental pollution, convictions for corruption, money laundering, serious violations of UN human rights conventions and structurally damaging governance problems.

Controversies are assessed based on their impact, in particular in regard to their severity, frequency and the company's reaction to the controversy.

In addition, companies operating in controversial sectors will be excluded.

In regard to controversial weapons, securities are screened so that the fund does not invest in securities issued by a company whose activity consists of the manufacture, use or possession of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons and weapons of mass destruction).

- ***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?***

Sector- or value-based exclusions prevent investments into activities that are deemed to be inappropriate for the strategy. The fund employs negative screening (does not invest in) on cannabis production, fur

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.

production and animal experiments, gambling, coal and oil sands processing, pornography production, loan sharking, activities which violate basic human rights, e.g. slavery and production of controversial weapons.

It employs positive screening (looks to companies who are driving positive development in the sector and outperform peers according to ratings agencies and internal assessment.) on alcohol producers, mining and oil production.

It employs best in class screening (companies that perform best among its peers on ESG measures, according to internal measures and based on third party ratings agencies) on animal testing intended for drug development, nuclear power production and tobacco production. Internal assessment is performed on companies' publications, the different parameters published by rating agencies and in some cases dialog with companies' representatives.

More information on the methodology is available in the sustainability-related website information here: https://www.stefnir.is/english/sustainability/ Stefnir's Responsible Investment Policy applies to the fund.

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

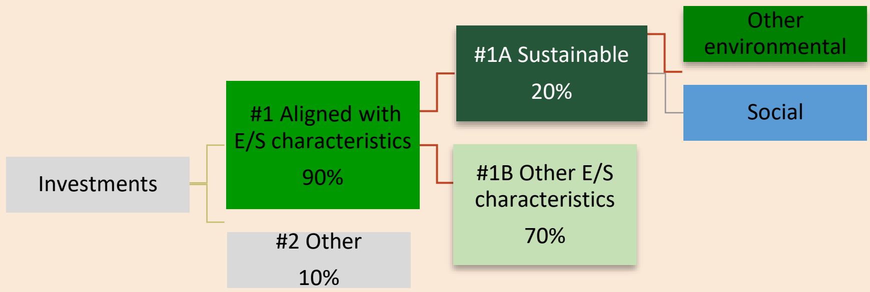
Companies are excluded based on a minimum ESG rating by external rating agencies. The seeks to not invest in companies with a lower rating than B (MSCI ESG Rating) and/or a higher risk score than 36 (Sustainalytics ESG Risk Rating). No minimum scores are on individual sub parameters, but they contribute to the overall rating and scores.

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

What is the policy to assess good governance practices of the investee companies?
Good governance practices of investee companies is addressed in the security selection process and on an ongoing basis. Public data from investee companies and other sources are analyzed and third party (MSCI, Sustainalytics and Bloomberg) reports, analysis and ratings on governance practices are also a factor in the process. Amongst others, companies are screened for good governance by assessing their employee relations, pay practices and management structure and diversity.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund does not use derivatives for the attainment of its environmental or social characteristics.

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

The fund has no minimum share of investments aligned with the EU Taxonomy, i.e. 0 % minimum target.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

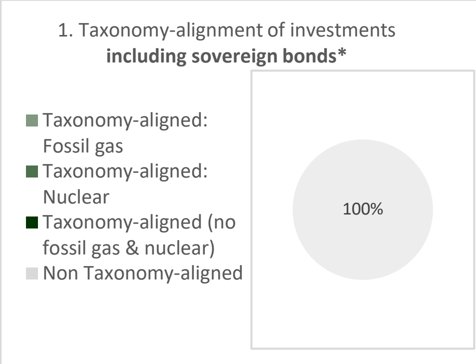
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

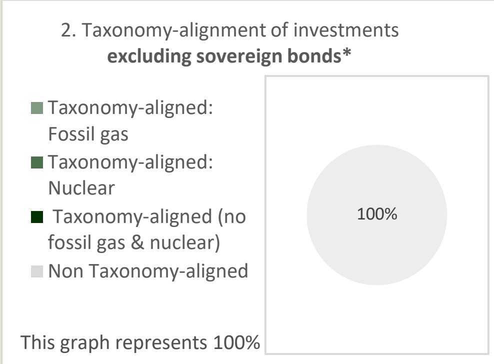
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas

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

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the Wha What is the minimum share of investments in transitional and enabling activities?

The minimum share of investments of the fund in transitional activities is 0 %. The minimum share of investments of the fund in enabling activities is 0 %.

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

N/A

What is the minimum share of socially sustainable investments?

N/A

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

"Other" investments include cash, cash equivalents, investments for diversification purposes or investments such as UCITS, ETF, for which data is lacking and does not follow any minimum environmental or social safeguards.

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?

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

N/A

Where can I find more product specific information online?

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

https://www.stefnir.is/english/sustainability/