

## Information required under the EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 regarding the portfolio management of UB Asset Management Ltd.'s Private Investment Office

### **In General**

Within the United Bankers Group (UB), UB Asset Management Ltd (UBO) and Private Investment Office (PIO) operating under it offer their clients individual and discretionary asset management services. The prevailing asset management strategy focuses on tailoring an individual strategy for each client.

### **Key Terminology**

#### **Sustainability Factor**

Sustainability factors refer to environmental, social, and employee matters, such as human rights advancement, anti-corruption, and anti-bribery matters.

#### **Sustainability Risk**

Sustainability risks refer to environmental, social, or governance events or conditions that, if realized, could cause an actual or a potential material negative impact on the value of an investment. The occurrence of sustainability risks may impact the performance of individual investments, which in turn impacts fund returns.

#### **Principal Adverse Impacts**

Principal adverse sustainability impacts refer to any direct or indirect adverse impacts of investments that result in negative effects on sustainability factors such as the environment, the society, or social factors.

#### **ESG**

ESG refers to Environmental (E), Social (S), and Governance (G) factors.

#### **EU SFDR**

The EU Sustainable Finance Disclosure Regulation (2019/2088) is a European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing, and to increase transparency around sustainability claims made by financial market participants.

### **Individual Wealth Management Strategies**

PIO offers its clients fully personalized asset management, where portfolio management is based on each client's individual preferences and needs.

In the PIO asset management model, active investing is combined with a "Multi Asset Management" model, which makes diversified investments in different asset categories across cycles. Different asset categories are emphasized based on a personal portfolio optimization tool, so that an optimal risk-reward ratio is achieved for the selected strategy. The PIO team selects the optimal investment objects suitable for the client, considering the prevailing market and economic conditions at any given time. The selection may include various active equity funds, cost-effective index funds (i.e., ETFs, Exchange Traded Funds), fixed income funds with varied risk levels, and other ETFs across various geographical areas, asset categories, and industries. In addition, the following additional components are selected based on the selected risk level: funds focused on forestry and timber, alternative investments, private equity, real estate, real estate investment trusts (REITs), listed infrastructure, fixed income, and equity investments, as well as structured bonds and direct investments and bonds.

In essence, the client selects a suitable risk level, according to which the client's final strategy is tailored. Portfolio risk categories follow the ESMA category risk levels (1-7), and client strategies follow related model portfolios. The risk categories currently in use include levels 3, 4, 5, and 6, but PIO also has the readiness to build other model portfolios. Although client strategies follow model portfolios suitable for the defined risk level, they are always individually tailored in accordance with client preferences. Changes to client strategies are always carried out simultaneously, in the same direction, and to the same extent, even if the portfolios differ from one another. In executing an investment strategy aligned with the asset management agreement, PIO may issue subscription, redemption, and other orders regarding the investment objects in accordance with prevalent expert judgement.

PIO's model portfolios do not have set benchmark indices.

### **Sustainability Risks**

In executing PIO's individual investment strategies, the PIO team decides on investment allocations within and inside asset categories and ensures sufficient diversification according to client preferences.

In making investment decisions regarding PIO's model portfolios and the execution of individual client investment strategies, sustainability risks are considered alongside key financial metrics, such as financial risk and valuation indicators, to the extent as defined by the client. Whenever the strategy includes funds managed by United Bankers, the United Bankers' Principles for Responsible Investment are followed.

The Principles for Responsible Investment are publicly available at:

<https://www.unitedbankers.fi/en/palvelut-ja-tuotteet/vastuullinen-sijoittaminen>

Key sustainability risks included in each investment strategy may, if realized, impact the financial success of individual investment objects, which may also impact portfolio returns.

Funds, ETFs, and other investment products and objects utilized in asset management strategies may periodically, regularly, extensively, or not at all utilize investment instruments, which do not fall under ESG requirements, such as derivatives, within the framework of their bylaws and operating principles. Funds managed by third parties are required to have signed the UN PRI and to follow the associated responsible investment principles, operating processes, and reporting requirements.

### **Environmental and Social Factors**

PIO's model portfolios and individual client investment strategies may promote environmental and social sustainability factors and make sustainable investments in accordance with client preferences. For instance, investment products promoting sustainability factors or sustainable investments may be selected for the asset management portfolio based on preferred client weighting. If the client so prefers, it is also possible not to consider environmental and social factors in individual asset management solutions.

### **EU Taxonomy Related Information**

In the framework of asset management strategies, it is possible to make environmentally sustainable investments in economic, transition, or enabling economic activities, which fulfill the criteria set in the EU Taxonomy Regulation<sup>1</sup>. PIO's model portfolios and individual client investment strategies are not, however, committed to making such investments.

### **Governance**

In essence, of the funds which are included in asset management strategies and are being invested in, the funds promoting environmental or social factors as referred to under Article 8 (SFDR) or the funds making sustainable investments as referred to under Article 9 (SFDR), adhere to good governance practices and required their underlying investments to do the same.

UB Fund Management Company Ltd.'s funds included in asset management strategies require their underlying investments to comply with good governance practices and international norms (e.g., the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises, UNGP), in accordance with the United Bankers' Principles for Responsible Investment.

### **Reporting**

United Bankers' responsible investment reporting consists of fund-specific ESG reports, client-specific portfolio reports, and United Bankers' responsible investment report published annually. Furthermore, United Bankers reports on the promotion of environmental and social factors in accordance with the EU Sustainable Finance Disclosure Regulation as part of the reporting of the funds managed by UB Fund Management Company.