

Website Disclosure and Method

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Financial market participant: BLS Capital Fondsmæglerselskab A/S (the Company)
(254900VGW6POFMVTTU76)

Summary

"No sustainable investment objective." The Company's investment strategy/product promotes environmental or social characteristics but does not have sustainable investment as its objective.

Environmental or social characteristics of the financial product

The investment strategy promotes environmental and social characteristics by integrating sustainability factors into the different parts of the investment process.

The Investment strategy

The investment strategy entails long-term and non-speculative investments in equities. The selection of equities is based on an active assessment of the long-term risk-adjusted return potential of the companies.

Proportion of investments

The investment strategy is expected to have an asset allocation with a minimum proportion of 90% of AUM in investments aligned with the investment strategy objective of promoting environmental and social characteristics. The investment strategy allows for up to 10% of assets being invested in other financial instruments, including cash.

Monitoring of environmental or social characteristics

The Company monitors compliance with the defined exclusion criteria and stewardship activities, which, in combination, ensure that the investment strategy's environmental and social characteristics are promoted.

Methodologies

The investment strategy's environmental and social characteristics are promoted through investments in assets that generally contribute to their economic activities without violating international corporate social responsibility principles.

The investments' abilities to promote environmental and social characteristics is assessed based on ESG data, screening analyses, and other analytical data from recognized data providers and sources.

Data sources and processing

The Company uses data sources from third parties, the media, or the investee companies to measure environmental and social characteristics of the investments.

Limitations to methodologies and data

Assessing an investment's risk exposure and impact on environmental and social parameters is generally complex. Assessing an investment's ESG risk is also complicated. These complexities are reflected in the

data and reporting that seeks to quantify the materiality of these risks, which means that the data and reporting are subject to uncertainty.

Due diligence

It is part of the Company's investment process to carry out due diligence on the underlying investments and issuers of securities to clarify whether they contribute to promoting the investment strategy's environmental and social characteristics.

Engagement policies

The Company pursues a stewardship policy. According to this policy, investee companies' handling of sustainability factors is influenced by engagement with the companies and voting at their general meetings.

Designated reference benchmark

The Company does not use a specific index designated as a reference benchmark to ensure that the investment strategy is aligned with the environmental and/or social characteristics that it promotes.

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

The investment strategy has no sustainable investment objective. Still, the investment strategy aims to achieve attractive long-term investment returns based on focused risk management that considers environmental, social, and governance factors, including the actual or potential principal adverse impact of these factors on the value of a specific investment. The Company considers investment risk in all its investment decisions. A sustainability risk in the form of climate or environment-related, social, or governance events or circumstances could pose an investment risk in line with other market risks.

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

The Investment strategy has no sustainable investment objective.

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

The Investment strategy promotes environmental and social characteristics by integrating sustainability factors into the different parts of the investment process. Investments are assessed in areas such as the level of corporate governance, transparency of company affairs, diversity in management, and reduction of inequality. Norm-based screening, stewardship, and exclusions are also applied in the investment process. As part of the Company's long-term investment horizon, we regularly assess our portfolio companies' ability to succeed in the long term, and acting environmentally and socially responsible is a prerequisite for long-term success.

Companies' handling of sustainability factors is influenced by engagement with the companies and voting at general meetings. Companies involved in activities that violate international norms or include controversial products are excluded in the absence of satisfactory mitigation.

What investment strategy does the Company follow?

The overriding objective of this financial product is to generate attractive, long-term and risk-adjusted returns above the general market return with a long-term perspective. The selection of companies for the portfolio is based on analysis and assessment of the companies' long-term, risk-adjusted return potential. Investments in companies are not based on their weighting in specific market indices, and the strategy has no short-term benchmark.

The investment strategy qualitatively evaluates the potential companies by investigating their business model. The investment strategy searches for fundamental and persistent competitive advantages such as pricing power, strong market position with identifiable large-scale advantages or superior brands.

The investment strategy seeks to identify companies with attractive growth profiles based on structural growth or outright consistent market share gains. The investment strategy investigates the capital intensity of the business model.

The investment strategy identifies companies with strong balance sheets, low indebtedness, attractive earnings potential and strong return on invested capital.

The investment strategy assesses the free cash flows of the investments. The investment strategy examines capital allocation by looking at the internal reallocation to high-return investments and proven commitment to return excess capital to shareholders through dividends and/or share buybacks.

The investment strategy process also includes an ESG and sustainability screening. The investment strategy invests in companies with credible and shareholder-friendly management with a strong and proven track record deemed able to execute the Company's long-term strategic development.

What is the asset allocation planned for this financial product?

The investment strategy is expected to have an asset allocation with a minimum proportion of 90% of AUM in investments aligned with the objective of promoting environmental and social characteristics. The investment strategy allows for investments of up to 10% of assets in other financial instruments, including cash. Usually, the investment strategy is fully allocated to the objective of promoting environmental and social characteristics in accordance with the investment strategy.

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

The policy to assess good governance practices is to determine the quality and experience of management teams and boards of directors and their compensation to ensure alignment between management and shareholder interests. The Company is in regular dialogue with the management teams of the investee companies to ensure they exercise responsible management. The Company does not invest in companies established in countries with inadequate corporate governance standards or high levels of corruption.

Monitoring of environmental or social characteristics

The investment strategy monitors compliance with the defined exclusion criteria and the stewardship activities, which, in combination, ensure that the investment strategy's environmental and social characteristics are promoted. Monitoring and internal reporting supplement the investment process and are embedded in the investment strategy procedures.

Before investment, a financial and sustainable due diligence process is completed, ensuring alignment with the investment strategy.

Further, the Company's Stewardship Policy protects and promotes the value creation in the portfolio companies and entails that the Company acts as a long-term co-owner that engages in dialogue with the portfolio company's management and votes on all annual and extraordinary general meetings.

It is instrumental for the Company to engage actively in dialogue with portfolio companies. In that connection, the Company will raise its concerns if principal adverse impacts on sustainability factors develop unfavourably and follow up on the adequateness of addressal.

Methodologies

The Investment strategy's environmental and social characteristics are promoted through investment in assets that generally contribute to their economic activities without violating international corporate social responsibility principles. The investments' abilities to promote the investment strategy's environmental and social characteristics is assessed based on ESG data, screening analyses and other analytical data from recognized data providers and sources.

The assessments are applied to select new investments, retain existing ones, and divest any investments assessed as inconsistent with the Investment strategy or binding criteria.

Lastly, and if in alignment with the investment strategy's objective and type, the assessments may also give rise to stewardship or increased engagement with providers of the relevant data or the portfolio company.

Data sources and processing

Data are sourced mainly from recognized data providers to institutional investors and asset managers. Still, data and information from the issuers of the underlying securities or the media are also used.

The data sources are assessed regularly and at least once annually.

The Company is reliant upon data availability and data quality. The Company is conscious that for specific ESG data, there may be deficiencies or missing data in the data set from the data provider leading to inaccuracies in the reported data.

Limitations to methodologies and data

Assessing an investment's risk exposure to and impact on environmental and social parameters is generally complex. Assessing an investment's ESG risks is also complex. These complexities are reflected in the data and reporting that seeks to quantify the materiality of these risks, which means that the data and reporting are subject to uncertainty.

Furthermore, data are sourced from third-party providers, which do not in all cases disclose the underlying data points or methodologies; accordingly, the data do not in all cases derive from the issuers of securities or the funds themselves. The Company, therefore, integrates such data with due respect for the investment strategy's asset class, objective, and type.

Due diligence

It is part of the Company's investment process to carry out initial due diligence of potential investments and regular due diligence of the underlying investments to clarify whether they contribute to promoting the investment strategy's environmental and social characteristics.

The assessment is made before making any investment and subsequently on a regular basis and at least once annually to ensure that the investment is aligned with the Company's investment strategy and meets its binding criteria.

The assessment is subject to the controls and approval procedures of the investment process. Except for using external data sources and research in the evaluation, the judgment is not subject to external controls or review.

The Company meets regularly with all companies in which it makes investments.

Engagement policies

The Company has a stewardship policy. According to this policy, investment companies' handling of sustainability factors is influenced by engagement with the companies and voting at general meetings. When found relevant, the Company will engage with investment companies through meetings with management or long letters to management, etc.

Companies involved in activities that violate international norms or include controversial products without a strategy for managing such risks are excluded.

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 specific index is designated as a reference benchmark to ensure that the investment strategy is aligned with the environmental and/or social characteristics that it promotes.

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

N/A

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

N/A