

DANSKE INVEST SICAV
GLOBAL SUSTAINABLE FUTURE CLASS A / CLASS I
NOVEMBER 2020

Invest in a sustainable future

Equity fund Danske Invest Global Sustainable Future invests in companies at the forefront of the global transition to increased sustainability – a theme with considerable growth potential and attractive investment opportunities.

A young child with light brown hair, wearing a black and white striped jacket with purple accents, is focused on adjusting a large, colorful kite on a sandy beach. The kite features horizontal stripes of yellow, green, blue, black, red, and orange, with long orange streamers. The background shows a calm sea and a bright, hazy sky, suggesting a sunset or sunrise. The overall mood is peaceful and hopeful.

Danske Invest



A fund
focused on the
UN Sustainable
Development
Goals

An investment with both heart and mind

Sustainable transition is a global trend with substantial economic growth potential in the coming decades and an attractive return potential if you manage to invest in the right equities – and that is the aim of the Danske Invest Global Sustainable Future fund, which invests exclusively in companies at the forefront of the transition to a more sustainable future.

Climate change, overconsumption of the earth’s resources, water scarcity and social inequality are just some of the issues that require massive investments over the next many years, and global equity fund Danske Invest Global

Sustainable Future invests in companies that contribute to resolving these challenges.


“We focus on companies that are best-positioned to address the global

challenges related to sustainability. We expect they will share in economic growth that other companies will miss out on – which could present good opportunities for return,” explains Simon Christensen, Martin Slipsager Frandsen and Thomas Baden Fabricius, who head up the investment team behind the fund.

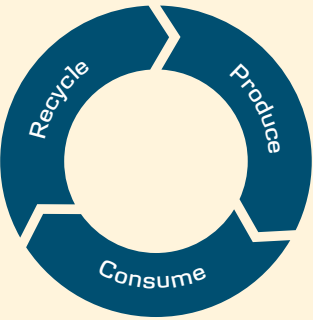
Invest in the economy of the future

Circular economy is a key term in the shift towards a more sustainable future – and a focus area for Danske Invest Global Sustainable Future. A circular economy involves keeping materials and products in an economic loop for as long as possible via recycling to reduce resource consumption and pollution. This contrasts with a traditional linear economy, where items are produced, consumed and thrown away. The portfolio managers of Danske Invest Global Sustainable Future see attractive investment opportunities in companies that support the development towards a more circular economy. This could include companies falling under any of the fund’s three main themes – climate stability, natural capital and social capital (read more on page 5).

Traditional linear economy



Sustainable circular economy



Three main themes of the fund
Danske Invest Global Sustainable Future continually invests in 30-40 companies that each support positive developments within one or more of the following three main themes:

CLIMATE STABILITY – with a focus on, for example, investing in companies that are leading the green transition and which supply solutions for achieving the goal of CO2 neutrality by 2050.

NATURAL CAPITAL – with a focus on, for example, tackling the global water crisis and the global overconsumption of resources.

SOCIAL CAPITAL – with a focus on creating healthier and better lives via, for example, the transition to an inclusive economy where everyone shares in economic growth and also in a more sustainable health service.

The three main themes are based on – and support – several of the UN Sustainable Development Goals (see more in the graphics on page 5). In addition, every company in the fund’s portfolio should naturally be attractive from an investment perspective. Hence, when the portfolio managers select equities, they follow a detailed and structured process



that ensures the financial aspects go hand in hand with the sustainability aspects.

How individual equities are selected

The fund's equities are selected according to a combination of objective criteria and the portfolio managers' own research and assessments.

The objective criteria represent a number of minimum requirements that com-

panies must fulfil before the fund may invest in them. These include requirements relating to a company's profitability, its support for the UN Sustainable Development Goals and its ESG rating – ESG stands for environment, social and governance. ESG describes how good companies are in terms of, for example, transitioning to green energy, handling dangerous waste or labour conditions.

“Based on these criteria, we have reduced the global investment universe to a selection of just over 300 companies that the fund could potentially invest in,” explains senior portfolio manager Martin Slipsager Frandsen.

This is followed by a more subjective assessment where portfolio managers undertake an extensive fundamental analysis of all the companies they are considering for investment.

“Here, we focus on the interplay between the financial factors and the contribution to a sustainable future to ensure that all companies could credibly lead and benefit from the transition to sustainability by supplying solutions to the planet's sustainability challenges. We also place a lot of emphasis on engaging the companies in dialogue, so we keep up to date on their current state of development and long-term growth opportunities, and naturally we analyse each company's financial and business

strengths and weaknesses,” adds Martin Slipsager Frandsen.

Assess return potential

Portfolio managers also assess equity valuations, as the price must of course also be sufficiently attractive, so the equities have a good return potential in the coming years.

Furthermore, portfolio managers research in detail how companies support the UN Sustainable Development Goals. As chief portfolio manager Simon Christensen says: this is where they focus on “the companies' critical contribution points to a sustainable future” – in other words, where companies make a noticeable difference.

“For us, it is crucial that companies make a real difference, which is why we set specific targets for all our companies, that we follow up on through active ownership – for example, by voting at company AGMs and meeting company management. Lofty ambitions for 2050 are not enough for us, we want to see concrete and relevant targets for the shorter term,” says Simon Christensen.

Action – not talk

Equities in Danske Invest Global Sustainable Future range widely over various countries and regions, so the level of diversification is high. Investments can include anything from utility



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companies that supply green energy to financial companies that make the necessary capital available for the green transition. The backbone of the portfolio is ESG leaders – in other words, companies that are among the vanguard in sustainability. However, the fund can also invest in so-called transition companies which are not yet ESG leaders but are on a journey towards greater sustainability.

“When companies increase their sustainability, that in itself can make them more attractive and boost their market value – but we want companies

that have taken tangible and noticeable steps. Talk is not enough – if companies fail to do enough in terms of the transition to greater sustainability, we first of all engage in dialogue with them, but if we do not get satisfactory answers and see necessary improvements, we sell them off,” says senior portfolio manager Thomas Baden Fabricius.

Potential global effect

Danske Invest Global Sustainable Future only invests in companies in the developed markets, like Europe and North America. According to the portfolio managers, it can often be more difficult

to gain the necessary insight into companies in emerging markets in Asia and South America, for instance – and being able to fully vouch for every single equity in the portfolio is important.

However, while the fund only invests in companies from developed markets, it can still very much address sustainability issues in emerging markets.

“This could be through companies supplying solutions that are also sold in emerging markets, or because they have large supply chains in these markets, which means they have a consid-

The fund’s investment focus

The fund invests in companies gathered under three main themes that support a number of the UN Sustainable Development Goals and at the same time hold considerable growth potential.

The UN has defined a total of 17 Sustainable Development Goals – and 9 of them are benchmarks for Danske Invest Global Sustainable Future. The fund has carefully selected goals where companies have the best opportunity to promote a positive development within the fund’s three main themes. The UN estimates that achieving the 17 Sustainable Development Goals could provide market opportunities of up to USD 12,000 billion going forward to 2030.



CLIMATE STABILITY

with a focus on, for example, the transition to green energy.

Sustainable Development Goals:



NATURAL CAPITAL

with a focus on water scarcity and overconsumption of resources, among other things.

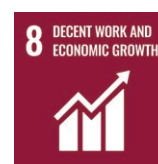
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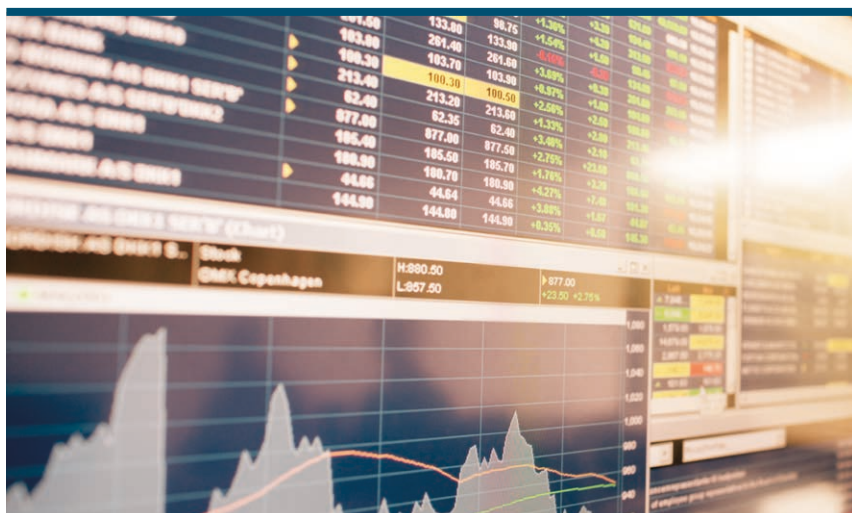


SOCIAL CAPITAL

with a focus on creating healthier and better lives globally.

Sustainable Development Goals:





TEAM BEHIND THE FUND

The fund's investments are managed by three portfolio managers from Danske Bank Asset Management, which is part of Danske Bank A/S. In their ongoing work to select equities, they are further supported by specialists from the bank's global equity and ESG teams.



Simon Christensen
Chief portfolio manager (co-lead)



Martin Slipsager Frandsen
Senior portfolio manager (co-lead)



Thomas Baden Fabricius
Chief ESG analyst, Senior portfolio manager

FACTS ABOUT THE FUND

Name: Danske Invest SICAV Global Sustainable Future Class A / Class I.

Investment focus: Global equity fund that invests in listed companies which support the transition to a more sustainable future.

Ongoing charge: Class A: 1.87% / Class I: 1.03%.

Risk indicator (1-7): 6.

Currency: EUR.

ISIN code: Class A: LU0117088970 / Class I: LU0249703298.

Read more: You will find the Factsheet, Key Investor Information Document and Prospectus at www.danskeinvest.lu, where you can read more about the fund and the risks associated with an investment in the fund.

erable impact on development there. Think about clothing and sports apparel companies, which often have a lot of their products produced in Asia. They have a huge significance for the living and working conditions of many people at the bottom of the wealth pyramid in these countries," explains Thomas Baden Fabricius.



An investment in Danske Invest Global Sustainable Future could, for example, make up a share of the global equities in a portfolio of investments.

Be aware of risk

While an investment in Danske Invest Global Sustainable Future has attractive opportunities for return, there are also a number of risks that you as an investor should be aware of if you are considering investing in the fund.

An investment in equities is always associated with a risk of loss, and as an investor you should expect significant fluctuations in the value of your investment. Your return will depend on how the individual companies in the portfolio develop, and whether the equity market in general rises or falls. If the fund's portfolio managers successfully select equities that provide an attractive return, you can earn more than the overall equity market, but you also risk earning a lower return than the equity market in general.

The aim of the fund is to deliver an annual excess return relative to the global equity index MSCI World. An investment in Danske Invest Global Sustainable Future could, for example, make up a share of the global equities in a portfolio of investments. We recommend that you consult with an advisor if you are considering investing to determine whether a particular investment suits your investment profile.



Examples of equities in the fund*



Fighting water scarcity

COMPANY: XYLEM

MAIN THEME IN THE FUND: NATURAL CAPITAL

Water scarcity and poor water infrastructure are among the biggest global challenges that threaten a sustainable future. According to the OECD, more than 40% of the world's population live in areas with an unstable water supply, which has considerable economic and health consequences.

Water consumption, meanwhile, is rising year by year. US company Xylem is among the world's leading water technology companies and focuses on supplying solutions that address all aspects of water management. The company develops innovative technologies and solutions that enable the reduction of water loss, create more clean drinking water, and treat and re-use wastewater.



Better medical treatments

COMPANY: CERNER

MAIN THEME IN THE FUND: SOCIAL CAPITAL

The number of elderly is set to increase significantly, creating a major healthcare challenge. The UN estimates the number of people over 80 will triple to more than 420 million going forward to 2050, and this trend will put further financial strain on the health sector, as the need for treatments will increase.

US IT company Cerner is one of the world's largest suppliers of IT solutions to the healthcare industry. Their solutions enable more precise diagnoses and provide more efficient treatment, which reduces costs for society and the health sector and allows more patients to be treated.



From black to green energy

COMPANY: SSE

MAIN THEME IN THE FUND: CLIMATE STABILITY

Over the past 100 years, the world's climate has become more extreme, with more heatwaves and droughts, massive floods and more devastating hurricanes. The UN's climate panel assesses this to be the result of climate change, and it has already created huge social and economic challenges. One of the keys to tackling climate change is to shift from black to green energy.

UK utility company SSE plays an important role in the green transition. The company is in the process of tripling its production of renewable energy from wind turbines and solar parks and is installing green energy infrastructure. SSE also has a target of supplying charging stations for 10 million electric vehicles to support the shift towards a climate-neutral transport sector.



Greater security for families

COMPANY: AIA GROUP

MAIN THEME IN THE FUND: SOCIAL CAPITAL

Not having private health insurance in countries without a robust public health system can have major economic and social costs for families. For example, the World Health Organisation estimates that Chinese citizens generally have to pay more than 50 per cent of health costs themselves. Meanwhile, the number of elderly Chinese is rising and they are not accumulating enough savings to have a healthy and secure old age.

Hong Kong-based insurance company AIA Group offers health insurance and pension schemes in Asia. Their solutions provide customers with a financial safety net if they fall ill and ensure they can live longer and healthier lives with financial security.

Note: *Examples of equities the fund had in its portfolio as of 1 September 2020. At danskeinvest.dk you can always see an overview of the entire holding of equities in the portfolio. Mention of the companies above is not a recommendation to buy these equities.

Disclaimer:

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Danske Invest,
a division of Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen
+45 33 33 71 71
www.danskeinvest.com
CVR-no. 61 12 62 28