



CB FONDER



Fundrella X CB Fonder - Save Earth Fund

With markets in turmoil and competition continuously increasing, there is a growing need from global and domestic asset managers to understand their positioning and compare funds in terms of ESG on a more structural and qualitative level to understand fund-specific positioning in terms of ESG.

Fundrella's ESG Peer Group Analysis – an in-depth stand-alone report that allows asset managers access positioning data against peers as well as alignment with ESG preferences of Nordic professional investors ranging from leading banks, insurance companies and IFAs to life and pension companies (580 Billion EUR in investable assets).

Together with CB Fonder we would like to take a closer look at their Save Earth Fund which is currently positioned at the top of the Global Impact Equity funds ranking on Fundrella's platform based on its alignment (%) with client preferences. The Save Earth Fund is managed by Alexander Jansson, Carl Bernadotte and Marcus Grimfors at CB Fonder, a family- and partner-owned company that was founded in 1994. CB Fonder offers its ethical and sustainable management concept to private as well as institutional investors. CB Save Earth Fund invests in companies that have either a significant share of their business in any of the areas of cleantech, water management and/or renewable energy or a smaller part now that the fund managers believe will grow in the future and thus be a major driver of the share price.

We asked Alexander Jansson, portfolio manager at Save Earth Fund for a comment.

Exclusions

Our data shows that Save Earth Fund is consistent in excluding many controversial industries with a 5% revenue threshold both in terms of companies involved in production as well as distribution, resulting in a favorable positioning against most peers. Our data also shows that many of the Nordic professional investors using Fundrella sometimes even have zero tolerance for some industries.

F: What is your reasoning behind the 5% threshold, and do you have any plans on lowering them to zero tolerance for any industry?

CB: Our actual exposure to excluded sectors is in reality less than 5% (the maximum exposure in a holding today is less than 2%), the 5% limit is purely a safety margin for indirect or bi-product exposure, for example, the same technologies that are used for water management may be used in parts of the oil industry as well. For this reason, we have no plans of lowering the limit to 0%, however, the actual exposure is almost always close to 0%.

CB Fonder has a zero-tolerance policy for companies operating in any capacity in the production or sale of the following controversial weapons: nuclear weapons, Chemical weapons, biological weapons, Cluster munitions, Landmines, Depleted uranium and White phosphorus.

Nordic Swan

Save Earth fund is one of the few (3%) Global Impact Equity funds on our platform with a Nordic Swan label. More and more international Asset Managers seem to be joining the Net Zero Asset Managers' Initiative while UN PRI is becoming a hygiene factor. Some argue that independent labels are decreasing in importance in favor of a more robust European framework.

F: What are your thoughts about labels? And has the Nordic Swan label helped you communicate your ESG work more accurately?

CB: Labels are convenient for investors who do not want to spend a lot of time researching each fund, as well as for communicating their own strategy quickly. They offer a quick way to see if a set of rules are followed. However, they do not mean much unless you understand what they require from the funds that use the labels. SFDR has become an important "label" despite not being designed to be one.

Among the thousands of funds on the Nordic market, the Swan Label aims to make it easier for consumers to find and choose funds that contribute to a more sustainable society at a time when there is a lot of greenwashing going on. The Nordic Swan Ecolabel differs compared to many other labels in the way that you really have to put in an effort to get the label and to keep it - it's not some kind of membership you buy.

Save Earth Fund was one of the first funds in the Nordics to be awarded the Nordic Swan Ecolabel in 2017. Last year we became one of the first three funds to be approved under Nordic Swan Ecolabel's new and stricter sustainability criteria.

The label has definitely helped us to communicate our long-term work and focus on sustainability and quality.

Continuous Education for Portfolio Managers

Many of your Global Impact peers allocate time and effort to offering a structured and regular ESG education for their portfolio managers.

F: How do your portfolio managers at CB Fonder stay updated on developments in ESG and what are your biggest challenges in this aspect?

CB: We get ESG research from research firms, as well as information from newspapers, news pages, and meetings in the industry. As for legal requirements we use an external firm to give us updates and we get information from the industry as well, especially from the fund management companies. The fund management companies for our funds are based in Luxembourg and they take care of most of the administrative and legal stuff so that we can focus on the management of the portfolios.

It's also important to emphasize that the strategy for Save Earth Fund is focused on cleantech, renewable energy and water, so we don't have to be "all over the place" regarding ESG. Most of the focus is on E and G.

The challenge for us at the moment is the vast amount of reporting that is required by SFDR (Article 9) and the EU Taxonomy. Since this is a new regulation, the interpretation is still not clear-cut. We have, however, a great dialogue with our fund companies in Luxembourg which have a lot of lawyers who are working on clarifying the practicalities of the regulation.

Alignment with Professional Investors' ESG preferences

Save Earth fund was positioned as one of the top 10 Global Equity funds on the Fundrella platform in terms of alignment with the ESG hard requirements (need to have) and preferences (nice to have) of Nordic professional investors. Our data shows that Save Earth fund is very well aligned with several professional investors' hard requirements (94% alignment) in terms of exclusions, however, slightly lower aligned when looking at ESG processes (91% for Save Earth vs 84% other global impact peers).

F: Which ESG-related processes are you at CB Fonder planning on refining during 2023?

CB: SFDR will require more reporting as well as standardizing of both reporting and description of procedures. We will adapt the reports and descriptions to the new regulation. Since the regulation is new its interpretation is still unclear and praxis on how to report will gradually develop. Further, the EU Taxonomy will be finalized and the reporting of that will be developed as well, both by companies and funds. These will be two focus areas for us during 2023.