SRD II Disclosure Report
Nordea Livförsäkring Sverige AB
Introduction
In connection with the implementation of the 2nd version of the Shareholders Rights Directive (SRD II) in Swedish law, Nordea Livförsäkring Sverige AB (NLP) is required to publicly disclose certain elements of its investment strategy with regards to equity investments as well as certain details concerning its arrangements with asset managers managing equity investments in NLP’s portfolios.
In the future these disclosures will be part of NLP’s annual Solvency II reporting. As there is a significant amount of time between implementation of SRD II in local Swedish law and the annual publication of NLP’s annual Solvency II reporting, we have decided to publish the information in this separate document in the interim.

Main elements from equity investment strategy
Nordea Livförsäkring Sverige AB (NLP) provides long-term savings and insurance products with the ambition to inspire and enable our clients’ lifelong financial well-being. NLP’s investment objective is to maximize long term risk adjusted return in a responsible way. Although different NLP savings products have different liabilities and different duration of liabilities, we have some common basic principles as the foundation for the NLP investment philosophy. One of our key principles when investing is to integrate sustainability in the investment decision. We believe that integrating environmental, social and governance issues (ESG) into our investment decisions ensures that we provide long term competitive return. We believe that investing sustainable contributes to long-term attractive risk adjusted returns, both by mitigating the long-term risk as well as potentially creating values finding companies with sustainable business models.

NLP utilizes both internal and external managers, active and passive strategies to diversify and implement the portfolios in the best way. We cooperate closely with Nordea Asset Management in incorporating sustainability in our internal mandates. When selecting external investment managers, the managers’ willingness and ability to address ESG is one of the factors we use in our selection process.

Arrangements with asset managers
Nordea Livförsäkring Sverige AB (NLP) use multiple asset managers to manage its equity investments. This is mainly done through fund formats, but some are in the format of mandates where the asset managers trade equities on NLP’s behalf.

Being part of the Nordea Group, NLP naturally has a close relationship with Nordea Funds. and Nordea Investment Management, and these are the largest asset managers used by NLP.

NLP remunerates asset managers through regular management fees and as such do not incentivise them to manage the assets in a certain way by way of remuneration. When issuing mandates, NLP sets limits and guidelines as to how the mandate shall be managed. NLP follows up on this through monitoring and meetings with asset managers. The limits and guidelines are set to ensure that the asset managers invest in line with NLP’s Investment Strategy. The overall responsibility for aligning the duration of liabilities with the asset management rests fully with NLP.

When using publicly traded funds NLP does not have a possibility to dictate the funds strategy. Instead, NLP chooses funds and managers that fit NLP’s Investment Strategy. NLP follows up and monitor the performance of asset managers and evaluate the manager selection continuously. When assessing performance, NLP’s focus is on long term performance, but NLP also takes short term performance into account to catch possible trend changes. NLP conducts regular meetings with asset managers used in our managed portfolios and address any issues related to the management of funds. The methods and time horizon for the monitoring are not explicitly agreed with the asset manager as NLP want to retain a large degree of freedom when evaluating its asset managers. The goals may also differ between NLP’s products. Concerns arising from the evaluation are further addressed with the asset managers before NLP act upon
them, giving the asset managers ample time to respond or adjust their management.

When choosing asset managers for managed portfolios, NLP always considers how the asset manager works with ESG and corporate governance and whether they actively engage with the companies they invest in on such matters. Although not all portfolios are ESG enhanced products, NLP requires all managers to have a policy on Corporate Governance and to include ESG-aspects as part of their investment process, as we consider this to be an important factor in generating long term returns. We also prefer managers that actively engage with the companies they invest in.

The mandate guidelines, manager selection and monitoring of managers and their performance are NLP’s main tools for ensuring the asset managers’ compliance with NLP’s investments strategy and decisions with the profile and duration of NLP’s liabilities, in particular long-term liabilities as well as the managers financial and non-financial performance. NLP does generally not enter into any agreement according to which a specific element of the agreement incentivises the asset managers with respect to any of the aforementioned items. NLP consider these issues to best be addressed through mandate guidelines, manager selection and monitoring and follow up of managers, in which issues can be addresses directly with the asset managers.

NLP is unlikely to invest with managers who have a strategy leading to high turnover as we do not believe such strategies lead to long term returns. Asset managers are continuously being evaluated with regards to performance as well as management fees and managers not performing from a risk-, return- and cost-perspective will be considered for disinvestment. NLP considers that this regular evaluation captures any manager that incur unnecessary high turnover costs. Therefore, NLP does generally not enter into any agreement with asset managers specifically on how NLP monitors portfolio turnover costs incurred by the asset managers and how NLP defines and monitors a targeted portfolio turnover or turnover range.

Asset managers and funds used in our managed portfolios are continuously being evaluated, focusing mainly on long term performance (3-10 years), but also reviewing short term performance and changes to strategy or management to uncover changes in trend. If a manager is found to not be performing at the desired level, divestment will be initiated. Therefore, NLP does generally not enter into any agreement with asset managers specifically regarding the duration of the arrangement.