



# PROCUREMENT REPORT

European index funds

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# 1. Executive summary

On October 31, 2024, the Swedish Fund Selection Agency, FTN published the award decision in the procurement of European index funds with a focus on large and mid-cap companies for the premium pension fund platform. This decision will impact around 180.000 savers, with a total capital of just over SEK 16 billion as of September 30, 2024.

Four funds have been awarded fund agreements, all of which are already available on the fund platform.

For pension savers, the procurement means that the funds in the category have now undergone extensive controls and are of high quality. At the same time, the average fee for the funds in the category has been more than halved from 0.135% to 0.046%. The minimum level of sustainability in the funds has also been raised.

By law, the funds procured must be suitable, controllable, sustainable, cost-efficient and of high quality. In addition, the range on the fund platform must provide pension savers with freedom of choice.

For the first time, FTN has conducted parallel procurements, as the procurement of European index funds was carried out at the same time as the procurement of global index funds. This means that parts of the procurement process can be coordinated, such as evaluation and interview meetings. The goal is to ensure a high-quality range of funds at competitive fees, thereby creating the conditions for a higher and more secure premium pension system.

**The fund managers and funds that have been awarded are:**

- **Handelsbanken Fonder AB**  
Handelsbanken Europa Index Criteria
- **Skandia Fonder AB**  
Skandia Europa Exponering
- **Storebrand Fonder AB**  
Storebrand Europa
- **Swedbank Robur Fonder AB**  
Swedbank Robur Access Europa



## 2. FTN's mandate

FTN is a government authority with the mandate to procure, monitor and quality assure the funds in the Swedish premium pension system.<sup>1</sup>

The funds on the premium pension fund platform are procured in order to ensure the quality of funds and fund managers, and thereby safeguard the interests of pension savers. FTN shall ensure that funds and fund managers at all times fulfil the terms of the fund agreement during the contract period.

<sup>1</sup> The Act (2022:759) on the Swedish Fund Selection Agency.





**TO PROTECT THE INTERESTS OF PENSION SAVERS, HIGH REQUIREMENTS ARE SET FOR FUNDS AND FUND MANAGERS.**

To protect the interests of savers, stringent requirements are set for the funds and fund managers on the fund platform. The evaluation and monitoring of funds, fund managers and management, both during and after the procurement, aim to provide high-quality pension savings that provide a secured pension.

The funds on the procured fund platform must be suitable for the premium pension system, cost-efficient, sustainable, controllable and of high quality. This is stipulated in the law that regulates the procurements of funds to the premium pension fund platform.<sup>1</sup> The premium pension system and the offered range of funds must also be characterised by freedom of choice for the pension savers, allowing savers to influence the level of risk and investment focus for their savings.

Once all fund categories on the existing fund platform have been procured, FTN will monitor the fund platform and procure funds when fund agreements expire. FTN will also evaluate the supply on the fund platform on an ongoing basis and the development of the fund industry in general. External factors and changes in the fund industry may thus create a need for the procurement of new categories that are not currently represented on the fund platform.

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<sup>1</sup> Act (2022:760) on procurement of funds for the premium pension fund platform.



### 3. The procurement process

FTN's procurement process is central to the work of procuring funds for the premium pension fund platform. The process is designed to evaluate in terms of the statutory requirements of suitability, sustainability, controllability, quality and cost-efficiency of the funds.

*The purpose of this chapter is to provide a simplified yet clear picture of FTN's procurement process for the public to read. This means that the chapter contains abbreviated descriptions and examples from the procurement documentation for this specific procurement. If descriptions in this report are simplified in such a way that information could be perceived as contradictory in comparison with what is stated in the procurement documentation, it is always the procurement documents that prevail.*

### 3.1. FTN's market dialogue

FTN is required by law to maintain a continuous dialogue with fund managers, industry associations and other market participants.

The purpose of the dialogue is, among other things, to acquire knowledge of what the fund industry can offer based on the requirements of the agency and available funds and fund managers. By receiving input from fund managers, the agency will be able to set better and more suitable terms and conditions for the procurements. Through the market dialogue, the agency will also be able to inform the fund managers of its requirements and the desired outcome of the procurement, get feedback, obtain news and share information.

The market dialogue can also contribute to the fund managers submitting tenders in subsequent procurements that are more in line with FTN's requirements. A continuous dialogue between FTN and fund managers prepares the market for future procurements, creating trust and good conditions for cooperation.

The dialogue can be conducted in various ways, for example through meetings, discussion forums, external referrals or by sending out questions with the aim of obtaining certain information, known as a Request For Information (RFI).

The dialogue is guided by essential public procurement principles, and the information that FTN shares with industry participants is also available on the agency's website, [ftn.se](http://ftn.se).

### 3.2. Preparatory analysis

FTN decides on a general procurement plan for the fund platform.

Before each specific procurement, the category to be procured is evaluated based on the availability of funds with a relevant profile, the demand from pension savers, the management strategies applied, the suitability of the funds for the fund platform, etc. The analysis done at this stage forms the basis for the design of the procurement documentation for the specific procurement.

### 3.3. Producing procurement documentation

Before a procurement is announced, the procurement documentation is prepared. FTN establishes a procurement specification for each procurement based on its considerations of the requirements of the individual procurement.





**IN ORDER FOR A TENDER TO BE EVALUATED, THE FUND MUST MEET ALL THE MANDATORY REQUIREMENTS OF THE PROCUREMENT**

The procurement documentation is comprehensive and describes, among other things, the general conditions for the procurement and the evaluation model that will be applied. It includes issues such as management activities, financial stability, risk management, transparency and availability of data from the fund managers participating in the procurement. Before announcing the procurement, FTN decides on the procurement documentation including the fund agreement and its annexes.

### **3.4. Notice of procurement**

Procurement of funds for the premium pension fund platform is advertised via the procurement platform e-Avrop. The notice is followed by a period during which tenderers can submit tenders. The length of the time period for submitting tenders varies between procurements. Questions regarding the procurement can be asked up to ten days before the deadline for submitting tenders. Questions are answered on an ongoing basis via e-Avrop, up to and including six days before the deadline for submitting tenders.

### **3.5. Requirements, grounds for exclusion and evaluation**

#### **3.5.1. Control of compliance with requirements**

The tender opening is the start of the assessment and evaluation of the tenders. The first part involves verifying the fulfilment of mandatory requirements. FTN's Office checks that the tenders received are complete, the tender fee has been paid, the completeness of the tenders received and that the tender fulfils both general and procurement-specific mandatory requirements and that there are no grounds for exclusion.

Example of a mandatory requirement set out in the procurement specification is that the fund manager, and any investment manager, must have managed assets in the same strategy covered by the procurement for a continuous period of at least three years over the last five years. Example of a requirement in the procurement specification is that the fund must replicate or emulate the composition of its benchmark.

Examples of grounds for exclusion are if the fund manager or investment manager has been convicted of certain types of financial crime or if the fund manager has unduly attempted to distort competition or influence the decision-making process of the procuring authority.

For a tender to be evaluated, the fund must fulfil the mandatory requirements applicable to the procurement and there must be no grounds for exclusion. The tenders that fulfil the requirements are evaluated in the next phase of the procurement process.

### 3.5.2. Qualitative and quantitative evaluation

The assessment involves an in-depth qualitative and quantitative analysis aimed at verifying the information provided in the tenders. The fund managers that best fulfil the award criteria are invited for interviews. The maximum number of fund managers that can be invited to interview varies and is set in the procurement guidelines for each procurement.

The evaluation criteria and their respective weights are outlined in the Request for Proposal (RFP).

During the evaluation of the award criteria, FTN will among other assess the:

- **Investment philosophy:** The investment philosophy should be clear and describe how the fund manager seeks to create added value for savers. The philosophy should be adhered to in the daily work.
- **Investment process:** The investment process describes how the investment management is carried out. Each step of the process should be described from idea to portfolio construction and in terms of who does what and with what authority. Evidence of discipline, structure and repeatability of the process shall be demonstrated.
- **Manager resources:** Evaluate who does what in the portfolio management. Both the fund manager and the associate portfolio manager and their team, as well as any other resources within the company that the fund manager can use, will be evaluated. Organisation, diversity, staff turnover, skills development and corporate culture are considered.
- **Investment performance:** Performance is evaluated to confirm that the fund manager's process and philosophy are working – that the ability and conditions are in place to generate returns within the chosen investment strategy. The evaluation consists of in-depth quantitative analyses aimed at verifying that the fund is being managed in the way described in the tender and that this can be observed in historical data.
- **Administration and risk control:** The organisation of the fund manager's control functions for risk management, risk control, compliance and audit control functions, including the ability to monitor and manage risks within the fund and the management organisation, is considered.

*Please note that this is a simplified description. The full and governing award criteria are described in the procurement documentation.*

### **3.5.3. Interview meetings**

FTN conducts site visits and interview meetings with representatives of the tenderer. The purpose of the interview meeting is to validate the information provided in the tender. The interviews cannot lead to a higher score in the procurement but may result in a deduction of points if FTN discovers that the information submitted in the tender does not correspond to the tenderer's organisation, operations, management, etc.

### **3.5.4. Revision of price**

Fund managers selected for interview meetings are offered the opportunity, after the meetings have taken place, to submit in writing a revised and final offer for a lower price. This means that a fund manager may lower the price initially indicated in the tender, but may not raise it.

## **3.6. Award decision**

Once the procurement evaluation has been completed and the final scores have been determined, FTN will decide which fund managers will be awarded a contract and thus be allowed to sign contracts for funds on the premium pension fund platform. The award decision is published via e-Avrop and on FTN's website FTN.se. The award decision becomes final after a 10-day standstill period following the award announcement.

## **3.7. Allocation and deregistration**

When notice is made for a procurement of a fund category, the fund agreements for the affiliated funds in the category are terminated. However, the funds remain on the fund platform until the procurement is completed.

Once the procurement is finalised and the award decision is legally binding, the phase-out process for the funds which were terminated will begin. Once an agreement is signed for the procured funds, the funds are registered in the Swedish Pensions Agency's system, provided they are not already listed on the fund platform. This means they will be available for pension savers.

The scheme for the allocation of capital means that the deregistered premium pension assets are to be transferred from the funds and distributed equally among the procured funds, with certain exceptions. For example, funds that are already registered on the fund platform and procured funds retain existing assets. If existing assets are less than the allocated capital, the fund can be allocated assets up to the same level as

*The full and prevailing provisions on the allocation scheme can be found in the procurement guidelines for the procurement in question.*

other procured funds. Pension savers can always choose to switch funds, which means that there is no guarantee of the amount of allocated capital.

### **3.7.1. Information for pension savers**

When a procurement process is completed, pension savers with investments in funds that are no longer covered by a fund agreement are notified that their chosen fund will be discontinued on the fund platform. The individual saver does not need to do anything, and the saver's assets will automatically be transferred to an equivalent procured fund in the same category if no selection is made. A saver can switch funds within the premium pension system at any time.

If a saver has already invested in a fund that is awarded in the procurement, the saver does not need to do anything as the fund's assets will remain in the fund.

### **3.8. Monitoring and reviewing**

A prerequisite for being eligible on the fund platform is that the fund maintains the high quality it presented when procured and that the fund manager acts with the pension savers' best interest throughout the contract period.

The procured funds are reviewed against the mandatory requirements and award criteria specified in the fund agreement for each procurement. If a fund no longer complies with the fund agreement or other requirements during the contract period, this may lead to termination of the fund agreement. Thus, a deterioration in the quality of the fund at the time of award may lead to the termination of the fund agreement.

In order to enable monitoring, the fund manager shall provide FTN with information on an ongoing basis, as specified in the fund agreement. Information will be collected via for example questionnaires and, if necessary, also at the request of the office of FTN.

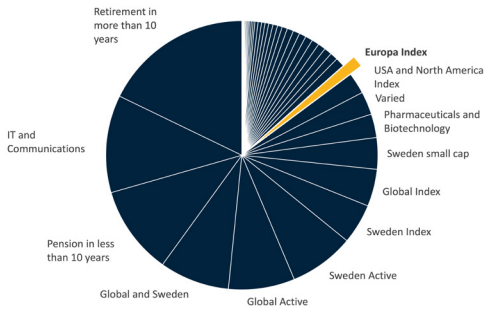


## 4. The European index funds category today

This procurement concerns the category of European index funds on the existing fund platform. As of 30 September 2024, approximately EUR 16 billion was invested in the funds in this category, corresponding to just over one per cent of the total capital of the fund platform.<sup>1</sup>



#### 4. The European index funds category today



#### 4.1. Range of funds

As of September 30, 2024, the European index funds category on the current affiliated fund platform included a total of seven funds. Of these seven funds, one was managed by a non-domestic fund manager and six by Swedish fund managers. The total number of savers in the funds was 180 451.

Nearly 93 per cent of the capital was invested in the three largest funds.

The funds in the existing range on the affiliated fund platform as of 30 September 2024:

#### European index funds

Funds on the platform today: 7

Number of funds to be procured: Max 4

Assets under management: SEK 16.5 billion

Share of total assets under management (excl AP7 Såfa): approx. 1.3 %

| Fund Manager                               | Fund                                |
|--|-------------------------------------|
| DNB Asset Management AS                    | DNB Europa Indeks                   |
| Handelsbanken Fonder AB                    | Handelsbanken Europa Index Criteria |
| Länsförsäkringar Fondförvaltning AB (publ) | Länsförsäkringar Europa Index       |
| Skandia Fonder AB                          | Skandia Europa Exponering           |
| Storebrand Fonder AB                       | Storebrand Europa A                 |
| Swedbank Robur Fonder AB                   | Swedbank Robur Access Europa        |
| Lannebo Kapitalförvaltning AB              | Öhman Marknad Europa A              |

# 0.135 %

**EQUALLY-WEIGHTED  
AVERAGE FEE AFTER  
DISCOUNT IN SEPTEMBER  
2024**

## **4.2. Fees**

As of September 30, 2024, the equally weighted average annual fee within the category was 0.135 per cent, after the Swedish Pensions Agency discount. The median fee was 0.121 per cent, with a range from a low of 0.119 per cent to a high of 0.143 per cent.

Index funds typically have lower fees when compared to actively managed funds.

## **4.3. Returns**

The average annual return over the last three years until 31 December 2023 for the category was 12.4 per cent. This could be compared with the category index, MSCI Europe ex Controversial Weapons, used in the procurement of the category. The category index had an average annual return of 13.1 per cent over the same period.

Thus, over the past three years, the funds in the category have had an average annual return that was almost one percentage point lower than the category index. The spread in outcomes is relatively small, from an average annual return of 12.1 per cent to 12.8 per cent per year. None of the funds have had an average annual return over the past three years exceeding the return of the category index.

## **4.4. Sustainability**

On the current affiliated fund platform, there is one single requirement regarding sustainability. Fund managers should be signatories of the UN Principles for Responsible Investment (PRI). This is still a requirement for fund managers on the procured fund platform.

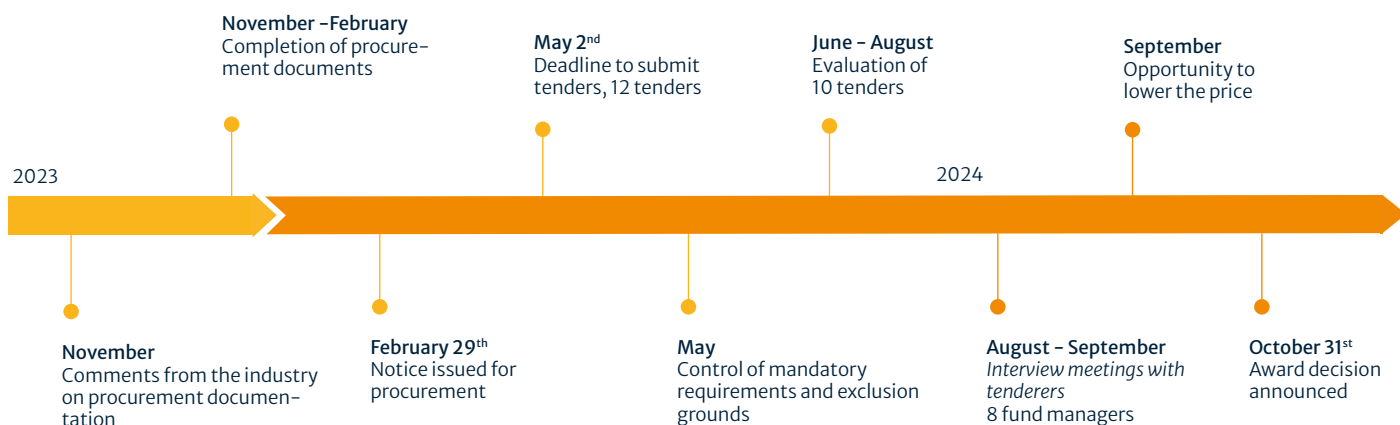
Out of a total of seven funds in the category on the current fund platform, one fund has sustainability as an objective (reporting under SFDR Article 9) and six funds promote sustainability (reporting under SFDR Article 8).



## 5. Results of the procurement of European index funds

The procurement notice was issued on February 29, 2024 and the award decision was announced on October 31, 2024. A total of 12 tenders were submitted and four fund managers were awarded agreements for funds on the premium pension fund platform.

## 5. Results of the procurement of European index funds



*For the complete and governing criteria of the procurement, please see the procurement documentation.*

### 5.1. Scope of the procurement

This procurement concerns UCITS funds with a primary focus on investments in equities of large and mid-cap companies in developed markets. The funds shall replicate or emulate the composition of their benchmark. The benchmark of the funds shall be rule-based and provide a suitable reference for the market in which the fund operates. The benchmark shall be provided by an independent established provider. The maximum permitted active risk relative to the benchmark is two per cent and the maximum permitted active risk between the funds benchmark and FTN's category index, MSCI Europe ex Controversial Weapons, is four per cent.

The procurement increases the requirements on the funds in terms of sustainability, compared to the requirements on the current fund platform. For example, the fund manager must utilise a norm-based screening process to detect potential violations of international standards, like the Global Compact's principles on corporate responsibility. They must also assess how well the operations in which the fund invests consider environmental, social, and corporate governance aspects.

According to the procurement documentation, up to four funds could be awarded fund agreements.

# 12

## SUBMITTED TENDERS

### 5.2. Tenders submitted

A total of 12 tenders were submitted during the tender period. The following tenderers submitted tenders:

|    | Fund managers                       | Fund  |
|----|-------------------------------------|---|
| 1  | Amundi Luxembourg S.A.              | Amundi MSCI Europe PAB Net Zero Ambition            |
| 2  | BNP Paribas Asset Management Europe | BNP Paribas Easy MSCI Europe SRI S-Series PAB       |
| 3  | Cardano Asset Management N.V.       | Cardano ESG Transition Enhanced Index Equity Europe |
| 4  | Danske Invest Management A/S        | Danske Invest Index Europe Restricted               |
| 5  | DNB Asset Management AS             | DNB Europa Indeks                                   |
| 6  | Handelsbanken Fonder AB             | Handelsbanken Europa Index Criteria                 |
| 7  | Länsförsäkringar Fondförvaltning AB | Länsförsäkringar Europa Index                       |
| 8  | SEB Investment Management AB        | SEB Europe Exposure Fund                            |
| 9  | Skandia Fonder AB                   | Skandia Europa Exponering                           |
| 10 | Storebrand Fonder AB                | Storebrand Europa                                   |
| 11 | Storebrand Fonder AB                | Storebrand Europa Plus                              |
| 12 | Swedbank Robur Fonder AB            | Swedbank Robur Access Europa                        |

*For full details, see the procurement documentation.*

### 5.3. Fulfilment of requirements

The received tenders were checked by the FTN office against administrative requirements, grounds for exclusion and mandatory requirements. Two tenders did not fulfil the requirements or were incomplete, and thus did not proceed to the evaluation phase. For example, one tender did not indicate the procured price.

In total, 10 correct and complete tenders were received that complied with the administrative and mandatory requirements.

### 5.4. Evaluation of tenders

The office of FTN evaluated 10 tenders that met the requirements. The evaluation focused on the fund's investment philosophy, process, the fund manager's control functions and the offered price. The fund's management organisation and its investment performance were also taken into account in the evaluation.



#### **5.4.1. Interview meetings**

The procurement guidelines for this specific procurement state that a maximum of eight fund managers could be invited to an interview meeting. Out of a total of ten tenders evaluated, eight were invited to an interview meeting. One tenderer chose to withdraw its tender when the interviews started because the fund manager discovered that they would not fulfill a requirement.

The overall purpose of the interview meetings and site visits is to verify the answers provided by the fund manager in the tender.

#### **5.4.2. Revision of price**

At the last stage of the evaluation process, fund managers have the option to lower the price they initially offered in the tender. There after the final score which forms the basis of the award decision is established.

### **5.5. Award decision**

After evaluating 12 submitted tenders, the FTN board has awarded fund agreements to four fund managers. These fund managers and funds achieved the highest scores based on the overall evaluation criteria and fulfilled the mandatory requirements for the procurement process.

#### **The four fund managers and funds awarded are:**

- **Handelsbanken Fonder AB**  
Handelsbanken Europa Index Criteria
- **Storebrand Fonder AB**  
Storebrand Europa
- **Swedbank Robur Fonder AB**  
Swedbank Robur Access Europa
- **Skandia Fonder AB**  
Skandia Europa Exponering

**Resources, fund manager, investment management** refer to chapters four and five of the RFP.

**Fund, philosophy and process** refer to chapters six and seven of the RFP.

**Administration and risk control** refer to chapters eight and ten of the RFP.

**Historical returns** refers to chapter 11 of the RFP.

**Fee** refers to chapter 12 of the RFP.

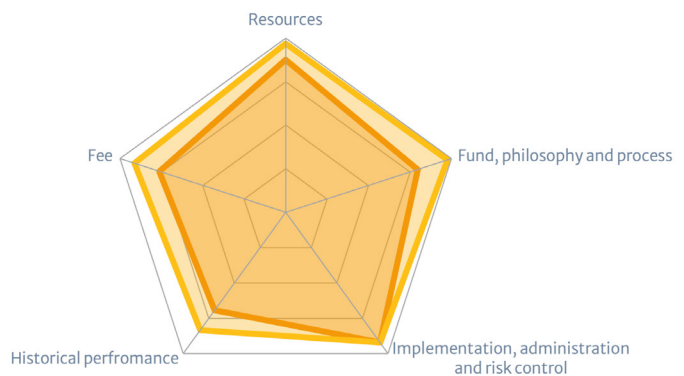
## 5.6. Evaluation of results

The charts below illustrates the evaluation outcome for the procured funds based on the award criteria in the procurement. It displays the outcome for each awarded fund compared to the average result for the eight funds and fund managers that FTN evaluated including interview meetings.

In the evaluation, the responses in the tender documents are rated on a scale of 0–4, with 4 being the maximum score. Note that the award criteria have different weights in the evaluation but this is not taken into account in these charts.

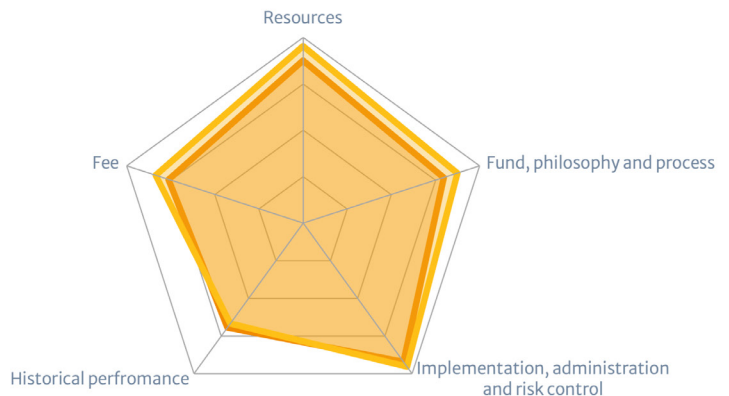
### Handelsbanken Fonder AB

- Handelsbanken Europa Index Criteria
- Average- evaluated funds



### Storebrand Fonder AB

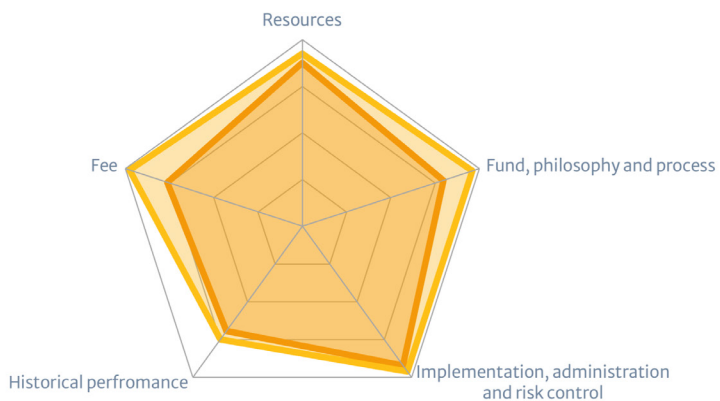
- Storebrand Europa
- Average – evaluated funds



5. Results of the procurement of European equity funds

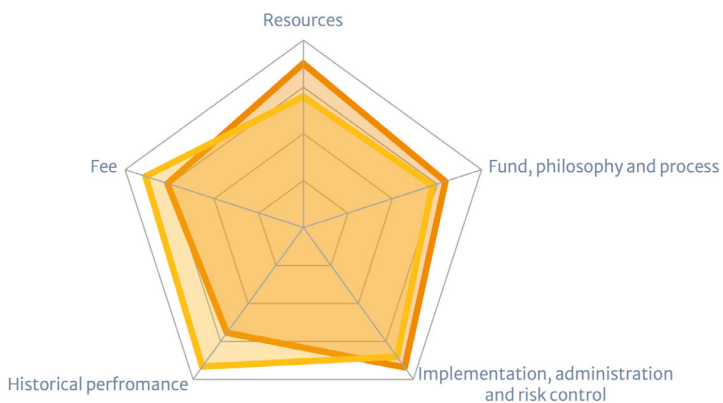
**Swedbank Robur Fonder AB**

- Swedbank Robur Access Europa
- Average – evaluated funds



**Skandia Fonder AB**

- Skandia Europa Exponering
- Average – evaluated funds



## 5.7. Fund facts

### 5.7.1. Handelsbanken Europa Index Criteria

The fund invests in large and mid-cap companies listed on European stock markets. The investment process is based on an optimisation process and the fund usually has around 400 holdings. The fund aims to track the performance of its benchmark as closely as possible. The investment team consists of six employees. Handelsbanken Europa Index Criteria was established in 2000 and is registered in Sweden. The fund is managed by Handelsbanken Fonder AB, which has been managing funds since 1991.

| Fund information                                 |   |
|--|---|
| Fund manager                                     | Handelsbanken Fonder AB                                   |
| New on the fund platform                         | No  |
| ISIN   | SE0000624421  |
| Country of registration                          | Sweden  |
| Currency   | SEK   |
| Year of inception                                | 2000  |
| Portfolio managers                               | Karl Nygren (2024)  |
| Assets under management                          | Approx. EUR 2 000 million                                 |
| Negotiated fee                                   | 0.0405%   |
| Risk level                                       | 4 of 7  |
| SFDR   | Article 9   |
| Benchmark  | Solactive ISS ESG Screened Paris Aligned Europe Index NTR |
| Relative return (5 years, up to 2023-12-31 p.a.) | 0.21%   |
| Active risk (5 years, up to 2023-12-31 p.a.)     | 0.171%  |

### 5.7.2. Skandia Europa Exponering

The fund invests in large and mid-cap companies listed on European stock markets. The investment process is based on an optimisation process, and the fund usually contains around 400 holdings. The fund aims to replicate the performance of its benchmark. The investment team consists of five employees. Skandia Europa Exponering was launched in 2013 and is registered in Sweden. The fund is managed by Skandia Fonder AB, which has been conducting fund management since 1988. The fund's assets are managed by Skandia Investment Management AB, which has been managing funds since 2013.

| Fund information                                 |   |
|--|---|
| Fund manager                                     | Skandia Fonder AB                               |
| Investment manager                               | Skandia Investment Management AB                |
| New on the fund platform                         | No  |
| ISIN   | SE0000810772                                    |
| Country of registration                          | Sweden  |
| Currency   | SEK   |
| Year of inception                                | 2013  |
| Portfolio manager                                | Andreas Detterfelt (2015)                       |
| Assets under management                          | Approx. EUR 430 billion                         |
| Negotiated fee                                   | 0.0442%   |
| Risk level                                       | 4 of 7  |
| SFDR   | Article 8                                       |
| Benchmark index                                  | MSCI Europe, ex client defined securities index |
| Relative return (5 years, up to 2023-12-31 p.a.) | 0.49%   |
| Active risk (5 years, up to 2023-12-31 p.a.)     | 0.40%   |



### 5.7.3. Storebrand Europa

The fund invests in large and mid-cap companies listed on European stock markets. The investment process is based on an optimisation process and the fund usually contains around 300 holdings. The fund aims to minimise active risk relative to its benchmark. The investment team consists of four members. Storebrand Europa was established in 1998 and is registered in Sweden. The fund is managed by Storebrand Fonder AB, which has been engaged in fund management since 1990. The fund's assets are managed by Storebrand Asset Management AS, which has been active in asset management since 1981.

| Fund information                                 |                                |
|--|--------------------------------|
| Fund manager                                     | Storebrand Fonder AB           |
| Investment manager                               | Storebrand Asset Management AS |
| New on the fund platform                         | No                             |
| ISIN   | SE0000531881                   |
| Country of registration                          | Sweden                         |
| Currency   | SEK                            |
| Year of inception                                | 1998                           |
| Portfolio manager                                | Lars Qvigstad Sørensen         |
| Assets under management                          | Approx. EUR 1 260 million      |
| Negotiated fee                                   | 0.0600%                        |
| Risk level                                       | 4 of 7                         |
| SFDR   | Article 8                      |
| Benchmark index                                  | MSCI Europe Index, net return  |
| Relative return (5 years, up to 2023-12-31 p.a.) | 0.13%                          |
| Active risk (5 years, up to 2023-12-31 p.a.)     | 1.44%                          |

#### 5.7.4. Swedbank Robur Access Europa

The fund invests in large and mid-cap companies listed on European stock markets. The investment process is based on an optimisation process and the fund usually contains around 300 holdings. The fund aims to provide a return that mimics the return of its benchmark index. The investment team consists of six employees, of which three managers have partial responsibility for the fund. Swedbank Robur Access Europa was launched in 2015 and is registered in Sweden. The fund is managed by Swedbank Robur Fonder AB, which has been managing funds since 1978.

| Fund information                                 |   |
|--|---|
| Fund manager                                     | Swedbank Robur Fonder AB  |
| New on the fund platform                         | No  |
| ISIN   | SE0007073937  |
| Country of registration                          | Sweden  |
| Currency   | SEK   |
| Year of inception                                | 2015  |
| Portfolio managers                               | Johan Andreasson (2015), Joakim Celinder (2017), Ulrika Ersson (2019) |
| Assets under management                          | Approx. EUR 1 270 billion   |
| Negotiated fee                                   | 0.0390%   |
| Risk level                                       | 4 of 7  |
| SFDR   | Article 8   |
| Benchmark index                                  | MSCI Europe Net   |
| Relative return (5 years, up to 2023-12-31 p.a.) | 0.36%   |
| Active risk (5 years, up to 2023-12-31 p.a.)     | 1%  |



## 6. Change in the category

The procured category of European index funds consists of four funds after the procurement, a reduction from seven funds.

The four procured funds are already part of the current range of funds in premium pension system and all have been procured at a lower price than before.

*This chapter aims to highlight differences between the funds in the current fund category and the funds in the procured category. Please note that this is not part of the evaluation carried out in the context of the procurement process.*

### 6.1. Quality, risk and return

All funds awarded fund agreements are of high quality. This means that the funds are deemed to have a high probability of generating good returns for pension savers over time.

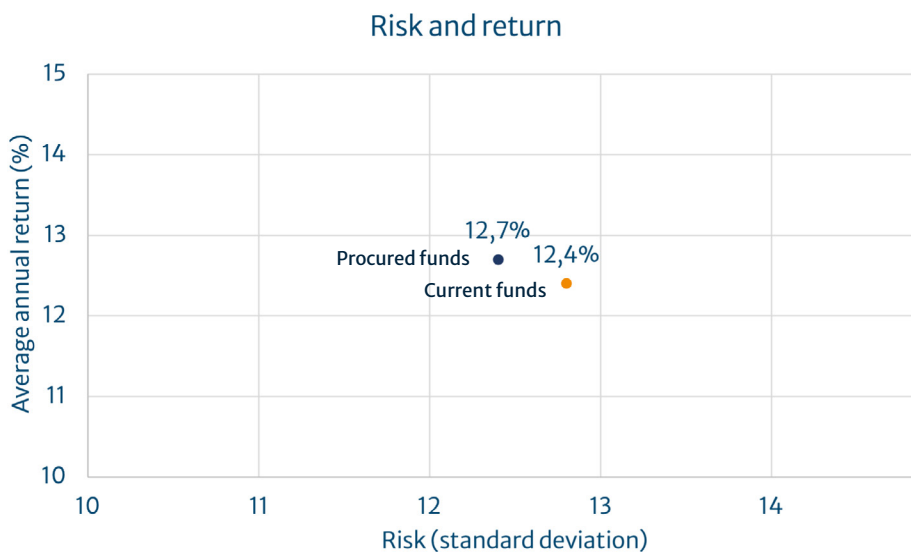
Funds participating in the procurement have had their quality assessed and evaluated in a way that has not been the case for the funds currently on the platform. Therefore, it is not possible to analyse how the quality has changed as a result of the procurement.

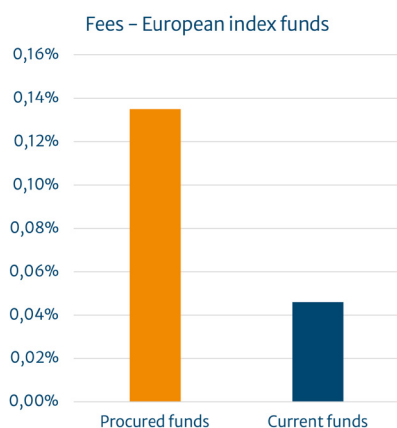
A comparison of historical returns over the last three years, up to 31 December 2023, indicates that the funds currently on the fund platform had an average annual return of 12.4 per cent after fees. In contrast, the procured funds had an average annual return of 12.7 per cent after fees over the same period. The category index MSCI Europe ex Controversial Weapons, measured in Swedish kronor, had an average annual return of 13.1% over the same period.

During the three-year period until 31 December 2023, the procured funds have had a slightly lower risk, measured as standard deviation, compared to the funds currently on the platform. Thus, over the past three years, the procured funds have, on average, provided a higher return at a lower risk compared to the funds in the existing range.

### 6.2. Fees

The average fee of the existing funds in the category on the platform at the time of the procurement notice was 0.135%. The average fee in the tendered offer is 0.046%. This represents a reduction of 0.089 percentage points in the fee.





### 6.3. Sustainability

To comply with legal sustainability requirements, FTN has established mandatory sustainability criteria for fund managers and funds. The fund managers and funds that have been procured meet all mandatory sustainability requirements. This means that the minimum level of sustainability in the funds offered has been raised in the category compared to before the procurement.

Among other things, this means that all procured funds:

- promote sustainability (reporting under SFDR Article 8) or have sustainability as an objective (reporting under SFDR Article 9),
- have processes in place, integrated with the fund’s investment and stewardship process, to identify whether operations in which the fund invests violate the Global Compact, the UN Guiding Principles on Business and Human Rights (UNPG) or the OECD Guidelines for Multinational Enterprises, and have guidelines on how the fund manager should act as an investor based on this information,
- does not invest in operations that are associated with serious violations of the Global Compact, the UNGPs or the OECD Guidelines, that have not taken adequate measures to prevent future serious violations and/or parties that have suffered serious harm from verifiable violations,
- does not invest in operations related to the production, stockpiling, trade or use of controversial weapons and nuclear weapons,
- does not invest in operations where more than five per cent of turnover is derived from the production of tobacco or tobacco products, extraction/production of thermal coal or oil sands, electricity generation through the combustion of thermal coal,
- are managed by a fund manager who is a signatory to the UN-based Principles for Responsible Investment (PRI).

### 6.4. Freedom of choice

Freedom of choice has not been part of the evaluation in the procurement, but FTN has an overall requirement to take freedom of choice into account in its decision-making. The range of funds must offer savers freedom of choice, for example in terms of funds with different investment focus and risk levels. This is mainly done by procuring different fund categories rather than procuring different funds within the same category.



The number of funds in the procured funds category is now four, compared to previously seven funds in the category. The reduction in the number of funds is not expected to affect freedom of choice, as many of the funds in the category had similar investment focus prior to the procurement. The four procured funds are considered to be sufficient to achieve the same breadth in the category as before, which is supported by the quantitative analysis of the degree of diversification in the category carried out by the office of FTN.

Before the procurement, almost 93 per cent of the capital in the category was invested in the three largest funds. Savers have thus only to a limited extent utilised the full range of seven funds. FTN assesses that, even after the procurement, there is sufficient freedom of choice to meet savers' demands.





## 7. FTN's conclusions on the procured category of funds

The funds procured must, by law, be suitable, controllable, sustainable, cost-efficient and of high quality. In addition, the range of funds on the fund platform must provide freedom of choice for pension savers.

FTN notes that sufficient high-quality tenders were received in the procurement to enable a final result that fulfils the legal requirements.

The procurement will reduce the number of funds in the category from seven to four. This means, all else being equal, that the possibility of qualitatively analysing the funds increases and that the controllability of the category is thereby improved. The procured funds, which are all already available on the existing affiliated fund platform, also fulfil the higher requirements in the procurement that aim to increase controllability and quality, such as, for example, that investments in other funds are not permitted and the fund's benchmark index is rule-based and transparent.

The average fee in the category will be reduced significantly from 0.135 per cent to 0.046 per cent after the procurement. As the return of the funds will emulate their chosen benchmark, it is mainly the new fees for the procured funds that will have the greatest impact on savers. The average fee within the category will be reduced by 66 per cent. This, combined with the fact that the procured funds are of high quality, means that FTN believes that there are good conditions for the procured funds to generate a return over time in line with the fund's benchmark.

The minimum level of sustainability has been raised within the category through the procurement's mandatory requirements for both the fund manager and any investment manager. These requirements include having an active ownership process in place to address material sustainability risks and opportunities, providing detailed sustainability-related disclosures and exercising voting rights in the companies in which the fund invests. Following the procurement, all funds in the category have sustainability as a well integrated part of the investment process and report by SFDR Article 8 or Article 9.

FTN would like to conclude by thanking all tenderers for participating in the procurement.

