

Coeli



Fund
3101 077



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Circulus

Impact Report 2023

SMALL COMPANIES WITH BIG SIGNIFICANCE

THIS IS MARKETING COMMUNICATION

The prospectus and annual report are available in English and the fund's fact sheet is available in Swedish and English, among other languages. Relevant information documents are available in English at coeli.com. A summary of your rights as an investor in the fund is available at <https://coeli.com/regulatory-information-coeli-asset-management-ab/>.

Past performance is not a guarantee of future returns. The price of the investment may go up or down and an investor may not get back the amount originally invested.

Trust: The Currency of Impact

With elections spanning 64 countries and nearly half of the world's population set to vote in 2024, we find ourselves at a critical point for global development. Amidst the democratic fervor, we witness a notable shift in trust dynamics: while trust in traditional institutions continues to erode, there's a growing reliance on companies, especially those spearheading green innovations.¹

This evolving landscape underscores the importance of our mission at Circulus. We are committed to identifying and supporting impactful micro and small-cap companies, empowering them to make a real difference, irrespective of political outcomes. Last year, we took significant strides in this direction, providing crucial financial support to six innovative companies. One such case involved our participation in a capital raise for Scandinavian Enviro Systems, a Swedish micro-cap company that recycles tires, who announced a joint venture with the French infrastructure fund Antin Infrastructure Partners, to deploy and build Enviro's technology in Europe.

However, our approach goes beyond mere financial assistance; it's about fostering genuine connections and building trust. By engaging directly with company management, conducting site visits, and actively participating in their progress, we lay the groundwork for impactful change. That's why we conducted 183 meetings with our 54 companies and visited over half of them at their facilities. Our efforts range from

"We are excited to have Circulus join us as a significant shareholder. Their unwavering commitment to supporting real change perfectly complements our mission to revolutionize tire recycling and create a cleaner, greener future. With their support, we are confident in our ability to make a real and lasting impact on the environment."

– Alf Blomqvist, Chairman of the Board at Scandinavian Enviro Systems

pushing companies like Graphic Packaging to set Science-Based Net Zero targets, to collaborating with Hikma Pharmaceuticals to increase access to medicines.

Ultimately, trust serves as the bedrock of our impact. Through our dedicated efforts, we foster trust across the value chain—from companies to investors—paving the way for tangible and lasting change.

Christofer, Joakim & Simon
March 2024



¹<https://www.edelman.com/trust/2024/trust-barometer>

The World's Largest Purchasing Order

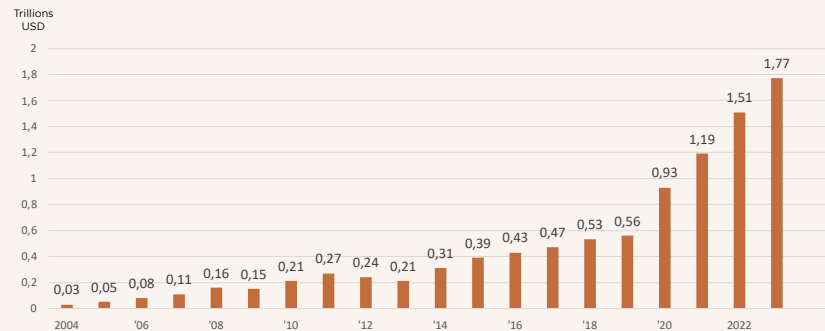
Change is happening. To solve the Sustainable Development Goals (SDG) by 2030 we need to invest 5-7 trillion USD every year in solutions, which is about 40% of what is invested globally every year – thus we call it the world's largest purchasing order. Since the launch of the SDGs in 2015, the world has invested less than this, in other words we need to speed up. And we are. For example...



SDG 7: Affordable and clean energy

In 2023 the world invested \$1.8 trillion in renewable energy (SDG7), a whopping increase of 18% from the year before.¹

Investments in the transition towards net zero greenhouse gas emissions



SDG 6: Clean water and sanitation

Amid growing concerns about water scarcity and the need for sustainable water management worldwide (SDG6), investments in water infrastructure have gained momentum. In the US alone, increased federal spending on water infrastructure has already begun and will reach a total of \$55 billion in new projects between 2022-2027.²

¹ Bloomberg New Energy Finance

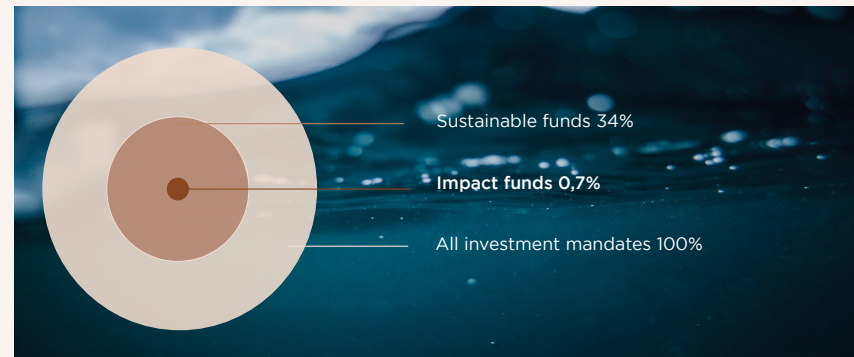
² Infrastructure Investment and Jobs Act: phmsa.dot.gov/legislative-mandates/bipartisan-infrastructure-law-bil-infrastructure-investment-and-jobs-act-ijja

³ GIIN Insight 2023 and GSIA 2023



Impact Investing

Still, impact investing is only a marginal part of investors' portfolios. \$623 billion in impact mandates in 2022 according to GIIN, to compare with the \$30.3 trillion invested globally in sustainable investing assets.



But, it is growing fast – some of the fastest growing impact investing areas the last five years³:

Affordable housing 44% CAGR (SDG11)

Healthcare 26% CAGR (SDG3)

Food and agriculture 15% CAGR (SDG2)

This is what Circulus is all about, we focus on the micro- & small companies that provide unique solutions to the sustainability challenges. And that do it in a profitable way. Let's solve the SDG's by being long-term investors in the strongest structural theme of all!

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This report covers the activities of the strategy during 2023. It entails a full year of the global fund Coeli Circulus, which is targeting institutional investors, family offices, private banking clients, and other investment advisors, the period from March 9th for Avanza Impact by Circulus, the corresponding global fund targeted at retail investors, and the period from May 31st for Coeli Circulus America Small Cap, the North American version of the strategy. Throughout the report data will be presented for Coeli Circulus ("Circulus" for short) and Coeli Circulus America Small Cap ("Circulus America"). Note that as Avanza Impact by Circulus has the same holdings as Coeli Circulus, everything presented subsequently for Coeli Circulus is applicable for Avanza Impact by Circulus as well. The only divergence is voting, which is performed and reported by Avanza Fonder AB separately.

Setting the Stage

An Introduction to the Strategy

“We founded Circulus with a clear vision: to establish an impact strategy dedicated to investing in micro and small-cap companies addressing global challenges, where our actions can create meaningful change.”

– Christofer, Joakim & Simon



Circulus

Circulus aims to create long-term capital growth by investing in high quality micro- and small-cap companies that are helping our society and planet reach a sustainable development.



Launched

- Coeli Circulus – August 24th 2022
- Avanza Impact by Circulus – March 9th 2023
- Coeli Circulus America Small Cap – May 31st 2023

External Validations

- Nordic Swan Ecolabel
- BlueMark verified in February 2023

Partnerships & Networks

- SententIA – a software company developing an AI-tool designed to find companies with solutions for the SDGs
- Advisory Board – seven members with deep experience and connections both within academia and the corporate sector

SFDR

- Article 9

Investment Strategy

- Micro- and Small-cap companies (Global/ North American in the respective strategies)
- Long-term owners, expected average holding period 5+ years
- Every company must have at least 50% of their revenue from products or services that contribute to the targets and indicators within the 2030 Agenda (the Sustainable Development Goals, or SDGs) – the average exposure is 89%

Portfolio Managers

- We have a combined experience of over 40 years in asset management, during which we have traveled extensively to meet companies worldwide and contributed to sustainability focused industry coalitions.
- We bring a wealth of experience and knowledge in identifying micro and small-cap companies delivering solutions for global challenges.

One Strategy – Three Funds

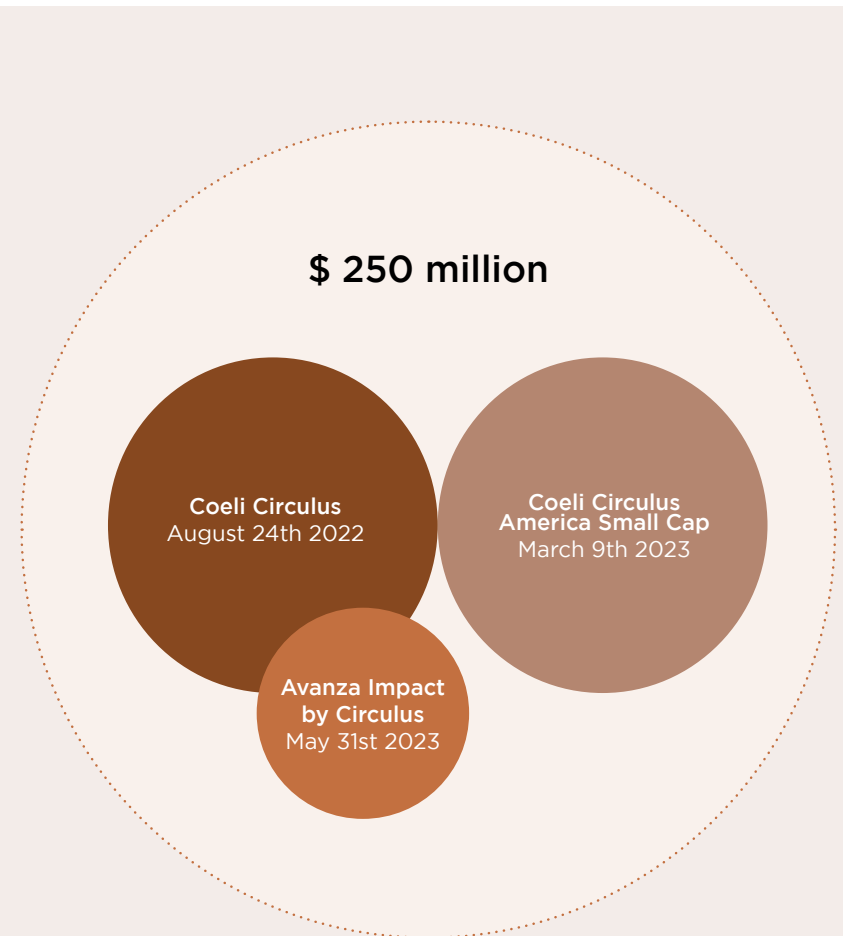
When we launched Circulus, it was because we saw an opportunity to invest in the strongest structural theme of all: solving global sustainability challenges by making a difference, particularly through investments in micro- and small-cap companies.

As long-term investors, we knew the journey would be extended and challenging, with its ups and downs, and that we would encounter some road bumps. Just a little over a year into this journey, we have been pleasantly surprised by the interest the strategy has generated.

- Shortly after the launch of the global Circulus fund, Avanza approached us and asked if we would like to collaborate with them. In March 2023, we launched Avanza Impact by Circulus, a fund tailored for Avanza's nearly two million retail clients.
- The Circulus strategy continued to gain momentum, and in May 2023, an institutional client, well-aware of our track record in North America, asked us to launch a North American version of Circulus.

At the time of writing, we have gathered \$250 million in assets under management (AUM) across the three strategies in just over a year.

Looking ahead, we see more exciting opportunities than ever in the micro- and small-cap universe focused on addressing sustainability challenges. We thank you for the trust you have placed in us and invite you to join us on this exciting journey forward.



Financial Performance

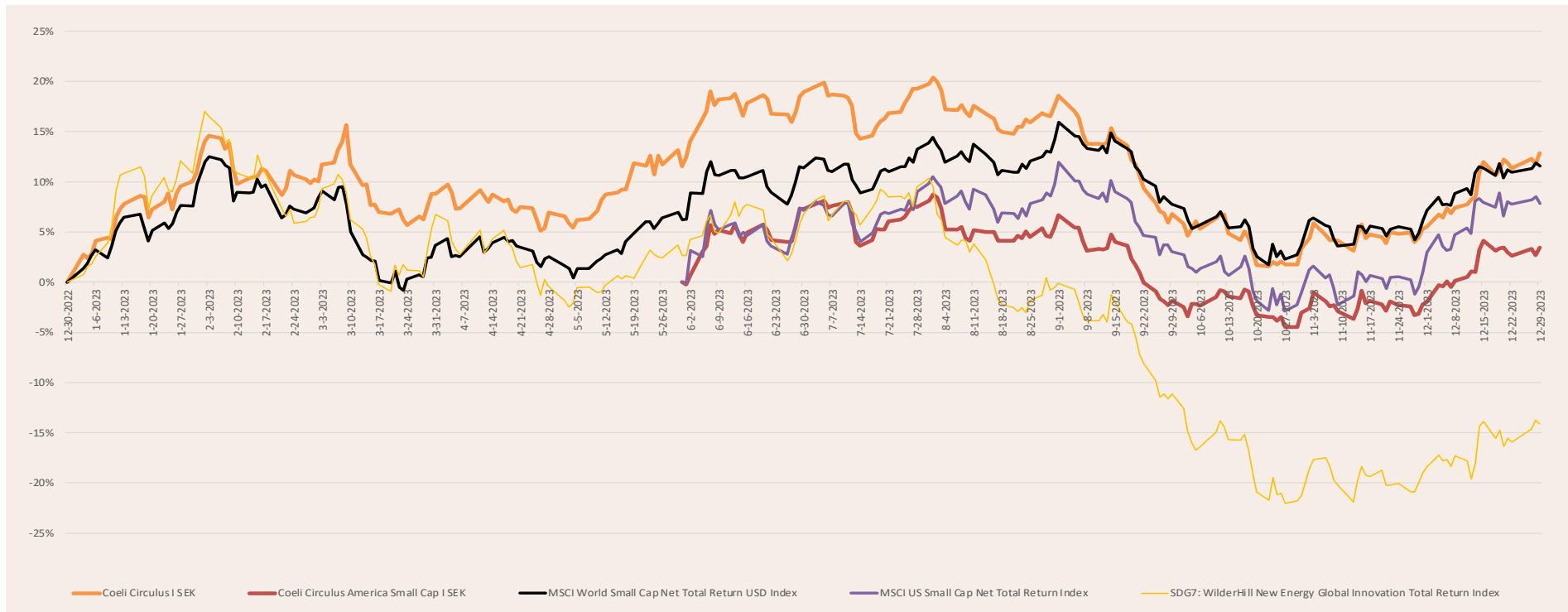
In 2023, the market was torn between hope and despair while waiting for interest rate increases to begin to bite and inflation to show signs of abating. All's well that ends well: when we called in 2023, the Circulus fund was up around 13%, a bit ahead of its benchmark index, and Circulus America up 3% having started later in the year. The strategy proved its strength not least by showing that sustainability investing is more than just investing in renewable energy (the Wilderhill New Energy index fell 14% in 2023) – some of the funds' best investments in 2023 were solutions to water problems (SDG 6: H2O Innovation) and responsible consumption and production (SDG 12: Repositrak).

After a couple of tough years for small caps, the horizon is now brightening: inflation is falling and interest rates seem to have peaked. At the same time, profit growth in the portfolio remains strong – sustainable solutions companies are uniquely positioned. Our portfolio companies reported

profit growth of just over 15% in 2023 while margins increased. We expect almost the same excellent profit growth in 2024. And three bids (H2O Innovation, Biokraft & Cropenergies) for our portfolio companies in Q4 show that the valuations of many of our companies have fallen too much, which also bodes well for 2024. For Circulus, the tenders also show the importance of focusing on, and sticking to, the long-term analysis (and opportunities) of our solution-oriented micro and small companies. Looking ahead things are picking-up for sustainable micro- and small-cap companies.

During Q4

- H2O Innovation – Bid premium ~ 70%
- Biokraft – Bid premium ~ 30%
- Cropenergies – Bid premium ~ 70%



Advisory Board

Valuable input throughout the year

In 2023, our advisory board meetings centered around the net-zero transition, with all four meetings addressing different aspects of the climate crisis. Here are some examples of the value created by these forums throughout the year:

- **Meeting #1 Carbon Credits**

During this meeting, we invited Deveron to present their work with Carbon Credits. While Deveron's core business of improving sustainability and efficiency in agricultural practices through soil testing was deemed important and promising, several board members raised concerns about the challenges associated with Deveron's venture into testing for Carbon Credits. Questions were raised about the timing of such a move. Subsequent discussions during the year led to the decision by the company to allocate fewer resources to this business for now, focusing instead on their core business of soil testing.

- **Meeting #2 Biofuels**

At the time, we were invested in three companies involved in biofuels, which had experienced a sluggish start to the year and faced a less optimistic near-term outlook. Despite challenges highlighted by the advisory board regarding each business case, it became evident that the companies possessed valuable assets for producing biofuels in various regions. The discussions during this meeting reinforced our decision to maintain our positions and even increase our investment in one of the companies. This decision proved beneficial by the end of the year when the respective majority owners made bids on two of the three companies, indicating that strategic actors viewed these assets as underpriced.

- **Meeting #3 Solar Power and #4 Climate Solutions in 2024**

Our fall meetings were dedicated to Solar Power and the broader theme of climate solutions for 2024. With positions in Altus Power and 5N Plus, both of which became top 10 holdings during the year, the advisory board meetings played a pivotal role in shaping this increase of positions. Looking ahead to 2024, we are focusing on decentralized energy systems, smart grids, and the electrification of our economy, anticipating new investment opportunities in these areas.

Ongoing Support

During our due diligence of the Swedish additive manufacturer Freemelt, we had advisory board members both joining us on a site visit as well as make introduction to researchers in their network using the university version of Freemelt's 3D printer.

Advisory Board

At Circulus, we believe that building a network of experts with deep knowledge in highly specialized sustainability issues is crucial for our impact process. That's why we have established an advisory board for the fund, consisting of seven individuals with diverse backgrounds and expertise.



Ulrika Hasselgren: Chief Sustainability Officer at Coeli, former Global Head of Sustainability & Impact Investing at Danske Bank, and founder/CEO of Ethix (now ISS ESG).



Ilona Riipinen: Professor of Atmospheric Sciences at Stockholm University, docent of physics in University of Helsinki and Director of the Bolin Centre for Climate Research.



David Nilsson: Entrepreneur in academic collaboration and Docent in History of Science, Technology and Environment at the Royal Institute of Technology (KTH). Board member of Water Aid, former Director of KTH Water Centre, former diplomat and environmental adviser at Sida.



Hans Rydstad: Former leading positions at Carnegie Investment Bank, board member STC Interfinans and Stenvalvet among others. Member of the Asset Management Committee of the Swedish Foundation for Strategic Research.



Rolf Skoglund: Long experience in advising and investing in high growth companies primarily in Europe. Prior experiences CEO Microsoft Nordic & VP Microsoft Corp and CIO Ericsson Corp. Member of the Royal Swedish Academy of Engineering Sciences (IVA).



Yoav Levsky: Global Ag Tech expert, founder of Vyla and board member of the Ray Goldberg chair for food and Ag at Harvard University.



New member going into 2024: Peder Walberg: Pharmaceutical entrepreneur. Founded several companies within specialty pharmaceuticals: Wilson Therapeutics, Medical Need (today Immedica), and Egetis Therapeutics. Licensed physician and trained economist.

Meeting Companies on the Ground

Meeting with the companies we invest in is a crucial part of our due diligence process and has been at the core of our investment approach for the past two decades. We firmly believe that the best way to truly understand a company and the impact it is making is to engage with them directly. By interacting with company leadership, touring their facilities, and speaking with their employees,

we can make more informed investment decisions. In 2023 alone, we conducted over 350 company meetings, spanning from Åsensbruk in southern Sweden to the water trade fair Week in Chicago, and down to Texas and Arizona in the US sunbelt.



SententIA and AI Development

2023 was the year Artificial Intelligence (AI), and in particular generative AI, captured the world's attention with great progress within several fields of research and its practical applications. In the domain most relevant to SententIA we experienced great advancements within Large Language Models (LLM) where, among numerous models, we have the publicly widely known ChatGPT and GPT4 from OpenAI. These models are trained on huge samples of human knowledge and from the process acquire the capability to map and restructure the knowledge into outcomes which may appear intelligent. Despite impressive performance the level of intelligence, if any, is highly questioned and we are indeed still very far from human intelligence.

While this technology shows promise, it also presents challenges. Two key trends have emerged: First, there's growing competition from the open-source community, which is developing impressive new commercially open-source models. Second, there's a trend towards finetuned smaller language models tailored for small servers or laptops. Despite their size, these models can perform comparably to larger ones, offering cost-effective solutions with enhanced data privacy.

Two well-known shortcomings of generative AI models, independent of size, is the inability to consequently produce trustworthy outcomes and the lack of model transparency. The objective of SententIA is to develop a must-have application for sustainability analysts and impact investors where correct and true outcomes and complete transparency are unnegotiable. SententIA will leverage on the advancements within generative AI and apply these small models but only as a part and in a Retrieval Augmented Generation (RAG) system precisely restricted to our own proprietary set of collected public company data. For our application, as in most other cases, the quality and structure of the data is the key to success. Hence, SententIA's main focus in terms of development has, during 2023, been to build applications designed to collect and structure publicly available corporate information, a process we call Intelligent Automation.

/ Henrik Talborn

Sententia: (*Latin*) are brief moral sayings, such as proverbs, adages, aphorisms, or maxims.

IA: Intelligent Automation

SententIA is an AI company founded by Henrik Talborn, Carmine Palombo, and Coeli Circulus. The company has developed a groundbreaking tool that leverages the power of AI to analyze and compare companies' potential contributions towards the 17 SDGs and their 169 underlying targets. Within Circulus, we have been using the beta version of the tool in the idea generation phase to identify new investment opportunities. Since we are going straight to the source – companies' annual reports – we do not rely on third party coverage and can thus find truly unique micro and small cap companies that are not yet on other investors' agenda.

One example during 2023 was our investment in Oxford Instrument, a leading provider high-technology products and services for research and industry. With a market cap around \$1,5 billion the company is fairly well known within UK, but it does not feature in any sustainability indices or similar and are thus very under analysed and owned from an impact perspective, despite the great environmental and scientific value of their products.

Throughout this report we talk a lot about additionality, making a real difference, and we can confidently say that without SententIA, Oxford Instruments would never have come up on our radar.

Making a Difference

Our Impact Performance

“We deeply appreciate the enduring partnership with Circulus, even as H2O Innovation transitions from the stock exchange to a new chapter under private ownership. While the Circulus team may no longer be shareholders, our shared commitment to sustainability and impact remains unwavering. As we continue to navigate this new phase, we are confident that our relationship with Circulus will continue to drive positive impact in the water industry.”

- Frédéric Dugré, CEO at H2O Innovations



How Do We Measure Impact?

The core of the fund's Strategic Intent is to help our society reach a sustainable development. We do not come up with our own impact themes, but rather believe it important to stay as close as possible to the common ground that is the SDGs. Therefore, we are evaluating the impact our companies are delivering in reference to the SDGs, and in addition, we measure our contribution in terms of how it helps the company achieve either: (i) increased reach of their impact, or (ii) increased quality of their impact.

The Impact of our Companies

We assess each company's revenue derived from products and services aligning with specific SDGs, aiming to identify those whose primary business model is built around making money via contributing to a sustainable development. Additionally, we utilize the Impact Management Project's (IMP) ABC-framework to classify impact, considering factors such as additionality and degree of change. Furthermore, we acknowledge a company's broader impact along its value chain, employing the Global Compact's SDG Business Benchmark and SFDR's Principal Adverse Impact indicators. Each company is evaluated on a five-point scale, with insufficient action resulting in non-investment.¹

Investee

	Avoid harm	Benefit stakeholders	Contribute to solutions
What	Important negative outcomes	Important positive outcomes	Specific important positive outcome(s)
How Much	Marginal and for few	Various	Deep, and/or for many and/or long term
Who	Underserved	Various	Underserved
Contribution	Likely same or better	Likely same or better	Likely better
Risk	Various	Various	Various

¹ In time, we strive towards being able to report on aggregate impact indicators such as greenhouse gas emissions saved or number of people who received vocational training. But given the lack of harmonization on these measures between different companies within the listed equities space we have yet to be able to do so beyond showing what each individual holding is doing.

Our Impact

When measuring our impact, we again follow the work by the IMP and use their classification of investor contribution. In doing so, we generally divide our companies in groups of micro- and small caps to better understand the possible impact mechanisms. All activities we do are with the goal of helping the companies either (i) increase reach of their impact, or (ii) increase quality of their impact.

Signal that impact matters

In all investments we make, we make the objective of the fund clear and why we invest in the company. We make sure to meet the company and do this introduction either in a physical meeting or online. We see the potential for this impact mechanism being greater in micro-caps who usually do not have as many institutional long-term owners. We also consider the amount of ownership from sustainability focused funds, which in is very low also in some of our larger investees.

Engage actively

Engaging with our investees is a key part of our investment strategy and an aspect where we spend a large part of our time. We track the progress in each individual engagement and report on both successful and unsuccessful outcomes.

Grow new or undersupplied capital markets

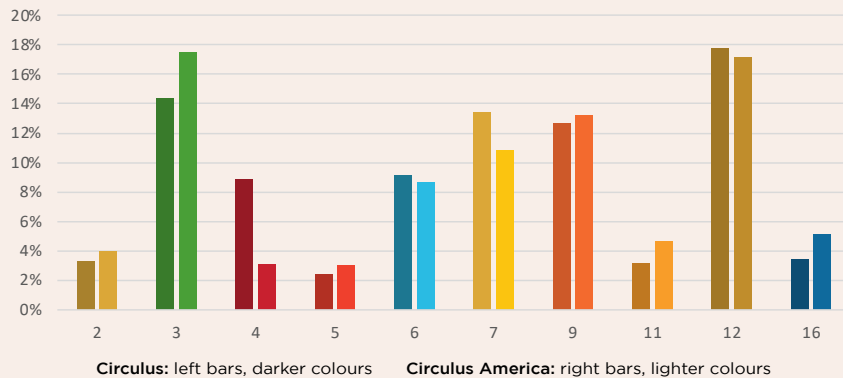
While acknowledging that public market actors have historically been less explicit and diligent than private market actors in this area, we see a great opportunity to contribute in both micro- and small caps. We track our monetary contribution as well as significant marketing and relationship building activities. As for signal that impact matters, the size of the company and the current ownership structure is often a good proxy for our contribution as a long-term institutional owner.

The Impact of Our Portfolio Companies

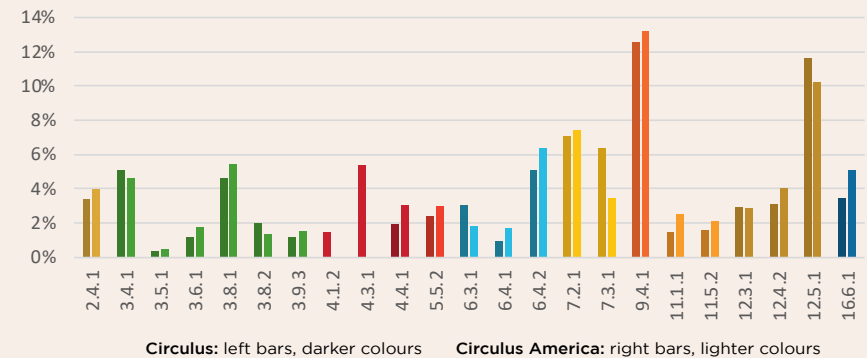
Discover the positive impact our portfolio companies are making in the world. From the SDG level down to the specific indicators and the degree of impact, we are proud to invest in companies that are making a difference.

Exposure to Impact Themes

Exposure to revenues from products and services contributing to the SDGs



Exposure to revenues from products and services contributing to the specific indicators



Degree of Impact

	Circulus	Circulus America
Benefit Stakeholders	36% (21)	45% (19)
Contribute to Solutions	64% (33)	55% (22)
# of companies that moved from B to C during 2023	3	2

Principle	Description	Circulus	Circulus America
1	What	4,2	4,2
2	Who	4,3	4,2
3	How Much	3,6	3,6
4	Contribution (Company)	3,4	3,3
	Contribution (Investor)	3,1	3,0
5	Impact Risk	2,5	2,5

Impact Dimensions

The threshold for us investing is that the company contributes to Important positive outcomes (Benefit Stakeholders). That means at least a score of 3 on What and How Much the company is contributing to. What we can see in our investees on average is that What they are doing and How Much they are contributing has strong evidence of deep and specific important positive outcomes. However, the evidence for who they are reaching and the additionality of their contribution is not as strong. Building that evidence and incorporating such thinking is at the core of several of our ongoing engagements. Through these engagements, we have been part of the movement for 3 companies from B to C and expect several more to follow in that direction.

Our five point assessment:

- 1: Negative Outcome/Unimportant/Well-served/etc.
- 2: Neutral
- 3: Positive indications
- 4: Stronger evidence
- 5: Clear evidence of: Specific positive outcome, Deep and/or for many, Under-served, etc

The Impact of Our Portfolio Companies

Even though we see the most impactful actions being to help our companies grow the reach of their products and services, we of course also acknowledge all the other impacts each company has along its value chain. We use the Global Compact's SDG Business Benchmark, complemented by the Principal Adverse Impact indicators within the SFDR, to help guide this analysis. Each company is assessed on a five-point scale. One is insufficient action, meaning that we will not invest, two means significant flaws that directly leads to engagement on that issue. Three is no significant flaws but lacking in some respects, four good performance and five best practices.

What we see among most of our companies is an impactful product or service but with significant gaps in the holistic sustainability strategy. This does not entail that the companies are doing any harmful activities, rather the opposite, they are performing very well in terms of not having any history of any violations of for example global norms and convention or having low estimated carbon emissions. But, many of our companies need to build the infrastructure for capturing more impacts, like water and waste usage and gender performance across all levels of management. We currently have several such engagements ongoing and will discuss these in more detail on page 17.

Right now, apart from the PAI indicators above and some commented on in the Climate and Nature sections later, the data coverage of our portfolio is low. However, we still report the available data in full on page 30.

Potentially harmful activities

Principle	Description	Average score in each fund	
		Circulus	Circulus America
1	Gender balance across all levels of management	2,9	3,0
	<i>Principal Adverse Impact Indicator (PAI) 13: Board gender diversity</i>	30%	33%
2	Net-positive water impact in water-stressed basin	3,1	3,2
3	100% of employees across the organization earn a living wage	2,9	2,9
	<i>Additonal Social PAI 14: Number of identified cases of severe human rights issues and incidents</i>	None	None
4	Zero waste to landfill and incineration	3,2	3,2
5	Zero discharge of hazardous pollutants and chemicals	3,1	3,1
6	100% sustainable material inputs that are renewable, recyclable or reusable	3,2	3,2
7	Science-based emissions reduction in line with a 1.5°C pathway	3,2	3,2
8	100% resource recovery, with all materials and products recovered and recycled or reused at end of use	3,2	3,2
9	Land degradation neutrality including zero deforestation	3,1	3,1
10	Zero incidences of bribery	3,0	3,1
	<i>Additonal Social PAI 16: Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery</i>	None	None
	<i>Additonal Social PAI 17: Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws</i>	None	None

Our Impact

Signal that impact matters

	Circulus		Circulus America	
	#	% of the fund	#	% of the fund
Micro caps	20	35,9%	11	28,4%
Small caps	34	64,1%	28	71,6%

We make our impact intention clear for all companies regardless of market capitalisation. Three good examples of deep impact engagements are actually found in our largest market cap bucket (>\$5 billion) with Graphic Packaging, Darling Ingredients, and Willscot Mobile Mini. We define micro cap companies as all companies below \$1 billion.

Engage Actively

	Circulus	Circulus America
# of holdings	54	39
Progressing Engagements	31	23
Significant Results during 2023	7	5

	Circulus	Circulus America
# of meeting with investees	186	141
Average # of meetings per investee	3,4	3,6
Investees we met in person	41	31
Investees whose facilities we visited (HQ, factory, or similar)	30	23

Significant results during 2023

		Type of Change
5N Plus	Begun the journey of measuring and communicating the circularity aspect of its business. Uniquely positioned circular economy player in its core, but need to measure and report on it in more detail.	Reach & Quality
Darling Ingredients	The company expanded its working group for transition strategy and measurement protocol, which was the first milestone in our engagements efforts.	Quality
Deveron	Refocused on its core business of field sampling and testing services to reach more farmers effectively. However, challenges persist, notably the high debt from the acquisition of a strategic lab asset.	Reach
Freemelt	Started its journey towards becoming a leading green tech company within industrial manufacturing. Early in its development but started communicating on these issues and initiated the work on developing its sustainability strategy.	Reach & Quality
Graphic Packaging	Verified Science Based Targets for Net Zero during the year. One of our key engagements within the climate issue.	Quality

What is a Progressing Engagement?

We engage with all our investees, but in order for us to see the engagement as fully operational, i.e. progressing, we need to agree with management about the engagement issue and a broad timeline for progress.

What is a Significant Result?

It is an engagement which has led to material outcomes within the year. Consequently, an engagement resulting in significant internal developments being initiated but not yet communicated to the market or implemented within the organization is not considered to yield a significant result.

One good example is the work we have done together with Willscot Mobile Mini and their materiality analysis and refocusing their sustainability strategy towards impact. We have had detailed discussions with their head of Sustainability about circular economy principles within the EU Taxonomy. But, the company is still working on the issue and we expect to see material progress during 2024. In line with Willscot's timeline, we expect to see more significant results for other engagements as well during the spring of 2024 when most companies present their annual and sustainability reports.

We have also excluded work we have done with companies not in the portfolio per 2023-12-31. But, one key activity during 2023 was related to H2O Innovation, which we will discuss in more detail on page 19.

Our Impact

Grow new or undersupplied capital markets

	Circulus	Circulus America
Providing Capital	6	3

Deveron: Already in 2022, we contributed capital during their strategic acquisition of two North American laboratories. During the spring of 2023 we again participated in a capital raise in order to enable further acquisitions.

Enviro: A Swedish micro cap company that recycles tires. We took part in a capital raise in relation to the Joint Vetur they announced together with the French infrastructure fund Antin Infrastructure Partners, which will deploy and build Enviro's technology in Europe.

Freemelt: The company raised capital to enable the development of its new product within additive manufacturing. During 2024 the company expect to sell its first industrial 3D printer (based on electronic beam technology).

Global Water Resources: In the beginning of summer we increased our position to become one of the largest owners. We did it by buying shares the company had previously bought back and thereby contributing with capital to the company's continued growth within water management solutions. Read more about the company on page 25.

Renewcell: Our biggest disappointment during 2023. Both from a financial and impact perspective. During the spring we participated in a capital raise in order for the company to have working capital through its finalisation of the new production facility that was supposed to enable the company to reach break even.

Shimmick: We participated in the Initial Public Offering during the autumn as one of the cornerstone investors. The company builds water related infrastructure project in the US.

	Circulus	Circulus America
Significant marketing and relationship building activities	5	4

5N Plus: We helped assist with meetings and networking in Sweden during the company's visit to Europe during the autumn.

Deveron: The company took part in one of our advisory board meetings and subsequently we have initiated further relationship building together with one of our advisory board members, Yoav Levsky.

Freemelt: In addition to providing capital, we also helped the company find one more strategic investor. This was done via Coeli's network and enabled the company to raise the needed capital during a very tough market environment.

H2O Innovation: We were a critical part in pushing the company to have its first capital markets day at one of their larger facilities in California during the spring. Read more about the company and our collaboration on page 19.

Repositrak: Reposittrak is a micro cap company with low institutional ownership. During the autumn we bought a large block of shares, helping the company and the long term prospects of the stock from a large continuous selling pressure. Read more about the company on page 26.

Similar to our engagement efforts, we expect to see more progress during the spring of 2024 from our activities during the year. We already know that Altus Power will have their first Capital Markets day and that Global Waters will do their first investor tour in Europe. Two cases where we have been leading proponents.

We also spent significant time on several capital raises and we expect to go through with at least two during Q1/early Q2 2024.

Case Study – H₂O Innovation



H2O Innovation

Primary SDG indicator & Impact Category	6.3.1 - Contribute to solutions
Date of first investment:	2022-08-24
Market cap group at time of investment (USD)	Micro-cap: 500-1000 million
Website:	h2oinnovation.com

Impact thesis

The world has a serious water issue. The lack of clean water ranks as a top global risk in terms of impact to both economies and people. H2O Innovations products and services treats, clean and reuses wastewater. We see that populations and corporations start to value water more and more as a critical assets. The closed loop systems that H2O provide and operates is one very important solution to this problem. We see H2O as a micro-cap sustainability leader. The company was founded 27 years ago and are very well aware of their role in transforming the water industry. We will engage to help develop a better holistic sustainability approach and help the company measure and communicate there progress. We are already today one of the top 10 shareholders and expect to become even more significant shareholders over time..

What we wrote about our expected impact

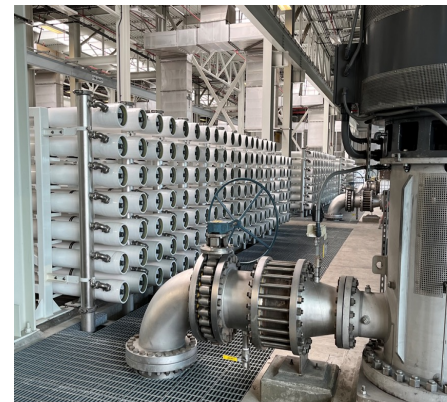
We see H2O as a micro-cap sustainability leader. The company was founded 27 years ago and are very well aware of their role in transforming the water industry. We will engage to help develop a better holistic sustainability approach and help the company measure and communicate there progress. We are already today one of the top 10 shareholders and expect to become even more significant shareholders over time.

What happened in 2023?

In 2023, our engagement with H2O Innovation focused on strengthening their impact management system and enhancing access to capital markets. Despite our efforts to support the company's growth trajectory through initiatives such as pushing the company to organize their first capital markets day and facilitating connections with sell-side analysts, the market's short-sighted view led to a significant decline in the company's stock price during the summer and early autumn. This downturn ultimately attracted the attention of a private equity player, Ember, who recognized an opportunity to acquire H2O Innovation from the stock market. While the management acknowledged our efforts, they ultimately viewed the private equity partnership as a more favorable avenue for capital and growth. Despite our preference for the company to remain publicly traded due to our belief in its long-term value, the premium offered by Ember led to the stock becoming the largest contributor to our overall financial performance in 2023. Moving forward, we will maintain our relationship with H2O Innovation and CEO Frederic Dugré, exploring opportunities for future water investments in collaboration with the company.



Joakim By together with Frédéric Dugré, CEO at H2O Innovations, during his visit at the Orange County Groundwater Replenishment Center, California.



Orange County Groundwater Replenishment Center, California.

Driving the Climate Transition

We are committed to becoming climate positive by 2045 the latest. What does that mean in the short term? Companies representing at least 90% of the fund's emissions should:

- have set Science Based Targets or had a similar high credible verification of their climate targets, or
- be subject to engagement, where we tailor the strategy after the specific circumstances, but always with the long term goal of reaching verified climate targets

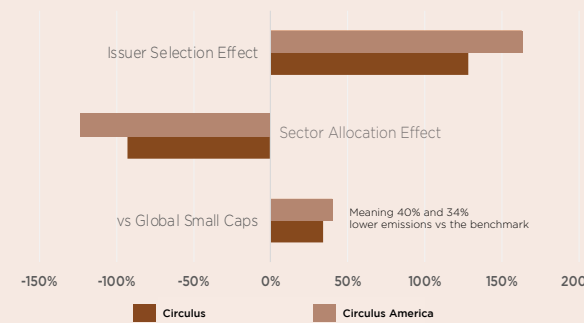
At the end of 2023, our current exposure to products and service which main impact contribution is towards climate is slightly above 10% on a revenue basis. However, we also have a large part of our investments in product and services primarily mapped to other environmental goals, but with clear climate benefits as well, as many of the issues within climate, water and waste management for example are heavily intertwined. We are continuously working to find more opportunities where we can make a difference within climate and during the year, we had all our four advisory board meetings on topics related to climate issues. During 2023 we also worked together with our sister funds at Coeli in order to enable Coeli Asset Management to become a signatory of the Net Zero Asset Management Initiative.

Investing in Climate Solution

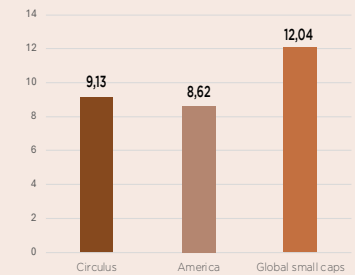
	Circulus	Circulus America
Climate Solutions	13%	11%
Environmental Solutions	56%	54%

Reducing Emissions

Company Selection Driving Lower Emissions



Weighted Average Carbon Intensity



Science Based Targets

	Circulus		Circulus America		Comments
	#	Part of emissions (scope 1+2)	#	Part of emissions (scope 1+2)	
Approved Targets	2	48%	1	45%	We are following the progression to ensure the companies deliver on their targets.
Committed	5	19%	4	22%	We take an active part in the development of validated targets.
Ambitious Target	3	6%	2	6%	We push for validation of their already ambitious targets.
No Targets	44	27%	32	28%	We are working to ensure at least 90% of the emissions in our portfolio is on track to set SBT.
Ongoing Climate Engagements	21	95%	17	%	We finalised our climate strategy during the autumn and initiated subsequently most of the climate engagements during the end of the year.
Significant results during 2023	2	60%	2	%	See pages 21 and 26 for further descriptions of Graphic Packaging and Darling Ingredients.

Driving the Climate Transition

Our Largest Emitters



Primary SDG indicator & Impact Category:	12.5.1 - Contribute to solutions	
GHG Emissions Targets:	Approved SBT: 1.5°C	
GHG Emissions (part of portfolio emission):	2 455 307 (42%)	tCO2e, Scope 1+2
GHG Emissions intensity (part of portfolio emission intensity):	24,6 (11%)	tCO2e/Revenue (SEK), Scope 1+2
Peer group avg intensity:	19,7	tCO2e/Revenue (SEK), Scope 1+2

Transition progress

Graphic Packaging is committed to driving a transition from plastics to fiber-based paper packaging, recognizing the importance of sustainable materials in reducing environmental harm such as greenhouse gas emissions. But also more sustainable substitutes must become better over time and reach net zero. During 2023, the company got approved Science Based Targets which had been our key engagement effort since launching Circulus.



Primary SDG indicator & Impact Category:	12.5.1 - Contribute to solutions	
GHG Emissions Targets:	Committed SBT	
GHG Emissions (part of portfolio emission):	2 006 426 (18%)	tCO2e, Scope 1+2
GHG Emissions intensity (part of portfolio emission intensity):	29,2 (7%)	tCO2e/Revenue (SEK), Scope 1+2
Peer group avg intensity:	13,8	tCO2e/Revenue (SEK), Scope 1+2

Transition progress

Darling Ingredients is a global leader in converting food waste and animal by-products into sustainable ingredients for various industries, including renewable diesel. Committed to reducing their carbon footprint, the company committed to setting science-based targets in 2022 and has implemented innovative solutions such as renewable energy and optimized transportation routes. While they have higher emissions on paper compared to their food-producing peers, this is because of their renewable diesel production. During 2023, the company expanded its working group for transition strategy and measurement protocol, which was the first milestone in our engagements efforts.



Primary SDG indicator & Impact Category:	12.4.1 - Contribute to solutions	
GHG Emissions Targets:	No Targets	
GHG Emissions (part of portfolio emission):	1 694 972 (15%)	tCO2e, Scope 1+2
GHG Emissions intensity (part of portfolio emission intensity):	31,9 (7%)	tCO2e/Revenue (SEK), Scope 1+2
Peer group avg intensity:	54,8	tCO2e/Revenue (SEK), Scope 1+2

Transition progress

Clean Harbors prevents the release of hazardous waste and recovers pollutants. The company manages hazardous waste, recycles used motor oil, and facilitates the destruction of harmful substances. These services benefit the environment and often reduce customer emissions. In 2022, Clean Harbors helped customers avoid over 3.4 million metric tons of emissions, which is twice the emissions generated by the company. Although the company is leading by example, they are laggards in terms of committing to a long term net zero strategy. This is the main engagement goal for us.



Primary SDG indicator & Impact Category:	9.4.1 - Benefit Stakeholders	
GHG Emissions Targets:	Ambitious Targets, but not	
GHG Emissions (part of portfolio emission):	301 112 (3,5%)	tCO2e, Scope 1+2
GHG Emissions intensity (part of portfolio emission intensity):	3,2 (1%)	tCO2e/Revenue (SEK), Scope 1+2
Peer group avg intensity:	14,6	tCO2e/Revenue (SEK), Scope 1+2

Transition progress

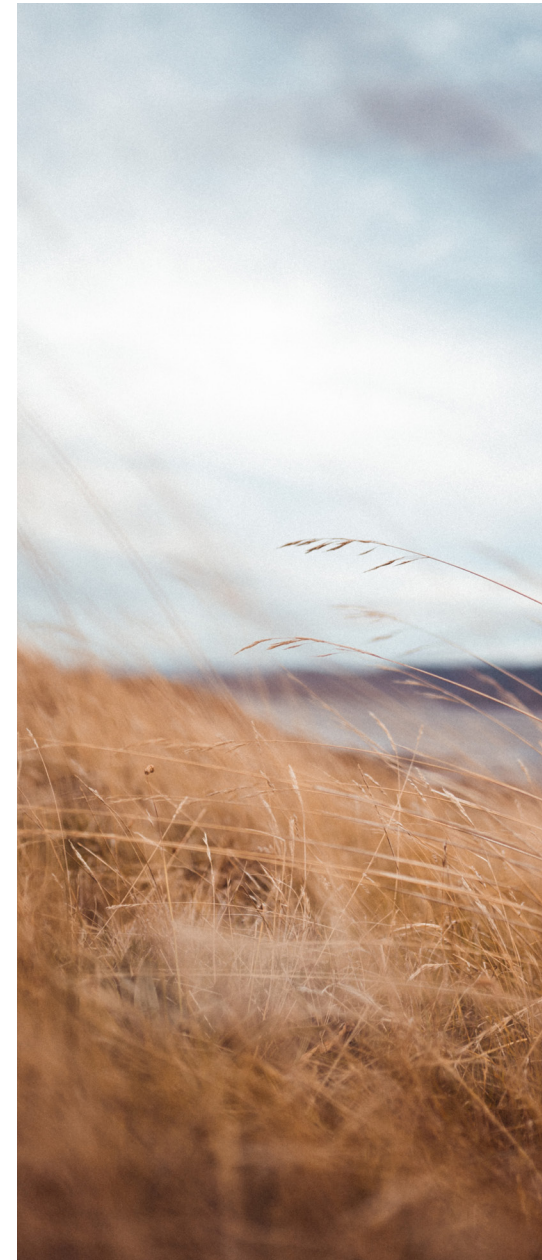
Today's primarily manual logistics solutions are associated with high carbon emissions and waste. GXO Logistics, a leading provider of tech-enabled supply chain solutions, is addressing this challenge by leveraging automation and robotics to optimize logistics operations. The company already has well defined carbon reduction targets and initiative, although not verified by Science Based Target initiative. Apart from the issue of a more impact centric sustainability strategy we are also driving the issue of them having their carbon reduction targets verified.



Primary SDG indicator & Impact Category:	12.5.1 - Contribute to solutions	
GHG Emissions Targets:	No Targets	
GHG Emissions (part of portfolio emission):	297 442 (2,4%)	tCO2e, Scope 1+2
GHG Emissions intensity (part of portfolio emission intensity):	99,2 (21%)	tCO2e/Revenue (SEK), Scope 1+2
Peer group avg intensity:	54,8	tCO2e/Revenue (SEK), Scope 1+2

Transition progress

Quest Resources facilitates sustainable waste management solutions, minimizing environmental impact while maximizing resource recovery and promoting a circular economy. While being at the forefront of minimizing clients environmental impact, the company is still very early on its internal journey. We are engaging to help the company establish a best practice climate strategy to complement the leading client offering they have within climate.



Nature – the Next Frontier of Impact Investing

At Coeli Circulus, we are committed to investing in companies at the forefront of minimizing negative impacts on the natural world. Our portfolio includes several companies actively engaged in nature conservation efforts, such as:

- **Shimmick:** As a leader in innovative water infrastructure projects, Shimmick prioritizes sustainable practices to protect aquatic ecosystems and promote biodiversity. Their initiatives focus on minimizing habitat disruption and implementing eco-friendly construction techniques.
- **Tetra Tech:** Tetra Tech specializes in environmental consulting and engineering solutions aimed at preserving and restoring natural habitats. Through their expertise in habitat restoration, wildlife management, and environmental monitoring, Tetra Tech contributes to the conservation of biodiversity worldwide.
- **Montrose Environmental:** Montrose Environmental is dedicated to providing environmental measurement and analytical services that support the monitoring and protection of natural resources. Their comprehensive approach includes assessing air, water, and soil quality to ensure compliance with environmental regulations and safeguard ecosystem health.

These companies exemplify our commitment to investing in businesses that prioritize nature conservation and ecosystem protection. To assess their environmental performance, we utilize frameworks such as the SDG Business Benchmark and the Principal Adverse Impact indicators within the Sustainable Finance Disclosure Regulation (SFDR). By engaging with these companies to align their operations with nature-related financial disclosures and sustainability goals, we aim to drive positive impact for both the economy and the natural world.

In 2024, we are dedicated to formalizing our commitment to nature conservation and biodiversity preservation. We recognize the importance of integrating nature-related considerations into our investment processes and are actively working to enhance our frameworks and methodologies to better assess companies' impacts on the natural world. As part of this effort, we have also engaged with the Oxford Sustainable Finance Group on their new research programme on Nature Finance, leveraging their expertise and research to inform our approach and strengthen our focus on nature-related financial disclosures and sustainability goals. Through these initiatives, we aim to further align our investment strategies with the principles of sustainable development and contribute to the preservation of ecosystems for future generations.

Investing in Nature Solutions

	Circulus	Circulus America
SDG2	3%	4%
SDG6	9%	9%
SDG9	13%	13%
SDG12	18%	17%

Most Important Nature-related Risks

Principal Adverse Impact Indicator (PAI) 7: Activities negatively affecting biodiversity-sensitive areas : 0%

Bioceres	
Primary SDG indicator:	2.4.1 - Benefit Stakeholders
Impact on Nature:	Bioceres Crop Solutions is an agricultural biotechnology company based in Argentina. Bioceres sustainability strategy is built around the "regenerative transition", which means they are promoting sustainable agricultural practices and has developed technologies that allow farmers to increase productivity while minimizing their environmental impact. Although the company lives and breath regenerative agriculture they are still a micro-cap with a lot of room for improvement in setting quantitative targets, which we are focusing our engagement efforts on.
Deveron	
Primary SDG indicator:	2.4.1 - Contribute to solutions
Impact on Nature:	Deveron is an agricultural technology company that leverages data to help farmers improve crop yields while reducing environmental impact. By providing detailed and accurate data on crop health, nutrient levels, and other key metrics, Deveron's services enable farmers to make more informed decisions about their farming practices. This can lead to increased crop yields, improved sustainability, and reduced use of fertilizers and other inputs. Beyond the impacts their services have on biodiversity and ecosystem services, the impact of Deveron's internal operations are limited. However, the company is a micro-cap with a need to formalise its strategy and ensure that continued innovation considers these issues specifically.
Pure Cycle	
Primary SDG indicator:	6.4.1 - Contribute to solutions
Impact on Nature:	Pure Cycle is a water and wastewater utility provider that serves growing communities in the Denver region. The company is committed to promoting sustainable water practices and enhancing water efficiency, including through the use of advanced treatment technologies and water reuse. However, Pure Cycle also engages in land development activities in the same region, which could have potential impacts on biodiversity and ecosystem services. As part of our engagement with the company, we encourage them to consider the potential environmental risks associated with their land development activities and to take measures to mitigate any negative impacts. The company is a micro-cap that has a very advanced thought process regarding water but need to develop a broader perspective on sustainability issues.
Shimmick	
Primary SDG indicator:	6.4.1 - Contribute to solutions
Impact on Nature:	Shimmick specializes in water infrastructure projects, delivering sustainable solutions that enhance water quality, reliability, and resilience for communities. They do some projects specifically on water restoration, but all their projects have some degree of importance for ensuring the surrounding ecosystem is treated well, in addition to the water being used efficiently. The company is still a micro cap and in its infancy in establishing a holistic sustainability strategy, something we are engaged in.
Global Water	
Primary SDG indicator:	6.4.1 - Contribute to solutions
Impact on Nature:	Global Water Resources plays a vital role in ensuring access to safe and affordable water in Arizona. But given the services they provide they also have a significant role in ensuring the surrounding ecosystem is treated well, in addition to the water being used efficiently. The company is still a micro cap and in its infancy in establishing a holistic sustainability strategy, something we are engaged in.

*Arcadium (previously Allkem) was technically one of the biggest nature related risks in the fund at 2023-12-31. However, we are in the process of selling our position after the merger between Allkem and Livent to form Arcadium. The size and scope of the new company means that we can make a larger difference somewhere else and we have thus decided to not stay invested in the company.

The Companies Driving the Change on the Ground

At Coeli Circulus, we believe in full transparency and honesty about our portfolio, which is why we don't limit ourselves to highlighting only a couple of great examples. Instead, we provide detailed information about our ten largest holdings, giving you a comprehensive view of where your investments are going. For even more information, we also include a list of all companies in the last section, so you can see the full breadth of our portfolio.

Hikma Pharmaceuticals Circulus 4% - Circulus America 2,8%			
<i>Key Information</i>		<i>Engagement Summary</i>	
Primary SDG indicator & Impact Category:	3.8.1 - Contribute to solutions	Main engagement goal:	Framework for measuring increased access to affordable medicine
Date of first investment:	2022-08-24	Next milestone:	Next sustainability report
Market cap group at time of investment (USD):	Small-cap: 1-5 billion	Status:	Ongoing
Website:	hikma.com	# of company meetings:	5 (2 at HQ in London)

Advtech Circulus 3,9%			
<i>Key Information</i>		<i>Engagement Summary</i>	
Primary SDG indicator & Impact Category:	4.3.1 - Contribute to solutions	Main engagement goal:	Grow awareness about their impact
Date of first investment:	2022-08-24	Next milestone:	Establish engagement goal with the new CEO
Market cap group at time of investment (USD):	Micro-cap: 500-1000 million	Status:	Ongoing
Website:	advtech.co.za	# of company meetings:	2 (1 in person in London)

Impact Thesis

Hikma products give access to safe, effective, quality, and affordable essential medicines and vaccines. Hikma is providing both MENA and US patients with cost efficient medicine. The value that generics provide is huge. For example, together, generics and biosimilars represent a whopping 90 percent of all U.S. prescriptions but less than 18 percent of spending. The price of generics has fallen by approximately twenty percent since 2019, and these savings translate into significant financial relief for millions of patients and families. Low cost medicine is an essential part of reaching Universal Health Care for all, SDG 3.8.1.

Circulus Contribution

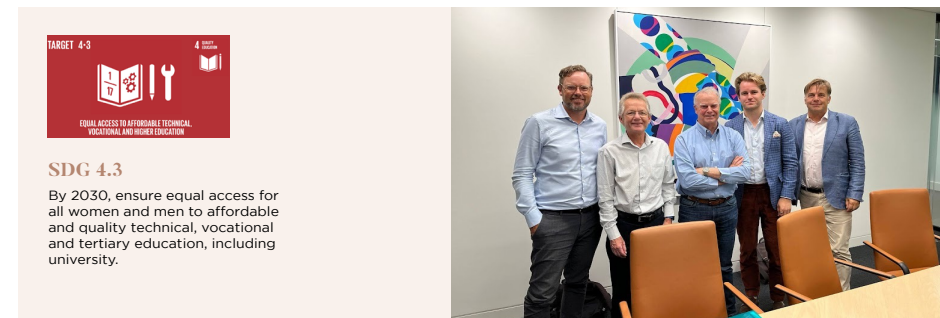
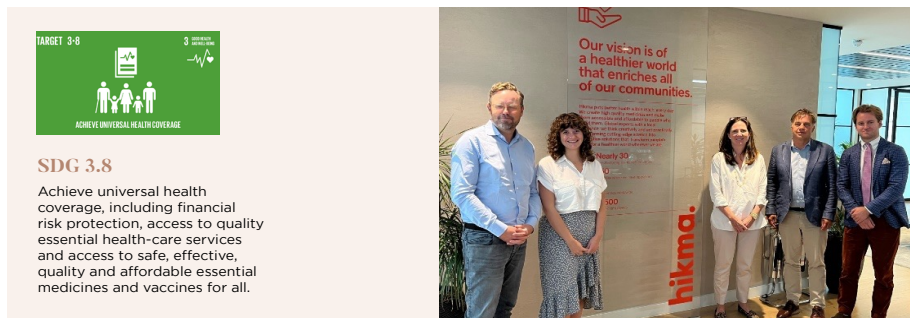
We started engaging with Hikma on their water and waste management, but as they were in their final stages of that work (a new plan was presented in 2023) we saw opportunity to move on and focus fully on access to medicine. We have had two dedicated sessions with management on the issue and have initiated first contact with IRIS+ to further deep dive on their access to quality health care framework. Hikma has strong institutional ownership and we do not foresee being one of the top 10 owners. The company also has several sustainability focused investors as large shareholders, which increases the likelihood of continued impact focus in the company, which of course is a good thing even though it also makes our additionality harder to assess.

Impact thesis

Access to quality education remains a challenge in Africa, with inadequate facilities and low-quality teaching contributing to a lack of meaningful education for many. Advtech, a leading private education provider in South Africa and other African countries such as Kenya and Botswana, aims to address this challenge by providing quality education to students across all income levels. Through their various schools and educational programs, they offer students access to quality education that prepares them for their future careers, helping to create a brighter future for individuals and communities across the continent.

Circulus Contribution

We are currently one of few European investors in Advtech and we expect to be able to become a significant shareholder over time. During 2023, we began the work of working more closely with the management when we coordinated an in person meeting in London. However, the company later announced a new CEO, and our work together will restart during the spring of 2024. We believe there is great value in increasing awareness for Advtech's impact proposition in the European capital markets.



The Companies Driving the Change on the Ground

5N Plus | Circulus 3,7% - Circulus America 5,5%

Key Information		Engagement Summary	
Primary SDG indicator & Impact Category:	7.2.1 - Contribute to solutions	Main engagement goal:	Establish a impact management system
Date of first investment:	2022-12-22	Next milestone:	Publish more data on the circularity of key materials
Market cap group at time of investment (USD):	Micro-cap: 500-1000 million	Status:	Ongoing
Website:	5nplus.com	# of company meetings:	7 (2 in person)

Impact Thesis

5N Plus is a leading provider of specialty chemicals and materials, specializing in sustainable solutions for industries such as solar energy. Their innovative approach includes a circular business model, where they utilize recycled materials to manufacture products for solar panels and other applications. By prioritizing resource efficiency and reducing the need for new mining, 5N Plus is playing a crucial role in promoting sustainability and advancing the transition to renewable energy.

Circulus Contribution

Our engagement with 5N Plus centers on fostering sustainable practices, particularly in waste reduction and renewable energy production. We believe 5N Plus has a unique opportunity to lead in the transition to a circular economy, evident in their commitment to circular materials productivity and renewable energy initiatives. We encourage further development of a net-zero strategy, including measuring carbon emissions, setting reduction targets, and providing more detailed disclosures on carbon reduction efforts. Our impact goals for 2024 include supporting the development of a climate strategy and discussing outcomes of circular economy projects to drive continuous improvement.

Graphic Packaging | Circulus 3,6% - Circulus America 4,9%


Key Information		Engagement Summary	
Primary SDG indicator & Impact Category:	12.5.1 - Contribute to solutions	Main engagement goal:	Setting Science Based Targets
Date of first investment:	2022-08-24	Next milestone:	Evaluating next steps
Market cap group at time of investment (USD):	Small-cap: 5-10 billion	Status:	Engagement goal reached
Website:	graphicpkg.com	# of company meetings:	3 (1 in person in Stockholm)

Impact Thesis

Plastic waste is a growing environmental challenge, with millions of tons of plastic packaging discarded every year. The negative impacts of plastic waste on marine life and ecosystems are well-documented. Graphic Packaging offers sustainable packaging solutions to reduce waste and improve the environmental footprint of packaging. Their paper-based products are recyclable, reducing the amount of plastic packaging in circulation. By focusing on sustainable materials and innovation, Graphic Packaging is making a positive impact on the environment and helping to address the plastic waste challenge which is key to the overall goal of target 12.5 - reducing waste generation.

Circulus Contribution

Since launching Circulus, Graphic Packaging has been one of the targets holdings and a key engagement priority. The company is our largest absolut emitter of GHG and we have engaged in their development of Science Based Net Zero targets. We are very glad that they in November 2023 got their targets for 1,5°C approved by the SBTi. Despite not being on of the largest owners we have had a close relationship with the company throughout this process, meeting them in person at their HQ in late 2022 for example.



SDG 7.2
By 2030, increase substantially the share of renewable energy in the global energy mix.




SDG 12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



The Companies Driving the Change on the Ground

Altus Power | Circulus 3,5% - Circulus America 4,7%

Key Information

Primary SDG indicator & Impact Category:	7.2.1 - Contribute to solutions
Date of first investment:	2022-12-13
Market cap group at time of investment (USD):	Micro-cap: 500-1000 million
Website:	altuspower.com

Engagement Summary

Main engagement goal:	Increase investor awareness
Next milestone:	Capital Markets day in the spring of 2024
Status:	Ongoing
# of company meetings:	5 (1 together with our Advisory Board)

Impact Thesis

A net-zero pathway requires solar and wind energy to become the leading sources of energy before 2030 and constitute almost three-quarters of all generation by 2050. One of the most convincing reasons businesses adopt commercial solar panels is the potential for substantial cost savings on electricity bills. Exploring various financing options, such as leasing or power purchase agreements, can further optimize financial advantages. This is what Altus Power delivers, a full-service commercial solar solution.

Circulus Contribution

We are engaging to help them spread their message of being a solar company with a differentiated value proposition than household names within residential solar. We have reached the first milestone in getting the company to commit to its first capital markets day in the spring of 2024.

Maximus | Circulus 3,4% - Circulus America 5,1%

Key Information

Primary SDG indicator & Impact Category:	16.6.2 - Contribute to solutions
Date of first investment:	2022-08-24
Market cap group at time of investment (USD):	Small-cap: 1-5 billion
Website:	maximus.com

Engagement Summary

Main engagement goal:	Establish an Impact Management System
Next milestone:	Next Sustainability Report
Status:	Ongoing
# of company meetings:	3 online

Impact Thesis

Target 16.6 seeks to develop effective, accountable, and transparent institutions at all levels of government. In many countries, inefficiencies in government services continue to be a major challenge, leading to dissatisfaction among citizens and a waste of public resources. Maximus is a company that offers innovative solutions to improve government services and maximize their efficiency. Through their consulting services and technology solutions, Maximus works to optimize government programs and operations, helping to ensure that services are delivered efficiently and effectively.

Circulus Contribution

Our engagement efforts focus on the establishment of an Impact Management System. The first step was to get Maximus to put more effort into the social impact of their core business of helping governments serve the people - we saw significant progress this year as the first pages in their sustainability report were dedicated to this instead of key ESG risks. The next step will be to start designing an Impact Management System for that positive impact.

Global Water Resources | Circulus 3,3% - Circulus America 4%

Key Information

Primary SDG indicator & Impact Category:	6.3.1 - Contribute to solutions
Date of first investment:	2022-08-24
Market cap group at time of investment (USD):	Micro-cap: 1-500 million
Website:	gwresources.com

Engagement Summary

Main engagement goal:	Establish an Impact Management System
Next milestone:	Report on more impact data
Status:	Ongoing
# of company meetings:	4 (2 in person in Arizona)

Impact Thesis

Global Water Resources plays a vital role in ensuring access to safe and affordable water in Arizona. By efficiently managing water distribution and treatment systems, it provides essential water services to communities, contributing to SDG 6 of ensuring universal access to clean water and sanitation. Despite progress, many regions still lack reliable water supplies. Global Water Resources' efforts are pivotal in bridging this gap and advancing towards the SDG target of universal water access by 2030.

Circulus Contribution

We are pursuing two issues together with Global Water Resources. Firstly, we are helping the company incorporate more impact thinking in their sustainability strategy, centering their strategy around the water benefits they are providing for their region. In addition to helping them set a strategy and communicate their impact better, we are also helping them arrange an investor trip to Europe to help them get better access to long term impact focused institutional owners. During the year we increased our position to become one of the largest owners. We did it by buying shares the company had previously bought back and thereby contributing with capital to the company's continued growth within water management solutions.

The Companies Driving the Change on the Ground

Volution Circulus 3,1%	
<i>Key Information</i>	
Primary SDG indicator & Impact Category:	7.3.1 - Contribute to solutions
Date of first investment:	2022-08-24
Market cap group at time of investment (USD):	Micro-cap: 500-1000 million
Website:	volutiongroupplc.com
<i>Engagement Summary</i>	
Main engagement goal:	Energy savings from Products Sold: Provide more than anecdotal evidence for specific products
Next milestone:	Next sustainability report
Status:	Ongoing
# of company meetings:	2 (both in person)

Impact Thesis

The UN IPCC warns of catastrophic climate impacts if global temperature increases above 1.5 degrees Celsius. Electricity and heat used in residential and commercial buildings are among the largest contributors to global emissions. Applying heat recovery ventilation solutions to new or refurbished buildings reduces energy used for heating and cooling, resulting in financial savings and avoided carbon emissions. Studies indicate that ventilation with heat recovery can reduce heating energy up to 80%. Volution is a leading supplier of low-carbon products, including heat recovery devices and other energy-efficient products for buildings.

Circulus Contribution

We have engaged to help drive even more focus on carbon savings. This is an issue Volution is working diligently on, already in 2022 they published an external assessment of parts of their product offering, and in 2023 we saw significant progress in the company covering even more products. We support the trajectory Volution is on and continue to push them to move towards 100% coverage as well as driving initiatives such as setting Science Based Targets.

Anima Circulus 3%	
<i>Key Information</i>	
Primary SDG indicator & Impact Category:	4.3.1 - Contribute to solutions
Date of first investment:	2022-10-20
Market cap group at time of investment (USD):	Micro-cap: 1-500 million
Website:	animaeducacao.com.br
<i>Engagement Summary</i>	
Main engagement goal:	Reestablish a sustainability strategy
Next milestone:	Publish a sustainability report during 2024
Status:	Ongoing
# of company meetings:	3 online

Impact Thesis

Higher education continues to generate significant value to Brazilian students, contributing to meaningfully higher wages versus what would be achieved by workers with only a high school diploma, while at the same time less exposed to unemployment. Anima is one of the largest providers of quality education in Brazil. As the company grows more students will receive quality education. Anima will substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Circulus Contribution

Anima has fallen behind on its sustainability strategy due to a large and complicated merger that has been consuming management's time. We are engaging to once again put sustainability at the forefront and we expect to see the first steps of progress during 2024.

Repositrak Circulus 2,9% - Circulus America 2,9%	
<i>Key Information</i>	
Primary SDG indicator & Impact Category:	12.3.1 - Benefit Stakeholders
Date of first investment:	2022-08-24
Market cap group at time of investment (USD):	Micro-cap: 1-500 million
Website:	parkcitygroup.com
<i>Engagement Summary</i>	
Main engagement goal:	Establish an Impact Management System
Next milestone:	Publish a sustainability report
Status:	Preparations
# of company meetings:	2 online

Impact Thesis

There is huge food loss and disease outbreaks every year due to inefficiencies and lack of transparency in the food chain. According to the latest available data, about 8 percent of all food produced in the world is lost on the farm, 14 percent is lost between the farm gate and the retail sector, and 17 percent is wasted at the retail, food service, and household stages of the food supply chain. Repositrak offers cloud-based solutions that help reduce food waste and improve supply chain transparency, leading to better inventory management, reduced costs for retailers and suppliers, and lower environmental impact.

Circulus Contribution

Repositrak is a micro-cap that still has a lot of work regarding formalising the sustainability and impact strategy. We are already a significant owner (inside top 10 biggest shareholders) and we will help the company develop a more focused impact management system. We have initiated the discussion virtually and decided to take the next step during our trip to meet them in person during spring of 2024.

Portfolio Changes During 2023

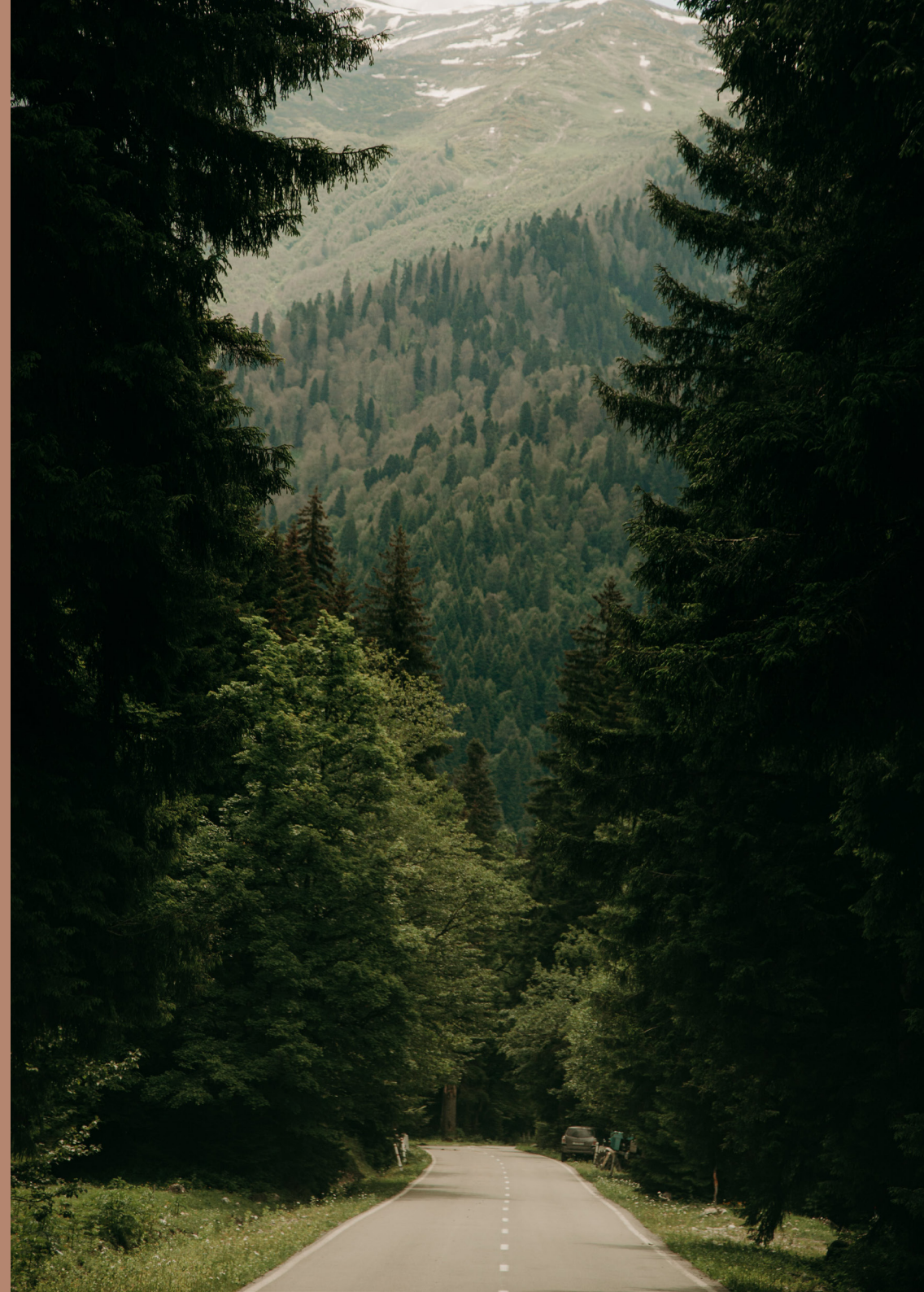
New investments during 2023	Impact Assessment	
CALLIDITAS THERAPEUTICS-B	3.4.1 - Contribute to Solutions	Focuses on developing and commercializing treatments for rare kidney diseases, addressing critical unmet medical needs and improving the quality of life for patients worldwide.
CORE & MAIN INC-CLASS A	6.4.1 - Benefit Stakeholders	A leading distributor of water, sewer, storm, and fire protection products, playing a vital role in infrastructure development and ensuring access to essential resources for communities.
SHIMMICK CORP	6.4.2 - Benefit Stakeholders	Specializes in innovative water infrastructure projects, contributing to the sustainability and resilience of water systems while promoting environmental conservation and stewardship.
NEOGEN CORP	3.9.3 - Benefit Stakeholders	A pioneer in food and animal safety solutions, enhancing public health by providing reliable testing and diagnostics to prevent foodborne illnesses and ensure the safety of agricultural products.
CHEMED CORP	3.8.1 & 6.4.1 - Benefit Stakeholders	Through its subsidiary Veritas, provides hospice and palliative care services, delivering compassionate end-of-life care and support to patients and families. Additionally, Chemed's water and plumbing business plays a crucial role in ensuring access to clean water and efficient plumbing systems, contributing to public health and sanitation in communities served.
WILLSCOT MOBILE MINI HOLDING	9.4.1 - Benefit Stakeholders	Provides modular space and portable storage solutions, facilitating disaster relief efforts, temporary housing, and infrastructure development while minimizing environmental impact through efficient use of resources.
SCANDINAVIAN ENVIRO SYSTEMS	12.5.1 - Contribute to Solutions	Specializes in sustainable tire recycling technologies, reducing waste and pollution by transforming end-of-life tires into valuable materials for new applications, thereby promoting a circular economy.
OXFORD INSTRUMENTS PLC	9.4.1 - Benefit Stakeholders	Develops advanced scientific instruments and systems, supporting research and innovation across various industries to address global challenges and drive technological advancements for a sustainable future.
FREEMELT HOLDING AB	9.4.1 - Benefit Stakeholders	Pioneers additive manufacturing technologies, enabling precision engineering with minimal material waste and energy consumption, advancing sustainable manufacturing practices and reducing environmental impact.

Exits during 2023	Impact Assessment	
ACUITY BRANDS INC	7.3.1 - Contribute to Solutions	We believed that the company had reached its peak in terms of both impact and financial gains within the energy-efficient lighting sector, and we saw greater opportunities for value creation elsewhere.
EVOQUA WATER TECHNOLOGIES CO	6.3.1 - Contribute to Solutions	Acquired by Xylem.
H2O INNOVATION INC	6.3.1 - Contribute to Solutions	Acquired by Ember, see page 19 for more information.
MASIMO CORP	3.8.2 - Benefit Stakeholders	Concerns surrounding a divisive major acquisition, which led to a contentious board and ownership situation where our influence was limited.
MASTEC INC	7.1.1 - Benefit Stakeholders	Despite its importance in infrastructure projects like renewable energy, we divested due to concerns about the integration of a large acquisition for more exposure to renewable energy not progressing as expected.
SALMAR ASA	2.4.1 - Benefit Stakeholders	Seafood has a great potential as a low carbon protein source. However, with all the uncertainties regarding the proposed Norwegian salmon tax, we believe other alternative sources will become more interesting for us going forward.
SONENDO INC	3.8.2 - Benefit Stakeholders	High capital needs and limited support from large shareholders for their continued growth. Recognizing that we could not support the company's growth trajectory single-handedly, we made the decision to reallocate our investments accordingly.
SOUNDTHINKING INC	16.1.4 - Contribute to Solutions	High impact risks, not enough conviction in the risk mitigation practices conducted by the company.
WACKER CHEMIE AG	7.2.1 & 12.5.1 - Benefit Stakeholders	We identified greater opportunities for value creation elsewhere within the solar energy value chain.
WATSCO INC	7.3.1 - Benefit Stakeholders	The company grew into a mid-cap entity, prompting us to reallocate to other micro- and small-cap opportunities following a successful year.
WOLFSPEED INC	7.3.1 - Benefit Stakeholders	We did not see the company's timeline line up with our strategy. The long term case is still interesting but the company already was one of the highest market caps in our portfolio.

Additional Resources

“BlueMark’s verification highlighted Circulus’ robust investor contribution strategy which consists of three pillars: signaling impact matters, growing new or undersupplied markets, and engaging actively. Circulus collaborates with universities, non-profits, and a broad network of experts to research linkages between public equities strategies and impact. Circulus also communicates its strategic impact objectives to investees, and the market more broadly, by applying an impact lens to companies not traditionally viewed as “impact.””

– BlueMark



Definitions, Frameworks & Labels

Signatory of:



NET ZERO
ASSET
MANAGERS
INITIATIVE



Users of:



Taskforce on Nature-related
Financial Disclosures



Comply to:

EU Sustainable Finance Action Plan
(SFDR & Taxonomy)



For more information:

coeli.com/our-funds/equity-funds/coeli-circulus/
coeli.com/sustainability/

Impact and Sustainability verification:



Fund
3101 077



Fund
3101 0078



Fund
3101 0086

For more information:

coeli.se/wp-content/uploads/2023/03/Circulus-BlueMark-Diagnostic-verifier-statement.pdf
bluemarktideline.com/about
svanen.se/en/funds/save-in-funds

EU Sustainable Finance Action Plan

We acknowledge the importance and direction set by the EU Taxonomy. However, many of our micro and small-cap companies globally have not yet completed a comprehensive analysis aligning with its criteria. Currently, we are actively working with several companies to navigate this process, focusing not only on climate change mitigation and adaptation but also on other environmental goals, notably the goal of a circular economy. Currently, only Alfen, a Dutch company, has reported taxonomy-aligned revenues from their

electric transmission and energy storage business, accounting for 0.95% of the fund's associated revenues. Similarly, reporting on Principle Adverse Impact indicators remains a work in progress for most of our companies. While pushing the company towards reporting we strive to uphold the spirit of the indicators via ensuring compliance with the SDG Business Benchmark framework, as described on page 17. Below, you will find the results and coverage levels of our funds, along with a comparison to a global small-cap index using ISS ESG data.

	Adverse sustainability indicator	ISS ESG Metric	Circulus		Circulus America		Global Small Cap Index		Comments
			Impact 2023	Coverage	Impact 2023	Coverage	Impact 2023	Coverage	
Greenhouse gas emissions	1. GHG Emissions	Scope 1 per Mio EUR Enterprise Value	50,7 (t)	92%	41,2 (t)	95%	95%	99%	See pages 20-21 for more information about our climate impact. Net that these numbers are using EUR and not SEK as currency. We are using SEK as our internal metric given the nature of us being a Swedish actor, but for PAI consequence we follow the EUR denomination in this part of the reporting. The exposure to companies active in the fossil fuel sector consist of one company, Pure Cycle. The company has about 0-1% of revenues from fossil fuel today as they lease a small part of the land they own for fossil fuel production. Given the limited exposure and their overall positive impact of ensuring greater water efficiency in the region they operate, we see it as acceptable but it is a key engagement topic for us.
		Scope 2 per Mio EUR Enterprise Value	22,6 (t)	92%	17,4 (t)	95%	95%	99%	
		Scope 3 per Mio EUR Enterprise Value	449,4 (t)	92%	268,5 (t)	95%	95%	99%	
		Scope 1+2+3 per Mio EUR Enterprise Value	522,7 (t)	92%	327,1 (t)	95%	95%	99%	
	2. Carbon footprint	Scope 1+2+3per Mio EUR Enterprise Value	522,7 (t/Mio EUR)	92%	327,1 (t/Mio EUR)	95%	95%	99%	
	3. GHG intensity of investee companies	Scope 1,2,&3 Emissions (EUR)	823,1 (t/Mio EUR)	91%	812,8 (t/Mio EUR)	95%	95%	97%	
	4. Exposure to companies active in the fossil fuel sector	Fossil Fuel - Involvement (PAI)	2,20%	91%	3,26%	91%	91%	> 99%	
	5. Share of non-renewable energy consumption		16,40%	24%	17,00%	22%	22%	34%	
	6. Energy Consumption intensity per high impact climate sector	Energy consumption intensity (GWh/mEUR)	See below						
	- Manufacturing	Energy consumption intensity (GWh/mEUR)	0,26	24%	0,28	18%	18%	22%	
- Water Supply, Sewerage, Waste Management and Remediation Activities	Energy consumption intensity (GWh/mEUR)	0,01	6%	0,01	6%	6%	< 1%		
- Agriculture, Forestry, and Fishing Mining and Quarrying Electricity, Gas, Steam and Air Conditioning Supply Construction Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles Transportation and Storage Real Estate Activities	Energy consumption intensity (GWh/mEUR)	0	0%	0	0	0	Various		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Companies negatively affecting biodiversity-sensitive areas	0%	94%	0%	95%	95%	> 99%	See page 22 for more information about our impact on Nature.
Water	8. Emissions to water	COD Emissions Per Mio EUR EVIC	0	0%	0	0%	0%	< 1%	No data
Waste	9. Hazardous waste and radioactive waste ratio	Hazardous Waste Per Mio EUR EVIC	3,87 (t)	22%	5,56 (t)	25%	25%	21%	Limited data
Social and employee matters	10. Violations of UN Global Compact (UNGC) principles & Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	UNGC/OECD Guidelines Violations	0%	94%	0%	95%	0,08%	> 99%	The numbers both on a fund level as well as a benchmark level may seem high. This is one of the key engagement points in terms of better reporting adjusted to the PAIs. We ensure the companies do have a process for ensuring compliance, and are following any historical or current breaches closely. As you can see in PAI 10 we do not have any breaches in the strategy. What we instead see is a lack of explicitly stating the process for compliance of the UNGC and OECD Guidelines, instead having external policies describing a broader process for compliance.
	11. Lack of processes and compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Lack of processes monitoring UNGC and OECD Guidelines compliance	47%	75%	57%	82%	61%	93%	
	12. Unadjusted gender pay gap	Unadjusted Gender Pay Gap (Mean)	0,54%	4%	0,00%	0%	0,77%	5%	Only UK listed companies publish this information, thus limited data
	13. Board gender diversity	Women on Board (%)	30,20%	92%	32,80%	98%	28,50%	87%	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Controversial weapons involvement (APM, CM, Bio, Chem)	0%	97%	0%	98%	0%	> 99%	

Voting Record

In 2023, we navigated our first Annual General Meeting (AGM) season for the Circulus strategy. As Circulus America was launched at the end of May, the inaugural AGM season for both funds is slated for spring 2024. Our approach to voting is guided by our close collaboration with management and boards throughout the year, aiming to address potential issues preemptively and reserve voting against management as a last resort. Given the size of our companies, most voting matters pertain to board appointments and incentive

programs, with fewer instances of contentious issues commonly seen in larger companies, such as voting on Scope 3 strategies for major oil and gas corporations. While our objective is to vote in all AGMs, our voting framework and practical procedures were still in development during the initial phase of 2023. Ultimately, we participated in 38 AGMs, corresponding to 68% of the companies eligible for voting. Notably, we voted against management on a procedural issue concerning Alarm.com, advocating for additional time for shareholders to review proposals presented at the AGM.

Companies where we have voted on the AGM during 2023

GLOBAL WATER RESOURCES INC.	PTC THERAPEUTICS, INC.
SCANDINAVIAN BIOGAS FUELS INTERNATIONAL AB	ALARM.COM HOLDINGS, INC.
TREX COMPANY, INC.	GATES INDUSTRIAL CORP PLC
5N PLUS INC.	ENERGY RECOVERY, INC.
CRYOPORT, INC.	SONENDO, INC.
RE:NEWCELL AB	GRAND CANYON EDUCATION, INC.
MASTEC, INC.	BRIGHT HORIZONS FAMILY SOLUTIONS INC.
WACKER CHEMIE AG	TOYO GOSEI CO., LTD.
KADANT INC.	KURITA WATER INDUSTRIES LTD.
ADVTECH LIMITED	ADVANCED DRAINAGE SYSTEMS, INC./WMS
ACADIA HEALTHCARE COMPANY, INC.	DOXIMITY, INC.
POWER INTEGRATIONS, INC.	DEVERON CORP.
ALTUS POWER, INC.	CAVCO INDUSTRIES, INC.
VERRA MOBILITY CORPORATION	OXFORD INSTRUMENTS PLC
CLEAN HARBORS, INC.	ALFEN N.V.
GRAPHIC PACKAGING HOLDING COMPANY	NEOGEN CORPORATION
FREEMELT HOLDING AB	BIOCERES CROP SOLUTIONS CORP.
PALOMAR HOLDINGS, INC.	VOLUTION GROUP PLC
WATSCO, INC.	H2O INNOVATION INC.

All Holdings in the Circulus Strategy

Name	Circulus	Circulus America	Market cap group at time of investment (USD)	Primary SDG indicator	Impact Category	Science Based Targets	Website
HIKMA PHARMACEUTICALS PLC	4,03	2,75	Small-cap: 1-5 billion	3.8.1	Contribute to Solutions	No - but high quality climate strategy	hikma.com
ADVTECH LTD	3,87	-	Micro-cap: 500-1000 million	4.3.1	Contribute to Solutions	No	advtech.co.za
5N PLUS INC	3,74	5,49	Micro-cap: 1-500 million	7.2.1 & 12.5.1	Contribute to Solutions	No	5nplus.com
GRAPHIC PACKAGING HOLDING CO	3,60	4,93	Small-cap: 5-10 billion	12.5.1	Contribute to Solutions	Approved SBT	graphicpkg.com
ALTUS POWER INC	3,53	4,67	Micro-cap: 500-1000 million	7.2.1	Contribute to Solutions	No	altuspower.com
MAXIMUS INC	3,44	5,09	Small-cap: 1-5 billion	16.6.1	Contribute to Solutions	No	maximus.com
GLOBAL WATER RESOURCES INC	3,28	3,97	Micro-cap: 1-500 million	6.4.2	Contribute to Solutions	No	gwresources.com
VOLUTION GROUP PLC	3,06	-	Micro-cap: 500-1000 million	7.3.1	Contribute to Solutions	Committed	volutiongroupplc.com
ANIMA HOLDING SA	3,03	-	Micro-cap: 1-500 million	4.3.1	Contribute to Solutions	No	animaeducacao.com.br
REPOSITRAK INC	2,95	2,88	Micro-cap: 1-500 million	12.3.1	Benefit Stakeholders	No	repositrak.com
WILLSCOT MOBILE MINI HOLDING	2,76	4,45	Small-cap: 5-10 billion	9.4.1	Benefit Stakeholders	No	willscotmobilemini.com
BRIGHT HORIZONS FAMILY SOLUT	2,67	3,30	Small-cap: 1-5 billion	5.5.2	Benefit Stakeholders	No	brihthorizons.com
BIOCERES CROP SOLUTIONS CORP	2,58	3,15	Micro-cap: 500-1000 million	2.4.1	Contribute to Solutions	No	investors.biocerescrops.com
GRAND CANYON EDUCATION INC	2,56	4,10	Small-cap: 1-5 billion	4.4.1	Benefit Stakeholders	No	gce.com
GXO LOGISTICS INC	2,45	3,90	Small-cap: 5-10 billion	9.4.1	Benefit Stakeholders	No - but high quality climate strategy	gxo.com
OXFORD INSTRUMENTS PLC	2,41	-	Small-cap: 1-5 billion	9.4.1	Benefit Stakeholders	No	oxinst.com
VERRA MOBILITY CORP	2,24	3,54	Small-cap: 1-5 billion	3.6.1	Benefit Stakeholders	No	verramobility.com
PURE CYCLE CORP	2,15	3,25	Micro-cap: 1-500 million	6.3.1	Contribute to Solutions	No	purecyclewater.com
NEOGEN CORP	2,12	2,82	Small-cap: 1-5 billion	3.9.3	Benefit Stakeholders	No	neogen.com
KURITA WATER INDUSTRIES LTD	2,03	-	Small-cap: 5-10 billion	6.3.1	Contribute to Solutions	No - but high quality climate strategy	kurita.co.jp
DOXIMITY INC-CLASS A	1,93	2,33	Small-cap: 5-10 billion	3.8.1	Contribute to Solutions	No	doximity.com
FREEMELT HOLDING AB	1,93	-	Micro-cap: 1-500 million	9.4.1	Benefit Stakeholders	No	freemelt.com
CROPENERGIES AG	1,89	-	Small-cap: 1-5 billion	7.2.1 & 12.5.1	Contribute to Solutions	Approved SBT	cropenergies.com
DARLING INGREDIENTS INC	1,84	2,86	Small-cap: 5-10 billion	7.2.1 & 12.5.1	Contribute to Solutions	Committed	darlingii.com
CALLIDITAS THERAPEUTICS-B	1,82	1,92	Micro-cap: 1-500 million	3.4.1	Contribute to Solutions	No	calliditas.se
CLEAN HARBORS INC	1,79	2,72	Small-cap: 5-10 billion	12.4.2	Contribute to Solutions	No	cleanharbors.com
GATES INDUSTRIAL CORP PLC	1,74	2,54	Small-cap: 1-5 billion	7.3.1	Benefit Stakeholders	No	gates.com
QUEST RESOURCE HOLDING CORP	1,67	1,78	Micro-cap: 1-500 million	12.4.2	Contribute to Solutions	No	questrmg.com
PALOMAR HOLDINGS INC	1,61	2,13	Small-cap: 1-5 billion	11.5.2	Contribute to Solutions	No	plmr.com
TREX COMPANY INC	1,59	0,56	Small-cap: 1-5 billion	12.5.1	Contribute to Solutions	No	trex.com
CORE & MAIN INC-CLASS A	1,55	2,19	Small-cap: 5-10 billion	6.4.1	Benefit Stakeholders	No	coreandmain.com

Data per 2023-12-29

All Holdings in the Circulus Strategy

Name	Circulus	Circulus America	Market cap group at time of investment (USD)	Primary SDG indicator	Impact Category	Science Based Targets	Website
MONTROSE ENVIRONMENTAL GROUP	1,40	1,59	Small-cap: 1-5 billion	9.4.1	Contribute to Solutions	Committed	montrose-env.com
SOSEI GROUP CORP	1,32	-	Small-cap: 1-5 billion	3.4.1	Contribute to Solutions	No	sosei.com
SCANDINAVIAN ENVIRO SYSTEMS	1,28	-	Micro-cap: 1-500 million	12.5.1	Contribute to Solutions	No	envirosystems.se
TETRA TECH INC	1,27	2,18	Small-cap: 5-10 billion	9.4.1	Contribute to Solutions	Committed	tetratech.com
CRYOPORT INC	1,26	1,79	Micro-cap: 500-1000 million	3.4.1	Benefit Stakeholders	No	cryoport.com
SHIMMICK CORP	1,23	1,61	Micro-cap: 1-500 million	6.4.2	Benefit Stakeholders	No	shimmick.com
KADANT INC	1,20	2,20	Small-cap: 1-5 billion	12.5.1	Benefit Stakeholders	No	kadant.com
BIOKRAFT INTERNATIONAL AB	1,20	-	Micro-cap: 1-500 million	7.2.1 & 12.5.1	Contribute to Solutions	No	biokraft.com
DESCARTES SYSTEMS GRP/THE	1,17	1,97	Small-cap: 1-5 billion	9.4.1	Benefit Stakeholders	No	descartes.com
CAVCO INDUSTRIES INC	1,09	1,19	Small-cap: 1-5 billion	11.1.1	Benefit Stakeholders	No	cavco.com
ACADIA HEALTHCARE CO INC	1,03	1,50	Small-cap: 5-10 billion	3.4.1 & 3.5.1	Contribute to Solutions	No	acadiahealthcare.com
TOYO GOSEI CO LTD	1,01	-	Micro-cap: 1-500 million	7.3.1	Benefit Stakeholders	No	toyogosei.co.jp
POWER INTEGRATIONS INC	0,98	1,79	Small-cap: 1-5 billion	7.3.1	Benefit Stakeholders	No	powerint.com
ALFEN N.V.	0,94	-	Small-cap: 1-5 billion	7.3.1	Contribute to Solutions	No	alfen.com
ALARM.COM HOLDINGS INC	0,86	2,01	Small-cap: 1-5 billion	11.1	Benefit Stakeholders	No	alarm.com
ARCADIUM LITHIUM PLC-CDI	0,81	-	Small-cap: 1-5 billion	7.3.1	Benefit Stakeholders	No	arcadiumlithium.com
DEVERON CORP	0,77	0,84	Micro-cap: 1-500 million	2.4.1	Contribute to Solutions	No	deveronuas.com
CHEMED CORP	0,54	2,16	Small-cap: 5-10 billion	3.8.1 & 6.4.1	Benefit Stakeholders	No	chemed.com
ADVANCED DRAINAGE SYSTEMS IN	0,49	0,54	Small-cap: 5-10 billion	6.4.2	Contribute to Solutions	Committed	ads-pipe.com
ENERGY RECOVERY INC	0,30	0,58	Small-cap: 1-5 billion	6.4.2	Contribute to Solutions	No	energyrecovery.com
PTC THERAPEUTICS INC	0,24	0,26	Small-cap: 1-5 billion	3.4.1	Contribute to Solutions	No	ptcbio.com
RE:NEWCELL AB	0,21	-	Micro-cap: 1-500 million	12.5.1	Contribute to Solutions	No	renewcell.com
SPINNOVA OYJ	0,15	-	Micro-cap: 1-500 million	12.5.1	Contribute to Solutions	No	spinnova.com
TOYO GOSEI CO LTD	1,84	2,86	Small-cap: 5-10 billion	7.2.1 & 12.5.1	Contribute to Solutions	Committed	darlingii.com
CALLIDITAS THERAPEUTICS-B	1,82	1,92	Micro-cap: 1-500 million	3.4.1	Contribute to Solutions	No	calliditas.se

TCFD and TNFD comments

While the rest of our impact report primarily focuses on the social and environmental impact of our investees, in this section, we turn our attention to the financial risks and opportunities arising from climate change and nature-related impacts. We will provide an overview of our governance, strategy, risk management, and metrics and targets related to these areas, inspired by the guidelines set out by TCFD and TNFD.

Governance

At Circulus, we recognize the importance of integrating climate and nature-related risks into our overall risk management and decision-making processes. Being part of Coeli Asset Management, we also report to the board on both environmental and social performance to the board. During 2024, the management of the funds will move from Coeli Asset Management to Coeli Circulus AB, a process during which we will re-work the governance structure also for reporting on climate and nature-related risks and opportunities. A key part of the structure within the Coeli Circulus team, both in 2023 and in the future, is that all three portfolio managers have a veto on every decision, meaning that we must agree on every investment. Before every investment decision, the Impact Thesis together with the risk assessment is presented and documented in dedicated investment meetings, including considerations of climate- and nature-related financial risks.

Strategy

Our strategy centers around helping micro- and small-cap companies contribute to sustainable development, including mitigating climate change and restoring and protecting ecosystems. However, investing in solutions for these problems does not make us immune to the negative consequences already playing out in our world today. Unfortunately, it is almost the opposite. As we invest in companies providing solutions for these issues, we have exposure to some of the critical sectors and regions in terms of climate- and nature-related financial risks. For example, in the waste management sector, one of the largest carbon-emitting sectors with high regulatory scrutiny. But since our investment strategy is to invest in what we see as the future in these sectors, we believe we are well-positioned to be on the right side of regulations and consumer preferences.

Risk Management

We have implemented a robust risk management framework to identify and manage climate and nature-related risks, which is part of the deep due diligence we do before each investment. Currently, we have monthly risk meetings with the risk team, CIO, and Head of Sustainability at Coeli. We engage with portfolio companies to understand and manage their climate and nature-related risks, including encouraging them to implement best practices and set clear targets for reducing their impacts. Our engagement also includes assessing and monitoring their exposure to physical and transition risks, and encouraging them to implement measures to manage these risks. We have tried modeling the risk to the portfolio as a whole in different future scenarios, but so far, the results have been too broad, as they mostly become sector averages given the lack of data for the majority of our micro- and small-cap holdings.

Metrics & Targets

In the Impact section, we have presented the metrics we follow from the impact side and on page 20 we provide our new climate strategy, including the metrics and targets used to ensure we fulfil our commitment to becoming climate positive by 2045, at the latest. We are working on developing appropriate portfolio-level metrics to expand also on the nature-related risks faced by the specific companies we invest in. In addition to providing more details around our Nature strategy during 2024, we will also review the need to set further targets to support our already very focused impact strategy.

We Always Invest in Quality

We strongly believe that Quality is important and pays off over time. Hence, our quality criteria form an integral part of our investment process. In selecting companies for our fund, we consider sustainable growth, long-term value creation, and a robust balance sheet as crucial elements. Responsible and sustainable conduct is also a fundamental prerequisite for creating long-term

value. We believe that sustainable growth, when combined with our quality criteria and thorough valuation analysis, offers the best opportunity for generating consistent and sustainable returns over the long term. This should be seen as a stark contrast to funds focusing on growth at all costs.

Key Metric		Circulus	Global Small Cap Index	Circulus America	America Small Cap Index
Growth	EPS CAGR (5Y)	18%	11%	18%	10%
	Sales CAGR (5Y)	14%	9%	12%	9%
Quality	ROCE	14%	12%	15%	13%
	EBITDA Margin	22%	17%	22%	17%
	Net Debt	2,9	3,3	3,4	2,9
Valuation	Fwd 12m P/E	21,4	19,1	22,5	20,2
	Fwd 12m EV/EBITDA	13,0	12,0	13,3	12,7
Risk	Beta	0,91	1	0,90	1

Data per 2023-12-29

About Us



Christofer Halldin

Christofer has been managing Coeli Circulus since its inception in August 2022. Prior to this, he worked as the head of active equity and fixed income management at Handelsbanken Fonder. There, he was instrumental in developing Handelsbanken Fonder into one of Sweden's most successful equity and fixed income managers during the late 2010s. Handelsbanken Fonder had the largest net inflows on the Swedish fund market for several consecutive years during that time. Additionally, Handelsbanken Fonder was named both the Fund Manager of the Year and the Sustainable Fund Manager of the Year by various actors, including Prospera, Privata Affärer, Söderberg & Partner, and Länsförsäkringar. Prior to being appointed head of active management, Christofer managed various global mandates for several years. He also worked as a fund manager in the United States for seven years, from 2007 to 2013, managing both the America, Brazil, and Latin America funds at Handelsbanken Fonder.



Joakim By

Joakim has been managing Coeli Circulus since its inception in August 2022. Prior to this, he worked as a fund manager for Amerika Småbolag Tema at Handelsbanken Fonder. He managed America Small Caps from 2015 and won several awards for the fund's good returns, which also grew significantly during his tenure as fund manager. When Joakim left the fund in early 2022, it had over SEK 20 billion in assets under management. Before managing Amerika Småbolag Tema, he was responsible for managing the broader fund Amerika Tema from 2013-2017 and the global fund Global Tema from 2009-2013 at Handelsbanken Fonder.



Simon Park

Simon has been managing Coeli Circulus since its inception in August 2022. Prior to this, he worked as a sustainability analyst at Handelsbanken Fonder. Between 2018 and 2022, he contributed to the development of the fund company's sustainability efforts, with responsibility for increasing measurability to create value in the investment process. In 2021, Simon was named one of "33 under 33: Shaping the Future of Sustainability" by Aktuell Hållbarhet. He also has experience from programs at some of the leading institutions globally in the sustainability field, such as circular economy with the Ellen MacArthur Foundation and climate science at the Smith School of Enterprise and the Environment, University of Oxford.

Coeli

Coeli was founded in 1994 and is an active investor, portfolio manager and advisor currently entrusted with managing approximately SEK 50 billion for high net worth individuals, entrepreneurs, family offices, companies and institutions. We manage capital in equities, bonds and hedge funds, are active owners, and make direct investments in real estate and private equity. With an established partnership model and a strong platform of financial services, we attract some of the market's best managers, companies and investment teams and ensure that they are driven by the same goal as our clients and investors - to create great value. Coeli is partner-owned, with a dedicated team of 140 employees working from our offices in Stockholm, Gothenburg, Uppsala and Malmö. Being partner-owned is a key part of our business strategy, as it ensures that we can always make long-term decisions and value long-term relationships with our customers and networks.

Investor Relations

Viktor Klint

Institutional Sales

P: +46 724 020 884

E: viktor.klint@coeli.se

Erik Linder

Institutional Sales

P: +46 730 222 314

E: erik.linder@coeli.se

Carl Berg

Head of Fund Sales

P: +46 706 342 043

E: carl.berg@coeli.se



Coeli Stockholm

Sveavägen 24-26

111 57 Stockholm

08-506 223 00

www.coeli.se



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The prospectus and annual report are available in English and the fund's fact sheet is available in Swedish and English, among other languages. Relevant information documents are available in English at coeli.com. A summary of your rights as an investor in the fund is available at <https://coeli.com/regulatory-information-coeli-asset-management-ab/>.

Past performance is not a guarantee of future returns. The price of the investment may go up or down and an investor may not get back the amount originally invested.