

# INVESTMENT AND DUE DILIGENCE POLICY

## Qblue Balanced A/S

### 1. Background and purpose

The policy sets out rules to ensure that Qblue Balanced A/S (“Qblue”) is compliant with the regulation on investment set out in the Alternative Investment Fund Managers Act, Consolidated Act no. 2015 of 1 November 2021, Sections 24(4), 27 (2)(3) and 73, and the Commission’s Delegated Regulation (EU) No. 231/2013, Article 18-19 and article 60, and the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

The objective of this policy is to ensure a high standard of diligence in the selection and ongoing monitoring of investments and compliance with the approved investment strategy and risk limits of AIFs and discretionary portfolios managed.

For the avoidance of doubt, this policy and any procedures issued according thereto are not intended to create any third-party rights, obligations or liabilities that would not already exist if the policy had not been made available, and the policy does not and shall not be deemed to form part of any contract between Qblue, the AIFs managed by Qblue or any investor or prospective investor therein.

The following AIFs and discretionary portfolios are currently managed by Qblue:

Product name	Short product name	Qblue role
Qblue Luxembourg SICAV SIF; Qblue Alternative Risk Premia (ARP) Fund	ARP Lux	Alternative Investment Fund Manager (AIFM)
ALPHAS Managed Accounts Platform LXX Limited; Qblue Balanced ARP Segregated Portfolio	ARP Ireland	Discretionary/Individual Portfolio Management
Global Sustainable Leaders, Navigera AB	Navigera Sustainability Fund	Discretionary/Individual Portfolio Management
Qblue Global Sustainable Leaders Fund	Heptagon Sustainability Fund	Discretionary/Individual Portfolio Management

### 2. Investment strategy

The Investment Committee, chaired by the CIO, has the decision power regarding the investment strategies of AIFs and discretionary portfolios managed. In section 3.2 the requirements for an investment strategy are described.

The members of the Investment Committee are:

1. The CIO (Chairing the committee)
2. The CEO
3. The Risk Manager
4. Named Portfolio Managers
5. Other Named Employees, if relevant

The Investment Committee meetings takes place on a weekly basis.

Qblue shall only make transactions in accordance with the Investment Strategy of each investment fund. The Executive Management shall:

- a) ensure that the implementation of the general investment policy for each managed portfolio is done in accordance with the relevant offering documents or investment management agreements, cf., section 3.2 .
- b) oversee the approval of the investment strategies for each managed investment fund.
- c) ensure and verify on a periodic basis that the investment policy, the investment strategies and the risk limits of each managed investment funds are properly and effectively implemented and complied with.
- d) approve and review on a periodic basis the adequacy of the internal procedures for undertaking investment decisions for each managed investment fund, so as to ensure that such decisions are consistent with the approved investment strategies for each managed portfolio.

Executive Management is responsible for publishing and updating financial product disclose information on the company website, <http://www.qbluebalanced.com>

### **3. Due Diligence**

#### **3.1 Knowledge and Organization**

As a prerequisite to ensure a high standard of diligence, an adequate knowledge and understanding of the assets in which Qblue invests, is required. It is the responsibility of the Executive Management to, on an ongoing basis, assess and make sure that the needed knowledge is present in the organization. Regarding the required knowledge in relation to sustainability this responsibility has been delegated to the Sustainability Committee. Executive Management is responsible for reporting to the Board of Directors on this matter at least once a year.

The Board of Directors shall oversee and ensure that Qblue has adequate knowledge and understanding of the assets in which each investment fund is invested.

In addition, the Executive Management is responsible for ensuring to organize in a way which supports a high standard of diligence in the selection, ongoing monitoring of investments, and avoidance and mitigation of conflicts of interests, including clarity of roles and responsibilities of the different departments of the organization.

#### **3.2 Pre-Investment Due Diligence**

Investments are responsible for recommending the objective and the investment strategy for the AIFs and discretionary portfolios managed before launch of a new financial product to the Investment Committee for decision.

The Executive Management is responsible for ensuring, that the decided strategy and objective are correctly represented in the offering documents and any other relevant documents or disclosure. Any amendments to already decided objectives or investment strategies have to follow the same procedures and can only be decided, if in compliance with the offering documents or other relevant documents where binding commitments has been granted to investors, or after following the proper procedures, these documents have been amended.

If the objective of an AIF or a discretionary managed portfolio is a sustainable objective or promotes, among other characteristics, sustainability characteristics, the Sustainability Committee has to review and finally approve the objective as well.

Investments are responsible for ensuring that the recommended investment strategy as a minimum describes:

- The investment universe
- Any benchmarks used
- Financial instruments allowed in the strategy
- Rationale behind the strategy, including the underlying drivers for the returns (e.g., market risk factors, alternative risk factors, alpha generation)
- Academic support for the strategy, if any
- Internal research related to the strategy
- Extraction design, i.e., how is the strategy to be implemented
- Sustainability integration, i.e., how are sustainability considerations implemented in the extraction design, including the handling of adverse sustainability impacts
- If relevant, back-tests describing how the strategy would have worked if implemented back in time

Before commencing a new strategy, Investments is responsible for ensuring that the required information and data, including sustainability data, is available at an acceptable quality in the company in order to successfully manage the strategy.

Risk is responsible for defining relevant risk measures and risk limits for any investment strategy decided, including measures and limits for sustainability risk if relevant, and for making a recommendation to the CEO to decide on this. If relevant, recommendations on risk limits to be set by the Board of directors are made as well.

### **3.3 Investment Due Diligence**

After approval of the investment objective and investment strategy, cf. 2, Investments is responsible for ensuring compliance with the investment objective and the investment strategy in the implementation of the strategy. Any changes to the approved strategy cannot be implemented until approved by the Investment Committee, and, with regard to a sustainable objective, the Sustainability Committee.

Investments is responsible for ensuring compliance with the Sustainability Policy, and any rule, restriction or requirement following from this policy (e.g., in relation to company exclusions or ineligible countries) as well as the ensuring compliance with the strategy specific sustainability integration approach.

Risk is responsible for controlling that the investments undertaken are in compliance with the decided investment strategy, and for ensuring compliance with the decided risk

limits. This includes monitoring of sustainability risk and controlling for compliance with any limits applicable in this regard.

As Qblue's strategies are systematic and rule based, the investment strategy implementation as well as the monitoring of investee companies on relevant matters, including financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance, are mainly based on quantitative measures. As Qblue only invests in liquid financial instruments traded on a regulated marketplace under a transparent disclosure regime a lot of the required data regarding financial information is publicly available in good quality. With respect to sustainability, data is not as easily accessible, and is often short, incomplete and to some degree noisy.

As a consequence, an important part of the investment due diligence is to make sure that relevant data for ensuring compliance with the regarding financial and non-financial topics, including sustainability, are available in a good quality.

Investments is responsible for making sure that the financial and non-financial data needed to comply with the investment strategies, and in order to monitor the investee companies are available on an ongoing basis. This includes sustainability data as required to comply with the processes described in the Sustainability policy. The Data and Technology Manager is responsible for ensuring that the data is appropriately uploaded and stored in Qblue's database on an ongoing basis.

### **3.4 Counterparty due diligence**

The Board of Directors shall monitor that Qblue, to the extent relevant, selects and appoints counterparties, which are subject to appropriate supervision, are financially sound and have the necessary organizational structure appropriate to the services to be provided to Qblue or the AIFs and portfolios under management. One of the relevant criteria against which the Board of Directors may assess financial soundness, is whether or not counterparties are subject to relevant prudential regulation, including adequate capital requirements, and effective supervision. To the extent that specific rules regarding counterparty risk including rating requirements exist in the AIFs under management the Board of Directors shall monitor that Qblue complies with such rules.

## **4. Investment process**

The investment procedures adopted in each AIFs and discretionary portfolios managed, shall set out the obligations, roles and responsibilities of all parties involved in the investment process in accordance with this policy.

This process shall, inter alias, ensure and oversee that investments are compatible with the investment strategy and relevant risk limits of the portfolio for which the prospective investment is intended.

The investment procedures shall address the competence and independence of the personnel effectively carrying out the valuation of assets of portfolios under management.

The Executive Management shall on a yearly basis review the investment procedure.

## **5. Disclosure in case of acquisition of control**

Qblue shall, for now, not manage AIFs with investments in non-publicly traded companies. Should this change, the following principles shall be regarded.

If an AIF under management individually or jointly acquires control of a non-listed company, Qblue shall make the following information available to the company concerned, the shareholders of the firm and the Danish FSA.

Qblue shall under such circumstances make available:

- a) the identity of the AIFMs which either individually or in agreement with other AIFMs manage the AIFs that have acquired control.
- b) the policy for preventing and managing conflicts of interest, in particular between the AIFM, the AIF and the company, including information about the specific safeguards established to ensure that any agreement between the AIFM and/or the AIF and the company is concluded at arm's length; and
- c) the policy for external and internal communication relating to the company in particular as regards employees.

## **6. Monitoring and reporting**

The Executive Management shall monitor the financial return to investors of each managed investment fund on an ongoing basis. Significant findings of such monitoring shall be reported to the Board of Directors no later than at the first board meeting

The Executive Management and Risk shall be informed immediately if there have been any breaches on investment strategies or risk limits for any of the investment funds under management.

The Board of Directors shall on a quarterly basis receive a report including:

- the development in the investment funds under management in relation to performance and risk profile
- any breaches (both soft and hard breaches) on investment strategies or risk limits for any of the investment funds under management.

## **7. Control**

Risk shall on a daily basis control the limits in the investment policy and risk limits for each investment fund under management. If a daily control is not relevant, Risk will define on and carry out the control with the relevant frequency. Breaches shall be reported to the Executive Management.

The Executive Management shall approve and review the internal procedures for undertaking investment decisions. This review shall be based on inputs from Risk and Compliance.

## **8. Review**

This policy shall be reviewed and approved by the Board of Directors annually.

## **9. Approval history**

This policy was approved by the Board of Directors on 4 March 2022.

<b>Version:</b>	<b>Effective from:</b>	<b>Changes:</b>	<b>Performed by:</b>
1	1 April 2019	New	Board of Directors
2	7 November 2019	No changes	Board of Directors
3	29 October 2020	Section 2: Investment strategy: Reference to Irish and Luxembourg funds added  Section 4: Disclosure in case of acquisition of control: Reference to feeder fund deleted	Board of Directors
4	3 March 2021	Incorporation of due diligence Navigera, Global Sustainable Leaders	Board of Directors
5	4 March 2022	Section 1: Addition of Qblue Global Sustainable Leaders	Board of Directors