ESG Derivatives
The Cost of trading ESG

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ESG becomes an expensive exposure problem that needs to be solved

- **2017**
  - Robur makes decisions about higher level of sustainable investments.
  - Trying to convince Robur that it is not fund-owner-friendly to throw out the OMXS30, STOXX50, STOXX600, S&P500 and so on.
  - As the only fund manager, we cannot exclude our index funds from trading index derivatives.

- **2018**
  - I contacted EUREX, NASDAQ and CME,
  - Realized that I needed a partner. Kristine Wallander at Robur’s sustainability team
  - Ongoing dialogue with exchanges, Sales / MM on market practice and consensus
  - Nasdaq launches OMXESG in October

- **2019**
  - Eurex launches STOXX ESG Future family in February.
  - We are very happy about the cooperation we experienced from EUREX / STOXX
  - Robur is the largest investor in the world on ESG derivatives. We hope it will change soon
Three ways to manage and outflow in an ESG fund

**ESG Under-invested**
- 95% ESG Basket
- 5% Cach
- -1.36% over 5y

**Almost ESG and fully invested**
- 90% ESG Basket
- 10% Benchmark Future
- The most common way today

**ESG and fully invested**
- 90% ESG Basket
- 10% ESG Future
- SWB Robur
Basket vs Future. Holding period 1M

Case: Index Fund that wants to make a daily allocation of
Europa Index Fund 200 000 EUR
Sweden Index Fund 3 800 000 SEK (380K EUR)

<table>
<thead>
<tr>
<th>ESTOXX50</th>
<th>Bid</th>
<th>ASK</th>
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<tbody>
<tr>
<td>Basket</td>
<td>3 150,00</td>
<td>3 151,00</td>
<td>1.00</td>
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<tr>
<td>ESTOXX50</td>
<td>3 150,00</td>
<td>3 151,00</td>
<td>1.00</td>
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<tr>
<td>Total Cost</td>
<td>470 €</td>
<td>462 €</td>
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<tr>
<td>Basket</td>
<td>115 500 €</td>
<td>1,90</td>
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<table>
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<tr>
<th>STOXX600</th>
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<th>ASK</th>
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<tr>
<td>Basket</td>
<td>359,47</td>
<td>359,62</td>
<td>0.15</td>
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<tr>
<td>STOXX600</td>
<td>359,50</td>
<td>359,60</td>
<td>0.10</td>
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<tr>
<td>Total Cost</td>
<td>5 600 €</td>
<td>5 586 €</td>
<td>456 €</td>
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<tr>
<td>Basket</td>
<td>1 396 500 €</td>
<td>1 386 €</td>
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<tr>
<td>bps in AUM</td>
<td>23</td>
<td>8</td>
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<tr>
<th>OMXS30</th>
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<th>ASK</th>
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<tbody>
<tr>
<td>Basket</td>
<td>1 660,77</td>
<td>1 661,84</td>
<td>1,07</td>
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<tr>
<td>OMXS30</td>
<td>1 659,25</td>
<td>1 659,50</td>
<td>0,25</td>
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<tr>
<td>Total Cost</td>
<td>4 500 kr</td>
<td>1 200 kr</td>
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The basket is 59 times more expensive
The basket is 400, 100, 34 times more expensive
The basket is 3.8 times more expensive
Focus ESG Derivatives: Q&A with Swedbank Robur

What does ESG mean for Swedbank Robur?

Swedbank Robur’s mission is to be a world leader in sustainable value creation. Therefore, ESG principles are intrinsically included in the way we work. We are continuously working to integrate, and have done so for many years, sustainability issues and the ESG perspective into our overall business.

What role does ESG investing play in your portfolio management?

ESG provides both portfolio management and the opportunity to drive companies towards a positive and sustainable direction. On this, ESG provides an extra layer, as an added value and handle universal sustainability risks.

Is this just a short-term hype or a lasting trend?

ESG is not just a short-term trend, but a fundamental approach to investing. It is driven by growing awareness among investors about the long-term risks and opportunities related to sustainability. The incorporation of ESG considerations into investment decisions is becoming increasingly important, as it helps to identify and mitigate potential risks and enhance long-term returns.