



## **Duties of disclosure in accordance with Liechtenstein Persons and Companies Act (PGR)**

Status as of: 17/05/2024

Disclosure pursuant to the provisions in the Liechtenstein Persons and Companies Act (PGR) on the implementation of the second Shareholders' Rights Directive

### **1. Engagement policy**

Fortuna Life Insurance Ltd (Fortuna) holds no or direct equity investments. Therefore, it chooses not to publish a shareholder engagement policy in accordance with the explanation option under Art. 367h of the Liechtenstein Persons and Companies Act (PGR). Fortuna holds investments primarily in special funds and mutual funds, which themselves invest in equities among other things. These indirectly held shareholdings do not result in any engagement on the part of Fortuna.

### **2. Engagement report/voting behaviour**

Fortuna currently holds no or only insignificant direct investments and has no participation rights or voting rights in indirect shareholdings. Therefore, it does not currently report on the implementation of its engagement policy and voting behavior.

### **3. Information on investment strategies and agreements with asset managers**

#### **3.1. Disclosure of investment strategy**

As an institutional investor, Fortuna is obliged in accordance with Art. 367i(1) PGR to disclose the extent to which the main elements of its investment strategy correspond to the profile and term of its liabilities, in particular non-current liabilities, and how they contribute to the medium and long-term performance of its assets.

As a regulated insurance company, Fortuna is generally obliged by Art. 80 of the Liechtenstein Insurance Supervision Act (VersAG) to invest all of its assets in accordance with the principle of entrepreneurial prudence and in the interests of policyholders and beneficiaries. In specific terms, all assets, namely those covering the Solvency Capital Requirement and the Minimum Capital Requirement, must be invested in a manner that safeguards the security, quality, liquidity and profitability of the portfolio as a whole. Furthermore, the localisation of these assets must ensure their availability (Art. 80 (3) Liechtenstein Insurance Supervision Act, VersAG). Assets held to cover technical reserves must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities (Art. 80 (4) VersAG).

Accordingly, Fortuna invests exclusively in assets and instruments whose risks it can reasonably identify, measure, monitor, manage, control and report, as well as appropriately take into account when determining the overall solvency capital requirement.

The basis for this is an appropriate asset liability management approach taking into account the risk capacity and the balancing of long-term opportunities and risks on the capital market. A long-term strategic allocation of the portfolio to asset classes (Strategic Asset Allocation ("SAA")) is derived based on appropriate asset liability management. The SAA is therefore structured in line with the principle of entrepreneurial prudence and determines the efficient make-up of the investments from a risk and return perspective. An in-house investment prospectus defines the standard investments that can be invested in. Investments that are not commonplace



and/or significant investments must first undergo an internal review and approval process before they can be acquired.

3.2. Disclosure of the agreement with asset managers Fortuna has outsourced its asset investment and asset management to other intra-group asset managers, in each case on the basis of a function outsourcing agreement in accordance with insurance supervision law. Accordingly, pursuant to Art. 367i VersAG, Fortuna is obliged to publicly disclose the following information about its agreement with the asset managers:

1. How do the agreements provide incentives for the asset managers to align their investment strategy and investment decisions with the profile and term of Fortuna's liabilities, in particular non-current liabilities?

The Strategic Asset Allocation ("SAA") is determined by the liabilities (profile and term/duration) and is strongly influenced by insurance-specific objectives and constraints as well as the overall market environment. In determining the SAA, the aim is to achieve the most effective combination of asset classes deemed possible, taking account of the principle of prudence stipulated in the Solvency II Directive and the relevant implementation measures associated with it. This aim and the investment principles already mentioned are incorporated into the agreement with the asset managers.

2. How do the agreements incentivise the asset manager to make investment decisions based on an assessment of the medium to long-term development of the financial and non-financial performance of the company being invested in, as well as to engage with the company being invested in to improve its performance over the medium to long term?

The SAA is stipulated by Fortuna for the asset managers. The exercising of shareholder rights in the portfolio companies held is usually the responsibility of the asset managers in question.

3. How does the methodology and the relevant time period for the assessment of the asset manager's performance and the remuneration for asset management services reflect the profile and term of Fortuna's liabilities, in particular non-current liabilities, and how is this taken into account regarding the overall long-term performance?

The performance of the asset managers is reviewed at regular internal meetings using quantitative and qualitative criteria. As a rule, the asset managers receive remuneration based on the volume of assets under management, expressed in basis points.

4. How does Fortuna monitor the portfolio turnover costs incurred by the asset manager and how is the target portfolio turnover or a target portfolio turnover range decided upon and monitored?

The portfolio turnover costs incurred are contractually defined and are dependent on the volume of the assets under management of the respective asset manager. The portfolio turnover costs are reviewed and their plausibility is verified by Fortuna. A regular exchange takes place between Fortuna and the asset managers, and there are also various committees that generally oversee the targeted portfolio turnover and the activity of the asset managers.

5. How long do the agreements with the asset managers run?

The agreements with the intra-group asset managers are generally valid for an unlimited period of time, but can be terminated at any given point in observance with the contractual notice periods.