ELEVA Absolute Return Europe Fund

Sustainability-related website disclosure, Article 10 (SFDR)

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Contents

A. Summary

The ELEVA Absolute Return Europe fund (the "Sub-Fund") promotes environmental or social characteristics under SFDR Article 8 SFDR.

The Sub-Fund invests at least 51% of its net assets in assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics). For the sake of clarity, the minimum of 51% will be calculated as the sum of all ESG-scored outstandings divided by the net asset value of the Sub-Fund.

B. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have a sustainable investment objective.

C. Environmental or social characteristics of the financial product

ELEVA Absolute Return Europe promotes a combination of environmental, social and governance ("ESG") characteristics. This Sub-Fund integrates, in the long and the short-invested pockets, binding ESG criteria in its investment management process. The main non-financial objective of ELEVA Absolute Return Europe Fund is to invest, on a long basis, in companies with good ESG practices (i.e. best in universe) or companies that are on an improving path regarding ESG practices (i.e. best efforts) while excluding companies that would not have a minimum absolute ESG score (40/100). At the same time, the Sub-Fund does not short any company with excellent ESG practices (i.e. with an ESG score > 80/100). The Sub-Fund also seeks to help companies, when deemed necessary by the investment team, to improve their ESG practices by engaging in dialogue with them on a regular basis and by sharing with them areas of improvement on specific ESG topics.

The long book of the Sub-Fund seeks to invest in companies having a good behaviour towards their key stakeholders (Shareholders, Employees, Suppliers, Civil Society and the Planet). For instance, the Sub-Fund seeks to invest in companies with good corporate governance practices (e.g. Boards with gender and cognitive diversity and a sufficient level of independence), with good environmental and social practices (e.g. signatories of the UN Global Compact) and implementing carbon reduction measures (e.g. the long book of the Sub-Fund has an ESG KPI on carbon footprint).

The Sub-Fund is actively managed with no reference to a benchmark.

D. Investment strategy

a. Investment strategy used to meet the environmental or social characteristics

The Sub-Fund implements several sustainable approaches under steps 2 and 3, as defined by the Global Sustainable Investment Alliance: exclusionary screening, norm-based screening, positive ESG screening (i.e. “best in universe” or “best efforts”).

Where investing on a long basis in equities and equity-related instruments, the Sub-Fund’s investment process counts 3 steps being based on a combination of non-financial and financial criteria.

Step 1/ From a broad universe made of all companies (all market capitalisations, all sectors), with their registered office in Europe (i.e. European Economic Area, UK, Switzerland) the Sub-Fund focuses on companies meeting the following criteria:

• Liquidity, measured through daily liquidity for each company; and

• Minimum market cap is set at 5 billion euros unless that company has a strong balance sheet and a sufficient revenue growth.

These criteria define the so-called initial investment universe (in order to compare the Sub-Fund with its investment universe on ESG criteria) and is made of circa 800 companies.

Step 2/ Strict Exclusion: the Management Company excludes companies from the initial investment universe which have significant negative impacts on specific ESG factors.

Step 3/ Fundamental analysis: the Management Company does a fundamental analysis of each company which is considered for investment on financial criteria. The Management Company also performs an analysis on non-financial criteria. In case of timing constraints, the analysis on non-financial criteria can be conducted post-investment in compliance with the ESG coverage constraints of the Sub-Fund.

Where investing on a short basis in equity-related instruments, the Management Company will seek to focus on three particular types of opportunities:

• companies where the Management Company considers there to be a disconnect between the credit and the equity market perception of the fundamentals of those companies;
• companies that the Management Company considers overvalued and at a negative inflexion points; and;
• companies that the Management Company considers belonging to long term challenged industries.

Companies excluded as per step 2 “strict exclusion” (see above, in the long-invested pocket section) are also excluded in the short-invested pocket.

The alignment with ESG characteristics is conducted in different ways, depending on the instrument type:

• Equities and listed corporate bond issuers on a long basis: issuers invested in this category are scored on ESG criteria using the Management Company's proprietary methodology and, where the proprietary ESG scoring is not available, an ESG score from a single external data provider. The ESG score of these instruments have a binding effect. The exclusion policy does apply to these instruments (see Step 2 above).
• Private corporate bond and Sovereign bonds on a long basis: for private corporate bond issuers, sovereign, quasi-sovereigns and supra-national issuers, the Management Company uses a single external data provider identical to that for the equities and scores the companies on ESG criteria from 0 (worst score) to 100 (best score). The scoring methodology includes penalties for controversies, if any. Countries on the GAFI "black list" are excluded. The case of listed corporate bond issuers is covered above in the Equity section. The ESG score of these instruments have a binding effect.
• Corporate single name FDIs on a short basis: companies in the short-invested pocket are analysed and scored on ESG criteria using either an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider. The ESG score has a binding effect. Companies excluded as per step 2 "strict exclusion" (see above) are also excluded in this pocket.
• Sovereign single name FDIs on a short basis: countries on the GAFI "black list" are excluded.

The Sub-Fund's strategy in relation to the ESG characteristics is integral part of the Sub-Fund's investment strategy, which is continuously monitored via the risk control and related systems in place. In addition to ongoing monitoring, pre-trade controls are also performed.

b. Policy to assess good governance practices

Assessing company's governance practices is an integral part of the Management Company proprietary ESG Scoring methodology. Governance criteria (essentially located in the pillars Shareholders and Civil society) account for 30% to 40% of the ESG score, depending on a company's sector. Where the proprietary ESG scoring is not available, the ESG score from a single external data provider also considers governance practices.

For more details on our ESG methodology, please refer to the ELEVA Capital ESG Policy available on our website.

E. Proportion of investments

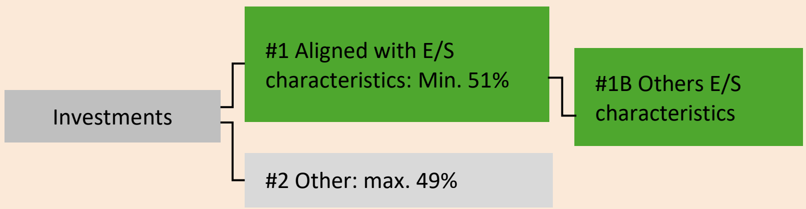
<u>#1 Aligned with E/S characteristics</u>: The Sub-Fund invests at least 51% of its net assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics). For the sake of clarity, the minimum of 51% will be calculated as the sum of all ESG-scored outstandings divided by the net asset value of the Sub-Fund.

<u>#2 Other</u>: The Sub-Fund might invest, in aggregate, up to 49% of the Sub-Fund's Net Asset Value in:
1. cash and cash equivalent;
2. financial derivatives instruments (index as underlying);
3. companies with no ESG score;
4. UCITS and Other UCIs; or, among others,
5. equity basket swaps.

For the sake of clarity, the above-mentioned investment, in aggregate, will never exceed the total of 49% aforementioned.

The investments indicated in n. 1, 2, 4 and 5 may be held for technical purposes and/or on a temporary basis. The investments indicated in n. 3 are held for investment purposes to provide investors with a wider range of opportunities.

The Sub-Fund does not consider any minimum environmental or social safeguards on these remaining investments "#2 Other".



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

F. Monitoring of environmental or social characteristics

The Sub-Fund's strategy in relation to the ESG characteristics is an integral part of the Sub-Fund's investment strategy, which is continuously monitored via the risk control and related systems in place. In addition to ongoing monitoring, pre-trade controls are also performed.

G. Methodologies for environmental or social characteristics

Where investing on a long basis in equity and listed corporate bond issuers, the Sub-Fund's investment process counts 3 steps being based on a combination of non-financial and financial criteria. The sustainability indicator used in the context of the non-financial part of the process is the ESG scoring (i.e. an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider).

The Management Company indeed uses a proprietary tool to internally analyse and score the companies on ESG criteria from 0 (worst score) to 100 (best score). The analysed ESG criteria include, among others:

• Shareholders (i.e. Governance criteria): quality of management team (track record, alignment of interest with shareholders, etc.), quality of the board of directors (board efficiency, gender diversity, checks and balances, etc.), quality of the relationship with shareholders (quality of risk management and controls, financial communication, respect of minority shareholders, etc.);

• Employees (i.e. Social criteria): quality of human resources ("HR") management (HR policies, management of human capital, gender pay gap, etc.), employer brand equity (reputation as an employer, etc.), employees retention (employee training, turnover, etc.), safety & security (policy on accident prevention, history of accidents and risk management, etc.);

• Suppliers (i.e. a combination of Environmental, Social and Governance criteria): level of risk in the supply chain (complexity of supply chain, disruption risks, etc.), supply chain risk management and control (controls, audits, engagement on Corporate Social Responsibility issues, etc.);

• Civil Society (i.e. a combination of Social and Governance criteria): customers (products quality, customer satisfaction, etc.), state (fiscal behaviour, business ethics, process to monitor the compliance with UN Global Compact principles etc.), local communities (philanthropic approach, etc.);

• Planet (i.e. Environmental criteria): climate change (risks and policies, targets on carbon emissions reduction, performance on GHG emissions and intensity), energy management (risks and policies, share or non-renewable energy consumption/production, targets, performance on energy consumption), water (risks and policies, targets, performance), biodiversity and other (risks and policies, targets, performance), environmental impact of products (taxonomy-aligned products, exposure to fossil fuels, eco-design, circular economy etc.).

The scoring methodology includes penalties for controversies, if any.

For private corporate bond issuers, sovereign, quasi-sovereigns and supra-national issuers, the Management Company uses a single external data provider identical to that for the equities and scores the companies on ESG criteria from 0 (worst score) to 100 (best score). The scoring methodology includes penalties for controversies, if any. Countries on the GAFI "black list" are excluded. The case of listed corporate bond issuers is covered above in the Equity section.

Corporate issuers in the short-invested pocket are analysed and scored on ESG criteria using either an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider. The Sub-Fund does not short any company with excellent ESG practices (i.e. with an ESG score >80/100).

The long-invested pocket of the Sub-Fund must also show a better performance than its initial investment universe on two Principal Adverse sustainability Indicators (PAI):
• carbon footprint (in tons of CO2 equivalent/million euros invested, covering Scope 1+2+3); and
• exposure to companies without processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (sum of the weights).

For more details on the calculation methodology for these indicators, please refer to ELEVA Capital ESG Policy available on our website.

H. Data sources and processing

The ESG process (ESG rating, voting, engagement) relies on several data sources:

• Corporate public documentation remains our main data source, either directly (annual reports, CSR reports, etc.) or indirectly (access via Bloomberg or via raw data collected by our ESG data provider).

• Meetings with companies and site visits also allow us to refine our analysis.

• Information produced by non-governmental organisations (NGOs) such as:

  - The CDP (ex-Carbon Disclosure Project) on topics of climate change, water and forest management (corporate ratings and responses);
  - The Access to Medicine Index allows us to measure the involvement of pharmaceutical companies in the accessibility and affordability of their products;
  - Urgewald's Global Coal Exit List (GCEL) and Global Oil & Gas Exit List (GOGEL), used as part of our Exclusion policy.

• Databases that allow us to verify companies' engagement with CSR initiatives, for example:

  - Alignment with UN Global Compact;
  - Commitment to the Science Based Target Initiative (SBTi).

• Brokers' ESG research, whether thematic, sectoral, or on issuers in particular

• MSCI's ESG research, which we use primarily for:

  - Establishing our exclusion lists;
  - Monitoring controversies;
  - Access to raw data from companies that feed into our internal ESG analysis model;
  - Reporting (carbon footprint, ESG impact indicators, etc.).

I. Limitations to methodologies and data

The main methodological limits associated to the ESG process are:

• The availability of data to conduct ESG analysis.

• The quality of the data used in the assessment of ESG quality.

• The comparability of data, as not all companies publish the same indicators.

• The use of proprietary methodologies, which relies on the experience and skills of the asset manager's staff.

• The use of an external ESG data provider which may raise the following issues:
  - o Issues related to missing or incomplete information from some companies (for example relating to their capacity to manage their ESG risks) which have been used as input of data providers' scoring model; this problem may be mitigated by those providers through the use of alternative data sources, external to the company, to feed their scoring models;
  - o Issues linked to the quantity and quality of ESG data to be processed by ESG data providers (significant flow of information to be integrated continuously into their ESG scoring model): this problem may be mitigated through the use of technologies like artificial intelligence and the numerous analysts who work to transform raw data into relevant information;
  - o Issues linked to the identification of relevant factors for the ESG analysis conducted in accordance with the ESG data provider framework. This is usually set beforehand as each sector (and sometimes each company) has its own set of indicators deemed material by the ESG data provider and its own weightings: ESG data providers may use a quantitative approach validated by each sector specialist and investor feedback to determine the most relevant ESG factors for a given sector (or for a particular company if applicable).

J. Due diligence

ELEVA Capital has implemented a due diligence control plan to ensure that the financial product is managed in accordance with the corresponding ESG rules.

• **Internal control:**

- o **First level control**

  - **Monitoring compliance with exclusion rules**: The Risk team implements the exclusion lists, which are sent on a monthly basis, primarily using information from our ESG data provider (to date: MSCI). Pre-trade control is set up in the order management system (OMS). This prevents that any order is executed on any excluded security. Post-trade control is also in place, to detect any security that would have become non-investable after updating the exclusion lists. When this case arises, the Risk team alerts the portfolio managers, who have 3 months to divest the position, in the best interests of the holders. Compliance with this deadline is also monitored by the risk team.

  - **Monitoring compliance with minimum ESG ratings and the universe outperformance**: The Risk team monitors the ESG score to ensure:
    - o compliance with the minimum ESG score (40/100); and
    - o that coverage is in line with the fund's pre-contractual commitment.

    The Risk team also monitors that the fund does outperform its universe in terms of ESG score. Compliance with these rules is subject to a pre-trade check, configured into the OMS, and which blocks any purchase of securities that do not respect these rules. Post-trade control is also in place, to detect any security that would have become non-investable after updating the ESG score (for example, following the emergence of a controversy). When this case arises, the Risk team alerts the portfolio manager, who has 3 months to divest the position, in the best interests of the holders. Compliance with this deadline is also monitored by the risk team.

- **Monitoring performance compliance on binding ESG performance indicators:** The indicators and their associated coverage rates are monitored daily by the Risk Team. The Risk Team sends alerts when the gap between the fund and its initial investment universe is less than its warning threshold. In case of an overreach, portfolio managers have 2 trading days to comply. These indicators are reported in the funds' monthly reports.

- **Second level control**: The compliance department ensures a second level control that is integrated into the internal control system of the annual internal control plan. In addition, periodic monitoring of this process will occur at least once every three years. Periodic checks will be outsourced.

K. Engagement policies

Systematic engagement with investee companies after each ELEVA ESG analysis is an integral part of our responsible investment policy. As active shareholders, we are committed to helping companies progress on their sustainability journey. We believe that companies improving their ESG credentials will better manage their risks.

Further information in relation to engagement policy carried out by ELEVA Capital can be found in the Voting and Engagement policy available on our website.

Disclaimer

ELEVA Capital is subjected to the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).
Regulation (EU) 2019/2088 was supplemented by Delegated Regulation (EU) 2022/1288 of 6 April 2022 which specifies the provisions of the Article 10 of SFDR to be made in terms of publication of information on sustainability, for submitted funds.
This present document is issued to disclose sustainability-related information on this product, in relation to the Article 10 of SFDR. Please refer to the prospectus of the fund and to the KID before making any final investment decisions.

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