ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
Alken Fund – Small Cap Europe (the "Sub-Fund")

Legal entity identifier:
549300353V37QUFNJU68

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 78.91% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The percentage of sustainable investments shown represents the sustainable investments as a proportion of the portfolio of the Sub-Fund as at the end of the reference period. This is in line with the pre-contractual disclosure for the Fund, where the Sub-Fund committed to invest at least 20% in sustainable investments.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The financial product promotes environmental and social characteristics by using the Investment Manager's own in-house ESG methodology and ESG due diligence sprocess. The Investment Manager's ESG methodology requires to primarily focus on the **three most material environmental and social factors identified for each sector** (and sub-sector if relevant).

For instance:

Environmental characteristics promoted for the consumer discretionary sector:

1. Clean water and sanitation, in line with SDG6
2. Responsible consumption and production, in line with SDG12
3. Encouraging the development and diffusion of environmentally friendly technologies, in line with Principle 9 of the UNGC

Social characteristics promoted for the same consumer discretionary sector:

1. Decent work and economic growth, in line with SDG8
2. Industry, innovation, and infrastructure, in line with SDG9
3. Supply chain management, in line with SDG12

For each environmental and social factors identified for a particular sector, the Investment Manager successfully implemented and managed its ESG characteristics promotion process.

- Over the period, the investment manager successfully **excluded issuers** based on a number environmental and social characteristics considered to present too much risk and where companies have failed to mitigate those;
- Over the period, the investment manager successfully **categorised issuers** based on their performance on the identified environmental and social characteristics;
- Over the period, the investment manager successfully **reviewed the ESG risk profiles** of invested issuers, identifying their potential exposure to industry specific ESG concerns as well as ESG opportunities and assigning issuers an internal ESG rating;
- Over the period, the investment manager successfully **engaged** with a number of issuers in order **to foster improvements** on the **identified environmental and social characteristics** to be mitigated or improved;
- Over the period, the investment manager successfully reviewed a number of **environmental or social controversies**, analysing potential environmental or social failures and reviewing the level of risk that can be tolerated.

Overall, the Investment Manager successfully promoted the environmental and social characteristics of the product. The environmental and/or social characteristics promoted by the Sub-Fund were met.

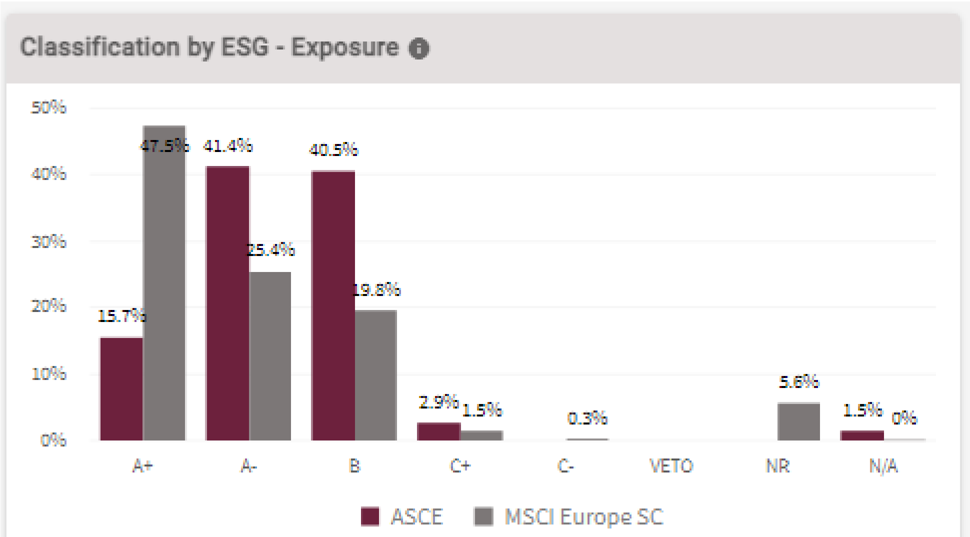
How did the sustainability indicators perform?

In order to measure the level of performance of the selected environmental and social indicators of this particular product, the Investment Manager uses its internal ESG scoring methodology.

This ESG scoring system is generated from the application of the aforementioned investment ESG restrictions, ESG screening, ESG analysis and controversy review, and ESG engagement.

Each issuer's aggregated ESG score reflects the overall level of maturity and performance on the selected twelve sectorial indicators that were evaluated. The individual performance of each environmental and social indicator can be obtained directly on the Investment Manager's portal.

The below chart shows the performance of the selected environmental and social indicators aggregated at the portfolio level as of end of December 2022:



Data extracted from the Investment Manager's internal ESG portal, as of end of December 30th, 2022 since inception, for the selected sub-fund Alken Fund European Opportunities.

With a majority of the aggregated indicator's scores showing an overall rating of "B", this means that the majority of the evaluated environmental and social indicators are reflecting the following performance:

Internal Rating	Description	Quality
B	*Good overall ESG performance, but some reservations*	*Good overall ESG quality on the selected indicators, some improvements that can be made*

More precisely, the "B" rating reflects the following quality level on each environmental and social indicators analyzed using the below lenses:

Disclosure	*"**B**": The overall disclosure level is adequate on the selected environmental and social characteristics*
ESG strategy	*"**B**": Standard action plans, measures, certification, R&D projects have been undertaken on the selected environmental and social characteristics*
ESG risk	*"**B**": Measures have been indicated by the issuer in order to mitigate the potential ESG risks on the selected environmental and social characteristics*
CSR culture	*"**B**": Efforts are being made in order to promote the issuer's internal CSR DNA on the selected environmental and social characterics*

- ***…and compared to previous periods?***

As this is the first reporting period, this question is not applicable.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The Sub-Fund intends to invest a **minimum of 20%** of its net asset value in companies which contribute to "**climate change mitigation**". "Contributing to climate mitigation" means encouraging the reduction of emissions of issuers and/or encouraging the stabilization of the current levels of heat-trapping greenhouse gases in the atmosphere, and whilst doing so, also encouraging issuers to publicly commit to those reduction or stabilization targets.

In order to select companies which contribute to "climate change mitigation" as described above, the Investment Manager set up **the pass/fail approach** which methodology and thresholds are being detailed in the below.

The measurement of the sustainable investments which will contribute to the defined environmental objective is organised as follows:

a) Companies have demonstrated a climate mitigation intent:

For this the investment manager uses companies' disclosures of their carbon reduction targets to established climate platforms or outside:

- MSCI' CDP disclosures, looking for the "YES" indicator <u>OR</u>
- MSCI SBTi disclosures SBTI APPROVED, looking for the "YES" indicator <u>OR</u>
- MSCI' carbon emissions reduction targets, looking for anything but the "No target"

⇨ **Quantitative threshold: the Investment Manager considered that a YES to any of those three conditions qualifies as a PASS.**

b) On top of their commitments, companies have demonstrated concrete actions to climate mitigation:

For this the investment manager used companies' carbon reduction KPIs. At least <u>one of those four conditions</u> were needed to qualify as a PASS.

1. Companies that have an above average taxonomy alignment (using MSCI' taxonomy alignment estimated revenues)
⇨ Quantitative threshold: any percentage above 20% of taxonomy alignment qualifies as a PASS
2. Companies that have reduced or mitigated their carbon risk exposure (using MSCI' Carbon Emissions Management Score).
⇨ Quantitative threshold: any score above 2/10 would qualifies as a PASS
3. Companies that are using alternative energy as a percentage of their revenues (using MSCI's field on alternative energy. This indicator is a percentage).
⇨ Quantitative threshold: any percentage above 20% qualifies as a PASS
4. Companies has embedded the use of energy from renewable sources within their business strategy (using MSCI's renewable energy use indicator. This field is a YES/NO indicator).
⇨ Quantitative threshold: any YES to this indicator qualifies as a PASS.

Both sections a) and b) shall be PASSED to be considered contributing to the investment manager's sustainable investment.

A number of contributing companies shall also successfully pass the Step 2 (DNSH Test) and Step 3 (good corporate governance practices). Those meeting all steps 1, 2 and 3 can be considered as a sustainable investment in the portfolio.

Results of this newly implemented process will be available in 2024 for the year of 2023. No results are available for the year 2022.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The Investment Manager relies on a number of indicators provided by its external data provider to ensure that those climate change mitigation contributing issuers are not at the same time causing harm to any other environmental or social sustainable objective (STEP 2 mentioned above).

The section below details which indicators were chosen and implemented to identify any potential harm that could be caused by issuers.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How were the indicators for adverse impacts on sustainability factors taken into account?

Extracted from the Investment Manager's internal portal, the following indicators are used to monitor and identify any of the following potential adverse impacts on the contributing issuers:

a) **No harm shall be caused to mandatory PAI 1:** The investment manager ensured that the company's economic activities are not part of the worst sectorial performers when it comes to their level of carbon emissions.
b) **No harm shall be caused to mandatory PAI 13:** The company's economic activities shall not be part of the worst sectorial performers when it comes to ensuring a minimum level of female directors on the Board.
c) **No tolerance to high degree of ESG risks:** The company's economic activities shall not be part of the worst global performers when it comes to general E, S and G matters, using our internal ESG scoring. Note we have identified the worst performers to be the internal category: RED/ C-. Also note companies subject to this category can be upgraded according to a strict internal process.
d) **No tolerance to high degree of controversy:** The company's economic activities shall not be part of the worst performers when it comes to being subject to controversies.
e) **No tolerance to controversial weapons:** The company's economic activities shall be immune from any type of involvement with controversial weapons.
f) **No tolerance to large fossil fuel revenue share exposures:** The company's economic activities shall be capped at 30% maximum of revenues generated by thermal coal or shale oil activities.

Results of this newly implemented process will be available in 2024 for the year of 2023.
As of the end of the reference period, the Investment Manager decided not to collect all the other remaining mandatory PAI indicators as it is believed that the data is not mature enough. All PAI indicators may be considered for next year's reporting.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager used its external data provider's research in order to be alerted about any serious controversy on notable failures or events which it believed would include issues relating to the OECD Guidelines for Multinational Enterprises and to the UN Guiding Principles on Business and Human Rights.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Besides, the Investment Manager's ESG internal assessment included a number of elements raised by the OCED Guidelines and by the UN Guiding Principles. For instance, the internal review has from times to times required to verify the respect of human rights and the compliance with minimum international labour rights.

How did this financial product consider principal adverse impacts on sustainability factors?

The negative impact of investments on sustainability factors has been taken into consideration as an integrated part of the investment process.

The Investment Manager uses its ESG material map to assess whether an investee company has caused or could cause principal adverse impacts, or whether it has contributed or could contribute to principal adverse impacts, or whether principal adverse impacts are or would be directly linked with the investee company's operations, products, or services as far as relevant data can be obtained.

The Responsible Investor and Impact Statement Report available on the Investment Manager's website elaborates on the methodologies to identify and manage PAIs: Alken Asset Management | Legal (alken-am.com).

What were the top investments of this financial product?

During the reference period the top 15 investments were:

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is 31 Dec. 2022.

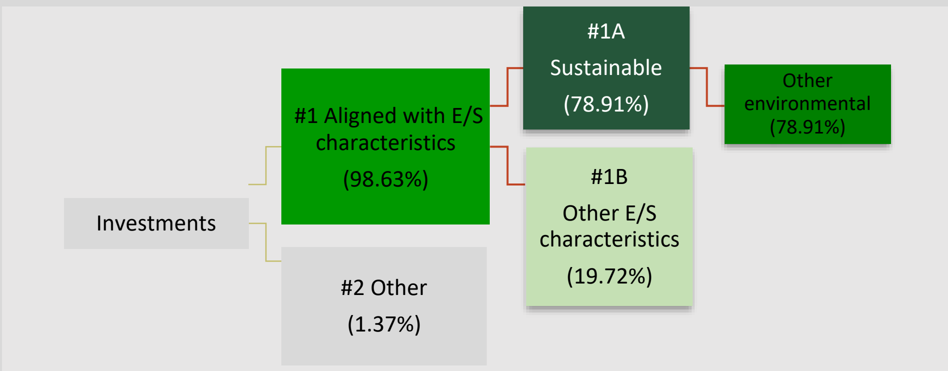
Largest investments	Sector	% Assets	Country
ENERGEAN OIL & GAS	PETROLEUM	7.36%	UNITED KINGDOM
VALLOUREC	MACHINERY & APPARELS	6.64%	FRANCE
K+S REG.	CHEMICALS	4.95%	GERMANY
BFF BANK	BANK & OTHER CREDIT INSTITUTIONS	4.87%	ITALY
TECHNIP ENERGIES	HOLDING & FINANCIAL TRUST	4.17%	NETHERLANDS
ASR NEDERLAND	INSURANCE	3.87%	NETHERLANDS
IPSOS	GRAPHICS PUBLISHING & PRINTING MEDIA	3.69%	FRANCE
ALD	HOLDING & FINANCIAL TRUST	3.62%	FRANCE
ALLEIMA	MINING, COAL & STEEL INDUSTRY	3.27%	SWEDEN
ELIS	HOLDING & FINANCIAL TRUST	2.94%	FRANCE
JUST EAT TAKEAWAY.COM	HOLDING & FINANCIAL TRUST	2.91%	NETHERLANDS
BANCA IFIS	BANK & OTHER CREDIT INSTITUTIONS	2.70%	ITALY
EIFFAGE	BUILDING MATERIALS & BUILDING INDUSTRY	2.70%	FRANCE
SUBSEA 7	PETROLEUM	2.70%	LUXEMBOURG
B&M EUROPEAN VALUE RETAIL	HOLDING & FINANCIAL TRUST	2.64%	LUXEMBOURG

The list above represents the average of the Fund's holdings at month end of the reference period.

What was the proportion of sustainability-related investments?

The proportion of sustainable investments made over the reference period was 78.91%.

What was the asset allocation?



#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.

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

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.

The remaining proportion is used for investment purposes, or for instruments which are mainly used for liquidity or for risk balancing purposes, efficient portfolio management, and/or hedging purposes, notably cash, deposits and derivatives. Minimum safeguards are not considered for investments included under this category.

In which economic sectors were the investments made?

Economic Sector	% of Assets
AEROSPACE TECHNOLOGY	4.418%
ALCOHOL & TOBACCO	1.228%
BANK & OTHER CREDIT INSTITUTIONS	10.189%
BUILDING MATERIALS & BUILDING INDUSTRY	3.421%
CHEMICALS	5.688%
ELECTRICAL APLLIANCES & COMPONENTS	2.635%
ELECTRONICS & SEMICONDUCTORS	0.457%
ENERGY & WATER SUPPLY	1.732%
GRAPHICS PUBLISHING & PRINTING MEDIA	5.659%
HEALTHCARE & SOCIAL SERVICES	0.632%
HOLDING & FINANCIAL TRUST	18.668%
INSURANCE	5.829%
INTERNET, SOFTWARE & IT SERVICES	2.010%
MACHINERY & APPARELS	7.535%
MINING, COAL & STEEL INDUSTRY	4.417%
MISC. CONSUMER GOODS	0.706%
MISCELLANEOUS TRADING COMPANIES	0.959%
PETROLEUM	13.442%
REAL ESTATE	1.740%
RETAIL TRADE & DEPARTEMENT STORES	0.546%
TELECOMMUNICATION	0.226%
TRAFFIC & TRANSPORTATION	2.148%
VEHICLES	4.704%

Please find below the proportion of investments during the period covered that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council, as of 31/12/2022:

Oil & Gas Exploration & Production	7.18%

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

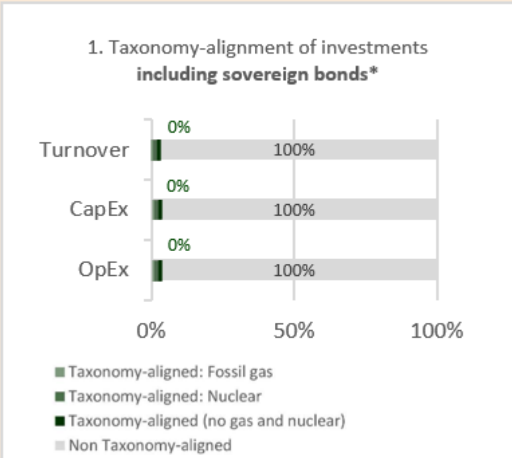
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

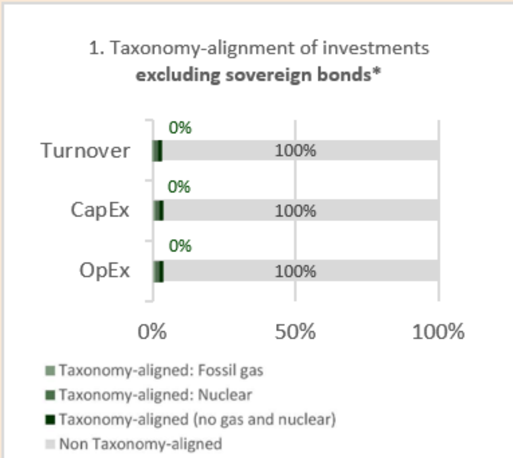
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments.

**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What was the share of investments made in transitional and enabling activities?

N/A

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The share of sustainable investment with an environmental objective and not aligned with the EU Taxonomy is 78.91%. It is considered that EU Taxonomy alignment of issuers is not sufficiantly mature and available yet to commit to a minimum alignment for the product.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What was the share of socially sustainable investments?

N/A

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The above '#2 Other' refers to Investments that were not expected to promote environmental and/or social characteristics, as well as ancillary assets such as cash and other balance sheet items.
These remaining proportion could be used for investment purposes, or for instruments which are mainly used for liquidity or for risk balancing purposes, efficient portfolio management, and/or hedging purposes, notably cash, deposits and derivatives.
Minimum environmental or social safeguards were not considered for investments included under this category.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the reference period the Investment Manager took the following actions in order to ensure the environmental and social characteristics were adequately promoted:

- When considering new investments, the investment manager successfully **excluded a number of issuers** based on a selection of environmental and social characteristics;
- The investment manager **categorised its newly invested issuers** based on their performance on the identified environmental and social characteristics;
- Once invested, the investment manager successfully **reviewed the ESG risk profiles** of the new issuers, identifying their potential exposure to industry specific ESG concerns as well as ESG opportunities
- For each newly added issuers, the investment manager **assigned an internal ESG rating** based on their overall environmental and social performance
- The investment manager also successfully **engaged** with a number of issuers in order **to foster improvements** on the **identified environmental and social characteristics** to be mitigated or improved
- Finally, the investment manager successfully reviewed a number of **environmental or social controversies**, analysing potential environmental or social failures and reviewing the level of risk that can be tolerated.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

N/A

- ***How does the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  N/A

- ***How did this financial product perform compared with the reference benchmark?***

  N/A

- ***How did this financial product perform compared with the broad market index?***

  N/A