Website Disclosure for Financial Products with a

Sustainable Investment Objective

As referred to in Article 9 (1-4a) of Regulation (EU) 2019/2088 and Article 5 of Regulation (EU) 2020/852

Product name
SPARX Japan Sustainable Equity Fund

Legal entity identifier
635400NCQX9MWHFWIB04

Does this financial product have a sustainable investment objective?	
☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective**: 20% ☐ 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	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a proportion of 100% of sustainable investments ☐ with an environmental objective in economic activities that 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 will make a minimum of **sustainable investments with a social objective**: 20%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Summary
A summary of the information of a maximum length of two sides of A4-sized paper when printed.

The Fund's sustainable investment objective is to achieve sustainable capital growth by establishing a portfolio of companies participating in the transition to a more sustainable economy, and by extension those capable of capturing sustainability-related value.

The Fund uses the United Nations Sustainable Development Goals ('SDGs') as a reference for the sustainable investment objectives. The Fund does not focus on any of the SDGs in particular, as it believes that all SDGs are equally important and deeply interconnected.

In its analysis of the contribution of underlying holdings towards one or multiple of the 17 SDGs, the Investment Advisor identifies the relevant sub targets that the holding contributes to. While the analysis is based on a high-level and desk-research based approach, the Investment Advisor ensures the analysis is carefully tracked, and a rationale for each selection is provided.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted.

The Fund aims to actively drive progress towards the achievement of the above through targeted engagement with all portfolio companies.

The Investment Advisor has ensured that ESG and sustainability considerations are fully integrated into the entire lifecycle of an investment to ensure the Fund can attain its sustainable investment objectives. As such, these considerations are integrated at the following stages:

- Investment screening and analysis
- Investment valuation and selection
- Monitoring
- Engagement
- Divestment

The Fund uses a number of sustainability indicators to measure the attainment of the sustainable investment objective. Third-party ESG ratings are obtained from Sustainalytics to provide initial, high level guidance as to a company's ESG risk. This information is supplemented with internal research conducted by the portfolio managers to determine our own assessment of a portfolio company's perceived level of risk in relation to its material ESG and sustainability-related themes. This qualitative analysis provides an earnings and risk assessment of portfolio companies to help value each business as well as indicate whether it is contributing to the attainment of the sustainable investment objectives.

The Fund is expected to be 100% invested in companies qualifying as sustainable investments as per the Fund's sustainable investment objective. However, it is possible that the Fund may, from time to time, hold positions in companies which do not contribute to the sustainable investment objectives of the Fund.

Data on Taxonomy alignment challenges for Japanese listed equities is unfortunately not available. The expected Taxonomy alignment of the Fund will therefore be 0%.

No significant harm to the sustainable investment objective

In its sustainable investment analysis, the Fund assesses for each underlying holding whether the investment does or may cause harm to any environmental or social sustainable investment objective.

The Investment Advisor considers the following indicators for assessing whether the underlying holdings may harm any other environmental or social objective.

- ESG Risk Rating[1]
- Occurrence and severity of controversies[2]
- Principal adverse impact indicators[3]

The indicators for adverse impacts on sustainability factors are used as input for the sustainable investment analysis, to assess whether underlying holdings may harm any other environmental or social objective. After identifying and prioritising the adverse impacts, the Investment Advisor will assess what actions it can take and what targets it can set to mitigate those adverse impacts. When the principal adverse impacts are considered unmanageable, the Fund will consider excluding the investment.

Information on how principal adverse impacts have been considered, including how the indicators for adverse impacts on sustainability factors have been considered, will be disclosed in the Fund's annual report.

The Fund excludes investments that that are exposed to severe controversies, as assessed by Sustainalytics' Controversies Research. The Investment Advisor monitors its investments for any violations or breaches of OECD Guidelines and UN Global Principles on Business and Human Rights and consider this as part of the Investment Advisor's investment decision-making process.

Sustainable investment objective of the financial product

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[1] Source: Sustainalytics. The ESG Risk Rating score corresponds to the Sustainalytics ESG Risk Exposure Category of the Fund. This exposure is defined by Sustainalytics and considers a company's sensitivity or vulnerability to ESG risks. Where Sustainalytics does not provide coverage, the Investment Advisor will construct a proprietary ESG Risk Rating based on a bottom-up analysis of ESG data.

[2] Source: Sustainalytics. Sustainalytics' Controversies Research identifies companies involved in incidents and events that may pose a business or reputation risk to a company due to the potential impact on stakeholders or the environment. Controversies are rated on a scale from 1-5, with 5 denoting controversies that have the most severe impact to stakeholders and the environment. This rating is accompanied by an in-depth qualitative assessment.

[3] Source: combining data from several sources, including Sustainalytics, Trucost, and own research. Where data is not available, the Investment Advisor will apply a best efforts approach, for example by carrying out additional research, cooperating with other third-party data providers, or making reasonable assumptions and/or estimations.

Investment strategy

The objective of the Fund is to achieve long term sustainable capital growth by investing in shares of Japanese equities. The Fund will invest primarily in sustainable investments by acquiring a selection of Equity Securities based on the companies issuing these Equity Securities' compliance with environmental, social and/or governance criteria and/or based on their efforts to reduce carbon emissions.

The Fund sees sustainability as a long-term driver for structural change and research shows that companies with sustainable business practices are more successful. The Fund therefore adheres to the approach of building a portfolio by selecting individual stocks through bottom-up research. The Investment Advisor emphasizes companies with high stakeholder value and economic value when selecting portfolio companies. These companies are able to generate stable, profitable, and growing profits by utilizing a solid business foundation built by rewarding not only shareholders but also customers, employees, business partners, local communities, the global environment, and other stakeholders. To identify such companies, the Investment Advisor incorporates non-financial information, such as ESG, in addition to financial information, into Investment Advisor's research and analysis.

The Fund uses several binding elements to select the investments to attain its sustainable investment objective. It is intended that each individual investment in the Fund will be a sustainable investment, as defined in the Fund's sustainable investment analysis, meaning that each investment should meet the following conditions:

- The investment should contribute to one or multiple SDGs
- The investment should not do significant harm to any environmental or social sustainable investment objective
- The investment should follow good governance practices
- The Fund excludes investments that conflict with the Investment Advisor's exclusion policy:
    - Product-based exclusions: The Fund excludes, from the scope of investment, businesses with a strong negative impact on society, and businesses whose main sales are derived from controversial business lines that are unsuitable for investment in terms of either stakeholder value or economic value, or both[4] .
    - Conduct-based exclusions: The Fund excludes, from the scope of investment, businesses with that have been through any conduct-based issues [5] in the past, and

[4] Product-based exclusions:

- Adult Entertainment: The Fund excludes companies deriving >10% of their sales from adult-entertainment / pornography-related activities.
- Alcohol: The Fund excludes companies that generate >10% of its sales from the production of alcohol. Retailers are also limited to the 10% threshold.
- Conventional Oil & Gas: The Fund excludes companies that generate more than 10% of revenues from oil & gas sales. Oil & gas is defined as companies operating in the exploration, production, refining, transportation and/or storage of oil & gas assets.
- Gambling: The Fund excludes companies that generate 10% or more of its sales from gambling and/or the production of gambling related components.
- Power Production: The Fund is allowed to invest in utilities that have: 1) power generation by coal < 10%; 2) power generation by oil and gas < 10%; 3) power generation by nuclear < 10%
- Thermal Coal and Coal Generation: The Fund excludes mining companies that generate 10% or more of their revenues from thermal coal, and power producers that generate >10% of their revenues from thermal coal. Irrespective of this threshold, companies that are expanding their thermal coal and/or coal generation businesses are excluded.
- Tobacco: The Fund excludes companies where >10% of its sales are derived from the production of tobacco and related components. Retailers are also limited to the 10% threshold.
- Unconventional Oil & Gas: The Fund excludes companies that are active in unconventional oil and gas extraction, including: 1) arctic drilling; 2) shale oil/gas; 3) tar sands. Thresholds: a. revenue share <10%; b. no expansion plans.

[5] Conduct-based exclusions:

- Companies critical of protecting human rights or complicit in human rights violations that have not been able to confirm that the issue has been completely resolved, is unlikely to recur, and will endeavor during the investment period to engage for improvement.

- The Fund excludes investments that that are exposed to severe controversies, as assessed by Sustainalytics' Controversies Research. In cases where a violation or breach has occurred, the Investment Advisor assesses how recently it occurred, the severity of the violation of the breach, and what actions were taken to remedy this feed into Investment Advisor's assessment of current governance practices. Exposure to controversies is continuously monitored by the portfolio managers. Besides the effect of the controversy itself, as above, the Investment Advisor also considers the company's response to a controversial event. Where the company has used this as a learning experience to improve the robustness of its governance and controls, the Investment Advisor would view this in a positive light.
- Finally, the Fund also excludes investments that are exposed to sustainability risks or principal adverse impacts that are considered unmanageable. Whether sustainability risks or principal adverse impacts are considered unmanageable is a discretionary decision made by the Fund.

In its sustainable investment analysis, the Fund also assesses for each underlying holding, whether the investment follows good governance practices (such as sound management structures, employee relations, remuneration of staff, and tax compliance).

Analysis of good governance practices begins already pre-investment and continues throughout the holding period of the investment through Investment Advisor's engagement activities. Elements that are taken in consideration include, but are not limited to, the track record, experience, diversity and composition (e.g. share of independent directors) of board and management, controversies (covering accounting and taxation, and corporate governance), employee relations, remuneration of staff, and tax compliance. The analysis is based on publicly available information and/or direct dialogue with the management teams of portfolio companies.

Proportion of investments

The Fund aims to be at least 70% invested in companies qualifying as sustainable investments as per the Fund's sustainable investment objective, in accordance with the binding elements of the investment strategy.

0% of the portfolio are sustainable investments with an environmental objective aligned with the EU Taxonomy. The share of transitional and enabling activities will be 0% for both categories respectively.

To allow for flexibility in asset allocation, the Fund commits to making a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy of 20%, and a minimum share of sustainable investments with a social objective of 20%.

While the Fund aims to be fully invested, at times the Fund may hold cash for subscription redemption purposes. Since it concerns cash, minimum environmental and social safeguards are not relevant.

It is possible that the Fund may, from time to time, hold small positions in companies which do not contribute to the sustainable investment objectives of the Fund, following the sustainable investment analysis. Investment in these companies could occur for a number of reasons. For example, the

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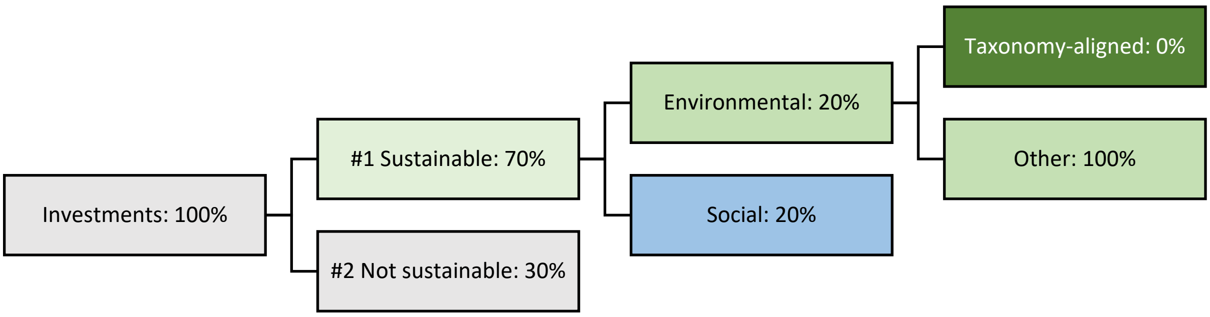
- Companies that exclude the formation of labour unions and/or collective bargaining or practice forced labour, child labour, and/or discrimination in workplace/jobs
- Companies that are critical of prevention of environmental problems or hinder the dissemination of environmental technologies
- Companies that engage in extortion or corruption
- Companies that sacrifice biodiversity
- Companies with a negative impact on water resources
- Companies that intentionally evade taxes
- Company with an autocratic governance system

company may have previously been classified as a sustainable investment and the position has not yet been exited, or that the Fund's portfolio managers believe the company's trajectory and momentum will soon cause the investment to be classified as a sustainable one, thus enhancing the potential to capture sustainability-related value through early recognition of a company's efforts to address its material ESG issues. All investments are subject to minimum environmental and social safeguards as measured by compliance with the OECD Guidelines and UN Guiding Principles.

Derivatives are not used to attain the Fund's sustainable investment objective.



#1 **Sustainable** covers sustainable investments with environmental or social objectives.
#2 **Not sustainable** includes investments which do not qualify as sustainable investments.
Taxonomy-aligned activities are expressed as a share of: – **Turnover** reflecting the share of revenue from green activities of investee companies. – **Capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy. – **Operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Monitoring of sustainable investment objective

The Fund uses the following indicators to measure the attainment of the sustainable investment objective:

Sustainable investment assessment indicators

- Share of investments (% of NAV) that contribute to one or multiple United Nations Sustainable Development Goals ('SDGs'), split out by:
    - Share of investments (% of NAV) that contribute to SDGs with an environmental focus6

[6] The Investment Advisor is aware that SDGs are heavily interconnected, and there is no such things as environmental or social SDGs. However, for the purpose of this assessment, the Investment Advisor considers the following SDGs to have a more environmental focus: SDG6: Clean Water and Sanitation; SDG7: Affordable and Clean Energy; SDG11: Sustainable Cities and Communities; SDG12: Responsible Consumption and Production; SDG13: Climate Action; SDG14: Life Below Water; SDG15: Life on Land

- Share of investments (% of NAV) that contribute to SDGs with a social focus[7]
- Share of investments (% of NAV) that do not do significant harm to any environmental or social sustainable investment objective
- Share of investments (% of NAV) that follow good governance practices
- Share of sustainable investments (% of NAV) that contribute to one or multiple SDGs, do not do significant harm to any environmental or social sustainable investment objective, and follow good governance practices

ESG integration to drive environmental and social progress

To measure if underlying holding are realising environmental and/or social progress, the Fund uses the following indicators:

- Scope 1+2 carbon intensity[8]
- Share of investments (% of NAV) that express support to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- Share of investments (% of NAV) committed to The Science Based Targets initiative (SBTi)
- Share of investments (% of NAV) that express support to the OECD Guidelines for Multinational Enterprises
- Share of investments (% of NAV) that express support to the ten principles of the UN Global Compact
- Share of investments (% of NAV) that express support to the UN Guiding Principles on Business and Human Rights

Methodologies

Investment valuation and selection: the Investment Advisor believes that ESG and sustainability risk factors play a crucial role in predicting future revenues and profits so we use these metrics in our long-term corporate earnings forecasts. These factors play a role in determining overall investment risk and as such are factored into discount rates and therefore ultimately investment valuations, which feeds into the selection process.

Monitoring: The Fund's Portfolio Managers continuously monitor the portfolio holdings in relation to data, news flow, or any other kind of information that provides an indication of an investee company's performance in relation to its management of ESG and sustainability risks and opportunities.

Engagement (Coaching): The Portfolio Managers engage with investee companies on a regular basis as part of our responsible stewardship activities. On an annual basis, the Investment Advisor publishes a Stewardship Report within which further detail on engagement can be found. Of particular note are the case studies which help to demonstrate how the investment strategy is implemented on a continuous basis. This report intends to provide transparency to our stakeholders with regards to the ways in which we seek to effect positive change through our coaching.

Divestment: Revenue exposure to the activities and industries set out in the Investment Advisor's exclusion policy is monitored on a regular basis to ensure that an investee company is not approaching a threshold that would result in the position no longer qualifying for investment in the Fund. If a threshold is passed, the position would be exited in an orderly manner within a specific time.

7 SDGs with a social focus: SDG1: No Poverty; SDG2: No Hunger; SDG3: Good Health and Well-Being; SDG4: Quality Education; SDG5: Gender Equality; SDG8: Decent Work and Economic Growth; SDG9: Industry, Innovation and Infrastructure; SDG10: Reduced Inequalities; SDG16: Peace, Justice and Strong Institutions; SDG17: Partnerships for the Goals

8 Source: Trucost, in Tonnes CO_2e/USD mn. Trucost also provides data on Scope 3 carbon intensity, however, due to data quality considerations, the Investment Advisor chooses not to include this indicator.

Data sources and processing

Sustainable investment assessment

- Sources: United Nations Sustainable Development goals; desk research

ESG risk and impact screening

- *ESG Risk Rating* – Source: Sustainalytics. The ESG Risk Rating score corresponds to the Sustainalytics ESG Risk Exposure Category of the Fund. This exposure is defined by Sustainalytics and considers a company's sensitivity or vulnerability to ESG risks. Where Sustainalytics does not provide coverage, the Investment Advisor will construct a proprietary ESG Risk Rating based on a bottom-up analysis of ESG data.
- *Occurrence and severity of controversies* – Source: Sustainalytics. Sustainalytics' Controversies Research identifies companies involved in incidents and events that may pose a business or reputation risk to a company due to the potential impact on stakeholders or the environment. Controversies are rated on a scale from 1-5, with 5 denoting controversies that have the most severe impact to stakeholders and the environment. This rating is accompanied by an in-depth qualitative assessment.
- *Principal adverse impact indicators* – Sources: combining data from several sources, including Sustainalytics, Trucost, and own research. Where data is not available, the Investment Advisor will apply a best efforts approach, for example by carrying out additional research, cooperating with other third-party data providers, or making reasonable assumptions and/or estimations.

ESG integration to drive environmental and social progress

- Scope 1+2 carbon intensity – Source: Trucost, in Tonnes CO_2e/USD mn. Trucost also provides data on Scope 3 carbon intensity, however, due to data quality considerations, the Investment Advisor chooses not to include this indicator.
- Share of investments (% of NAV) that express support to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
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- Share of investments (% of NAV) that express support to the OECD Guidelines for Multinational Enterprises
- Share of investments (% of NAV) that express support to the ten principles of the UN Global Compact
- Share of investments (% of NAV) that express support to the UN Guiding Principles on Business and Human Rights

In addition to the above-mentioned sources, the Fund uses other third-party source to supplement our coaching and proprietary research, such as Bloomberg ESG, S&P Trucost, ISS, CDP, MSCI and Sustainalytics.

Furthermore, the Fund uses engagement to gather data is directly from portfolio companies through direct dialogue with company management.

A dedicated analyst compiles, assesses and aggregates ratings and carbon data from service providers in order to validate the data gathered. In instances where there is a lack of available data, estimations may be used.

Limitations to methodologies and data

Unfortunately, it is currently not yet possible to assess the Taxonomy alignment for the investments in the Fund, since that data is not yet available for Japanese equities. The Investment Advisor does use Trucost data on Taxonomy eligibility. The Fund however does not commit to any minimal Taxonomy alignment.

The use of estimations in lieu of observed data may be potentially less reliable than observed data, so extra caution is taken to ensure they portray an accurate picture. Estimations are always clearly indicated to avoid misrepresentation and aim to reflect the true economic reality as closely as possible.

The availability, quality and relevance of data relating to sustainability exposure within the investment universe may be limited and inconsistencies with respect to the evaluation of particular companies by third party research and data providers or material inaccuracies in the sustainability related information reported by companies.

Due diligence

Please refer to Investment Strategy section for a detailed description of the due diligence processes that are carried out on the underlying portfolio companies of the Fund.

The investment team works in a collaborative manner, and knowledge sharing between team members is encouraged. Internally, team members will discuss the findings of their due diligence to ensure their findings are interpreted consistently among the team. The conclusions made as part of the overall investment analysis process, incorporating ESG and sustainability factors, is included as consideration by the Investment Committee before a final investment recommendation is made.

Engagement policies

Engagement in the form of coaching is a key aspect of the Investment Advisor’s approach to responsible stewardship, and the Fund’s coaching activities predominantly relate to increasing portfolio companies’ awareness of the ESG and sustainability-related issues that are most material to their business.

The Fund aims to actively drive progress towards the achievement of its sustainable investment objectives through targeted coaching with all portfolio companies, challenging them to embark on a path of continuous improvement in pursuit of a low carbon economy and a fair, equal and inclusive society.

Through our coaching activities, we seek to form strong relationships with the management teams of our investee companies, since we believe that this will facilitate more constructive and productive dialogue between the two parties. In our coaching we take a holistic stakeholder perspective, and focus on the impacts that a business may have on its stakeholders, including but not limited to shareholders, employees, customers, partners, local communities and the environment.

<u>Pre-investment</u>

The Fund seeks to capture sustainability-related value by using its influence as a shareholder to encourage portfolio companies to improve their performance in relation to their carbon emission profiles and the impact they have on their stakeholders and society overall. Therefore, the coaching process begins before a company is invested in, as the Fund’s ability to influence performance begins with understanding of the company’s starting point. At this stage, a potential investee company’s response to our coaching is reflective of its willingness to change and its ability to adapt in relation to sustainability risks and opportunities.

Post-investment

Coaching is conducted with portfolio companies throughout the holding period of each investment, whether that be a number of months or a number of years. Topics for engagement are determined by the Fund's portfolio managers, who establish what they key material ESG and sustainability-related themes facing the business are. Coaching is intended to drive improvement in performance against the identified material themes, and in some cases, to address broader, more systemic issues such as climate change. In doing so, the Fund seeks to influence portfolio companies in addressing both the sustainability risks that affect the business, and the principal adverse impacts that the business may have on sustainability factors. Each coaching is recorded in the Investment Advisor's internal coaching database so that progress and success can be tracked over time.

Post-engagement questionnaire

Following our coaching initiatives with a portfolio company, we follow up by sending a post-meeting survey. The results of this survey aid us in the effectiveness of the coaching and what next steps should be taken in pursuit of the goals we seek to achieve. This process not only assists in the information gathering process, but also helps us to improve our coaching process with both the relevant portfolio company and others over the long-term.