

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

Product name: East Capital Balkans

Legal entity identifier: 529900M39WYZDA2XEM22

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ It made **sustainable investments 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

☐ It made **sustainable investments with a social objective**: ____%

☒ ☐ No

☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 10% 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 promoted E/S characteristics, but **did 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 laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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?

Environmental and social characteristics promoted by this Sub-Fund were considered and addressed via our proprietary ESG analysis, which includes an ESG and SDG assessment. Environmental characteristics include, but are not limited to the reduction of greenhouse gas emissions and the transition to a Net Zero economy, improved energy efficiency and increased use of renewable energy sources. Examples of social characteristics promoted by this Sub-Fund include gender diversity, responsible supply chain management and protection of labour rights, and health and safety issues.

● ***How did the sustainability indicators perform?***

To structure the review of relevant and material ESG risks and opportunities promoted, the Investment Manager uses a proprietary ESG Scorecard which comprises a Red Flag Analysis and ESG related questions, some of which consider the principal adverse impacts (PAI) indicators. The ESG Scorecard also has an SDG module to assess revenue alignment with the UN Sustainable Development Goals (SDGs). The weighted average environmental and social score of the fund was 77,4 and 86,7 respectively. Moreover, the weighted average ESG score was 81 as of 31 December 2022. 43% of the Sub-Fund's NAV addressed at least one environmental SDG and 68,8% addressed at least one social SDG.

● ***...and compared to previous periods?***

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 objectives of the sustainable investments that the Sub-Fund intended to make included environmental objectives, such as improved energy efficiency, increased use of renewable energy, reduced greenhouse gas emissions and other environmental objectives as outlined in the UN SDGs. Social objectives included tackling inequality and strengthening labor relations and other social objectives as outlined in the UN SDGs.

The sustainable investments contributed to the environmental and social objectives by directly addressing any of the objectives in their operations, by enabling such activities, or by themselves being part of the transition through changing their practices and policies (for example, by reducing greenhouse gas emissions). The contribution to the environmental and social objectives are included and reflected in the proprietary ESG Score. Please refer to the Asset allocation section to see the proportion of sustainable investment for the Sub-Fund.

● ***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 ensures that any sustainable investments do not cause significant harm through the Red Flag Analysis, norms-based (controversy) screening, and sector-based screening, which are all part of the "Three-Step-Test" for defining sustainable investments. The Red Flag Analysis consists of a set of

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.

questions which the Investment Manager deems to be crucial to consider for ensuring that investments do not cause significant harm. The questions are related to corporate governance, ethics, and corruption, and also cover international norms and standards, as well as severe and/or systematic environmental or social controversies. The Investment Manager has introduced one question specifically addressing the Principal Adverse Impact (PAI) indicators, which are outlined in Annex I of Regulation (EU) 2019/2088. In order to assess the PAI indicators, the Investment Manager incorporates data from an external service provider that compares the PAI indicators for each company with a range of peer companies.

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

Indicators for adverse impacts are included in the Investment Manager's proprietary ESG Scorecards, which are completed by the Investment Manager and verified by the ESG function, and in the norms-based screening.

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

As part of the controversy (norms-based) screening, companies are assessed in terms of compliance with international norms, standards and underlying conventions. The controversy (norms-based) screening is intended to capture severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. The assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions.

Upon new investment during the year, the investment manager confirmed the status of the new holding in regard to norms and controversies. The ESG function also verified the compliance of the Sub-Fund portfolio quarterly; this process highlights any company identified on the Watchlist or assessed as Non-Compliant. This review process is based on the results of the norms-based screening, information that has been publicly disclosed by issuers, as well as other relevant information that may have come to the attention of the Investment Manager. No company in the Sub-Fund was assessed as neither non-compliant nor watchlist.

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 EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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



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

Analysts and portfolio managers are responsible for considering PAI indicators when holistically assessing company quality and for answering the PAI-related question in the Red Flag Analysis, pre-investment. In case the PAI indicators are not available, analysts and portfolio managers are expected to make their best efforts to ensure that there are no unacceptably high risks related to principal adverse impacts on sustainability factors. The Sub-Fund considered principal adverse impacts on sustainability factors on a best effort basis given limitation in data availability.



What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022-12-31

Largest investments	Sector	% Assets	Country
Erste Group Bank AG	Financials	9,1%	Austria
Zavarovalnica Triglav DD	Financials	8,4%	Slovenia
Mytilineos SA	Industrials	6,6%	Greece
OMV Petrom SA	Energy	6%	Romania
Nova Ljubljanska Banka Dd	Financials	5,4%	Slovenia
Alpha Bank AE	Financials	4,9%	Greece
Eurobank Ergasias Services and	Financials	4,7%	Greece
KOC Holding AS	Industrials	4,7%	Turkey
Pozavarovalnica Sava dd	Financials	4,1%	Slovenia
Terna Energy SA	Utilities	3,7%	Greece
Purcari Wineries	Consumer Staples	3,7%	Cyprus
Motor Oil Hellas Corinth Refin	Energy	3,5%	Greece
Fondul Proprietatea SA	Financials	3,4%	Romania
Banca Transilvania SA	Financials	3,2%	Romania
BRD-Groupe Societe Generale SA	Financials	3,2%	Romania



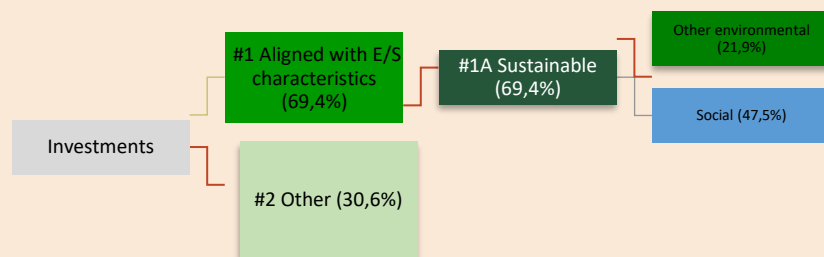
Asset allocation
describes the
share of
investments in
specific assets.

What was the proportion of sustainability-related investments?

The proportion of Sustainable investment was 69,4% as of 31 December, 2022.

● **What was the asset allocation?**

The proportion of investments aligned with E/S characteristics and Other, amounted to 69,4% and 30,6% respectively. The proportion of Sustainable investments amounted to 69,4%. Moreover, the split between Other environmental, 21,9% and Social investments 47,5% was tilted towards sustainable investment with a social objective.



#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.

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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **In which economic sectors were the investments made?**

NACE	Weights
Financial and insurance activities	53,5%
Manufacturing	24,0%
Electricity, gas, steam and air conditioning supply	10,4%
Transportation and storage	3,6%
Wholesale and retail trade; repair of motor vehicles and motorcycles	3,5%
Cash	1,6%
Information and communication	1,4%
Real estate activities	1,1%
Human health and social work activities	1%



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

Given the evolving methodology and lack of detailed disclosure, the Investment Manager assesses that the Sub-Fund does not have any alignment with the EU taxonomy. However, the investment approach is such that a certain proportion of the Sub-Fund was invested in companies whose activities do broadly align with the taxonomy. Such companies represented approximately 4% of the Sub-Fund as of 31 December 2022. The broad alignment is not expressed in the chart presented in the section below.

● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?



Yes:



In fossil gas



In nuclear energy

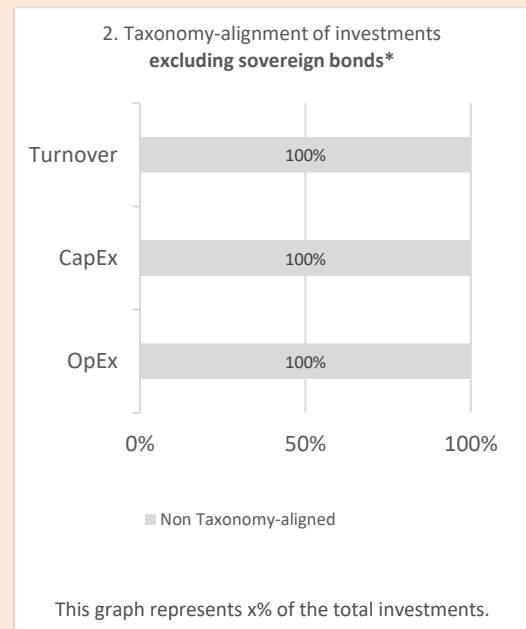
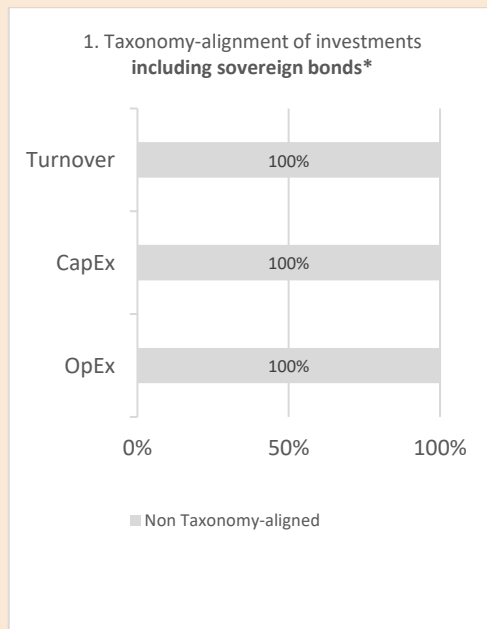


No

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.

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.*



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

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 investments made in transitional and enabling activities?***

Not applicable. The Investment Manager did not assess that any investments were made in transitional or enabling activities, partly due to the evolving methodology and lack of detailed disclosure.

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

Not applicable.



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

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy amounted to 21,9%.



What was the share of socially sustainable investments?

The share of socially sustainable investments amounted to 47,5%.




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

Cash positions necessary for ancillary liquidity. Furthermore, investments included under “other” are investments the Investment Manager classifies as not sustainable or as aligned with E/S characteristics, where there is a very compelling investment rationale to do so and/or companies that were not covered by an ESG analysis. Companies included under “other” were 13 companies involved in activities related to transportation and storage, financial and insurance activities, manufacturing, wholesale and retail trade, information and communication and human health and social work activities.



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

The investment manager has repeatedly engaged with the management of a leading player in the wine and brandy segments in the Central and Eastern Europe region, on sustainability matters with a focus on disclosure and renewable energy. In 2022, these efforts paid off when they installed a 240 MWh of solar panels to power 15% of electricity needs.

 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.

Furthermore in 2022, we increased our position in a Greek industrial company which operates in metallurgy, energy, renewables & storage. The company is emerging as a leader in sustainable aluminium production, after the company became more renewables focused. At the end of 2022, they had 9.1 GW of renewables in development at various stages after signing major international deals throughout the year. The growth of renewables drove a restructuring at the company in 2022, which now has a new business unit. 90% of the company's capital expenditures is to be focused on the green transition going forward.

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?

No specific index has been designated as a reference benchmark for the purpose of attaining environmental or social characteristics.

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

Not applicable.

- ***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?***

Not applicable.

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

Not applicable.

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

Not applicable.