

Appendix 1

Template pre-contractual 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: Memnon Fund – Memnon European Fund **Legal entity identifier:** 213800T7YS7ZNDK6NE16 (“Memnon European Fund”)

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?

☒ Yes

☒ No

☐ It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective:** ____%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Memnon European Fund promotes (i) environmental characteristics such as water withdrawal, water recycling, energy usage, percentage of renewable energy use, total waste, total CO2 equivalent emissions or VOC emissions as well as (ii) social characteristics such as number and turnover of employees at the issuer, average training hours, average employee compensation, % women in workforce, % women in management or % minorities in workforce.

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

Investee companies contained in the portfolio of the Sub-Fund will be subject to a thorough assessment on the aforementioned environmental and social characteristics which on the basis of an internal scoring model developed by Zadig Asset Management SA (the “**Management Company**”) and Zadig Asset Management LLP (the “**Investment Advisor**”).

Data for the internal scoring model on the attainment of the aforementioned environmental and social characteristics at the level of the relevant investee companies are provided by MSCI which will be completed by the research and direct dialogue with the issuers by the Management Company and the Investment Advisor.

No reference benchmark is being used.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The scoring model is built around the following four pillars:

- (1) Environment: Scoring based on data provided by MSCI;
- (2) Social: Scoring based on data provided by MSCI;
- (3) Governance: Scoring based on internal model of the Management Company completed by internal analysis and engagement; and
- (4) Controversies: Scoring based on data provided by MSCI.

The Management Company then applies different weights for each sector. For example, as industrial sectors have a higher weight for environment, the Management Company is focusing for service companies on social issues. The Management Company considers governance as a crucial component of any investment irrespective of the sector and therefore applies a constant 40% weight.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

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

Not applicable.

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

Not applicable.

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.

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 EU 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.



Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes, _____

☒ No



What investment strategy does this financial product follow?

To achieve its investment objective, Memnon European Fund will base its investments on fundamental research in the selection of transferable securities for long positions. Memnon European Fund will benefit from proprietary valuation models for each of its individual investments and the strategy will be reviewed frequently in light of discussions it may have with the management of the issuers of the transferable securities in which Memnon European Fund is invested or is contemplating to invest. The policy of Memnon European Fund is to maintain a concentrated portfolio of equities across a range of European countries and sectors subject to the investment restrictions set out in the prospectus.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

More than half of the portfolio of Memnon European Fund must be invested in securities from issuers having obtained a scoring in the internal model of the Management Company which is equal or higher than 5 whereby 10 is the highest score and 1 is the lowest score. For the avoidance of doubt, the internal scoring model is binding on the Management Company and the Management Company cannot overrule the scoring by factors or considerations not contained in the model. Under the internal scoring model, securities are assessed on multiple environmental and social characteristics. The list of environmental and social characteristics is described at pages 5 to 8 in the “ESG and Sustainability Policy” which can be downloaded under <https://www.zadigfunds.com/about/esg-sustainability/>.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no minimum commitment.

- ***What is the policy to assess good governance practices of the investee companies?***

The assessment of Governance practices is a mix of:

(i) An objective and data-driven assessment, with a focus on minority shareholders rights, diversity, board structure and attendance as well as business ethics, anti-competitive practices, tax transparency, corruption and instability among other criteria. The Management Company and the Investment Advisor are relying on data from MCSI which are also scored in this regard.

(2) An experience-driven assessment of the governance standard where the Management Company with the support from the Investment Advisor is aiming to include their views on the management team and its track record, the quality of board members and the presence of large or majority shareholder and how these facts might influence the issuer's performance – in this context, the Management Company and the Investment Advisor are meeting with top management of issuers.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



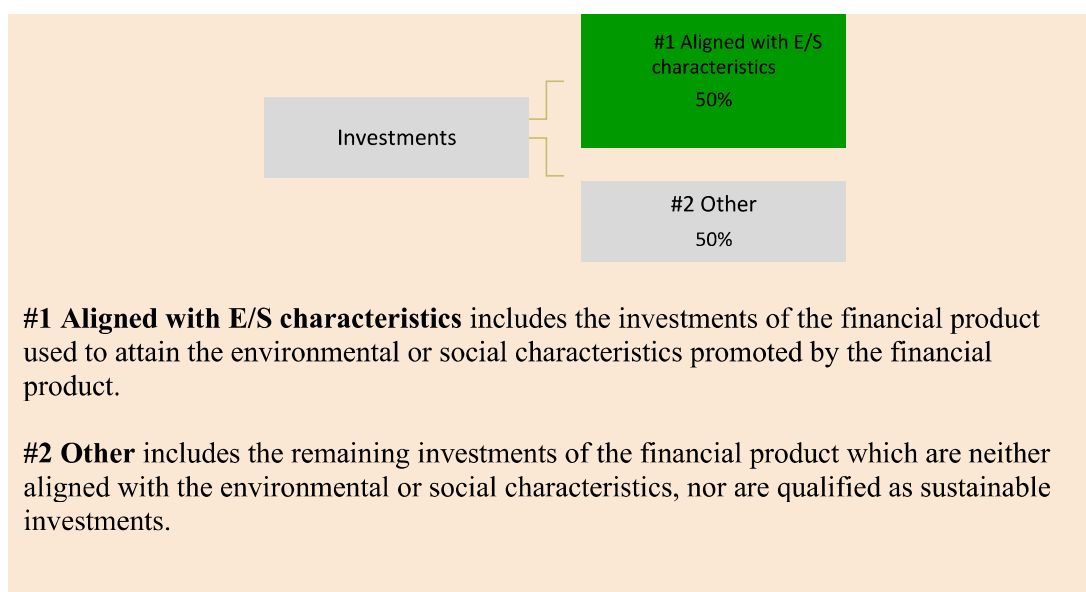
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

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.

Approximately, more than half of the portfolio of Memnon European Fund must be invested in securities from issuers having obtained a scoring in the internal model of the Management Company which is equal or higher than 5. Consequently, the portfolio will be invested in securities under “#1 Aligned with E/S characteristics” and used to attain the environmental or social characteristics promoted by at least 50%. There will be no sustainable investments and the remainder of the portfolio will consist of investments which fall into the category “#2 Other”.



- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Memnon European Fund will only use derivatives for hedging purposes and does not seek to promote environmental and social characteristics by using derivatives.



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

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

☐ Yes

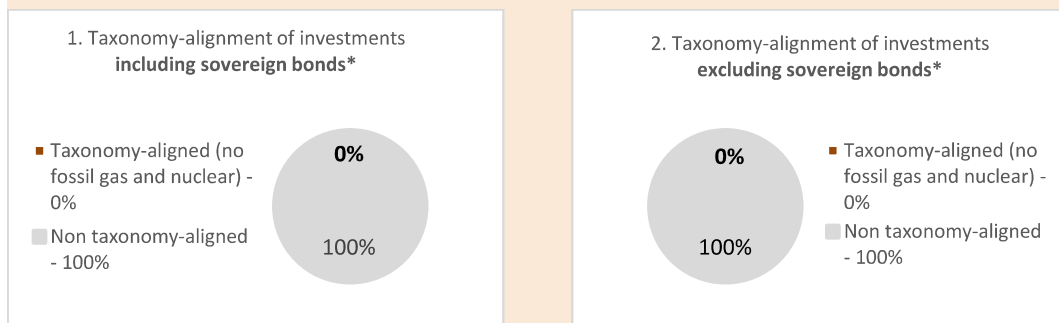
☐ In fossil gas ☐ In nuclear energy

☒ No



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are 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**

This graph represents 100% of the total investments.

The investments underlying this financial product do not consider the EU criteria for environmentally sustainable economic activities aligned with EU Taxonomy.

● ***What is the minimum share of investments in transitional and enabling activities?***

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

Not applicable.

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 is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments under “#2 Other” can be (i) securities which has a scoring which is lower than 5 in the internal scoring model, (ii) financial derivative instruments used in the context of efficient portfolio management and (iii) liquidities used for cash management purpose. There are no minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

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

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*
Not applicable.
- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*
Not applicable.
- *How does the designated index differ from a relevant broad market index?*
Not applicable.
- *Where can the methodology used for the calculation of the designated index be found?*
Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.zadigfunds.com/strategies/memnon-european-equity/ucits/>