

## 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

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



Product name: **Corum Butler Smart ESG Fund** Legal entity identifier: **549300X7OTXYR2ND5N03**

## 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 \_\_\_\_% 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**

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

*We have decided to promote environmental characteristics by not investing in companies not involved in the following sectors : Anti-Personal mines, Cluster weapons, controversial weapons (ex. Nuclear weapon) and biological and chemical weapons and sectors not complying with Ottawa Treaty and Oslo Convention. We also exclude sectors such as Tobacco, Adult Entertainment and Arctic Oil & Gas Exploration. 100% of our holding comply with this sector exclusion policy.*

*Regarding social characteristics, we decided to exclude companies that violate UN Global Compact principles : Human Rights, Labor Rights, Environment and Business Ethics. Hence 100% of our holdings respect internationally proclaimed human rights,*

*rights to collective bargaining, abolition of child labor and discrimination in respect of employment and occupation.*

*Finally the fund only invests in issuers whose ESG ratings are in top 80% of the investable universe in terms of ESG ratings.*

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

*As part of our SRI label, all our holdings were in line regarding norm based exclusions, sectoral exclusions and all ESG risk score of our holdings were belonging to the top 80% ranked universe. We also respected the 10% maximum investment in the non-ESG rated bucket.*

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

*As above.*

● **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 promotes environmental and social characteristics but does not have sustainable investments as part of its investment objective.*

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

*As the Sub-Fund does not make sustainable investments, the requirement to consider the do no significant harm principle does not apply.*

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

*Not applicable.*

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

*Not applicable.*

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

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

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?



The Investment Manager identified the following principal adverse impacts (PAIs) contained in Annex I of SFDR Level 2 as part of the ESG due diligence performed on at a pre-trade level:

- GHG emissions (Table 1, PAI 1);
- Exposure to companies active in the fossil fuel sector (Table 1, PAI 4);
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (Table 4, PAI 10);
- Board gender diversity (Table 2, PAI 13); and
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (Table 2, PAI 14).

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: as at 30.12.2022

The Investment Manager considered these selected PAI indicators for the purposes of the exclusion strategy applied to the Sub-Fund. These PAIs have also been integrated in the ESG risk rating provided by the Funds third-party ESG research provider.

The Investment Manager also performed a periodic review of the ESG characteristics of the portfolio companies for the period.



## What were the top investments of this financial product?

Largest Investments	Sector	% Assets	Country
FRANCE (GOVT OF)	Government	3.4%	FR
HUHTAMAKI OYJ	Industrial	3.0%	FI
BONOS Y OBLIG DEL ESTADO	Government	2.9%	ES
B&M EUROPEAN VALUE RET	Consumer, Cyclical	1.6%	GB
LOTTOMATICA SPA/ROMA	Consumer, Cyclical	1.6%	IT
TELEFONICA EMISIONES SAU	Communications	1.5%	ES
FAURECIA	Consumer, Cyclical	1.5%	FR
SEALED AIR CORP	Industrial	1.5%	US
LOXAM SAS	Consumer, Non-cyclical	1.5%	FR
ZF NA CAPITAL	Consumer, Cyclical	1.5%	DE
FIBER BIDCO SPA	Industrial	1.5%	IT
INTERNATIONAL GAME TECH	Consumer, Cyclical	1.5%	US
SAIPEM FINANCE INTL BV	Energy	1.5%	IT
FORD MOTOR CREDIT CO LLC	Consumer, Cyclical	1.5%	US
DOMETIC GROUP AB	Consumer, Cyclical	1.5%	SE

## What was the proportion of sustainability-related investments?

The Sub-Fund promotes environmental and social characteristics but does not make sustainable investments.

### ● **What was the asset allocation?**

#1 Aligned with E/S characteristics represented 91.4%

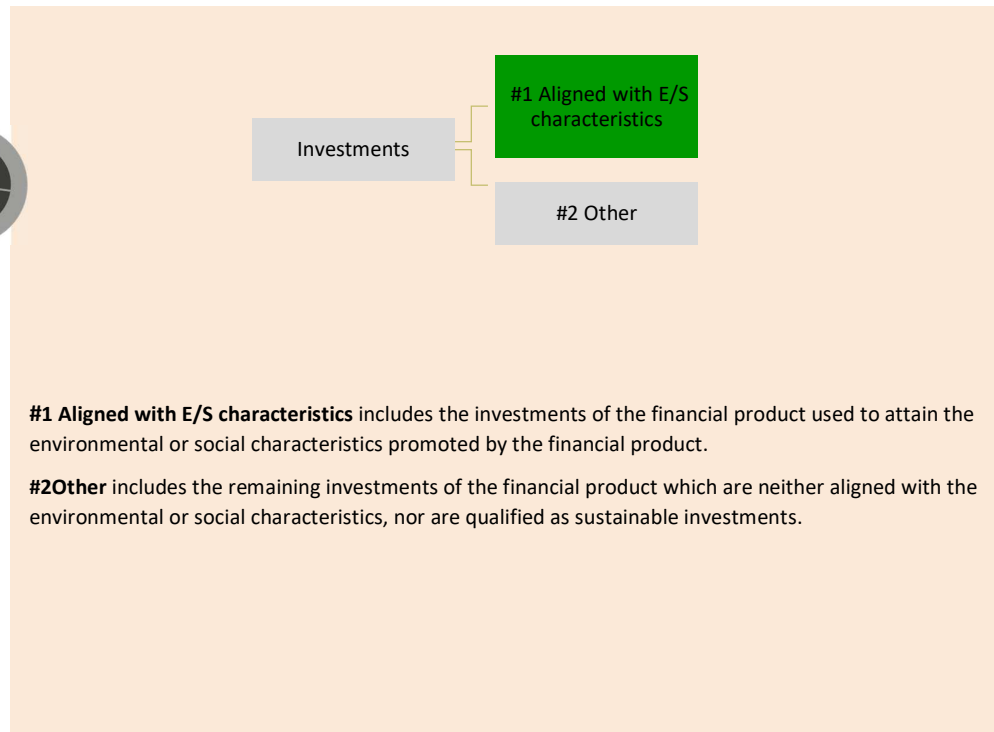
#2 Other was 8.6%



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?**

*Not applicable*




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

The Sub-Fund does not invest in sustainable investments with an environmental objective which are aligned with EU Taxonomy under the Taxonomy Regulation. As a result, the percentage of the Sub-Fund's investments that will be in economic activities that qualify as environmentally sustainable is 0%.

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.

 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.

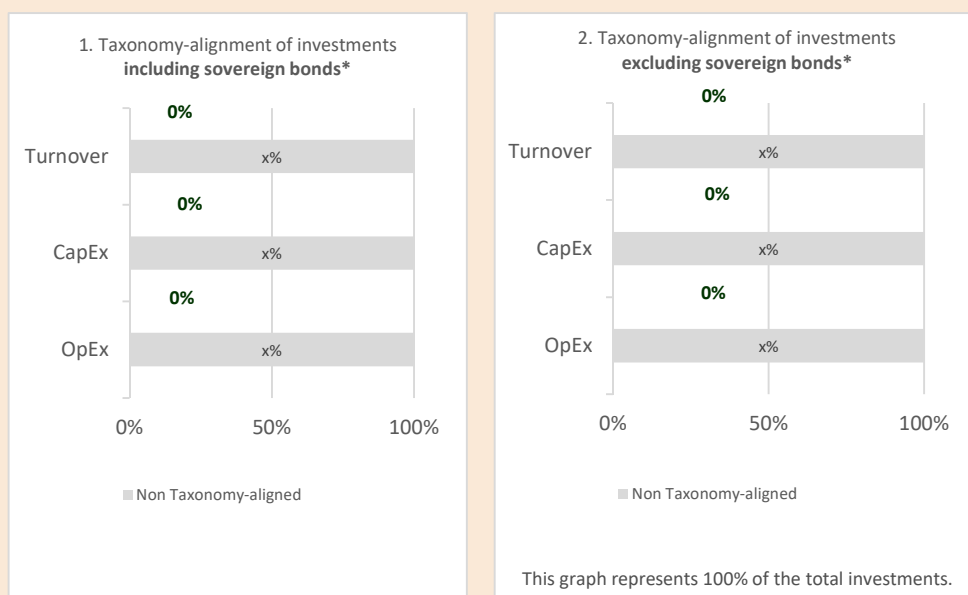
## Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

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.*



\* 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?

As at the date hereof, the proportion of investments in environmentally sustainable economic activities is currently 0% which comprises of 0% in transitional and 0% in enabling activities.

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

Not applicable.

<sup>1</sup> 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 sustainable investments with an environmental objective not aligned with the EU Taxonomy**

*The Sub-Fund does not invest in sustainable investments with an environmental objective which are aligned with EU Taxonomy under the Taxonomy Regulation*



### **What was the share of socially sustainable investments?**

Not applicable.



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

For #2 Other, the Sub-Fund held:

- Cash and cash equivalents;
- Derivatives instruments used for hedging purpose (e.g CDS on indices, total return swaps on indices, IR futures, equity futures, volatility futures and options);
- ETFs;
- Sovereign bonds and treasury bills.

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



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

In addition to adding ESG criteria in our investment process, we are taking active steps to engage with issuers in our universe to better understand their position on ESG issues, clarify some topics such as environment objectives and where they stand, and ask for more transparency related to environmental or social characteristics. We recently published our 2022 Engagement Report that you can find in CBAM website (<https://www.corumbutler.com/fr/bond-funds/corum-butler-smart-esg/>)

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



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

We invest in European High Yield debt, mostly denominated in euros (but not only). Broad market index will be composed of all euro denominated high yield bonds (rating below BBB-). For Corum Butler Smart ESG, the reference benchmark is defined as