APPENDIX 4 – SUSTAINABLE FINANCE DISCLOSURE (UNAUDITED)

Artemis Funds (Lux) – Global High Yield Bond

(Legal Entity Identifier: 5493001EWSZF0IRCRD54)

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ Yes	✖ No
☐ 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 promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 28.0% 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 made sustainable investments 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?

The Investment Manager seeks to decrease the Fund's exposure to climate risk through aiming to maintain a carbon intensity which is lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index. The Fund also promotes environmental characteristics by favouring investments in issuers with low or reducing levels of carbon intensity. In addition, there are a number of exclusions which aim to remove outsized potential ESG risks.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

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

  During the reference period, the Fund has maintained a carbon intensity (scope 1 and 2) lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index. As at 31 October 2022, the portfolio had a weighted average carbon intensity (scope 1 and 2), adjusted for data coverage, which was 51.5% lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index (portfolio weighted average carbon intensity was 186.9 tCO2e/$m sales, against the benchmark's weighted average carbon intensity of 385.6 tCO2e/$m sales). Please note that the data coverage for the Fund and benchmark was 66.8% and 81.0% respectively.

  As at 31 October 2022, 46% of the portfolio had either low carbon intensity or reducing levels of carbon intensity. It is worth noting that there are significantly lower levels of ESG data coverage for high yield issuers than there are for other asset classes such as equities, and therefore 36% of the investee companies do not have sufficient data to make an assessment on carbon intensity. Of those investee companies for which we have carbon intensity data, 71% of these had either low or reducing levels of carbon intensity.

We deem a company to have "low" carbon intensity if it has carbon emissions intensity (scope 1 and 2) of below 70 tCO_2e/\$m sales for the FY2020 (being the most recent full year of reported data), and we deem a company to have reducing carbon intensity if it has a three-year trend (CAGR) of average carbon emissions intensity (Scope 1+2 - tCO_2e/ USD million sales) of below zero.

As at 31 October 2022, 98.4% of the portfolio was deemed to be aligned with the stated environmental characteristics of the Fund, namely maintaining an overall Fund level of carbon intensity lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index. As this is a Fund-level objective rather than a specific holdings objective, all holdings (other than cash, cash equivalents or derivatives) are deemed to be aligned with the environmental characteristic of the Fund.

As at 31 October 2022, 28.0% of the portfolio holdings were classified as sustainable investments in accordance with the Artemis firm-wide framework for assessing "sustainable investments" under Article 2(17) of the SFDR. As noted above, in light of data coverage limitations for high yield issuers, a significant portion of the portfolio holdings (39%) had insufficient data coverage to assess whether they constituted "sustainable investments".

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

  Not applicable

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

  As stated above, the Investment Manager seeks to decrease the Fund's exposure to climate risk through aiming to maintain a carbon intensity lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index. The Fund also promotes environmental characteristics by investing in businesses with low or reducing levels of carbon intensity. In addition, there are a number of exclusions which aim to remove outsized potential ESG risks.

  As at 31 October 2022, the Fund had a weighted average carbon intensity (scope 1 and 2), adjusted for data coverage, which was 51.5% lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index. In addition, 46% of the portfolio had either low or reducing levels of carbon intensity (with 64% data coverage). Of those investee companies for which we have carbon intensity data, 71% of these had either low or reducing levels of carbon intensity.

  As at 31 October 2022, 28.0% of the portfolio holdings were classified as sustainable investments in accordance with the Artemis firm-wide framework for assessing "sustainable investments" under Article 2(17) of the SFDR. As noted above, in light of data coverage limitations for high yield issuers, a significant portion of the portfolio holdings (39%) had insufficient data coverage to assess whether they constituted "sustainable investments".

  One example of a sustainable investment in the Fund is Itelyum (Verde Bidco S.P.A.), which collects and recycles lubricant oils and other waste products in Italy. The company is the market leader in its geography for the recycling of lubricant oils, solvents, and industrial waste. The recycled products are used to create new lubricant oils and as base ingredients for pharmaceuticals and other chemical products. The bonds we invest in are sustainability-linked bonds that have a target of "avoided emissions" (that is, emissions that are avoided within the broader economy resulting from the company's operations).

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

  Significant harm is avoided via:

  - Detailed company specific sustainability analysis - bottom up analysis is conducted on all positions that incorporates ESG elements, to help identify risks that may be missed through more conventional credit analysis. With support from the Artemis stewardship team, engagement may be undertaken with investee companies assessed to be involved in controversies related to environmental and social issues, in line with Artemis' engagement policies; and
  - Exclusions: As part of our investment process we have a list of exclusions which cover areas of operation that we view as having significant underappreciated negative externalities and therefore being unsuitable for investment. These include the following areas:
    - Hydraulic fracturing (fracking) in oil & gas production (>5% revenues)

- Oil sands (>5% revenues)
- Arctic drilling (>5% revenues)
- Thermal coal (>5% revenues if extracting; >10% revenues if for power generation)
- Nuclear power (>5% revenues)
- Controversial weapons (any revenue)
- Conventional weapons (>5% revenue)
- Tobacco production (>5% revenues)
- Breaches of UN Global Compact (any breaches)

- With support from the Artemis stewardship team, engagement may be undertaken with investee companies assessed to be involved in controversies related to environmental and social issues, in line with Artemis' engagement policies.

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?***

The indicators for adverse impacts on sustainability factors were considered in a number of ways:

- Exclusions: The Fund applied a variety of exclusions, including the exclusion of investment in coal, controversial weapons and companies which the Investment Manager deems to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption.

- Material adverse sustainability impacts were considered by the investment team pre investment, monitored on an ongoing basis and reviewed and challenged at quarterly investment risk fund manager meetings.

- The PAIs listed in Table 1 of Annex I of SFDR RTS are taken into account as appropriate and subject to data availability.

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

The Fund is excluded from buying securities issued by companies which the Investment Manager has determined to be in breach of the UN Global Compact principles. The assessment criteria for determining whether a company is in breach of the UN Global Compact principles is aligned with the OECD Guidelines for Multinational Enterprises and 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.

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

The PAIs listed in Table 1 of Annex I of SFDR RTS are taken into account as appropriate and subject to data availability.

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The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is as at 31 October 2022.

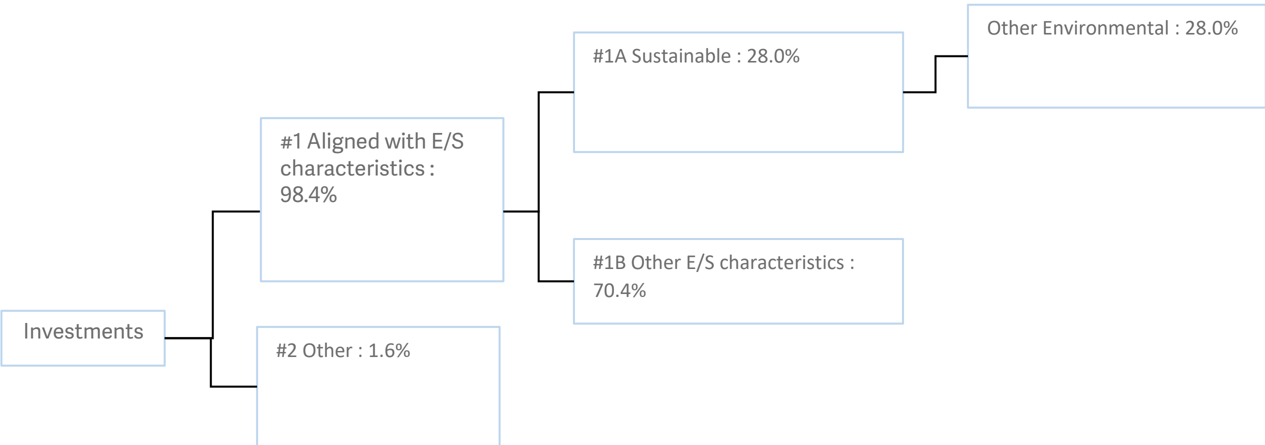
What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Ithaca Energy North Sea plc, Reg. S 9% 15/07/2026	Energy	2.2%	United Kingdom
INEOS Quattro Finance 1 plc, Reg. S 3.75% 15/07/2026	Financials	2.2%	United Kingdom
Leviathan Bond Ltd., Reg. S, 144A 6.5% 30/06/2027	Financials	2.1%	Israel
Ford Motor Co. 6.1% 19/08/2032	Consumer Discretionary	2.1%	United States of America
Food Service Project SA, Reg. S 5.5% 21/01/2027	Consumer Discretionary	1.9%	Spain
Albion Financing 2SARL, 144A 8.75% 15/04/2027	Financials	1.9%	Luxembourg
Nufarm Australia Ltd., 144A 5% 27/01/2030	Materials	1.9%	Australia
Credit Suisse Group AG, Reg. S, FRN 6.25% Perpetual	Financials	1.9%	Switzerland
Cheplapharm Arzneimittel GmbH, 144A 5.5% 15/01/2028	Health Care	1.8%	Germany
Owens & Minor, Inc., 144A 6.625% 01/04/2030	Health Care	1.9%	United States of America
ZipRecruiter, Inc., 144A 5% 15/01/2030	Technology	1.8%	United States of America
Louisiana-Pacific Corp., 144A 3.625% 15/03/2029	Materials	1.8%	United States of America
Energizer Holdings, Inc., 144A 4.375% 31/03/2029	Consumer Staples	1.8%	United States of America
Match Group Holdings II LLC, 144A 5% 15/12/2027	Technology	1.7%	United States of America
Seaspan Corp., 144A 5.5% 01/08/2029	Industrials	1.7%	Marshall Islands

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

- ***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.

#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.

As at 31 October 2022, 98.4% of the portfolio was deemed to be aligned with the stated environmental characteristics of the Fund, namely maintaining an overall Fund-level carbon intensity lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index. As this is a Fund-level objective rather than a specific holdings objective, all holdings (other than cash, cash equivalents or derivatives) are deemed to be aligned with the environmental characteristic of the Fund.

As at 31 October 2022, 28.0% of the portfolio holdings were classified as sustainable investments in accordance with the Artemis firm-wide framework for assessing "sustainable investments" under Article 2(17) of the SFDR. As noted above, in light of data coverage limitations for high yield issuers, a significant portion of the portfolio holdings (39%) had insufficient data coverage to assess whether they constituted "sustainable investments".

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

Sector	% Assets
Financials	34.4%
Consumer Discretionary	17.1%
Information Technology	13.2%
Industrials	9.0%
Health Care	6.8%
Materials	6.4%
Consumer Staples	6.2%
Energy	5.4%
Telecommunication Services	1.5%
Total	100.0%
Energy	5.4%
Integrated Oil & Gas	4.4%
Oil & Gas Exploration & Production	1.0%

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

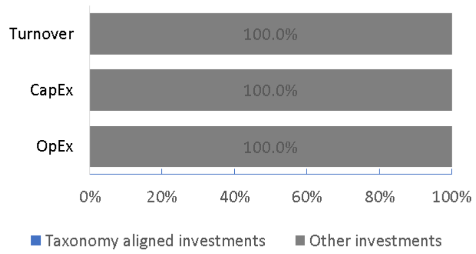
The Fund does not have any intention to invest in Taxonomy-aligned investments (including transitional and enabling activities) but it is not excluded that this may be the case. Taxonomy alignment of this Fund's investments has therefore not been calculated and has as result been deemed to constitute zero percent of the Fund's portfolio. Information on EU Taxonomy alignment is not yet readily available from investee companies' public disclosures and third-party providers. As soon as data becomes more accurate and available, it is expected that the proportion of EU Taxonomy aligned investments will increase.

Taxonomy-aligned activities are expressed as a share of:

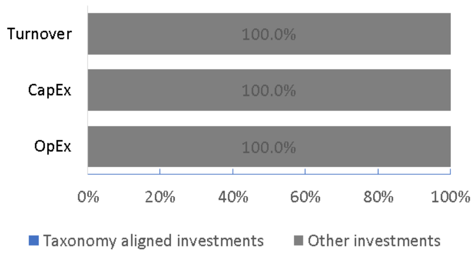
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in blue the 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.

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



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

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 ad among others have greenhouse gas emission levels corresponding to the best performance.

- ***What was the share of investment made in transitional and enabling activities?***

  Not applicable

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods? (only include where at least one previous periodic report has been provided)?***

  Not applicable

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

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

As at 31 October 2022, 28.0% of the portfolio holdings were classified as sustainable investments with an environmental objective, in accordance with the Artemis firm-wide framework for assessing "sustainable investments" with an environmental objective under Article 2(17) of the SFDR. As noted above, in light of data coverage limitations for high yield issuers, a significant portion of the portfolio holdings (39%) had insufficient data coverage to assess whether they constituted "sustainable investments".

The Fund does not invest in Taxonomy-aligned investments (including transitional and enabling activities). Taxonomy alignment of the Fund's investments has therefore not been calculated and has as result been deemed to constitute zero percent of the Fund's portfolio. Information on EU Taxonomy alignment is not yet readily available from investee companies' public disclosures and third-party providers.

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?

Box #2 Other includes cash and equivalent liquid positions or money market instruments and cash equivalents, or derivatives. All holdings of the Fund (other than cash, cash equivalents or derivatives) are deemed to be aligned with the environmental characteristic which is a Fund-level objective of carbon intensity lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index.

Box#1B Other E/S characteristics refers to all holdings of the Fund which are aligned with the Fund-level environmental objective but are not deemed to be sustainable investments in accordance with the Artemis firm-wide framework for assessing "sustainable investments" under Article 2(17) of the SFDR.

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While not all investments in the portfolio qualify as sustainable investments, ESG factors are integrated into the investment process for all investment decisions made. In addition, the exclusions set out above are applied across the whole portfolio.

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

As described above, every investment made over the period is considered with regard to its carbon intensity and the presence of any fundamental exposures that we believe may be related to the exclusions set out above.

As at 31 October 2022, the Fund had a weighted average carbon intensity (scope 1 and 2), adjusted for data coverage, which was 51.5% lower than the ICE BofA Merrill Lynch Global High Yield Constrained Index. In addition, 46% of the portfolio had either low or reducing levels of carbon intensity (with 64% data coverage). Of those investee companies for which we have carbon intensity data, 71% of these had either low or reducing levels of carbon intensity.

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How did this financial product compare to the reference benchmark index?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable

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

  Not applicable

- ***How did the 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