

APPENDIX 4 – SUSTAINABLE FINANCE DISCLOSURE (UNAUDITED)



Artemis Funds (Lux) – SmartGARP Global Emerging Markets

(Legal Entity Identifier: 5493003UWC387B8GNF45)

ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

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 made sustainable investments with a social objective:

☒ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 23.6% 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?

The Fund aims to have a falling carbon emission intensity over the long term, at least five years. This is done by paying particular attention to companies' current and expected carbon footprint. The Fund therefore promotes reduction of carbon emission intensity.

- How did the sustainability indicators perform?

The Investment Manager uses a proprietary stock screening tool called SmartGARP, which includes an ESG sub-component which attempts to capture companies' environmental and social impact and the quality of their corporate governance. This sub-component includes carbon intensity and carbon footprint, as well as industry and company specific sustainability factors. Before making an investment, the Investment Manager conducts additional due diligence to ensure that there is a real-life investment case behind the attractive financial and ESG characteristics which SmartGARP has highlighted and to assess any intangible, non-operational issues and red flags. This due diligence includes research from multiple third party ESG data providers such as MSCI and independent research providers.

The Fund's carbon emission intensity is measured as the weighted portfolio average Scope 1 and 2 emission of tons of Co2 per million dollars of sales. As at 31 October 2022, the carbon intensity for the portfolio was 196.5 tCO2/\$m sales.

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 sustainable objectives of this financial product are attained.

APPENDIX 4 – SUSTAINABLE FINANCE DISCLOSURE (UNAUDITED)

As this is the first year of SFDR reporting for the Fund, we are not able to comment on the performance of the sustainability indicator against previous periods in order to assess whether the Fund has a falling carbon intensity. The Investment Manager intends to continue to manage the portfolio in accordance with the stated objective and will provide further commentary on the performance of this sustainability indicator in future reporting periods.

As at 31 October 2022, 97.7% of the portfolio was deemed to be aligned with stated environmental characteristics for the Fund, and 23.6% 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.

Given that the environmental characteristic of the Fund is assessed at the overall Fund level rather than a company-level objective, namely a Fund-level reduction in carbon intensity over the long-term, all holdings (other than cash, cash equivalents or derivatives) are deemed to be aligned with the environmental characteristic of the Fund.

- ***...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 investments contribute to such objectives?***

The objective of the sustainable investments is to promote the transition to a low carbon economy. The Investment Manager does this by paying particular attention to companies’ current and expected carbon emissions and carbon footprint.

As at 31 October 2022, 23.6% 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.

While not all investments in the portfolio are classified as sustainable investments, ESG factors are integrated into the investment process for all decisions made. The Investment Manager uses a proprietary stock screening tool called SmartGARP, which includes an ESG sub-component which attempts to capture companies’ environmental and social impact and the quality of their corporate governance. This sub-component includes carbon intensity and carbon footprint, as well as industry and company specific sustainability factors. Before making an investment, the Investment Manager conducts additional due diligence to ensure that there is a real-life investment case behind the attractive financial and ESG characteristics which SmartGARP has highlighted and to assess any intangible, non-operational issues and red flags. This due diligence includes research from multiple third party ESG data providers such as MSCI and independent research providers.

An example of a sustainable investment held by the Fund during the reference period is China Suntien Green Energy, which has been held for several years. This company has 6,000 km of legacy gas pipeline assets but has in recent years shifted to wind and solar power generation which is forecast to grow rapidly as construction is underway to more than double the existing renewable power generation capacity. We recently divested this holding to take profits following a strong run. We have switched into Xinte Energy and Daqo New Energy, which are also sustainable investments, both of which are active in renewable energy.

- ***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:

- Assessment and monitoring of key indicators that are deemed to indicate the presence of a principal adverse impact, with the use of third party data sources;
- Exclusions: the Fund applies a range of exclusions which prevent investment in activities generally deemed to be environmentally or socially harmful, including:
 - Production, distribution or sale of Tobacco (>5% revenues)
 - Production of controversial weapons (including cluster munitions, landmines, biological and chemical weapons) or nuclear weapons.
 - Manufacture or sale of civilian firearms or ammunition (>5% revenues)
 - Mining or sale of thermal coal (>5% revenues)

Voting may be undertaken with investee companies assessed to be involved in controversies related to environmental and social issues, in line with Artemis’ voting policy.

APPENDIX 4 – SUSTAINABLE FINANCE DISCLOSURE (UNAUDITED)

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 using third-party data sources:

- Exclusions: The Fund applied a variety of exclusions, including those related to the exclusion of coal and investment in controversial weapons.
- Material adverse sustainability impacts were considered by the investment team pre investment, and any controversies 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 Investment Manager monitors positive and negative ESG-related newsflow including controversies, which would normally include serious violations of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Companies which are deemed to be in violation of these principles would not be deemed sustainable investments. However, due to the Fund's geographical focus on emerging markets, such investments would not be automatically excluded from the investable universe. The Investment Manager undertakes ongoing monitoring of any companies in the Fund which are subject to controversies. We recognise that for emerging markets there are particular challenges to meeting global norms and standards such as OECD Guidelines for Multinational Enterprises and/or UN Global Compact Principles.

As of 31 October 2022, 2.7% of the portfolio (two companies) were assessed as not complying with these standards: Hon Hai Precision Industry and Zhen Ding Technology, both of which centred on allegations of employing Uyghurs and other ethnic minorities as part of the Chinese government's labour transfer programs. Both companies have denied the allegations. We will continue to monitor the companies' responses to these issues and keep under review the positions in the portfolio. These investments were not included in the portion of the portfolio classified as sustainable investments.

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.



APPENDIX 4 – SUSTAINABLE FINANCE DISCLOSURE (UNAUDITED)



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?

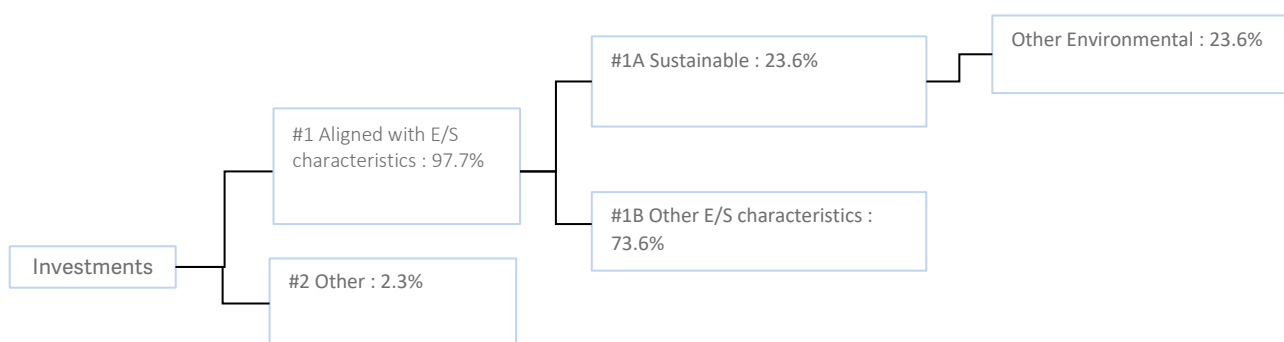
Largest investments	Sector	% Assets	Country
Reliance Industries Ltd., GDR	Energy	4.0%	India
Petroleo Brasileiro SA, ADR	Energy	3.8%	Brazil
Taiwan Semiconductor Manufacturing Co. Ltd.	Information Technology	3.4%	Taiwan
PICC Property & Casualty Co. Ltd. 'H'	Financials	3.2%	China
China Construction Bank Corp. 'H'	Financials	3.0%	China
Industrial & Commercial Bank of China Ltd. 'H'	Financials	2.9%	China
Bank of China Ltd. 'H'	Financials	2.7%	China
Samsung Electronics Co. Ltd.	Information Technology	2.7%	South Korea
Absa Group Ltd.	Financials	2.4%	South Africa
Lenovo Group Ltd.	Information Technology	2.3%	Hong Kong
Infosys Ltd., ADR	Information Technology	2.3%	India
Hon Hai Precision Industry Co. Ltd.	Information Technology	2.1%	Taiwan
BB Seguridade Participacoes SA	Financials	2.0%	Brazil
Gerdau SA Preference	Materials	2.0%	Brazil
LG Innotek Co. Ltd.	Information Technology	2.0%	South Korea



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, 97.7% of the portfolio was deemed to be aligned with stated environmental characteristics for the Fund, and 23.6% 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.

Given that the environmental characteristic of the Fund is assessed at the overall Fund level rather than a company-level objective, namely a Fund-level reduction in carbon intensity over the long-term, all holdings (other than cash, cash equivalents or derivatives) are deemed to be aligned with the environmental characteristic of the Fund.

APPENDIX 4 – SUSTAINABLE FINANCE DISCLOSURE (UNAUDITED)

- In which economic sectors were the investments made?

Sector	% Assets
Health Care	26.1%
Information Technology	21.5%
Consumer Staples	10.0%
Financials	8.9%
Real Estate	8.8%
Industrials	7.5%
Materials	5.0%
Communication Services	4.7%
Consumer Discretionary	4.2%
Energy	3.3%
Total	100.0%
Energy	3.3%
Oil & Gas Equipment & Services	3.3%

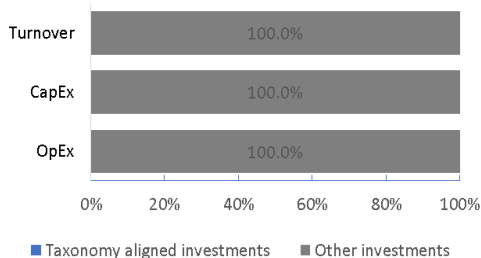


To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

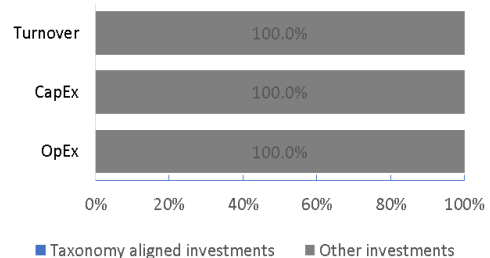
The Fund does not have any intention to invest in Taxonomy-aligned investments (including transitional and enabling activities) but it is not excluded that this may be the case. Taxonomy alignment of this Fund's investments has therefore not been calculated and has as result been deemed to constitute 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.

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

- **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

APPENDIX 4 – SUSTAINABLE FINANCE DISCLOSURE (UNAUDITED)



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, 23.6% 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. All of the sustainable investments in the portfolio had an environmental objective.

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 reduction over the long-term.

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.

While not all investments in the portfolio qualify as sustainable investments, ESG factors are integrated into the investment process for all investment decisions made, as described above. In addition, the exclusions outlined 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, during the reference period the Investment Manager has used a proprietary stock screening tool called SmartGARP, which includes an ESG sub-component which attempts to capture companies’ environmental and social impact and the quality of their corporate governance. This sub-component includes carbon intensity and carbon footprint, as well as industry and company specific sustainability factors. Before making an investment, the Investment Manager conducts additional due diligence to ensure that there is a real-life investment case behind the attractive financial and ESG characteristics which SmartGARP has highlighted and to assess any intangible, non-operational issues and red flags. This due diligence includes research from multiple third party ESG data providers such as MSCI and independent research providers.

As at 31 October 2022, 23.6% 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. Examples of new sustainable investments which the Investment Manager has added to the portfolio during the reference period are renewable energy companies Xinte Energy and Daqo New Energy. Both companies are showing sharply improving fundamentals while still trading on very low valuations. Xinte provides solar energy and wind power solutions. Daqo manufactures components related to solar energy plants.



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

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

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