

DISCLOSURE ON ARTICLE (4) SFDR – PAIs STATEMENT

A. LEGAL FRAMEWORK

NS Partners Europe S.A. (hereinafter „NSE“ or „Company“) is a management company authorised by the Luxembourg supervisory authority Commission de Surveillance du Secteur Financier (hereinafter “CSSF”) pursuant to Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment (hereinafter “UCI Law”) and is also authorised as an alternative investment fund manager pursuant to the Luxembourg law of 12 July 2013 on alternative investment fund managers (hereinafter “AIFM Law”). NSE is further authorised to provide services in accordance with article 101 (3) of the UCI Law respectively article 5 (4) of the AIFM Law.

Within the scope of its regulatory authorisation, the Company manages funds that qualify as undertakings for collective investment in transferable securities (“UCITS”) or alternative investment funds (“AIF”) and individual mandates (hereinafter “products”).

On 27 November 2019, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (hereinafter “SFDR”) was published and entered into force on 10 March 2021.

The main objective of the SFDR is to create transparency on:

- how sustainability risks are considered in the management of products; and
- if principal adverse impacts of investment decisions on sustainability factors (“comply or explain”) are considered in the management of products.

These transparency requirements apply in principle to both the Company and the managed products.

B. PURPOSE

This policy describes the Company's decision with respect to the requirements of article 4 (1) SFDR regarding the consideration of principal adverse impacts (hereinafter “PAIs”) of investment decisions on sustainability factors.

The Company has chosen to consider principal adverse impacts of investment decisions on sustainability factors for the managed products that are pursuing a sustainable investment strategy respectively are allocating part of their portfolio in sustainable investments as defined in article 2 (17) SFDR.

C. POLICY REVIEW

This policy will be reviewed and updated annually, and on an ad hoc basis in case of relevant changes to the organizational structure of the Company, in case of amendments to the regulatory framework governing this policy, market practice or if otherwise deemed necessary.

NSE reassess the PAI statement adopted by the delegated portfolio managers and reporting made in respect of the (sub-)funds to ensure their continued alignment with the present policy.

D. PRINCIPAL ADVERSE IMPACTS – REGULATORY FRAMEWORK & CONTEXT

D.1. Principal adverse impacts – Context of the SFDR

Principal adverse impacts are to be understood as those impacts of investment decisions that result in negative effects on sustainability factors (recital 20 of the SFDR). The SFDR is requiring both, the Company as well as the managed products, in article 4 (1) respectively 7 of the SFDR to decide if PAIs are to be considered.

Information on the impact of the (sub-)funds' investments on PAI indicators will be published by June 30, 2023 and in future on an annual basis. This information relates to the period from January 1st to December 31st of the previous year.

D.2. Principal adverse impacts – Link with sustainability factors and sustainability indicators

According to article 2 (24) SFDR sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. For each sustainability factor different underlying sustainability indicators can in principle be identified (e.g. carbon footprint, wage equality, compliance with the requirements of the General Data Protection Regulation - Regulation (EU) 2016/679).

The SFDR neither defines a mandatory list of sustainability indicators to be considered nor for which sustainability indicators principal adverse impacts are applicable.

D.3. Principal adverse impacts – Link with sustainability risk

The SFDR is establishing a link between the requirement to consider sustainability risks¹ in the investment decision-making process (article 3 SFDR) and the consideration of principal adverse impacts of investment decisions on sustainability factors (article 4 SFDR). Both concepts share the same core foundation, i.e. they commence with the identification and consideration of relevant sustainability indicators.

In general, the identification and consideration of relevant sustainability indicators are inter alia dependent on the investment strategy as well as the geographical and sectoral focus of the managed products. The monitoring of relevant sustainability indicators allows to establish a better and more informed understanding regarding the identification of (potential) sustainability risks. Further the assessment of certain sustainability indicators may be prioritised within the investment decision-making process to eliminate or at least mitigate sustainability risks.

D.4. Principal adverse impacts – Requirements of the SFDR relevant for this policy

The SFDR imposed as of 10 March 2021 transparency requirements only on the Company complying with the consideration of PAIs. The transparency requirements require that the Company explains how PAIs are considered at investment fund level and consolidated at company (NSE) level. In case the Company complies with article 4 (1) of the SFDR the disclosure for the managed products with respect to article 7 (2) SFDR is fulfilled in the PAIs Statement for NSE as well as in the SFDR periodic disclosure template to be disclosed with the annual report of the managed products.

| | SUMMARY OF REQUIREMENTS | LEVEL | IMPLEMENTATION |
|--------------------------|---|---------|----------------------------|
| ART. 4(1) (A) | Publication on the website where the Company considers principal adverse impacts of investment decisions on sustainability factors and a statement on due diligence policies with respect to those impacts, taking due account of the Company's size, the nature and scale of the Company's activities and the types of | Company | Description in this policy |

¹ Article 2 (22) of the SFDR defines sustainability risks as a sustainability risk as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

| | | | |
|---------------------------|--|---------|----------------------------|
| | financial products the Company make available. | | |
| ART. 4(2) SFDR | <p>In the publication made in accordance with article 4 (1) (a) SFDR the Company shall include at least the following:</p> <p>a) information about the policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;</p> <p>b) a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned;</p> <p>c) brief summary of the engagement policy in accordance with Article 3g of the Shareholder Rights Directive II (Directive 2007/36/EC), where applicable; d) a reference to the adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of the alignment with the objectives of the Paris Agreement.</p> | Company | Description in this policy |

E. PRINCIPAL ADVERSE IMPACTS – INTEGRATION IN THE INVESTMENT DECISION-MAKING PROCESS

E.1. Principal adverse impacts – Organisational setup of the portfolio management function

The Company is responsible for exercising the portfolio management function for the managed products. The portfolio management function of the products can in principle be structured as follows:

- the portfolio management function is performed by the Company itself (with/without the involvement of an investment advisor);
- the portfolio management function is delegated to a qualified third party.

E.2. Principal adverse impacts – Scope of application and current inherent limitations

The Company, as detailed in section D considers principal adverse effects of investment decisions on sustainability factors.

The ability to consider principal adverse impacts depends substantially on the availability of relevant data and information for the invested assets. The availability, quality and saturation of relevant data and information for the systematic assessment of sustainability indicators and consideration of principal adverse impacts is for the time being not deemed adequate for all asset classes in which the managed products invest.

Therefore, the Company will until further clarification of the regulatory guidance focus its consideration of principal adverse impacts of investment decision on sustainability factors on managed products that pursue as pre-contractually disclosed sustainable investment strategies and either qualify:

- as article 9 products under the SFDR (pursuing a sustainable investment strategy); or
- as article 8 products under the SFDR and are allocating part of their portfolio in sustainable investments as defined in article 2 (17) SFDR.

The principal adverse impacts that are to be considered regarding the (sub-)funds, correspond to the PAIs as disclosed in the pre-contractual documents in line with SFDR.

The Company will regularly reassess the availability, quality and saturation of relevant data and information with the aim to expand the consideration of principal adverse impacts.

E.3. Principal adverse impacts – Identification and prioritisation of principal adverse impacts

The identification and prioritisation of principal adverse impacts of investment decisions on sustainability factors require the consideration of various elements by the portfolio manager and are informed by:

| | ELEMENTS (NON-EXHAUSTIVE) | RELEVANT CONSIDERATIONS (NON-EXHAUSTIVE) |
|---|--|--|
| IDENTIFICATION & PRIORITISATION OF PRINCIPAL ADVERSE IMPACTS | REGULATORY MINIMUM REQUIREMENTS | SFDR |
| | | EU Taxonomy Regulation (EU) 2020/852 |
| | INVESTMENT STRATEGY | Asset classes to be invested into |
| | | Listed assets vs unlisted assets |
| | | Geographical considerations regarding the assets |
| | | Industry sectors of the invested assets |
| | SFDR CLASSIFICATION | Qualification of the product under art.9 of the SFDR |
| | | Qualification of the product under art.8 of the SFDR and allocation of part of the portfolio in sustainable investments as defined in art.2 (17) of the SFDR |
| | SUSTAINABILITY STRATEGY (TAKING INTO CONSIDERATION THE INVESTMENT STRATEGY AND SFDR CLASSIFICATION) | Description of the sustainability strategy ² |
| | | Identification of relevant sustainability indicators to be considered in the investment decision-making process |
| Prioritisation of sustainability indicators that are essential to the delivery of the sustainability strategy | | |
| Definition of relevant limits for the relevant sustainability indicators | | |
| Definition of the binding elements of the sustainability strategy in the investment decision-making process | | |
| Quantitative or qualitative assessment of the relevant sustainability indicators | | |
| DISCLOSURE | Integration in the pre-contractual and website disclosures (Art.8, 9, 10 SFDR) | |

For the identification and prioritisation of relevant sustainability indicators, the portfolio manager is considering different external sources (e.g. data provider, materiality map provided by the Sustainability Accounting Standards Board) during the investment management due diligence process. Based on this assessment, the relevant

² i.e. focus of the strategy on defined environmental and/or social aspects provided that good governance practices are adhered to

sustainability indicators that are identified as material for the delivery of the sustainability strategy are prioritised and in accordance with SFDR provisions reflected in the pre-contractual and website disclosures in accordance with article 8 and 9 SFDR respectively article 10 SFDR. The periodic reports of the (sub-)funds contain sufficient and adequate information as to the assessment of principal adverse impacts.

Relevant sustainability indicators³ that can be taken into consideration may include greenhouse gas emissions, energy consumption for non-renewable sources, violations of the UN Global Compact principles, board gender diversity of investee companies or consideration of convictions and fines for violation of anti-corruption and anti-bribery laws.

F. PRINCIPAL ADVERSE IMPACTS – OTHER INFORMATION

F.1. Principal adverse impacts – Description of the principal adverse sustainability impacts and of any related actions taken or planned

The requirement to consider principal adverse impacts of investment decisions on sustainability factors applies from 10 March 2021. The collection of data and information starts as from 10 March 2021 and the related actions planned will be based on the results and assessment of the first full reporting period.

F.2. Principal adverse impacts – Engagement

The Company is performing an appropriate oversight of the investee companies by using several available sources (e.g. newspaper, financial journals, companies' announcements, companies' reports) to derive companies' overviews (e.g. company's business strategy, risks, corporate governance structure and capital structure).

Based on their analysis they may exclude some companies to make sure their managers cannot invest in those ones and include Environmental, Social and Governance factors commitments to drive their investment process.

Further information can be found at www.nspgroup.com.

³ Legally required consideration such as exclusion of companies associated with cluster munitions are per default considered



F.3. Principal adverse impacts – Adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting

The Company is authorised and supervised by the CSSF. The Company is subject to substantial regulatory provisions (EU, Luxembourg, CSSF) that in detail address the requirements of business conduct, due diligence and reporting.