

LUX IM – ESG SYCOMORE GLOBAL HAPPINESS (“Sub-fund”)

Sustainability-related disclosures required for Article 9 funds under Regulation (EU) 2019/2088 of the European Parliament

Section	Disclosure
No significant harm to the sustainable investment objective	Four layers are implemented to avoid occurrence of significant harm to any environmental or social sustainable investment objective, on an ex ante basis, prior to any investment-decision: the Investment Manager’s SRI exclusion policy; Monitoring of level 3/3 controversies; exclusion based on the Investment Manager proprietary SPICE ESG rating; Principle Adverse Impacts policy.
Sustainable investment objective of the financial product	<p>The Sub-fund aims to provide capital growth over the long term, through a thematic SRI strategy, by investing in companies valuing their human capital as a core pillar for sustainable development.</p> <p>The Sub-fund invests in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).</p> <p>The Sub-fund is not considering the EU criteria for environmentally sustainable economic activities as defined under the EU Taxonomy Regulation to determine the attainment of the sustainable environmental or social characteristics that it promotes.</p>
Investment strategy	<p>The Sub-fund aims to provide capital growth over the long term through a diversified exposure to companies which value human capital and the well-being of their employees as a key performance driver for long term growth. The security selection process relies on a rigorous financial fundamentals’ analysis . The Sub-fund essentially invests in fully paid equity securities issued by companies listed on stock exchanges, qualifying as Regulated Markets, without any limitation in terms of geographic, currency and market capitalization – for the avoidance of doubt the Sub-fund may invest in small sized capitalisation companies up to 20% of its net assets. The Sub-fund’s exposure to emerging markets will not represent more than 10% of the Sub-fund’s net assets.</p> <p>ESG analysis (Environment, Social, Governance) is a fully integrated component in the fundamental analysis of companies in the investment universe, conducted according to Sycomore AM’s proprietary analysis and rating methodology, ‘SPICE’.</p> <p>This strategy considers the following: (a) a filter of selection; (b) a filter of exclusions; (c) Sustainable investments according to Art. 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).</p> <p>Governance is part of the SPICE analysis, including a dedicated governance section (“G” section) within the “I” section involving a significant focus on management structures, and governance items embedded into the other parts of the analysis framework, notably employee relations and remuneration of staff within the “P” section, and tax practices within the “S” section.</p>
Proportion of investments	<p>The Sub-fund invests at least 80% of its net asset value in investments that qualify as sustainable investments under Article 2 (17) SFDR, being investments with a social objective.</p> <div> <pre> graph LR Investments[Investments] --> Sustainable["#1 Sustainable Min 80%"] Investments --> NotSustainable["#2 Not Sustainable"] Sustainable --> Social[Social] </pre> </div> <p>#1 Sustainable covers sustainable investments with environmental or social objectives. #2 Not sustainable includes investments which do not qualify as sustainable investments</p> <p>To classify as sustainable investments, target issuers meet minimum thresholds on the below proprietary metrics and exclusion criteria: <u>Sustainable investments with a social objective:</u></p> <ul style="list-style-type: none"> ○ Happy@Work Environment rating above or equal 4.5/5; or ○ Societal Contribution of products and services above or equal to +30%; or ○ Good Jobs Rating above or equal to 55/100; ○ Exclusion of companies involved in activities identified in Sycomore AM SRI exclusion policy for their controversial social or environmental impacts; ○ Exclusion of companies with a SPICE rating below 3/5; ○ Exclusion of companies affected by a severe controversy (rating 3/3 in Sycomore AM controversies rating tool) or targeted by Sycomore AM's Principle Adverse Impact (PAI) policy. <p>A target issuer that passes such minimum thresholds and exclusion criteria is considered as sustainable in its entirety.</p> <p>Investments included under “#2 Not sustainable” relate only to either (i) derivatives used for hedging purpose or (ii) cash held as ancillary liquidity. Cash and derivatives held for hedging purposes, by their nature, cannot be subject to any minimum environmental or social safeguards.</p>

Section	Disclosure
Monitoring of the sustainable investment objective	<p>In order to attain the sustainable investment objective, the eligibility of target issuers is assessed based on:</p> <ul style="list-style-type: none"> ▪ A filter of selection: based on their qualification as sustainable as measured through minimum threshold on proprietary metrics Happy@Work; Societal contribution; Good Jobs Rating. Companies associated with a Good Jobs Rating or a Happy@Work Environment rating above or equal to the selected thresholds make a significant contribution to SDG 8. ▪ A filter of exclusion: based on the SRI exclusion policy adopted by Sycomore or the SPICE rating (equal or below 3/5) or a level 3/3 controversy or and a SPICE rating below 3/5 or its is targeted by PAI policy.
Methodologies	<p>In order to attain the sustainable investment objective, the eligibility of target issuers is assessed based on the above-described negative screening and positive screening procedures (see 'Monitoring of the sustainable investment objective' above).</p> <p>Internal controls are in place in respect of investment decision-making for the Sub-fund. These include, but are not limited to, pre-trade and post-trade controls to ensure all applicable binding elements are observed at all times and independent oversight by risk management functions as required.</p>
Data sources and processing	<p>The data sources used to attain the stated environmental and social characteristics is obtained from internal research activity complemented with external research and data from specialised external providers or directly provided by the issuers. All data is aggregated in in-house ESG scoring methodology "SPICE".</p>
Limitations to methodologies and data	<p>The limitations to the attainment of the promoted environmental and social characteristics are deemed non-material for the attainment of the environmental or social characteristics promoted by the Sub-fund</p>
Due Diligence	<p>In order to qualify for initial investment, the investments must comply with the binding elements applied by the Sub-fund. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place.</p>
Engagement Policies	<p>The Investment Manager operates engagement policies that are about encouraging companies to improve their sustainability practices over the long term by suggesting areas for improvement as part of a constructive dialogue and long-term monitoring process.</p>
Attainment of the sustainable investment objective	<p>The Sub-Fund does not use a reference benchmark for the purpose of attaining the sustainable investment objective.</p>