

SUSTAINABILITY-RELATED DISCLOSURE APPENDIX

Pre-contractual disclosure information in relation to sustainability indicators and adverse sustainability impacts, promotion of environmental or social characteristics and sustainable investment objectives of the following Sub-Funds:

LEADERSEL – INNOTECH ESG

The Sub-Fund promotes environmental / social characteristics pursuant to article 8 SFDR but does not make sustainable investments.

Pre-contractual 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

Product name: Leadersel Innotech ESG
Legal entity identifier: 21380085UQ93P1L78V23

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

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

Leadersel Innotech ESG promotes a range of environmental and social characteristics by integrating environmental, social and governance ('ESG') criteria into the investment process and allocating its resources in issuers implementing a production processes that do not generate negative effects on the climate through the reduction of energy consumption/production from fossil fuels, reduction of greenhouse gas emissions, combating resource depletion and deforestation, protection of biodiversity; and analysing how a company develops its human capital by referring to fundamental principles that are universal in scope (e.g. human resources management, diversity and equal opportunities, working conditions, health and safety).

The Sub-Fund undertakes to promote, through the implementation of specific screening criteria and the application of exclusion lists, investments aimed at reducing the negative impacts on society and the environment and excluding from its investment universe certain issuers operating in sectors considered controversial, identified in the context of the sub-fund's responsible investment policy, to which we invite you to refer for further details at the following link: <https://www.ersel.it/en/ersel-group/sustainability>

With reference to the characteristics described above, the Investment Manager undertakes to assess whether the issuing companies aim to respect and promote them through the development of innovation, products and processes capable of fostering them, since the Sub-Fund is intended to invest in companies which, through technological innovation, are or will be able to intercept or address structural trends that have as their centre of influence the change in the way people act and interact on a daily basis.

No benchmark index has been designated to meet the environmental or social characteristics of the Sub-Fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators

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

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.

To achieve the environmental or social characteristics promoted by the Sub-Fund, the portfolio combines negative criteria of exclusions and positive criteria of selection aimed at excluding companies characterised by poor ESG performance and, at the same time, promoting investments in best-in-class issuers (for further details please consult the Sub-fund's Responsible Investment Policy available at the following link: <https://www.ersel.it/en/ersel-group/sustainability>)

Sustainability data are provided by MSCI ESG Research ("MSCI").

Sectors, companies and activities that conflict with the ESG values promoted by the Ersel Group and specific to the Sub-Fund are excluded from the investable universe: for example, issuers that are involved in violations of the United Nations Global Compact (UNGC) principles or are involved in the manufacture or sale of controversial weapons.

The composition of the Sub-Fund's portfolio is made of companies that qualify as best in class in their sector (i.e. that have a better ESG rating on equivalent financial indicators), that have a minimum ESG scoring equal to "average" (BBB or 5) according to the MSCI methodology, and that show a positive trajectory in terms of improving their ESG scoring. The MSCI's methodology reports the average weighted score adjusted with positive factors, if companies are improving from their ESG perspective, or negative factors, if companies are deteriorating their ESG perspectives or are laggards.

The ESG performance of each company is assessed through ESG scoring that rates the companies' ability to manage environmental, social and governance risks and opportunities; seven different scoring grades are used, ranging from the best AAA rating to the worst CCC rating.

The weighted average rating of the investment portfolio cannot be lower than 'average' of the MSCI scoring.

The total weight of investments in issuers with poor ESG ratings (below BB) cannot exceed 10% of Net Asset Value ("NAV"); the total weight of investments in issuers with no ESG ratings cannot exceed 20% of NAV.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A. This financial product promotes environmental and/or social characteristics but does not have sustainable investment as an objective.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

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

N/A

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 EU criteria.

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.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No



What investment strategy does this financial product follow?

Leadersel Innotech ESG invests in a diversified portfolio of mainly equity financial instruments listed on regulated markets, representative of global High Growth - Quality - ESG companies of large and medium-small capitalisation, giving preference to "pure players", i.e. companies that generate at least one fifth of their turnover with products or services with a high technological content.

The investment portfolio is based on a bottom-up approach aimed at selecting companies that, through technological innovation, are or will be able to intercept or address those structural trends that have as their centre of influence the way people act and interact on a day-to-day basis.

In selecting investments, the manager uses a proprietary investment evaluation model that integrates, among others, ESG risks and opportunities.

In addition to being considered during the investment selection phase, ESG risks and opportunities are assessed throughout the entire investment process, through the adoption of a proprietary assessment model that includes:

- **Exclusion lists** which, in addition to excluding issuers following the Ersel Group's Responsible Investment Policy, also exclude companies active in the production and extraction of uranium; companies active in the production of palm oil; companies that derive more than 30% of their revenues from the production of nuclear energy; companies that derive more than 5% of their revenues from the production and distribution of pornographic material.

- **Positive screening** through which the choice of best-in-class issuers is favoured, i.e., issuers with a better ESG rating overall, or compared to comparable issuers, or issuers with ESG ratings that are improving among those issuers considered equivalent according to traditional financial criteria.
- **Negative screening** through which it is assessed whether issuers that are suitable in terms of financial analysis, but not ESG analysis, are included in the investment portfolio; the total weight of positions in issuers with an ESG rating below average may not exceed 10% of the portfolio, and the total weight of positions in non-ESG rated issuers may not exceed 20% of the NAV.

Once invested, the process of monitoring the defined constraints is continuous to ensure the timely identification of factors that could prove critical and turn into events that could threaten the value of the portfolio, as well as its ESG performance.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The investment strategy ensures compliance with the environmental/social characteristics promoted by the fund through:

- the exclusion from the investable universe of sectors, companies and activities that conflict with the ESG values promoted by the Ersel Group (amongst which the exclusion of companies that are involved in violations of the UNGC principles, or that are involved in the manufacture or sale of controversial weapons);
- the exclusion of companies active in the production and mining of uranium, the production of palm oil, those that derive more than 30% of their revenues from the production of nuclear energy, and those that generate more than 5% of their revenues from the production and distribution of pornographic material.

Furthermore, the total weight of investments in issuers with an insufficient ESG rating (below BB) cannot exceed 10% of NAV; while the total weight of investments in issuers with no ESG rating cannot exceed 20% of NAV.

The weighted average rating of the securities portfolio may not be lower than "average" of the MSCI scoring.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate of reduction of investments that do not comply with the ESG strategy at present.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● **What is the policy to assess good governance practices of the investee companies?**

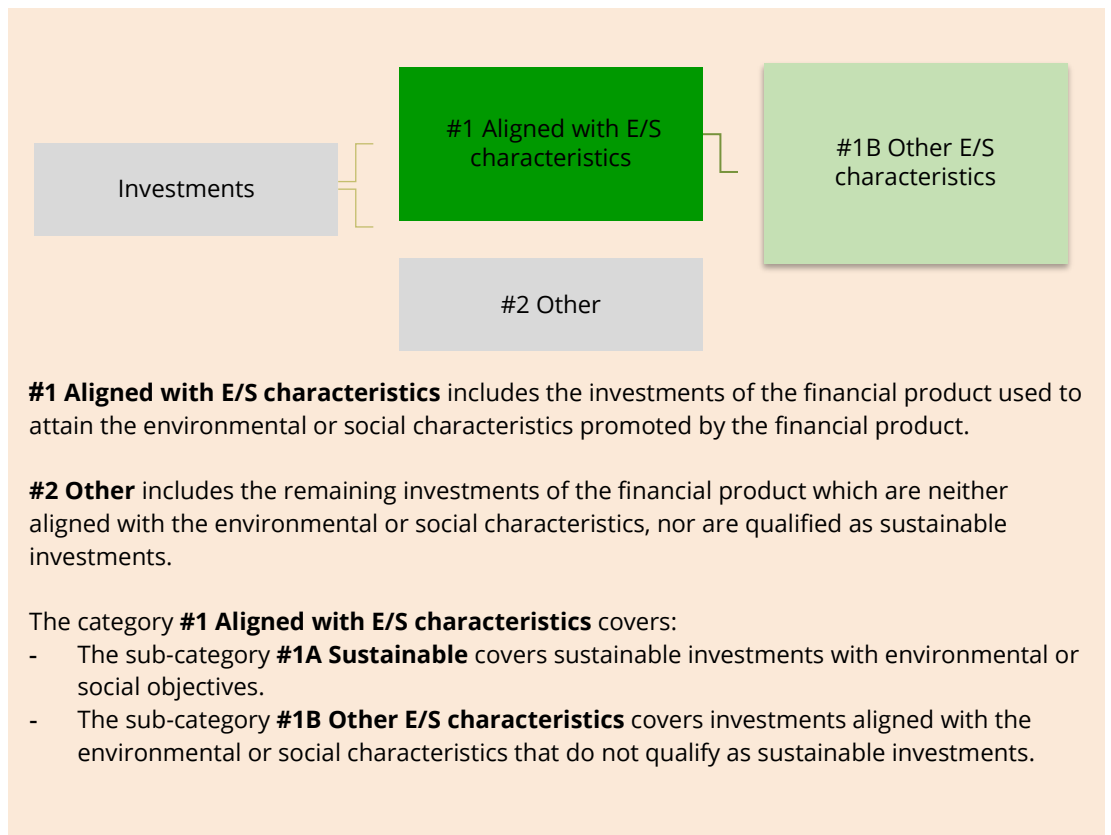
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

To assess good governance practices of the investee companies, the Management Company has adopted an approach based on the use of specific indicators provided by MSCI, i.e., the *MSCI ESG Controversies and the MSCI ESG Rating indexes* relating to the Social and Governance pillars. This approach envisages excluding from the investment portfolio of the Sub-Fund all issuers for which red flags have been identified. The Management Company's 'Good Governance Assessment Practices' policy can be found at the following link: <https://www.ersel.it/en/ersel-group/sustainability>



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



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 Sub-fund, which invests mainly in equity financial instruments listed on regulated markets, representative of global High Growth - Quality - large and small-medium capitalisation companies, foresees a percentage of investments aligned with the promoted environmental and social characteristics that do not qualify as sustainable investments equal to at least 70% of the investment portfolio, net of cash, money market instruments and derivatives. The percentage is set applying the sustainable investment strategy to the portfolio.

The category "#2 Other" includes investments of the financial product that are neither aligned with environmental or social characteristics nor qualify as sustainable investments, mainly equity financial instruments, which may represent up to 30% of the investment portfolio, net of cash, money market instruments and derivatives. For securities included in "#2 Other", minimum environmental or social safeguards apply. Issuing companies must not be involved in violations of UNGC principles and must not be involved in very serious litigation concerning environmental, social or governance issues or socially controversial activities.

The investments in “#2 Other” allow an efficient portfolio management by reducing concentration and market risk.

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.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

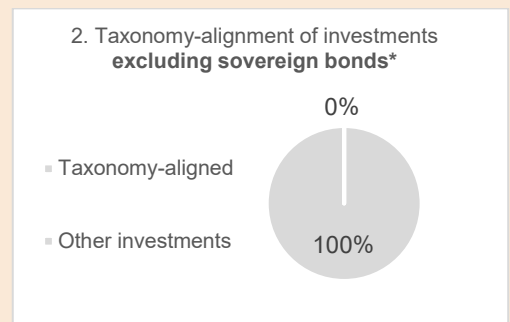
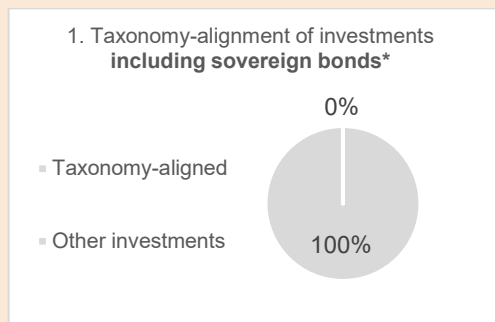
The investment strategy includes investment in derivative instruments, but not for the purpose of promoting the environmental and social characteristics of the Sub-Fund.



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

N/A

The two graphs below show in green the minimum 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.*



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

● **What is the minimum share of investments in transitional and enabling activities?**

N/A



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



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A



What is the minimum share of socially sustainable investments?

N/A



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The category “#2 Other” refers to the remaining investments of the Sub-Fund that are neither aligned with environmental or social characteristics nor qualify as sustainable investments and can represent up to 30% of the invested assets, net of cash, money market instruments and derivatives. They include investments in issuers with an insufficient ESG

rating (below BB) and investments in issuers with no ESG rating. Investments in “#2 Other” aim at optimising exposure to concentration and market risks, thus contributing to the efficient management of the Sub-Fund's portfolio.

For securities included in “#2 Other”, minimum environmental or social safeguards apply. Issuers of such securities must not be involved in violations of the UNGC principles and must not be involved in very serious litigation concerning environmental, social or governance issues or socially controversial activities.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

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

No benchmark index has been defined to measure the attainment of the environmental and social characteristics promoted by the Fund.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



More product-specific information can be found on the website:
<https://www.ersel.it>

Further information on the product can be found at the following link:
<https://www.ersel.it/en/ersel-group/sustainability>