

SUSTAINABILITY-RELATED DISCLOSURE

Leadersel Innotech ESG

January 2023

Transparency of the promotion of environmental or social characteristics and sustainable investments on websites

Synthesis

Leadersel Innotech ESG investment fund, established and managed by Ersel Gestion Internationale S.A. (EGI), qualifies as a sustainable product under Article 8 of EU Regulation 2019/2088. The Fund invests mainly in various classes of international financial instruments, mainly equities and equity derivatives representing *global High Growth - Quality - ESG* companies of large and small to medium capitalization; residually in bonds, money market instruments and other derivatives.

The Fund integrates sustainability factors starting with the selection and evaluation of issuers, whose securities will constitute the investment portfolio, through the adoption of positive screening and negative exclusion screening.

The analysis of an investment's ESG profile does not end once capital has been allocated; the management team, with the support of the Risk Management Function, periodically monitors the compliance of the investment portfolio's ESG criteria with the sustainable investment policy adopted by the company, and through engagement activities, promotes dialogue with issuers on sustainability issues.

These activities are carried out through a process of research and selection of the data needed to conduct ESG analyses, obtained through the use of external and internal sources, in order to ensure the most complete and reliable information.

No sustainable investment objective

The financial product promotes environmental and social characteristics within the meaning of Article 8 SFDR and, while not pursuing sustainable investment objectives, provides for a minimum percentage of investments with a sustainable objective.

Environmental or social characteristics of the financial product

Through its activities, the Fund promotes, among others, sustainability factors provided that the issuer in which investments are made follows good governance practices.

The Fund invests in different sectors and geographic areas but adopts common approaches in addressing environmental, social and governance issues, assessing on their merits the ways in which an issuer contributes to environmental challenges, the ability of companies to develop human capital with reference to fundamental principles that are universal in scope (i.e. diversity and equal opportunities; working conditions; health and safety) and finally, management's ability to engage in a collaborative process with different stakeholders in order to ensure the achievement of long-term goals and create value for the company, focusing on aspects such as executive remuneration, tax strategies and practices, diversity and inclusion in the Board composition.

Investment Strategy

In the selection, and throughout the investment process, the management team uses a proprietary investment evaluation model that integrates ESG risks and opportunities in its various phases through the adoption of **exclusion screening**, which aims to exclude from the investable universe companies that operate in sectors or conduct business with governments or countries that have been shown to have a negative impact on society or the environment; **positive screening** through which the choice of issuers that are best in class is favored, i.e. characterized by a better ESG rating in absolute terms, or with respect to comparable issuers, or with ESG ratings that are improving among companies considered equivalent according to traditional financial criteria; and **negative screening** through which the inclusion in the investment portfolio of issuers that are suitable from the point of view of financial analysis, but not of ESG analysis, is assessed, and whose presence in the portfolio will be subject to compliance with certain constraints.

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.

Finally, the Fund assesses the good governance practices of investee companies by applying the methodology used by the Management Company based on the use of specific indicators provided by MSCI, namely the MSCI ESG Controversies indices. This approach involves excluding from the investment portfolio all issuers for which red flags have been identified. Once capital has been allocated, the process of monitoring the defined constraints is continuous in order to ensure the early identification of factors that could prove critical and turn into events that could threaten the value of an investment.

Quota of investments

Leadersel Innotech ESG provides for a percentage of investments aligned with the promoted environmental and social characteristics that do not qualify as sustainable investments of at least 70% of the investment portfolio, net of cash, money market instruments and derivatives. The percentage is set by applying the sustainable investment strategy to the portfolio.

Monitoring of environmental or social characteristics

Monitoring activities, carried out with respect to the pursuit of the declared sustainability characteristics, are performed by the management team during the due diligence phase, during which it tracks ESG analyses in the investment memorandum of the specific instrument, and by the Risk Management function, which periodically, and on an ongoing basis, analyses the compliance of the portfolio's ESG criteria with the overall sustainable investment policy adopted by the Company.

Finally, each investment is discussed and reviewed during investment committee meetings, providing an opportunity to also discuss ESG aspects and ensure that information is strategically identified.

Methodologies

The environmental and/or social characteristics promoted by the Fund are achieved through the application, during the issuer selection phase, of specific exclusion criteria which are added to the criteria of the Group's investment policy (i.e. companies active in the production and mining 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) and positive and negative screening carried out at the individual issuer level (i.e. issuers with best in class or improving ratings and definition of specific thresholds with reference to the overall weight of positions in issuers without ESG ratings or with insufficient ESG ratings)

Sources and processing of data

The quality of the ESG data used to carry out the analyses is fundamental not only to trace the sustainability profile of the investments and capture the associated risks and opportunities, but also to assess and monitor the environmental and/or social characteristics promoted by the Fund. The Company for its screening, average portfolio rating calculation and monitoring uses data and information from an external ESG data provider, however, it has found it appropriate to supplement this data with that provided by other external providers, in order to ensure the management team has broad coverage and access to the latest ESG information available.

Furthermore, to mitigate the dependence on external ESG data, and to improve access to quality ESG data, the Company has provided for the possibility of supplementing data from external sources with internal research sources and data, where deemed necessary.

Limitations of methodologies and data

To date, the Fund does not adopt any particular limitations on the use of methodologies or data sources that might adversely affect the pursuit of the environmental and/or social characteristics promoted.

Due Diligence

Integrating ESG factors into the investment process is an integral part of the due diligence process during which the management team tracks ESG analyses conducted on the specific instrument using a combination of ESG data from external and internal sources.

Engagement policies

The engagement policies adopted by the Fund, and in general by the Company, translate into a constant dialogue with the main stakeholders. In particular, on issuer in which the Fund, and more generally the Company, if it deems it appropriate, may adopt forms of active intervention, which translates into requests for specific meetings with the management and/or investor relations structures in order to address issues of specific interest or any criticalities that emerge during the monitoring activity.

In addition, the Fund pays attention to the policies implemented by the companies in which it invests, in the belief that sound corporate governance policies and practices (incorporating environmental, social and governance issues) are capable of creating long-term shareholder value. In this regard, to support investment decisions and the exercise of intervention and voting rights, the Company carries out targeted research that also includes information on the social and environmental responsibility of issuers, aimed at identifying any impacts in terms of reputation, competition and business opportunities determined by corporate governance choices.

Designated reference benchmark

A benchmark for the pursuit of the environmental/social characteristics of the product has not been designated.