

Sustainability-Related Disclosure
Long term income

This disclosure is based on the indications contained in Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the "do no significant harm" principle, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

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A. Summary

Long Term Income 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 its capital in a diversified set of asset classes, ranging from cash, fixed income, equities and alternative investments, predominantly in developed markets. 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 and negative exclusion screenings. 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 using external and internal sources, in order to ensure the most complete and reliable information.

B. No sustainable investment objective

The product promotes social and environmental characteristics under Art. 8 SFDR, without pursuing sustainable investment objectives. It provides however, a minimum percentage of investments with sustainable objectives. The Fund, in its investment activity, takes into account the negative effects on sustainability factors, prioritising, in particular, the collection and monitoring of indicators relating to greenhouse gas emissions of investments (Carbon Footprint and GHG Intensity of beneficiary companies) and indicators relating to social issues for companies (indicators relating to violations of UNGC principles and OECD guidelines for multinational companies and the lack of adequate procedures and mechanisms to monitor compliance) and sovereigns (investee countries subject to social violations).

C. Environmental and/or social characteristics promoted

Through its activities, the Fund promotes, among others, sustainability factors provided that the issuer in which investments are made follows good governance practices and does not currently pursue sustainable investment objectives. Specifically, Long Term Income integrates environmental, social and governance ('ESG') criteria into the investment process, allocating its resources to issuers that contribute positively to environmental challenges such as reduction of energy consumption, waste management, reduction of pollution and greenhouse gas emissions, biodiversity protection and climate change. The Fund also promotes social criteria by investing in companies that aim to develop their human capital, focusing on fundamental principles of universal scope, such as human resource management, equal opportunities, health and safety.

D. Investment strategy

The Fund allocates capital in diversified asset classes, ranging from cash to fixed income, equities and alternative investments. In the selection and throughout the investment process, the management team uses a proprietary investment valuation model that systematically integrates ESG risks and opportunities at its various stages, such as:

- **idea generation**, in which investment opportunities are selected, excluding certain categories of sectors, countries or issuers operating in sectors considered 'non-ESG' or behaving contrary to the ESG values defined within the policy;
- **portfolio allocation**, i.e. the allocation of capital in certain investments, identified after all negative exclusion screening and positive selection criteria, integrating the results with the fundamental analysis of financial and market risks;
- **portfolio management** is a fundamental process to ensure that ESG risk factors are identified before they become events that can threaten the value of an investment and enable us to capitalise on new investment opportunities¹

In general, the fund aims to achieve a weighted average portfolio rating of no less than a certain threshold (MSCI 'average' rating). Finally, the Fund assesses the good governance practices of investee companies by applying the methodology developed 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 the capital has been allocated, the process of monitoring the defined constraints is carried out

¹ For more details on the exclusion criteria applied, please refer to the pre-contractual information sheets annexed to this Fund's prospectus.

continuously in order to ensure the early 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.

E. Percentage of investments

The Fund provides for a percentage of investments aligned with the promoted environmental and social characteristics, of at least 75% of the invested assets, net of cash and money market instruments. This percentage has been identified by applying the sustainable investment strategy to the portfolio. The fund also aims to have at least 10% of the revenues of the underlying issuers exposed to sustainable impact solutions (as per MSCI Sustainable Impact Metrics²), both social and environmentally friendly.

F. Monitoring of environmental and social characteristics

Monitoring activities, carried out concerning the pursuit of the declared sustainability characteristics, are performed by the management team during the due diligence phase and by the Risk Management function, which periodically, and on an ongoing basis, analyses the compliance of the ESG criteria of the instrument's portfolio with the general sustainable investment policy adopted by the Company. Finally, each investment is discussed and reviewed during the investment committee, providing an additional opportunity to discuss ESG aspects.

G. 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 (i.e. companies that derive their revenues from tobacco production; companies whose revenues originate more than 25% from coal mining or coal-based electricity production; companies that violate the UNGC Principles and the OECD Guidelines for Multinational Companies) and investment constraints (i.e. max. 5% of the portfolio invested in issuers classified as "laggards", according to MSCI ESG, and max. total exposure to financial instruments of non-ESG rated issuers and to funds and ETFs not classified as "Article 8 or 9" under the SFDR not exceeding 25% of the Fund's total assets). The company maintains a proactive approach in analyzing the impact of its investment decisions, reserving the right to identify new sustainability indicators and metrics in the future, also considering regulatory developments and the availability of data from issuers.

H. Data sources and processing

The MSCI ESG Manager platform was selected as the ESG research and data provider given its comprehensive and structured ESG rating approach and its large database of ESG data and its broad coverage of the strategy's investment universe. MSCI's methodology focuses on the "key issues", the relevant ESG issues for a specific company, which mainly depend on a company's business and industry. The methodology assigns a score and then an ESG rating relative to peers in the same industry based on the company's exposure to ESG issues and related risks. This methodology therefore focuses on the risks that can arise from poor management of environmental, social and governance issues. In addition, the MSCI Sustainable Impact Metrics framework is leveraged to assess the extent companies' products and services address at least one of the major social and environmental challenges, as defined, for example, by the UN Sustainable Development Goals (UN SDGs). Furthermore, in order 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.

I. Limitations of methodologies and data

The Company, using a single info provider, cannot fill in any missing data or directly correct anomalies by cross-referencing multiple data sources. In addition, it should be noted that the info provider is not always able to verify data with Issuers and, therefore, estimates or approximations are used in some cases. However, concerning the Fund, the use of estimated data is limited, and relates primarily to carbon emissions data when reported data is unavailable.

J. 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.

² The MSCI Sustainable Impact Metrics framework is used to assess the extent to which companies' products and services address at least one major social and environmental challenge, as defined by the United Nations Sustainable Development Goals (UN SDGs). For portfolio companies, funds and ETFs, MSCI ESG provides the aggregate percentage calculated with the look-through of the underlying issuers.

K. Engagement policy

The engagement policies adopted by the Fund, and in general by the Company, translate into constant monitoring of the main stakeholders. On issuers in which the Fund, and more generally the Company, considers it appropriate, may adopt forms of "active" interaction, 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 more likely to create long-term shareholder value.

L. Designated benchmark

No reference benchmark has been designated for the attainment of the environmental/social characteristics of the product.

