Template 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 Corporate Bond*
Legal entity identifier: 213800S24K8D1MEZT181

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

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ 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 ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

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

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

Among the key ESG themes, the Leadersel Corporate Bond strategy promotes environmental issues, with a particular focus on carbon footprint and decarbonization, as well as social and governance issues related to international goals and principles regarding sustainable development and labor rights.

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

To attain the promoted environmental and social caracteristics, the strategy monitors and applies several sustainability indicators that may be summarized as follows:

- ***Environmental indicators:***
  - carbon footprint (tons of CO_2 per million invested);
  - carbon intensity (tons of CO_2 per million in company revenue);
  - exposure to coal (share of revenues from coal);
  - exposure to fossil fuel (share of portfolio invested in fossil fuel exposed companies).

To promote decarbonization, the investment strategy excludes companies involved in coal and non-conventional Oil & as (shale gas, artic extraction) and target a portfolio Carbon Footprint at least 20% lower than its reference market index (ICE Euro Corporate) and excludes from its investment universe companies involved in coal and unconventional oil extraction (using fracking techniques or extraction in the Arctic).

- ***Social indicators:***
  - compliance with OECD guidelines, UNGC (UN Global Compact), UNGP (UN Human Resources Guiding Principles), ILO's (International Labour Organization) fundamental principles and labour standards;
  - number and severity (as assigned by MSCI) of ongoing controversies

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.

The investment strategy excludes all companies that are not aligned with international guidelines and principles (UN and ILO), or that are involved in controversies considered severe (by MSCI ESG) and are therefore marked with a "Red Flag".In addition to these indicators, in order to achieve the environmental or social characteristics promoted by the Sub-Fund, the portfolio combines negative screening strategies to define the sustainable investable universe, integrates ESG factors (rating and carbon footprint) into the issuer selection process, and has established strict investment limits in portfolio construction.

The Sub-Fund is committed to promoting, through the implementation of specific screening criteria and the use of exclusion lists, investments aimed at reducing negative impacts on society and the environment, and to excluding from its investment universe certain issuers operating in sectors and/or countries considered controversial, identified within the Sub-Fund's responsible investment policy, to which reference is made for further details at the following link:

https://www.ersel.it/en/dam/jcr:52608307-733b-4d87-9ed8
4387437d43aa/Sustainability%20Policy%20ESG%20rev.pdf

With regard to portfolio construction, the objective of the Sub-Fund is to achieve an average ESG score equal to or higher than 70 on a scale from 0 to 100, applying the methodology defined by MSCI ESG Manager, selected by the Ersel Group as ESG data research provider. In this way, the Manager aims to allocate a larger share of capital to those issuers deemed able to generate positive externalities for society as a whole, both in environmental and social terms, over a long-term investment horizon.

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

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?

Not applicable. This financial product promotes environmental and/or social characteristics, but does not have sustainable investment as its 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?

Not applicable.

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

Not applicable.

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

Not applicable.

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, in accordance with Article 7 of the Sustainable Finance Disclosure Regulation, this Fund considers the principal adverse impacts (PAIs) of its investment decisions. Although the ability to meaningfully assess these impacts may currently be limited by the absence or partial availability of information, the Manager will continue its research and data collection regarding PAIs associated with its investments. The table below summarizes the list of principal adverse impact indicators taken into consideration (Annex I of the Commission Delegated Regulation supplementing the Sustainable Finance Disclosure Regulation). Further information on how the Sub-fund considers its principal adverse impacts is available in the Sub-fund's periodic report.

No

Adverse sustainability indicator	Explanation and targets
Carbon footprint	The sub-manager regularly measures the financial product's Carbon footprint and GHG intensity of investee companies and monitors periodically how they evolved with respects to previous periods observations. Carbon footprint and GHG intensity have been identified as the most relevant adverse indicators to measure the alignment of the portfolio with the environmental characteristics promoted by the sub-manager.
GHG intensity of investee companies	
Exposure to companies active in the fossil fuel sector	Exclusion policy prevents the investment in companies involved in specific fossil fuel segments above a defined threshold. Companies with more than 5% of revenues from coal, unconventional oil & gas and artic oil & gas are excluded by the investable universe
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) are excluded from the investable universe
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Companies non-compliant or acting in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises are excluded from the investable universe

What investment strategy does this financial product follow?

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

The investment strategy adopted by the Sub-Fund aims to achieve long-term capital growth by investing mainly in debt instruments issued by European financial and non-financial companies.The Fund's portfolio is constructed with strong focus on bottom-up selection, following a high-conviction approach that results in a concentration of investments in a limited number of positions. However, the selection of securities also reflects top-down allocation choices that define the Fund's overall exposure to macro risks.

The investment process therefore follows a multi-stage approach:

- In a first phase, the investable universe is screened to exclude non-compliant issuers and securities;

- Subsequently, the best investment opportunities are identified and selected through proprietary relative value models and fundamental analysis;

- Finally, the portfolio is constructed so as to reflect the desired risk positioning, while respecting strict investment limits

Given the objective of promoting, through its strategy, the integration of sustainability factors within its investment process, the Sub-Fund undertakes to integrate ESG assessments into all the phases described above, in addition to the positive and negative screening processes defined within the Management Company's investment policy.

The inclusion of ESG factors in the issuers' internal rating process makes it possible to assess the risk-return profile of a corporate bond in greater detail, thereby improving its expected risk-adjusted return.

Moreover, ESG-based screening of the investable universe, the definition of exposure limits for companies with a low ESG rating, and the identification of portfolio objectives in terms of ESG profile and carbon footprint enable the Sub-Fund to allocate a larger share of capital to those issuers deemed capable of generating positive externalities for society as a whole over the long term, both in environmental and social terms.

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

In detail, the integration of ESG factors within the investment process can be summarized as follows:

- the investable universe is filtered by excluding sectors, countries and companies that do not meet the exclusion criteria defined in the responsible investment policy adopted by the Management Company;

- when assessing investment opportunities, the Sub-Fund integrates variables such as the ESG rating and other ESG-related metrics into its internal bond-selection model, using both quantitative and qualitative approaches;

- the ESG objectives defined at portfolio level in terms of average ESG rating, carbon footprint and maximum percentage exposure to issuers with an ESG rating below a given threshold (e.g. MSCI Rating ≤ BBB) constitute binding elements that contribute to the management of the portfolio's overall risk;

- Reference should be made to the Sub-Fund's Responsible Investment Policy for further information

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, countries or issuers that conflict with the ESG values promoted by the Ersel Group (including the exclusion of companies involved in violations of UNGC principles or in the production or sale of controversial weapons);

- the weighted average ESG score of the bond portfolio must be equal to or higher than 70 on a scale from 0 to 100, according to the MSCI methodology;

- investment in “worst-in-class” issuers is not permitted, and a maximum exposure limit of 10% has been set both for “laggard” issuers (i.e. with an ESG score below 40/100 according to the MSCI methodology) and for unrated issuers;

- the carbon footprint level of the bond portfolio, measured in tonnes of CO_2 per million invested, must be at least 20% lower than the relevant benchmark (ICE Euro Corporate Index – ER00).

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

There is currently no minimum percentage reduction of the investable universe based on ESG factors. However, the following exclusion criteria ensure that investments comply with the investment policy. The following are excluded from the investable universe:

- bonds issued by companies that do not comply with international treaties on controversial weapons, in particular the 2008 Convention on Cluster Munitions, the 1997 Ottawa Treaty on anti-personnel mines, the 1997 Chemical Weapons Convention, the 1975 Biological Weapons Convention, the 1968 Nuclear Non-Proliferation Treaty, or regulations on the use of depleted uranium;

- bonds issued by companies or countries that seriously violate UN principles or OECD guidelines;

- bonds issued by issuers operating in countries subject to international sanctions or that violate the principles of the United Nations Global Compact;

- bonds issued by companies that are significantly involved in the production or distribution of tobacco;

- bonds issued by companies that derive more than 5% of their revenues from adult entertainment and pornography, from the production and distribution of civilian weapons, from the extraction of unconventional oil and gas or Arctic oil and gas, from coal mining or from coal-based power generation;

- bonds issued by companies or countries that are subject to severe ESG controversies, based on data provided by external providers or on the Sub-Manager’s internal research.

For further details, reference should be made to the Fund’s responsible investment policy.

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

To assess the good governance practices of the investee companies, the Management Company has adopted an approach based on the use of specific indicators provided by MSCI, namely the ***MSCI ESG Controversies and MSCI ESG Rating*** indices, which provide assessments in relation to the Social and Governance pillars. This approach entails the exclusion from the Sub-Fund’s investment portfolio of issuers for which red flags have been identified, i.e. severe violations of international principles or serious legal ESG-related controversies. The Management Company’s policy on “good governance assessment practices” is available at the following link:

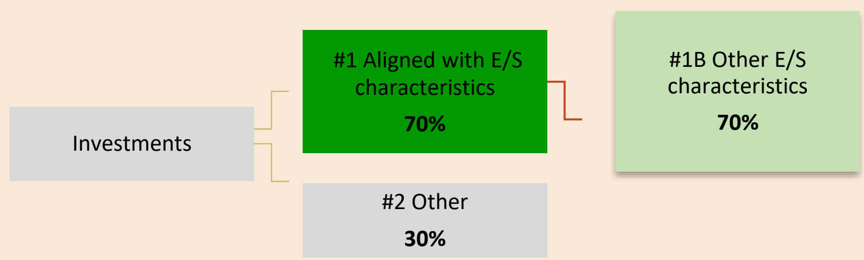
https://www.ersel.it/dam/jcr:fd8f2a1e-123c-481f-b3dd-b69d15a1506c/Politica%20di%20buona%20governance%20-%20ESG%20ITA.pdf.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The Sub-Fund provides for a percentage of investments aligned with the environmental and social characteristics it promotes, which do not qualify as sustainable investments, equal to at least 70% of the investment portfolio, net of cash, money market instruments and derivatives. This percentage is determined by applying the sustainable investment strategy to the portfolio. The "#2 Other" category, which may represent up to 30% of the investment portfolio, includes investments that are not aligned with the environmental or social characteristics and do not qualify as sustainable investments, such as cash, money market instruments and derivatives. For securities included in the "#2 Other" category, minimum environmental or social safeguards apply: they must not be involved in violations of UNGC principles and must not be involved in serious controversies relating to environmental, social or governance matters. Investments in "#2 Other" allow for efficient portfolio management by reducing concentration and market risk.

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

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

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

The strategy does not have a minimum alignment objective with the EU Taxonomy in respect of sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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

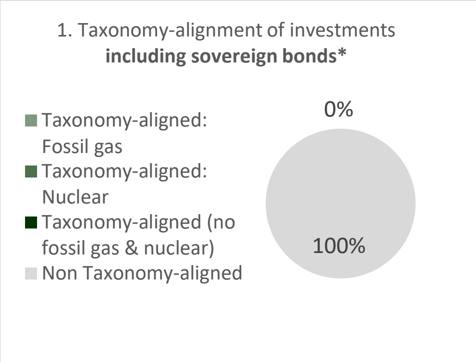
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

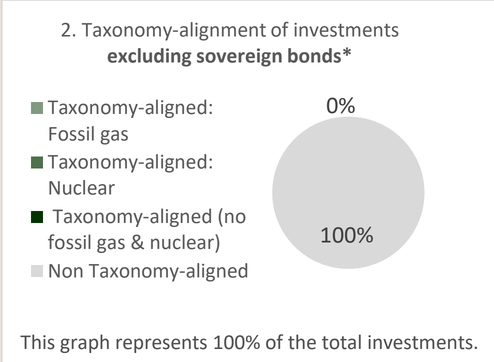
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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?***

Not applicable

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

Not applicable.

What is the minimum share of socially sustainable investments?

Not applicable.

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

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The “#2 Other” category comprises the remaining 30% of the financial product’s investment portfolio that is not aligned with the environmental or social characteristics and does not qualify as a sustainable investment, net of cash, money market instruments and derivatives. Securities included in this category have an ESG score below 40/100 (according to the methodology of the Investment Manager) or have no ESG rating. Minimum environmental and social safeguards apply to securities included in the “Other” category. Corporate issuers must comply with UNGC principles or with the OECD Guidelines for Multinational Enterprises and must not be involved in very severe controversies relating to environmental, social or governance matters. Investments in “#2 Other” allow for efficient portfolio management by reducing concentration and market risk.

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?

No specific benchmark has been defined to measure whether the financial product attains the environmental or social characteristics it promotes.

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

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

  Not applicable

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

  Not applicable

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

  Not applicable

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

  Not applicable

Where can I find more product specific information online?

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