

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 Innotech

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 include 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?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

**Yes**    **No**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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**What environmental and/or social characteristics are promoted by this financial product?**

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

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

Leadersel Innotech 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 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:***

*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.*

N/A

**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.



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

Yes



No

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

**What investment strategy does this financial product follow?**

- ***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.

- ***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>

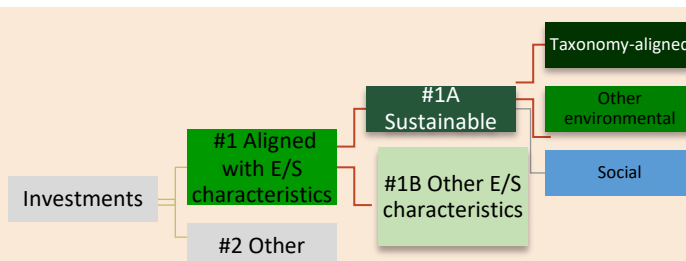
**Asset allocation** describes the share of investments in specific assets.



## What is the asset allocation planned for this financial product?

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,

- 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.

**#2 Other** 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.

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.

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

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.

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

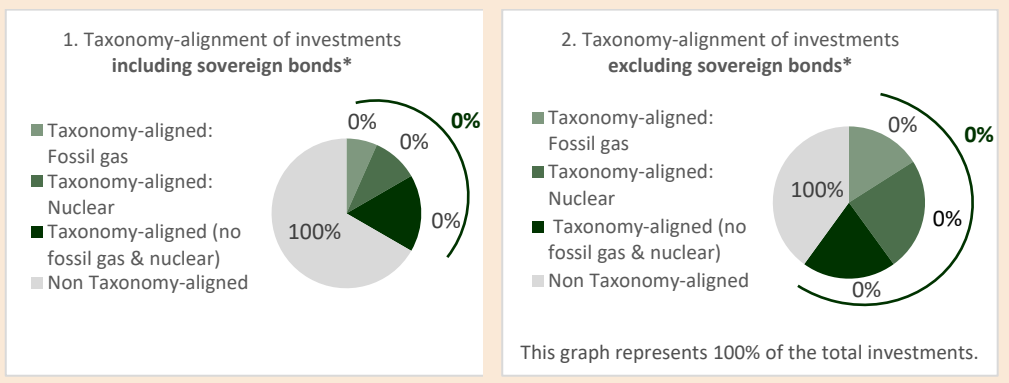
**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

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?** N/A



**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?**

oil 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.

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.

- ***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



### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

Further information on the product can be found at the following link:

<https://www.ersel.it/gruppo-ersel/sostenibilita>