

Longhorn Fund

Summary

The sub-fund promotes E/S characteristics, including, but not limited to, the exclusion of certain sectors that may be considered as being harmful. The sub-fund seeks to meet these characteristics by investing in bonds and securities issued by companies which will not invest in certain operations that are judged to have a negative impact on ESG factors.

The sub-fund seeks to meet the environmental and social characteristics by excluding companies deriving significant revenue (i.e. >5% of revenue) from the production and distribution relating from the activities set out in the section "Investment strategy" below. Additionally, the sub-fund promotes environmental and social characteristics by investing in Companies that exhibit superior ESG profiles based on a proprietary ESG rating.

The sub-fund's asset allocation is shown in the section below "Proportion of investments".

The sub-fund's E/S characteristics are monitored internally by the CFO / CRO and by the ESG Committee which reports directly to the Board of Directors. The CFO / CRO checks and approves that new investments meet the sub-fund's sustainability criteria. The investment manager also has external control mechanisms through the second and third line of defense control mechanisms; risk management function, the compliance function and the internal audit function that will review and verify the investment manager's compliance with the sustainability information provided for the sub-fund.

The investment manager retrieves data primarily from the third-party provider Morningstar / Sustainalytics and in case of missing data the investment manager obtains data directly from the portfolio companies.

The sub-fund seeks to influence the portfolio companies in matters of human rights, as well as with regard to climate and the environment.

The sustainability-related disclosures were last updated on 2023-10-12.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The sub-fund promotes environmental and social characteristics, including, but not limited to, the exclusion of certain sectors that may be considered as being harmful. The sub-fund seeks to meet these characteristics by investing in bonds and securities issued by companies which will not invest in certain operations that are judged to have a negative impact on ESG factors.

Additionally, the sub-fund promotes environmental and social characteristics by investing in Companies that exhibit superior ESG profiles based on a proprietary ESG rating.

Investment strategy

The sub-fund seeks to meet the environmental and social characteristics by excluding companies deriving significant revenue (i.e. >5% of revenue) from the production and distribution relating to the following activities:

- Cluster bombs
- Anti-personnel mines
- Chemical and biological weapons
- Nuclear weapons, weapons and/or munitions
- Pornography
- Fossil fuels (oil, gas, coal)

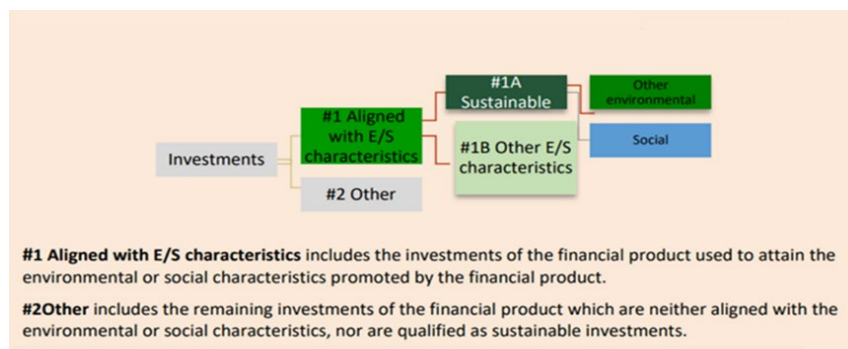
- Coal
- Tobacco
- Extraction of tar sand, thermal coal and/or palm oil

Additionally, the sub-fund promotes environmental and social characteristics by investing in Companies that exhibit superior ESG profiles based on a proprietary ESG rating which relies on non-financial information gathered and analysed internally by the Investment Advisor as well as on non-financial information received from several external data providers. This internal ESG rating ranks companies from best to worst (i.e. from 0 to 100), for which the sub-fund will generally not invest in companies that received an ESG rating above 40.

Furthermore, the investment manager has chosen to follow the ten principles of the UN Global Compact, the UN's guiding principles for business and human rights, and supports the Principles for Responsible Investments (PRI).

To further ensure good governance practices of the investee companies, the sub-fund seeks to influence the investment objects in matters of human rights, as well as with regard to climate and the environment. The AIFM takes all opportunities to vote in different corporate actions related to the portfolio companies and has a separate policy for exercising its voting rights and for shareholders arrangements. The investment manager conducts a quarterly screening of the portfolio companies against the ten principles of the UN Global Compact and the UN's guiding principles for business and human rights.

Proportion of investments



The investment manager employs a binding proprietary ESG methodology which is applied to at least 90% of the sub-fund's portfolio. The remaining portion (<10%) of the portfolio, consisting of liquid assets (ancillary liquid assets, bank deposits, money market instruments, money market funds and derivatives with no underlying company), will not be aligned with the promoted characteristics.

Monitoring of environmental or social characteristics

The sub-fund has both internal and external control mechanisms to monitor on an ongoing basis the E/S characteristics of the sub-fund. The sub-fund's E/S characteristics are monitored internally by the CFO / CRO and by the ESG Committee which reports directly to the Board of Directors. The CFO / CRO checks and approves that new investments meet the sub-fund's sustainability criteria.

Furthermore, the investment manager also has external control mechanisms through the second and third line of defense control mechanisms; risk management function, the compliance function and the internal audit function that will review and verify the investment manager's compliance with the sustainability information provided for the sub-fund.

Methodologies

The investment manager measures the achievement of the sub-fund's E/S characteristics at portfolio level through the indicators:

1. the percentage of portfolio companies (in terms on NAV) deriving significant revenue from the economic activities set by the sub-fund's exclusion criterion, which is expected to be at 0%.
2. the percentage of portfolio given an ESG Rating in the following ranges: [0;10), [10;20), [20;30), [30;40), and [40;100], where the percentage of companies with an ESG Rating above 40 is expected to be close to 0.

The investment manager also measures the achievement of the sub-fund's E/S characteristics by obtaining data from Morningstar / Sustainalytics on the indicators for principal adverse impacts ("PAI") as it is defined in the Disclosure Regulation.

Data sources and processing

The sub-fund collects data from Morningstar / Sustainalytics prior to an investment to obtain information on the portfolio company's ESG rating and for obtaining data on the PAI indicators.

For companies with no ESG rating available in Sustainalytics, the proprietary ESG rating will use available data from other external sources such as Bloomberg, meetings with the company, annual reports of the company and other relevant sources to collect ESG data on the company.

The investment manager is actively working to ensure the quality of the sustainability data it uses to make informed investment decisions in light of the ESG analysis the investment manager performs prior to investment. Morningstar / Sustainalytics is a leading ESG research, ratings and data company with 30 years of experience in developing solutions to meet the growing need for sustainability information.

The investment manager does not use any estimated data.

Limitations to methodologies and data

The investment manager considers that there are some limitations to the sustainability data collected given the lack of available sustainability data. The implementation of the Corporate Sustainability Reporting Directive and the accounting standards of the European Financial Reporting Advisory Group is necessary to provide information on reliable quantitative indicators.

The sub-fund has taken best effort measures by using a trusted third-party provider for sustainability data and where Morningstar / Sustainalytics is unable to provide the data, the sub-fund addresses the portfolio company directly to request the relevant data.

Due diligence

The sub-fund works continuously to ensure that sustainability is well integrated into all parts of the investment process.

The investment manager is responsible for integrating sustainability aspects into the investment process. All employees in the investment management team have a responsibility to consider sustainability-related risks and opportunities based on their roles and to ensure the management and documentation of these within the framework of their work.

Furthermore, the investment manager has external control mechanisms through the second and third line of defence control which are the risk management function, the compliance function and the internal audit function that will review and control the compliance with the due diligence process for the sub-fund.

Engagement policies

The sub-fund seeks to influence the portfolio companies in matters of human rights, as well as with regard to climate and the environment. The AIFM takes all opportunities to vote in different corporate actions related to the portfolio companies and has a separate policy for exercising its voting rights and for shareholders arrangements.

Designated reference benchmark

No index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the sub-fund.

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