

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

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

Product name: Cusana Global Emerging Markets Fund (the "Fund")

Legal entity identifier: 635400FTVI8A7J9VGR65

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 will make a minimum of **sustainable investments with a social objective:** ____%



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 promotes E/S characteristics, but **will not make any sustainable investments**



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

As part of the investment process, the Investment Manager considers a variety of environmental and social characteristics. The sustainability of each company is integral to investment analysis and is assessed in conjunction with and as part of the Investment Manager's financial, thematic and macro analysis and valuation work.

Examples of the environmental and social characteristics promoted by the Fund include:

Sustainability indicators

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

- **Environmental characteristics:**

The Investment Manager invests in companies with a responsible approach to the environment including but not limited to climate mitigation and carbon reduction. The Investment Manager considers the full environmental impact of a company across the global value chain, even where the impact is very difficult to quantify, rather than just the direct environmental footprint of the company.

- **Social characteristics:**

Human rights – avoiding companies implicated with human rights abuses and investing in companies that support and respect international human rights standards.

Labour – responsible employers that are not involved in forced labour, child labour or discrimination in the workplace. The Investment Manager will consider the track record of investee companies in relation to the treatment of workers and the local community in order to assess their suitability for capital allocation.

Anti-corruption – The Investment Manager does not invest in companies where management have a history of corruption, extortion, or bribery.

The Investment Manager defines high-quality companies as those that provide exceptional products and services to their customers, benefiting society and maintaining strong economic moats. These companies demonstrate superior corporate governance, sustainable environmental and social characteristics, robust balance sheets and strong returns on invested capital. The Investment Manager only includes investments that comply with the environmental and social safeguards outlined above. The Investment Manager takes a focused and credible approach to ESG matters – and will seek to identify examples of management implementing positive changes in corporate practices.

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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

As part of the investment process, the Investment Manager uses a range of both quantitative and qualitative sustainability indicators in order to determine the environmental and social impacts of each investment. The Investment Manager has integrated these indicators into its research, investment decision-making, portfolio construction and trading and compliance processes.

The sustainability indicators being considered by the Investment Manager are:

- 1) All Principal Adverse Impact (PAI) indicators which are material to the company, specifically GHG emissions, carbon footprint, GHG intensity, waste reduction policies, water policies, environmental disclosures and climate risk and opportunities assessment.
- 2) Social – Violations of UN Global Compact and OECD Guidelines for Multinational Enterprises, human rights policies and Health and Safety policies, anti-corruption and anti-bribery policies, business ethics policies, employee protection/ whistle blower policies, child labour laws.

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.

- **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 – the Fund does not hold Sustainable Investments.

- **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 – the Fund does not hold Sustainable Investments.

- *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 – this Fund is not Taxonomy-aligned

The EU Taxonomy sets out a “do no 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,



No

The Investment Manager considers the principal adverse impacts (“PAI”) listed below in all our investments:

- GHG – scope 1, 2 and 3

- Energy consumption intensity
- Violations of UN global compact
- Carbon footprint
- Negative effects on biodiversity sensitive areas
- Lack of processes to monitor compliance
- GHG intensity
- Emissions to water
- Gender pay gap
- Fossil fuel sector exposure
- Hazardous waste
- Board gender diversity
- Non-renewable energy consumption/production
- Exposure to controversial weapons

When considering these principal adverse impacts, the Investment Manager also takes into consideration differing stages of development, social norms and institutional development in different countries when assessing the acceptability of behaviour. The Investment Manager also exercises judgment in weighing the full impact of the company on the environment and society.

The Investment Manager uses multiple sources of ESG information and believes it is the investors who are best placed to filter this information and interpret its impact on a company's financial performance, sustainability footprint and valuation. The Investment Manager believes it is very difficult to assign a monetary value or meaningful number to ESG issues and to integrate them into financial models. ESG-related disclosure by companies may be limited, unverified and non-standardized, especially within emerging markets where jurisdictional frameworks tend to be less developed. Many ESG data provider scores only reflect differing disclosure and capturing corporate behaviour as a number or letter grade is often not an accurate representation. The Investment Manager has found that the analysis of many third party providers can differ meaningfully from its views in respect of certain stocks and issues. Accordingly, the Investment Manager prefers to exercise its judgment from a holistic analysis of the business and its interaction the relevant company. The Investment Manager has developed its own ESG scorecards to ensure that PAI indicators are sufficiently considered. Scorecards are regularly updated and reviewed.



What investment strategy does this financial product follow?

The investment objective of the Fund is to achieve long-term capital appreciation.

A long only strategy will be implemented to achieve the Fund's investment objective. The Fund will seek to profit by acquiring and holding high quality stocks with significant expected growth opportunities.

The Fund will be constructed without reference the Index and be a concentrated portfolio of 25-35 publicly listed companies with products and services, supported by strong industry tailwinds including, inter alia; electric vehicle supply chains, demographic development in India and renewable energy including solar panelling and lithium battery makers.

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

The Fund's portfolio companies will typically be established franchises with strong cash generation, robust balance sheets and which develop environmentally responsible products and processes.

The Investment Manager undertakes a forensic fundamental analysis of these businesses to ensure that the portfolio companies exhibit good corporate governance, strong ESG credentials and a clear alignment of interests between each company and its minority shareholders. The investment ideas are organised and communicated through a subjective factor list/scorecard. This model helps to fully analyse the investment decisions and ESG factors consistently across industries and sectors. It supports decision making and increases the competition for capital within the portfolio. The Investment Manager will aim to hold portfolio positions for the long term (typically for 5 years) to allow the investment case in each stock to play out.

● ***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 binding elements of the Fund's investment strategy are as follows:

(i) *The Fund's Core ESG Principles*

1. The Investment Manager shall only invest in companies where it has confidence that there is alignment between any controlling shareholders, senior management and minority investors (i.e. the fund). Minority shareholders must be treated equally with any lead shareholders.
2. The Investment Manager shall provide capital to companies that it believes will be good stewards of that capital and use that capital for profitable and useful endeavours.
3. The Investment Manager shall only invest in companies with "best in class" governance, but also in "improvers". The Investment Manager will focus engagement efforts on the latter where it can have more impact.
4. The Investment Manager shall look beyond immediately obvious environmental impacts and try to understand the impact of the entire value chain around the company and its indirect impact whether positive or negative - even where data is scarce.
5. The Investment Manager shall always act as long-term investors - taking a business-owner perspective in voting and engagement.
6. Whilst as a matter of best practice, the Investment Manager is fully cognisant of ESG data scoring and the Investment Manager strives to be at the leading edge relative to its peers. The Investment Manager does not allow the pursuit of these scores to define its process.
7. The Investment Manager's key priority is to review and understand corporate behaviour and to avoid getting distracted by statistics from third party ESG data providers. Nonetheless, that focus must not detract from the importance of appropriate disclosure of both financial and ESG information.

The Investment Manager's long-term investment horizon (5-7 years) accentuates the importance of ESG analysis because as long-term investors the sustainability of profits is critical to its valuation approach. The Investment Manager combines both qualitative and quantitative ESG factors into its overall analysis of a company using a five-year time horizon (sometimes longer) – to ensure that the value of the business is unlikely to be impaired by any failures to adhere to ESG standards.

(ii) *Exclusion List*

The Fund will not invest in companies with the following exposures: adult entertainment, armaments, gambling, tobacco, thermal coal. Importantly, as a further filter, the Fund also applies the Norges Bank (NBIM) exclusion list, which the Investment Manager believes offers very sensible acceptability parameters around company ESG characteristics, removing negative ESG companies from consideration.

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

Not applicable

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

The Investment Manager assesses good governance practices of investee companies as part of the Investment Manager's due diligence process and analysis in accordance with the Fund's Core ESG principles, as set out above.

Investee companies are assessed against a variety of factors and metrics, including sound management structures, employee relations, related party transactions, remuneration of staff and tax compliance.

The Investment Manager actively engages with its investee companies where the team perceive their activities or failure to consider fully the impact of sustainability as a risk to shareholder value. The Investment Manager's emerging markets investment team will be responsible for any company engagement. Engagement is a fundamental part of the process and is normally undertaken through correspondence or, if necessary, company meetings.

The Investment Manager will always seek to offer solutions for management and will be highly respectful of the issues they face when submitting those proposed solutions. However, if within the medium term the Investment Manager thinks that the company is not doing enough to remedy situations of concern, the Investment Manager will withdraw its support for the investment.

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



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The Fund aims to hold a minimum of 80% investments that are aligned with the environmental or social characteristics promoted by the Fund. The Fund does not hold sustainable investments.

The Fund aims to hold a maximum of 20% investments that are not aligned with the environmental or social characteristics promoted by the Fund and are not sustainable investments, and which fall into the "Other" section of the Fund (further details of which are set out below).

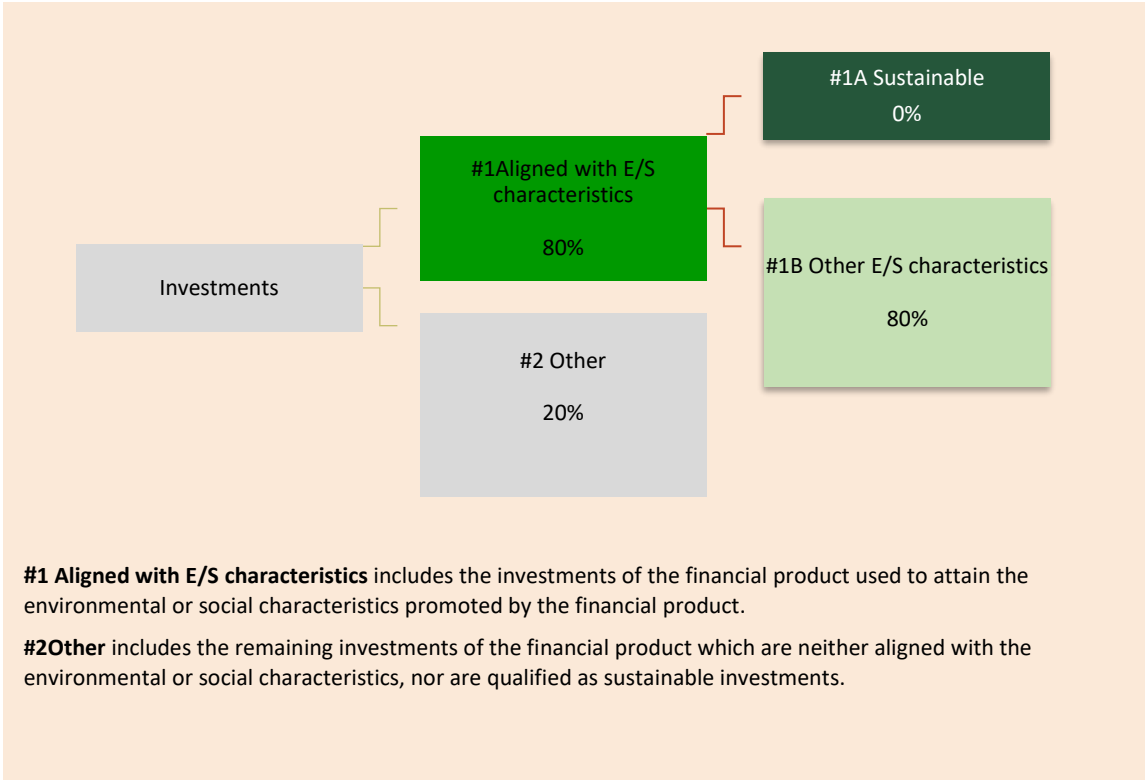
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power on low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

Please note that while the Investment Manager aims to achieve the asset allocation targets outlined above, these figures may fluctuate during the investment period and ultimately, as with any investment target, may not be attained.

The exact asset allocation of this Fund will be reported in the Fund's mandatory periodic report SFDR template, for the relevant reference period.



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

N/A - the Fund will not use derivatives to promote environmental or social characteristics.



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

The Fund's investments are not Taxonomy-aligned. Accordingly, the minimum proportion of investments that contribute to environmentally sustainable economic activities for the purposes of the Taxonomy Regulation is 0%.

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.

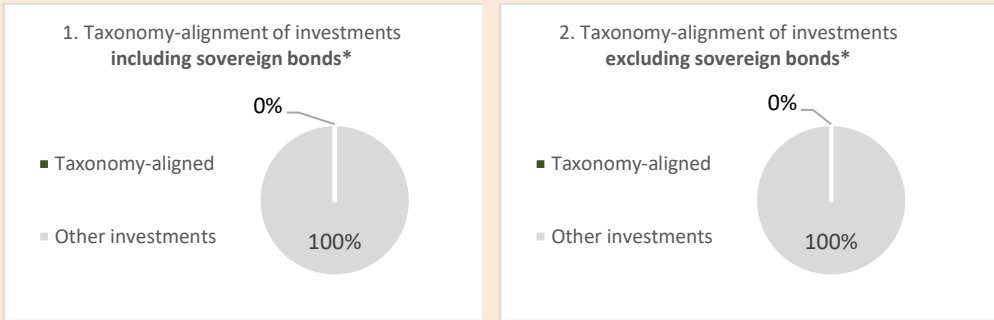
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

☐ 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?

“Other” includes the remaining holdings of the Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

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.

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

This “Other” section in the Fund might include (i) certain holdings and (ii) cash and/or cash equivalents, that have been retained for liquidity, hedging and/or cash management purposes. No minimum environmental or social safeguards will be in place in respect of cash and/or cash equivalents.

As noted above, the Fund will be invested in compliance with the Exclusion List, on a continuous basis. The Investment Manager believes that compliance with the Exclusion List prevents investment in companies that breach environmental and/or social minimum standards and ensures that the Fund can successfully promote its environmental and social characteristics. The above steps ensure that robust environmental and social safeguards are in place.



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?

Not applicable

- ***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?

More product-specific information can be found on the website \. Sustainability related disclosures can be found at <https://www.sector.no/en/funds/cusana-global-emerging-markets-fund>