

Template periodic 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: [complete]

Legal entity identifier: [complete]

## Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents sustainable investments]*

<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: ___%</b> <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>	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics and</b> while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <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>
<input type="checkbox"/> It made <b>sustainable investments with a social objective: ___%</b>	<input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**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.



**To what extent were the environmental and/or social characteristics promoted by this financial product met?** *The investment team goal is to identify the relevant and quantifiable ESG factors in order to assess the ex-ante, on going and ex-post sustainability trajectory of the issuers. The Sub-Fund's aim is to promote at least one of the following environmental and social characteristics:*

- Environmental: climate change impact and CO2 emissions; energy efficiency and renewable energy and waste treatment and recycling;
  - Social: workplace health & safety; employees development and third party/supply chain labour standards;
  - Governance: inclusion and diversity; transparency among the main stakeholders.
- These characteristics are measured and monitored using an internal ESG rating score, further described below. Sectors deemed harmful are excluded by Ver Capital SGRpA (the "Investment Manager").*
- The Sub-fund does not use a specific index designated as a benchmark index to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics it promotes.*

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

Considering that the weighted average ESG rating score is 2.27 on scale of 1 to 5 (where "1" indicates an excellent ESG profile and "5" an inadequate ESG profile) and that 92.0% of the invest portfolio has an ESG score lower than 3, we believe that the environmental and/or social characteristics promoted by this financial product are met.

### ● **How did the sustainability indicators perform?**

The Investment Manager has developed a proprietary model based on the qualitative/quantitative assessment of ESG factors. Specifically, each asset in the portfolio is subjected, both in the preliminary investment phase and in the subsequent monitoring and reporting phase, to an internal analysis aimed at determining an ESG score, taking into account the initiatives and/or targets that the company, object of the potential investment, intends to pursue.

The goal of the analysis is to assign a score, on a numerical scale 1-5 (where "1" indicates an excellent ESG profile and "5" an inadequate ESG profile), to each ESG key indicator. Specifically, the ESG key indicators considered are as follows:

1. *Environmental factors: climate change impact and CO2 emissions; pollution reduction; energy efficiency and clean energy; waste treatment and recycling; any other factors;*
2. *Social factors: workplace safety; personal data protection and privacy; poverty reduction; human rights and community relations; any other factors;*
3. *Governance factors: ethical considerations; strategy, internal controls and risk management; inclusion policies and reducing inequality; transparency and reporting; any other factors;*

Once a score has been assigned to each of the previous indicators, an aggregate weighted score for each of the three ESG (Environmental, Social and Governance) factors is calculated and, finally, a final score for the asset in question is identified by means of an arithmetic average. The score identified during analysis is updated each time the Investment Manager receives new documentation from the company or agent regarding the practices, initiatives, and goals identified by the issuing company (e.g., sustainability report, ESG report, or any ESG questionnaire).

Furthermore, companies in contradiction of the Investment Manager's Responsible Investment Policy will be excluded from investment, such as those that do not respect international conventions or national regulations, and those involved in controversial business.

The Sub-Fund has the following binding elements:

- *The average ESG portfolio score should be below 3 on the basis of the Investment Manager's internal model. At least 50% of the invested portfolio must have an ESG score lower than 3.*
- *Identify any ESG red flags for consideration in due diligence process;*
- *The Sub-fund's portfolio should be compliant with the Investment Manager's Exclusion Policy and with the Sub-fund excluded sectors, that do not allow to invest in companies whose main business activity is involved in any of the following business areas:*
  - *provide any financing, or invest, guarantee or otherwise provide financial or other support directly or indirectly to any company whose business activity consists of an illegal economic activity;*
  - *provide any financing to any company whose business activity is focused on the financing and production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;*
  - *provide any financing to any company whose business activity is substantially focused on:*
    - *the production of and trade in tobacco and distilled alcoholic beverages;*
    - *casinos and equivalent enterprises; or*
    - *the research, development or technical applications, which (x) aim specifically at supporting any activity set forth in sub-clauses 1, 2 and 3(i) and (ii) (including internet gambling, online casinos or pornography) or (y) are intended to enable the illegal entry into electronic data networks or downloading of electronic data;*
  - *provide support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes or*

*(ii) genetically modified organisms (GMOs), without appropriate control by the Investment Manager of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.*

- *In the case of 2 above, to the extent investments are made pursuant to the provision that these are accessory to any European Union policies (i) none of such investments will be linked directly or indirectly to the proliferation, development, manufacturing or distribution of outlawed weapons and weapons of mass destruction, (ii) such investments will pursue a lawful purpose within the meaning of the applicable rules, laws, regulations and international treaties, (iii) such investments are in full compliance with the applicable rules, laws, regulations, and international treaties.*

*Considering that the weighted average ESG rating score is 2.27 on scale of 1 to 5 (where "1" indicates an excellent ESG profile and "5" an inadequate ESG profile) and that 92.0% of the invest portfolio has an ESG score lower than 3, we believe that the environmental and/or social characteristics promoted by this financial product are met.*

**...and compared to previous periods?**

*This is the first period where the ESG rating score has been calculated.*

**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 were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?** *The Sub-Fund does not have the objective of making sustainable investments, and it is not committed to doing so.*

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?** *The Sub-Fund does not have the objective of making sustainable investments, and it is not committed to doing so.*

— — **How were the indicators for adverse impacts on sustainability factors taken into account?** *Not applicable.*

— — **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?** *Details: Not applicable.*



**How did this financial product consider principal adverse impacts on sustainability factors?** *This financial product does not consider principal adverse impacts on sustainability factors.*



**What were the top investments of this financial product?**

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **[complete]**

Largest investments	Sector	% Assets	Country
<i>BMC</i>	<i>Software</i>	<i>5.33%</i>	<i>USA</i>
<i>Cheplapharm</i>	<i>Pharmaceuticals</i>	<i>5.30%</i>	<i>Germany</i>
<i>NielsenIQ</i>	<i>Professional</i>	<i>5.29%</i>	<i>USA</i>
<i>Delachaux</i>	<i>Building</i>	<i>4.80%</i>	<i>France</i>
<i>Alhstrom</i>	<i>Paper &amp; Forest</i>	<i>4.12%</i>	<i>Finland</i>

*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 Union 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.*

## What was the proportion of sustainability-related investments?

*Not applicable (see the box below).*

### ● **What was the asset allocation?**

*Not applicable.*



*[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

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

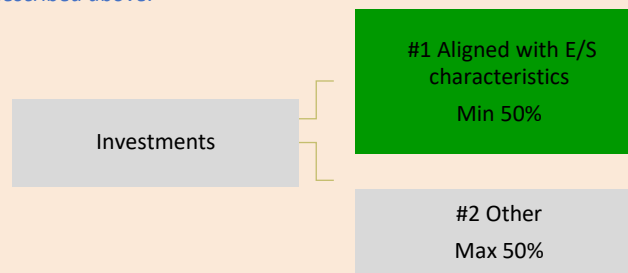
### **Enabling activities**

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.

*The Fund invests at least 50% of its commitments in bonds and loans of companies that exhibit positive environmental, social and governance (ESG) characteristics in accordance with the binding elements of the investment strategy described above.*



**#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.

### ● **In which economic sectors were the investments made?**

*Household Products*

*Auto Components*

*Technology Hardware, Storage & Peripherals*

*Specialty Retail*

*Paper & Forest Products*

*Building Products*

*Food Products*

*Software*

*Diversified Consumer Services*

*Containers & Packaging*

*Food & Staples Retailing*

*Professional Services*

*Health Care Providers & Services*

*Pharmaceuticals*



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?** *The Sub-Fund does not commit to make any sustainable investments with or without an environmental objective aligned with the EU taxonomy.*

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy

No

---

<sup>1</sup> 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.

[include note for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852

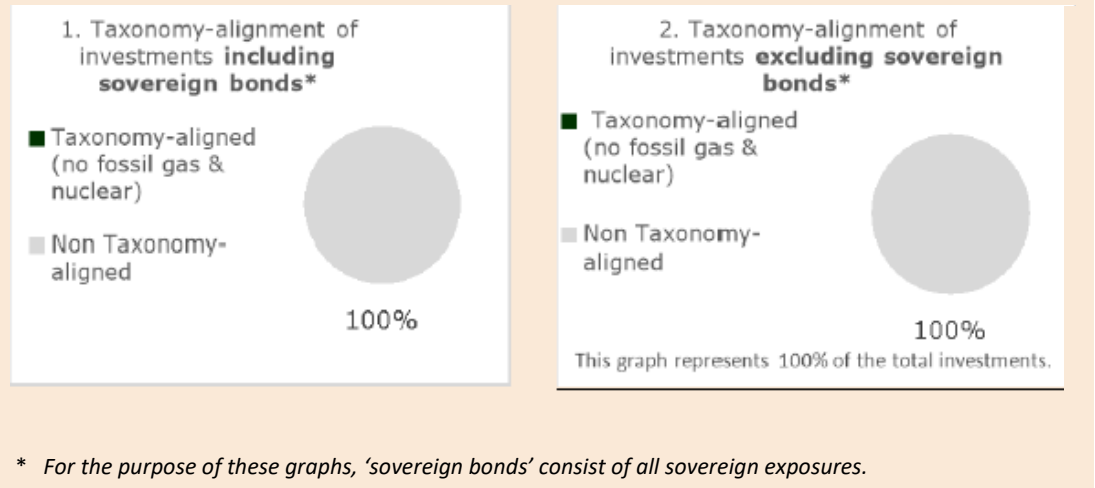
Taxonomy-aligned activities are expressed as a share of:

- **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.

[include note for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The graphs below show in green the percentage of investments that were 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.



- **What was the share of investments made in transitional and enabling activities?** *Not applicable. The Sub-Fund does not have a minimum share of investments in transitional and enabling activities, as it does not commit to a minimum share of sustainable investments aligned with the EU Taxonomy.*
- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?** *Not applicable.*



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?** *The Sub-Fund does not allocate any fixed minimum proportion of its assets to sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.*



**What was the share of socially sustainable investments?** *The Sub-Fund does not allocate any fixed minimum proportion of its assets to socially sustainable investments.*



**What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?** *The assets included under "#2 Other" are to pursue the attainment of the Fund's broader investment strategy and consist of cash or cash equivalents and investments which are neither aligned with the environmental or social characteristic, have no minimum environmental or social safeguards, nor are qualified as sustainable investments.*



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

*The Investment Manager undertakes initial and ongoing due diligence of the corporate governance structure of issuers. This analysis is presented in the documentation sent to the investment committee and incorporated into the governance component of the ESG score. The Investment Manager assesses whether the governance structure is commensurate with the ownership structure of the business and analyzes key governance risk factors on a case-by-case basis. Governance risks assessed can include company ownership, the board and management structures, legal and tax compliance, quality of reporting and audits, employee retention and relations, and staff remuneration.*



**How did this financial product perform compared to the reference benchmark?**

*Not applicable. The Sub-fund does not use a specific index designated as a benchmark index to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics it promotes.*

- **How does the reference benchmark differ from a broad market index?**

*Not applicable.*

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

*Not applicable.*

- **How did this financial product perform compared with the reference benchmark?**

*Not applicable.*

- **How did this financial product perform compared with the broad market index?**

*Not applicable.*

*[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

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



