

Low Volatility European Income Fund ESG Selection

LoVEI is an ESG responsible, active investment strategy aiming to produce an attractive and sustainable income stream protected from extreme market volatility, owing to a focus on recurring coupon income and a wholly bottoms-up approach to European corporate credit

- > LoVEI’s approach to portfolio construction is based on the three main categories of ESG investing as set out by the Global Sustainable Investment Alliance:
- > ESG Integration
 - ESG is fully integrated in the investment decision process, with ESG matters described and discussed within any analyst’s recommendation and in all Investment Committees and applied to 100% of portfolio holdings and potential investments
 - The Arcano ESG score assigned to each line is discussed in the committee and voted by consensus. This is exactly the same approach that the committee takes towards investment decisions
- > Negative screening
 - Any potential investment that does not pass our negative screening is immediately eliminated from the eligible universe
- > Positive/best-in-class screening
 - The assignment of an Arcano ESG score to each single company in the portfolio allows sectors/companies with better or improving ESG performance to have a higher weight

Fund ESG Facts

Arcano UNPRI Rating 2021	A+
Arcano Credit UNPRI Rating 2021	A+
UNPRI Signatory since	2009
LUXFLAG Labelled since	2019
SFDR	Article 8 Fund
Independent ESG Analysis Provider	RepRisk / SpreadResearch
Avg. RepRisk Country Sector Risk*	31
Average Spread Research Score**	66
% of asset allocation not aligned with the promotion of E/S characteristic***	12.5%
Inception Date	22 Jan 2018
AUM	€378m
Investment Vehicle	UCITS SICAV (Daily Liquidity)
Country of Residence	Luxembourg

*Scale 0-100, 0 best ** Scale 0-100, 100 best
*** This percentage corresponds to the Cash of the fund

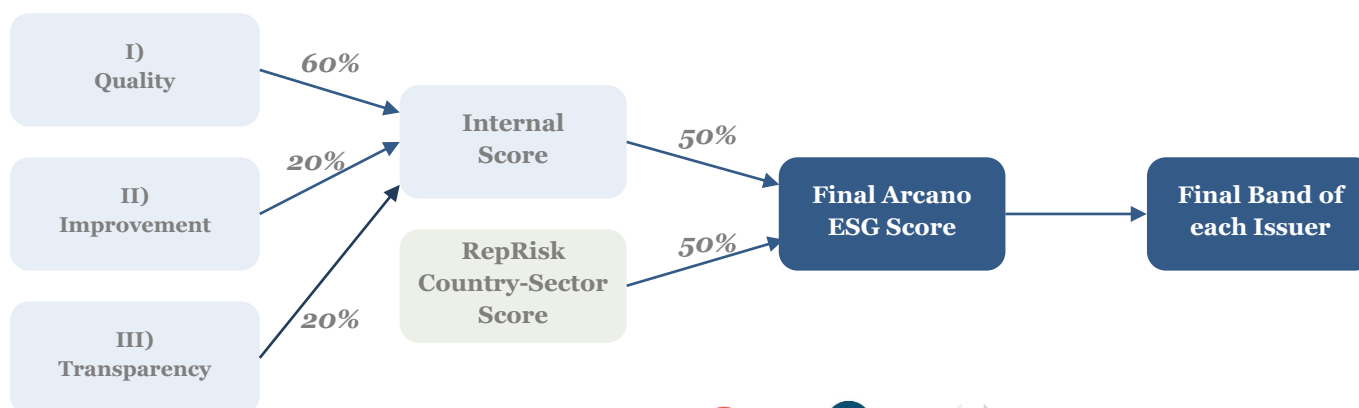
Negative Screening

Tobacco	Coal Energy	Weapons	Production of Hazardous Substances	Pornography or Prostitution	Gambling	Subprime Lending	UNGC Violator Flag
✓	✓	✓	✓	✓	✓	✓	✓

Arcano ESG Bands

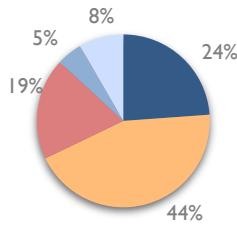
Band	ARCANO ESG Score	Allocation Limit	% of Fund	vs Dec 22
Band 1	Score ≥ 80	No weighting limitation	31.3%	34.8%
Band 2	60 ≤ Score < 80	Max 3.5% per issuer	60.7%	60.7%
Band 3	40 ≤ Score < 60	Max 2.75% per issuer. The sum of all < 40% of portfolio alloc.	8.0%	4.6%
Band 4	20 ≤ Score < 40	Max 2% per issuer. The sum of all < 15% of portfolio alloc.	0.0%	0.0%
Band 5	Score < 20	Excluded and not eligible. If issuer falls in this band, sold within 1m	0.0%	0.0%

Arcano Score Calculation

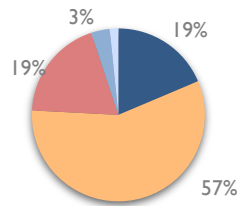


I) Quality – How Are Companies Performing in Terms of E, S, G?

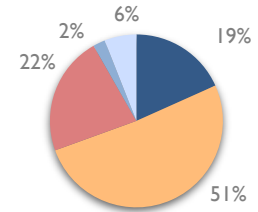
Environmental



Social



Governance



Band 1

Band 2

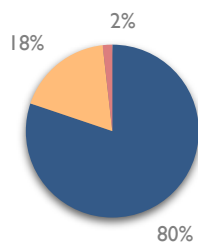
Band 3

Band 4

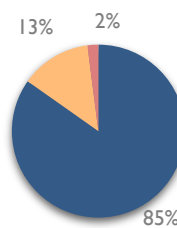
Band 5

II) Improvement – How Are Companies Managing ESG Incidents?

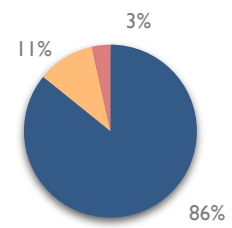
Environmental



Social



Governance

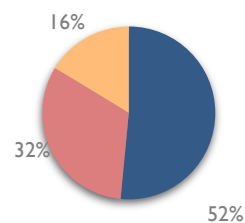


No Incident

Non-serious Incidents

Unresolved ESG Incidents

III) Transparency: Does the Company publish ESG Information?



ESG Report Published

Partially

Nothing Published

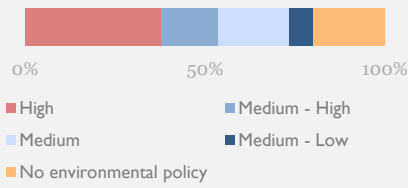
TOP 10 Positions (Higher Score means Better ESG)

	Country-Sector Benchmark	Transparency	Quality			Improvement			Final ESG Score	Band
			E	S	G	E	S	G		
Techem	83	100	0	75	87	100	100	100	78	Band 2
Rossini	70	70	85	80	64	100	100	100	75	Band 2
Sisal Pay	67	70	64	61	67	100	100	100	70	Band 2
Cerved	67	100	100	100	80	100	100	100	82	Band 1
Autodistribution	71	40	37	77	58	100	100	100	67	Band 2
Iliad	69	100	78	70	66	100	100	100	76	Band 2
MasMovil	69	100	99	95	60	100	100	100	80	Band 1
Verisure	83	40	39	75	59	83	100	100	71	Band 2
Air France	60	100	56	29	72	100	100	100	66	Band 2
Cedacri	67	100	86	78	58	100	100	100	76	Band 2
Average Top 10	68	79	68	68	64	99	100	100	72	Band 2

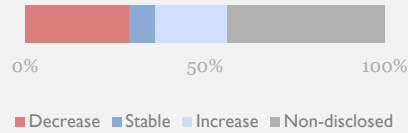
I) Quality – Score Detail

Environmental

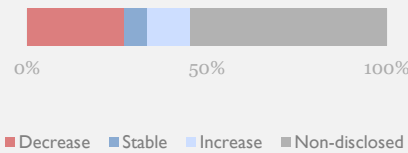
Existence of Environmental Policy



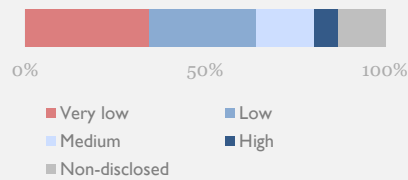
Energy Consumption



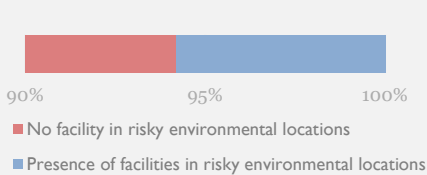
Greenhouse Gas Emissions



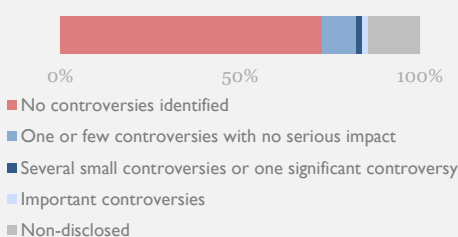
Geographical Exposure to Natural Disasters



Capex in Risky Locations

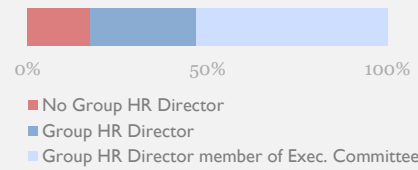


Level of Environmental Controversies

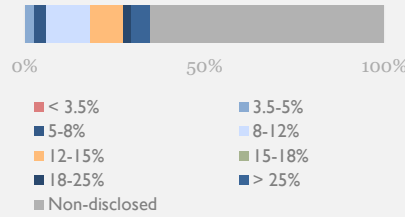


Social

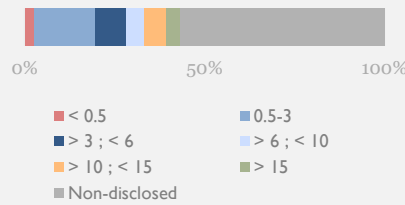
Importance of Human Resources



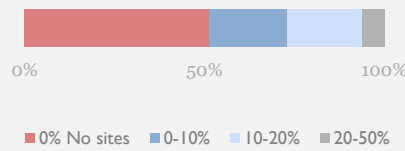
Staff Turnover



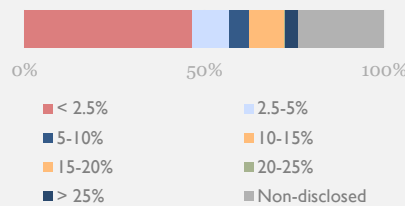
Accident Frequency



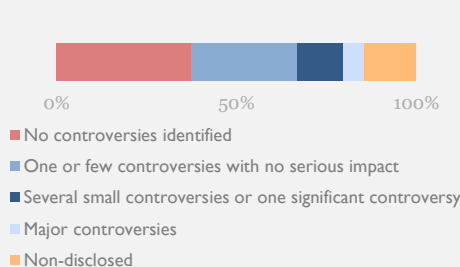
Share of Workforce in Countries with Human Rights Issues



Restructuring Provisions as % of EBITDA

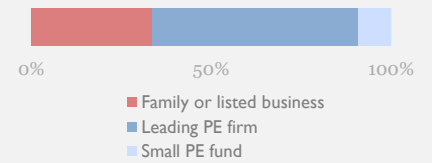


Level of Social Controversies

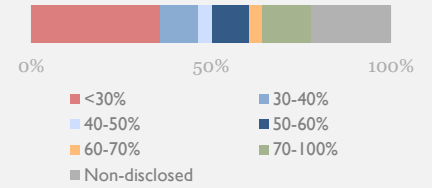


Governance

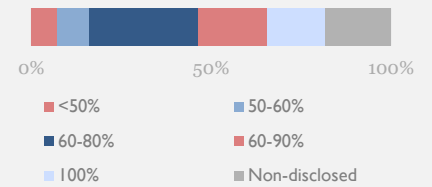
Nature of Shareholders



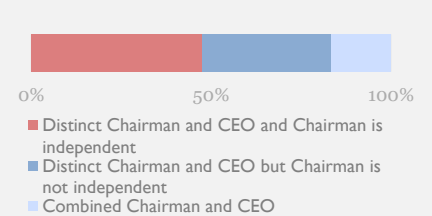
Independence of Board Directors



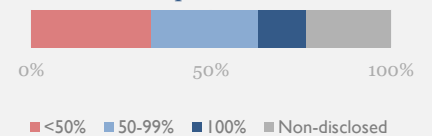
% of Board Members with Expertise



Separation of Chairman and CEO



% of Audit Committee Members Independent



Complexity of Shareholder Structure

