



Sustainability-Related Disclosures

HESPER FUND - Global Solutions

Summary

The HESPER FUND - Global Solutions is an actively managed global macro fund that invests in equities, corporate bonds, sovereign bonds, derivatives, currencies and commodities (including gold).

In terms of its bond and equity investments, the fund favours companies that already have a low exposure to material ESG issues or that actively manage, and thereby reduce, the ESG risks inevitably associated with their business activities.

Due to its highly flexible, opportunistic investment approach, significant positions are regularly taken in ETFs to enable the fund to react to market changes quickly and in a liquid manner. To ensure that this also appropriately reflects the positive ESG characteristics of the portfolio, to the extent available and in accordance with the liquidity requirements of the investment strategy, investments are made in sustainable ETFs. With Regulation (EU) 2019/2088 taking effect, in our context we define sustainable ETFs as Article 8 or Article 9 funds.

In addition, the sustainability commitment of the HESPER FUND - Global Solutions is underpinned by comprehensive exclusions:

- Investments in companies whose core business is in the area of armaments, tobacco, pornography, food speculation and/or the mining/distribution of coal are prohibited.
- Furthermore, we do not invest in a company if serious infringements of the principles of the UN Global Compact have been identified and there is no convincing plan in place to remedy the situation.
- In the case of sovereign issuers, we exclude investments in bonds issued by countries that have been designated 'Not Free' in the annual analysis carried out by Freedom House (www.freedomhouse.org).

To assess the ESG risks relating to individual companies and to evaluate the active management of these ESG risks within each company, we use the analyses provided by the external rating agency, Sustainalytics.

Sustainalytics summarises the results of their analyses in an ESG Risk Rating ranging from 0 to 100, where a rating:

- below 10 indicates a negligible risk,
- from 10 to 19.99 indicates a low risk,
- from 20 to 29.99 indicates a medium risk,
- from 30 to 39.99 indicates a high risk, and
- of 40 or above indicates a severe risk.

Based on this ESG Risk Rating, the HESPER FUND - Global Solutions should on average attain a minimum of a medium ESG risk profile (i.e. an ESG Risk Rating of less than 30).

Individual securities with very severe risks (i.e. an ESG Risk Rating of greater than 50) will only be considered as an investment in the HESPER FUND - Global Solutions in well-founded, exceptional cases and shall be accompanied by an active engagement process to improve the ESG risk profile of the investment.

No sustainable investment objective

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

Environmental or social characteristics of the financial product

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Investment strategy

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Furthermore, significant positions are regularly taken in ETFs to enable the fund to react to market changes quickly and in a liquid manner. To ensure that this also appropriately reflects the positive ESG characteristics of the portfolio, to the extent available and in accordance with the liquidity requirements of the investment strategy, investments are made in sustainable ETFs. With Regulation (EU) 2019/2088 taking effect, in our context we define sustainable ETFs as Article 8 or Article 9 funds. The verification of the classification can easily be carried out using a standard field of a fund database, which is derived from the information provided by the management company responsible.

In addition, the product-related and normative exclusions listed in the previous point are taken into account within the framework of the investment strategy. These exclusions reduce the global investment universe by around 10%.

As part of the investment process, we also verify whether the companies in which we invest follow good governance practices. In this regard, our ESG policy provides several screening mechanisms, such as checking for controversies and compliance with the UN Global Compact. These in turn lead to subsequent escalation levels ranging from various engagement options to strict exclusion of non-compliant companies (you will find a link to the ESG Policy at the end of this document).

Proportion of investments

The HESPER FUND - Global Solutions is an actively managed global macro fund that invests in equities, corpo-



rate bonds, sovereign bonds, derivatives, currencies and commodities (including gold). The concrete weighting of the individual asset classes depends on the market assessment of the Portfolio Managers and may be subject to fluctuations over time.

The aforementioned sustainability objectives of the fund, which consist of a comprehensive combination of environmental, social and governance aspects, can be implemented primarily in investments in equities and corporate bonds. Generally, these are well represented in the analyses provided by Sustainalytics, which cover more than 12,000 companies worldwide. In the event that less than 51% of the fund's company-related direct investments are covered by an ESG Risk Rating calculated by Sustainalytics, the Portfolio Managers must prepare their own analyses with comparable results or select alternative investments with an existing ESG Risk Rating.

With regard to indirect investments in equities or corporate bonds, in particular ETFs, sustainable ETFs shall be selected, to the extent available and in accordance with the liquidity requirements of the investment strategy. With Regulation (EU) 2019/2088 taking effect, in our context we define sustainable ETFs as Article 8 or Article 9 funds. As there was not an adequate data basis before the regulation came into force, concrete percentages will be included in a subsequent update of this document.

Sovereign bonds are not directly affected by the sustainability goals outlined, but are subject to a strict social exclusion criterion (exclusion of countries designated 'Not Free').

Any ETCs or derivatives used are also not intended as active instruments for achieving the sustainability goals outlined.

Sustainable investments within the scope of Regulation (EU) 2019/2088 are not explicitly intended.

Monitoring of environmental or social characteristics

The ESG Risk Ratings are monitored pre trade by the Portfolio Manager responsible for the fund and this is evaluated on a daily basis post trade by means of a specific ESG report. Exclusions are monitored both pre and post trade by an investment compliance system.

In addition, there are plans to publish a client report (ESG factsheet) accessible via the website, which contains the average ESG Risk Rating of the fund, as well as a distribution diagram of the ESG Risk Ratings of all direct investments in equities and corporate bonds held in the fund.

Methodologies

ESG Risk Ratings from the external rating agency, Sustainalytics (a Morningstar subsidiary), enhance the decision-making process by providing an in-depth assessment of a company's exposure to sustainability-related factors, such as environmental, social and governance issues. A company's ESG Risk Rating is ranked globally across the entire analysed universe of more than 12,000 companies. The rating takes a company's individual exposure to material ESG issues into account and includes the company's active management of these risks in the final rating. Ratings of different sectors are therefore directly comparable with each other, so that at portfolio level there is an indication of the sustainability of the fund as a whole. Key influencing factors are: corporate governance, product governance, business ethics, access to basic services, human capital, bribery and corruption, emissions, effluents and waste, and occupational health and safety.

Comprehensive and clear explanations of the methodology used by Sustainalytics are available on their website www.sustainalytics.com.

Data sources and processing

The primary data source is the external rating provider, Sustainalytics. The requisite data is imported daily via an application programming interface (API) into the internal data collection of ETHENEA's Risk & Data Management Department, its quality is then checked in accordance with internal standards before the data is processed further.

Both the majority of the exclusions used and the ESG Risk Rating are based on data from Sustainalytics.

Once a year, the new country ratings from Freedom House (www.freedomhouse.org) for the exclusion of sovereign issuers are manually added to the internal data collection. Estimated data is not used.



Limitations to methodologies and data

So far, smaller companies rarely report on ESG-related risks and the measures taken in response, so the data situation there is more difficult and there is a risk that smaller companies will receive a weaker ESG rating from Sustainalytics or that no ESG rating will be available.

However, in practice this does not restrict the fund as it primarily invests in large-cap blue chips.

Due diligence

The ESG Risk Ratings are monitored pre trade by the Portfolio Manager responsible for the fund and this is evaluated on a daily basis post trade by means of a specific ESG report. Exclusions are monitored both pre and post trade by an investment compliance system.

Engagement policies

Engagement is not an integral part of achieving the environmental or social objectives of the investment strategy outlined in this document.

Only in well-founded exceptional cases, when individual securities with very severe risks (i.e. an ESG Risk Rating of greater than 50) are to be included in the portfolio, will this be accompanied by an active engagement process to improve the ESG risk profile of the investment.

Furthermore, engagement plays a role in the broader context of the wider sustainability strategy pursued by the HESPER FUND – Global Solutions. For further information, please refer to our website www.ethenea.com, in particular the Guidelines for Sustainable Investments (ESG) and the separate Guideline for Exercising Voting Rights.

In the event of discrepancies regarding the interpretation of the translation, the original document in German shall prevail.

Disclaimer

The purpose of this document is to provide ESG information about this fund to investors. It is not promotional material. This information is required by law to explain the nature of this fund and the risks of investing in the context of ESG to you. We encourage you to read this document so that you can make an informed investment decision. Further information about the fund, the current valid Sales Prospectus, as well as the Appendix and Articles of Association, and the latest annual and semi-annual reports, each in English, can be obtained free of charge during normal business hours from the Investment Company, Management Company, Custodian Bank, Distributor(s) and Paying Agent(s).

For further information, please refer to our website www.ethenea.com, in particular the Guidelines for Sustainable Investments (ESG) and the separate Guideline for Exercising Voting Rights.