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Best JP Morgan

A sub-fund of Sigma Investment House FCP

This sub-fund promotes environmental and social characteristics and qualifies as product in accordance with Article 8(1) of Regulation (EU) 2019/2088.

This document addresses disclosures pursuant to Article 10(1) of Regulation (EU) 2019/2088 (the "SFDR"), related to the transparency of the promotion of environmental or social characteristics and of sustainable investments on websites for Article 8(1), Article 9(1), (2) and (3) products of this regulation as well as Article 23 and Article 24 to 36 of Commission Delegated Regulation (EU) 2022/1288 (the "SFDR Level II") with regard to regulatory technical standards content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives on websites, as subsequently amended and supplemented.

Summary

Sub-fund name: Best JP Morgan

This sub-fund promotes environmental and social characteristics and qualifies as product in accordance with Article 8(1) of Regulation (EU) 2019/2088.

This document shall give investors a concise overview about environmental and social characteristics that this sub-fund is promoting, information on the methodologies used to assess, measure and monitor the environmental or social characteristics, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics of the financial product.

This section contains a summary of the information referred to the other sections that relates to the sub-fund.

No sustainable investment objective

This sub-fund promotes environmental or social characteristics but does not have as its objective a sustainable investment. The sub-fund commits to have 10% of sustainable investments. The objectives of those sustainable investments include, on the environmental front, climate risk mitigation and transition to a circular economy. On the social front, the objectives are inclusive and sustainable communities by increasing women executive representation and providing a decent working environment culture. All underlying funds consider the principle of do not significant harm by excluding issuer based on a threshold defined by JPMAM (JP Morgan Asset Management) relevant asset managers in relation to climate change, protection of water and marine resources, pollution, protection of biodiversity and ecosystems.

The exclusion policy is complemented by a norm-based screening which excludes issuers in violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Environmental or social characteristics of the financial product

The sub-fund will invest 70% of its net assets in underlying funds which promote a broad range of environmental and/or social characteristics, which may include effective management of toxic emissions and waste as well as good environmental record, effective sustainability disclosures, positive scores on labour relations and management of safety issues.

The "do no significant harm" principle applies only to those investments underlying the sub-fund that take into account the EU criteria for environmentally sustainable economic activities. For the remaining underlying investments, the sub-fund does not take into account the EU criteria for environmentally sustainable economic activities.

Investment strategy

In order to meet the environmental and social characteristics, the sub-fund actively integrates ESG criteria on a continuous basis. The selected underlying ESG funds combines a negative screening through controversial business exclusion and a positive ESG integration and will implement a three-steps based approach.

Proportion of investments

The sub-fund invests at least 70% of its net assets in underlying assets that have been determined as "eligible" as per the ESG process in place.

Among the investment aligned with the environmental and social characteristics, a minimum of 10% is invested into sustainable objectives in the meaning of art. 2(17) SFDR. Such sustainable investments will contribute to, on the environmental front, climate risk mitigation and transition to a circular economy and, on the social front, the objectives are inclusive and sustainable communities by increasing women executive representation and providing a decent working environment culture.

Up to 30% of the investments are not aligned with these

characteristics and they include other underlying funds, cash, term deposits, debt securities and money market instruments

Monitoring of environmental or social characteristics

The sub-fund performs a quarterly assessment, after acquisition, to ensure that investments meet environmental or social characteristics evaluated according to the strategy defined to make the investment decisions. In addition, the Management Company will assess the information provided by the sub-fund's Investment Manager with information obtained from their own data providers.

Methodologies

The methodology to measure how the environmental and social characteristics are attained combines the underlying funds' proprietary ESG scoring methodology and/or third-party data.

A key element of the methodology is that it not only allows to arrive at a summary ESG score, but also provides a more granular assessment of performance along individual elements – all the way down to individual metrics. This transparency means the score can support portfolio managers and analysts in forming their own view on ESG characteristics by allowing them to better identify discrepancies or key points of similarity between quantitative and qualitative research

Data sources and processing

The ESG Database of the Investment Manager uses data from two providers: MSCI and Sustainalytics. In order to ensure a high data quality, the sustainability committee verifies the KPIs compliance of the assets quarterly. The Management Company controls the data quality through the use of a different data providers to the ones of the Investment Manager and confronts the information on a "best effort basis".

Limitations to methodologies and data

ESG metrics that the Investment Manager uses in its investment management are sourced or derived from data that the Investment Manager receives pursuant to licenses with the following third-party commercial data providers: MSCI, Sustainalytics. ESG data availability is growing and in an evolving situation, where updates in the raw data collected and, in the methodologies applied, are common. Estimates would gradually be substituted by real data provided by the issuers as the regulation to disclose them comes into force. Data will continue to be filtered and refined for a better use in terms of materiality and accuracy. Growing data is expected to improve the limited coverage affecting some issuers. Within this process of enhancing transparency and a better understanding of the issuers, changes are to be expected both on the data but also in the processes carried out by the ESG data providers, and potentially in the resulting scores. The Management Company controls on an ongoing basis the application of the methodology and the quality of the data and will take appropriate measures in case there is any limitation that affect the fulfilment of the E/S characteristics promoted.

Due diligence

Due diligence is carried out on the underlying assets of the financial product. Quarterly, if an investment product drops its score and keeps a progressive downtrend, it is reviewed internally by the sustainability committee of the Investment Manager that checks if the specific investment case is reassessed or not, if not the position will be sold.

Engagement policies

The sub-fund is a fund of funds hence it does not have any direct engagement with the investee companies. Nevertheless, it promotes the asset managers of the underlying funds to actively engage with the investee companies. In particular, underlying funds managed by JPMAM have adopted active ownership as a key component of their investment process, used not only to understand how these companies consider issues related to ESG but also to try to influence their behaviour and encourage best practices.

No designated reference benchmark

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product.

No sustainable investment objective

This sub-fund promotes environmental or social characteristics but does not have as its objective a sustainable investment. The sub-fund commits to have 10% of sustainable investments. The objectives of those sustainable investments include, on the environmental front, climate risk mitigation and transition to a circular economy. On the social front, the objectives are inclusive and sustainable communities by increasing women executive representation and providing a decent working environment culture.

A company is considered as a sustainable investment if, among other characteristics, includes effective management of toxic emissions and waste as well as good environmental record, effective sustainable disclosures, positive scores on labour relations and management of safety issues.

All underlying funds consider the principle of do not significant harm by excluding issuer based on a threshold defined by JPMAM (JP Morgan Asset Management) relevant asset managers in relation to climate change, protection of water and marine resources, pollution, protection of biodiversity and ecosystems.

In addition to that, the underlying funds apply portfolio-level exclusions detailed as follows:

Exclusion criteria	Threshold (revenue derived from the criteria indicated)
Thermal Coal	30% of revenue
Conventional Weapons	10% of revenue
Controversial Weapons	Full exclusion
White Phosphorous	Full exclusion
Nuclear Weapons	Full exclusion
Connection to Nuclear Weapons (e.g. weapon delivery systems)	2% of revenue
Tobacco Production	5% of revenue
Severe Violation of UN Global Compact	Full exclusion

The exclusion policy is complemented by a norm-based screening which excludes issuers in violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In its investment, this sub-fund considers all the mandatory principle adverse impacts on sustainability factors (“PAI”) listed in the Annex I, Table 1 of the Commission Delegated Regulation EU 2022/1288 (“SFDR Level II”), through a combination of value based exclusions and norm-based exclusions:

Investee Companies - Environmental	**Greenhouse gas emissions**	2	Carbon footprint
		3	GHG intensity of investee companies
		4	Exposure to companies active in the fossil fuel sector
		5	Share of non-renewable energy consumption and production
		6	Energy consumption intensity per high impact climate sector
	Biodiversity	7	Activities negatively affecting biodiversity sensitive areas
	Water	8	Emissions to water
	Waste	9	Hazardous waste ratio
Investee Companies – Social	**Social and Employee Matters**	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

		11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
		12	Unadjusted gender pay gap
		13	Board gender diversity
		14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)
Sovereigns and Supranationals	**Environmental**	15	GHG Intensity
	Social	16	Investee countries subject to social violations
Investment in Real Estate	**Fossil Fuels**	17	Exposure to fossil fuels through real estate assets
	Energy Efficiency	18	Exposure to energy-inefficient real estate assets
Climate	**Emissions**	2	Emissions of air pollutants
Social and Employee Rights		3	Number of days lost to injuries, accidents, fatalities or illness

The ultimate goal of taking PAI into consideration is to mitigate the potential negative impact of investments.

PAIs are used for screening the investments and to exclude issuers that may cause significant harm and to influence best practices through engagement with the investee companies.

Environmental or social characteristics of the financial product

The sub-fund will invest 70% of its net assets in underlying funds which promote a broad range of environmental and/or social characteristics, which may include effective management of toxic emissions and waste as well as good environmental record, effective sustainability disclosures, positive scores on labour relations and management of safety issues. The portfolio will be managed in line with JPMAMs framework for SFDR Article 8 classification. Under this framework, a limit will be placed on the percentage of assets invested in companies with low ESG scores as measured through the Investment Manager's proprietary ESG scoring methodology and/or third-party data. The Investment Manager evaluates and applies values and norms-based screening to implement exclusions. To support this screening, it relies on third party provider(s) who identify a companies' participation in or the revenue which they derive from activities that are inconsistent with the values and norms-based screens. The sub-fund does not commit to investing any proportion of its assets specifically in issuers exhibiting positive environmental characteristics or specifically in positive social characteristics or both nor is there any commitment to any specific individual or combination of environmental or social objectives in respect of the sustainable investments.

The Investment Manager evaluates and applies values and norms-based screening to implement exclusions. To support this screening, it relies on third party provider(s) who identify companies' participation in or the revenue which they derive from activities that are inconsistent with the values and norms-based screens.

The "do no significant harm" principle applies only to those investments underlying the sub-fund that take into account the EU criteria for environmentally sustainable economic activities. For the remaining underlying investments, the sub-fund does not take into account the EU criteria for environmentally sustainable economic activities.

Investment strategy

The selected underlying ESG funds combine a negative screening through controversial business exclusion and a positive ESG integration.

The sub-fund will implement a three-steps approach in its investment strategy:

1) Investment universe restriction: it selects the underlying funds into which it invests by restricting its investment

universe to funds managed by JPMAM;

2) Positive ESG integration: the selected underlying funds:
    a. Will have at least 51% of their net assets invested according to good environmental and/or social characteristics;
    b. Within the 51%, securities must be within the top 80% thresholds based on the environmental and/or social score;
    c. Securities must meet the “good governance” test whereby they must be within the top 80% threshold based on the G score.
3) Negative screening: in addition, the underlying funds restrict their investment universe by excluding issuers, on a revenues threshold basis, involved in the specific activities detailed above.

Proportion of investments

The sub-fund invests at least 70% of its net assets in underlying assets that have been determined as “eligible” as per the ESG process in place. As the sub-fund is a fund of funds, it will have an indirect exposure to investee companies.

Among the investment aligned with the environmental and social characteristics, a minimum of 10% is invested into sustainable objectives in the meaning of art. 2(17) SFDR. Such sustainable investments will contribute to, on the environmental front, climate risk mitigation and transition to a circular economy and, on the social front, the objectives are inclusive and sustainable communities by increasing women executive representation and providing a decent working environment culture.

Up to 30% of the Sub-Fund’s net asset is not aligned with the promotion of environmental and/or social characteristics. These remaining assets may be invested in:

a) Other underlying funds for providing investors with a wider range of opportunities;
b) Derivatives for efficient portfolio management;
c) Cash, cash equivalent, term deposits, debt securities and money market instruments for liquidity purposes.

The Sub-Fund does not consider any minimum environmental or social safeguards on these remaining investments.

Monitoring of environmental or social characteristics

The sub-fund applies a quarterly assessment on its investment into underlying funds to verify that their investment strategy is consistent with the promoted environmental and social characteristics.

The minimum investment threshold of 51% in issuers with positive environmental and / or social characteristics and the exclusions are monitored through rules in the portfolio guidelines system aiming to ensure that the Sub-Fund complies at all times through its lifecycle. The controls are automated in internal systems. The relevant rules are coded as part of pre & post-trade monitoring and monitored daily in accordance with the net asset value frequency. This tracks portfolio exposure to avoid purchasing excluded securities and to ensure that the minimum required level of 51% in with positive environmental and / or social characteristics is complied with.

Any breaches of the rules are treated on a case by case basis depending on the nature / severity of the breach are escalated within the Management Company for review and validation including the analysis and supporting documentation evidencing the breach as required.

<u>Management Company</u>

The Management Company will confront the information provided by the Investment Manager of the underlying funds with information obtained from their own data providers.

Methodologies

The methodology to measure how the environmental and social characteristics are attained combines the underlying funds’ proprietary ESG scoring methodology and/or third-party data.

In particular, the sub-fund will use a look-through approach by verifying that these underlying funds:

1. Will have at least 51% of their net assets invested according to good environmental and/or social characteristics. These assets are issuers that pass JPMAM's Article 8 inclusion & exclusion criteria, including the exclusion of violators of Good Governance criteria. Data are inferred from third-party data provider, as ISS. Morevoer, issuers shall pass the "Do No Significant Harm" screen.

   In more specific detail, through their inclusion criteria, the underlying sub-funds promote a broad range of environmental and/or social characteristics; they are required to invest at least 51% of their assets in such securities. Through their exclusion criteria, the underlying sub-funds promote certain norms and values and thereby exclude (whether fully or at a specific % threshold) issuers involved in particular activities at certain points of the value chain (in terms of maximum revenue, production or distribution percentage, etc) across a variety of sectors / industries. The underlying sub-funds apply a portfolio level good governance screen (exclusions of violators);

2. Within the 51%, securities must be within the top 80% thresholds based on the environmental and/or social score. This score (which is relevant for all three E, S & G pillars) is calculated using a combination of the output from JPMAM proprietary data / systems and is supplemented using third-party data providers. The calculation methodology is outlined in the following steps below:

   i. Identifying financially material ESG issues drawing on sector and regional insights from fundamental research analysts and portfolio managers;
   ii. Measuring financially material issues using hard, forward-looking data from multiple data sources;
   iii. Enriching JPMAM's understanding of ESG factors beyond corporate disclosures through leveraging data science capabilities, such as machine learning algorithms and natural language processing that can generate meaningful sentiment signals, to exploit alternative data sets at scale.

   The score assesses companies' performance in key Environmental, Social and Governance issues based on a total of around 185 different metrics. In order to arrive at a final ESG score that is comparable across the entire investment universe the following layered process is applied:

   i. Individual data points are converted into scores by comparing them to other companies across the entire reference universe;
   ii. JPMAM uses its proprietary, industry-specific weighting scheme to aggregate these data points into separate overall Environmental, Social, and Governance scores;
   iii. Aggregation of these 'letters scores' to arrive at an overall ESG score of 0 -10, where 10 is best.

   A key element of the methodology is that it not only allows to arrive at a summary ESG score, but also provides a more granular assessment of performance along individual elements – all the way down to individual metrics. This transparency means the score can support portfolio managers and analysts in forming their own view on ESG characteristics by allowing them to better identify discrepancies or key points of similarity between quantitative and qualitative research;

3. Securities must meet the "good governance" test whereby they must be within the top 80% threshold based on the G score.

Data sources and processing

The ESG Database uses data from two providers: MSCI and Sustainalytics. In order to ensure an high data quality, the sustainability committee of the Investment Manager verify the KPIs compliance of the assets quarterly.

ESG data availability is growing and in an evolving situation, where updates in the raw data collected and, in the methodologies applied, are common. Estimates would gradually be substituted by real data provided by the issuers as the regulation to disclose them comes into force. Data will continue to be filtered and refined for a better use in terms of materiality and accuracy. Growing data is expected to improve the limited coverage affecting some issuers. Within this process of enhancing transparency and a better understanding of the issuers, changes are to be expected both on the data but also in the processes carried out by the ESG data providers, and potentially in the resulting scores.

The data may be obtained from investee issuers themselves and/or supplied by third party service providers (including proxy data). Data inputs that are self-reported or supplied by third-party providers may be based on data sets and assumptions that may be insufficient, of poor quality or contain biased information. Third party data providers are subject to rigorous vendor selection criteria which may include analysis on data sources, coverage, timeliness, reliability and overall quality of the information, however, the Investment Manager cannot guarantee the accuracy or completeness of such data.

Management Company

The Management Company controls the Data quality through the use of a different data provider to the one of the Investment Manager and confront the information on a "best effort basis". Relevant differences are analyzed on a quarterly basis.

Limitations to methodologies and data

ESG metrics that the Investment Manager uses in its investment management are sourced or derived from data that it receives pursuant to licenses with the following third-party commercial data providers: MSCI and Sustainalytics.

ESG data received do not constitute investment advice or recommendations by such providers. All rights in the data and reports provided by third-party licensors vest in such licensors and/or their content providers. None of such licensors or their affiliates, or their content providers, accept any liability for any errors, omissions, or interruptions in such data/reports as to completeness, accuracy or timeliness.

Notwithstanding the measures taken to ensure a high data quality, the Investment Manager relies on the aforementioned third-party data providers, meaning that there is no direct control on the data collected. In addition, it should be considered that the different data providers use different methodologies to collect their data, which cannot be fully disclosed as to protect the intellectual property rights of the considered data provider. Finally, the collection of non-financial data has risen in the last years, hence some time is needed to put in place a consistent system for collecting data.

The diversification on the collection of data ensures that such limitations do not affect the promoted environmental and social characteristics.

Management Company

The Management Company controls on an ongoing basis the application of the methodology and the quality of the data and will take appropriate measures in case there is any limitation that affect the fulfilment of the E/S characteristics promoted.

Due diligence

Due diligence is carried out on the underlying assets of the financial product. Quarterly, if an investment product drops its score and keeps a progressive downtrend, it is reviewed internally by the sustainability committee that checks if the specific investment case is reassessed or not, if not the position will be sold.

Engagement policies

The sub-fund is a fund of fund hence it does not have any direct engagement with the investee companies. Nevertheless, it promotes the asset managers of the underlying funds to actively engage with the investee companies. In particular, underlying funds managed by JPMAM have adopted active ownership as a key component of their investment process, used not only to understand how these companies consider issues related to ESG but also to try to influence their behaviour and encourage best practices. In particular, engagement is based on JPMAM in-depth investment research on companies, alongside assessment of macroeconomic drivers, sectoral factors and ESG themes. This research insight enables to act in a proactive fashion by engaging investee companies by voting and through collaborative meetings with the companies' management teams to acknowledge issues and improve practices before risks are realized and opportunities are missed.

No designated reference benchmark

No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product.