ANDBANK asset management

Best Carmignac

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 Carmignac

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 financial product.

No sustainable investment objective

This sub-fund promotes environmental or social characteristics but does not have as its objective a sustainable investment. Nonetheless, it commits to have a minimum proportion of 10% of sustainable investments in the meaning of art. 2(17) SFDR. These sustainable investments target business activities which aligned positively with one of the 9 United Nation Sustainable Development Goals (the "UN SDGs") selected for this sub-fund. All underlying funds (equity, corporate bonds, government bonds funds) consider the principle of "do not significant harm" by applying a strict exclusion policy which exclude companies from the investment universe, based on predetermined thresholds on their revenues from the specific activities. The exclusion policy is complemented by a norm-based screening which excludes companies found in breach of the international legal standards such as the United Nations Global Compact and the Declaration on Fundamental Principles of the International Labour Organisation. Finally, the sub-fund takes into consideration the principal adverse impacts on sustainability factors in its investment decisions.

Environmental or social characteristics of the financial product

The sub-fund will invest 70% of its net assets in underlying funds which are classified as either art. 8 or 9 under SFDR who promote some ESG characteristics, according to the Principles for Responsible Investments ("PRI"). These characteristics include, among others, greenhouse gases (GHG) emissions, climate change, renewable energy, energy efficiency, waste management on the environmental front. On the social aspects, the underlying funds promote, among others, human rights, labour standards in the supply chain, human capital management, diversity, health.

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 sub-funds combine a negative screening through the application of an exclusion policy and a positive ESG integration according to the underlying funds' asset manager proprietary ESG assessment, named "START".

Proportion of investments

The sub-fund invests at least 70% of its net assets in underlying assets that have been determined eligible as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics).

Among the investment aligned with E/S characteristics, a minimum of 10% is invested into sustainable objectives in the meaning of art. 2(17) SFDR. Such sustainable investments will contribute to the UN SDGs.

Up to 30% of the investments are not aligned with these characteristics and they include cash, term deposits, debt securities, derivatives 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 methodologies used to attain the promoted environmental and social characteristics rely on a Positive ESG Selection which represents the percentage of the net asset value held in underlying funds promoting ESG factors. The sub-fund uses a look-through approach with the underlying funds managed by Carmignac, while it mainly relies on the classification as sustainable products under the SFDR Regulation (i.e. that they are products that promote environmental and/or social characteristics (article 8) or products with a sustainable objective (article 9)) for the other underlying funds.

The sustainable investments' selection methodology consists of a combination of business classification and of mapping business activities, altogether with the use of the "SDG Compass".

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 verify 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 it 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 Carmignac have adopted an active engagement policy including 100% voting participation (active ownership) used to influence investee companies towards best ESG 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. Such sustainable investments comprise green, social, sustainable and sustainability-linked bonds as well as corporate issuers that derive at least 50% of their revenue from goods and services or at least 50% of CapEx in relation to business activities which align positively with one of the following 9 out of 17 United Nations Sustainable Development Goals (the "UN SDGs") selected for this sub-fund: (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities (12) Responsible Consumption and Production.

A company is considered 'aligned' when over 50% of their revenues or over 50% of their CapEx come from activities which are deemed to contribute to one of the aforementioned nine UN SDGs. These 50% thresholds represent a significant intentionality of the investee company in regard to the contributing activity and its plans for growth.

All underlying funds (equity, corporate bonds, government bonds funds) consider the principle of "do not significant harm" by applying a strict exclusion policy which exclude companies from the investment universe, based on predetermined thresholds on their revenues from the following activities:

- Controversial weapons;
- Tobacco;
- Adult entertainment;
- Thermal coal producers; and
- Power generating companies. The criteria use gCO2/ kWh, following the threshold recommended by the standards within the Belgium Towards Sustainability Label and informed by the International Energy Agency (IEA) to keep global temperature rise below 2 degrees, as set out by the Paris Agreement.

The exclusion policy is complemented by a norm-based screening which excludes companies found in breach of the international legal standards such as the United Nations Global Compact and the Declaration on Fundamental Principles of the International Labour Organisation.

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") and two additional optional indicators:

- Greenhouse gas emissions (GHG);
- Carbon footprint;
- GHG intensity (investee companies);
- Exposure to companies in fossil fuel sector;
- Non-renewable energy consumption and production;
- Energy consumption intensity per high-impact climate sector;
- Activities negatively affecting biodiversity-sensitive areas;
- Emissions to water;
- Hazardous waste ratio;
- Water usage and recycling;
- Violations of UN Global Compact principles or OECD Guidelines for Multinational Enterprises;
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact and OECD Guidelines for Multinational Enterprises;
- Excessive CEO pay ratio (optional choice);

- Board gender diversity;
- Exposure to controversial weapons;
- Excessive CEO pay ratio;
- Sovereign bond issuers are monitored for Social violations and GHG intensity indicators.

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

The sustainable investments are aligned to the OECD Guidelines for Multinational Enterprises and to the UN Guiding Principles on Business and Human Rights by assuring their consideration as indicators of principal adverse impacts on sustainability factors.

Environmental or social characteristics of the financial product

The sub-fund will invest 70% of its net assets in underlying funds which are classified as either art. 8 or 9 under SFDR who promote some ESG characteristics, according to the Principles for Responsible Investments ("PRI"). These characteristics include, among others, greenhouse gases (GHG) emissions, climate change, renewable energy, energy efficiency, waste management on the environmental front. On the social aspects, the underlying funds promote, among others, human rights, labour standards in the supply chain, human capital management, diversity, health.

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, sub-fund does not take into account the EU criteria for environmentally sustainable economic activities.

Investment strategy

The sub-fund actively integrates ESG criteria on a continuous basis, by investing 70% of its net assets into ESG underlying funds mainly managed by Carmignac and classified as art. 8 or 9 according to the SFDR.

The selected underlying funds combine a negative screening through the application of an exclusion policy and a positive ESG integration according to the underlying funds' asset manager proprietary ESG assessment, named "START".

<u>At sub-fund level</u>

The Investment Manager of the sub-fund (Andbank Wealth Management SGIIC S.A.U.) invests 70% of the sub-fund's net assets into underlying funds classified as art. 8 or 9 according to the SFDR.

<u>At the underlying funds level</u>

The sub-funds managed will apply a combination of negative screening and positive ESG integration:

- Negative screening is assured through the application of an exclusion policy;
- The ESG integration is attained according to the "START" proprietary assessment:
    - Companies are allocated to one of Carmignac's proprietary ESG-90 industry group;
    - Large amounts of raw data concerning business practices are collected from a range of specialised data sources to compare each company against 30 identifiable and relevant ESG indicators;
    - Companies are ranked against their peers and they are given a score between A and E (A being the best performers) as a baseline rating;
    - Further in-house research, including engagement with companies.

Proportion of investments

The sub-fund invests at least 70% of its net assets in underlying assets that have been determined eligible as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics). Being the sub-fund a fund of funds, it will have indirect exposure to investee companies.

Among the investment aligned with E/S characteristics, a minimum of 10% is invested into sustainable objectives in the meaning of art. 2(17) SFDR. Such sustainable investments will contribute to the UN SDGs.

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

a) Cash, cash equivalents, term deposits, money market instruments for liquidity purposes;

b) Derivatives for efficient portfolio management;

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.

Underlying funds managed by Carmignac

The monitoring framework adopted by Carmignac consist of assessing the ESG rules and guidelines through the START and the Global Portfolio Monitor as a first level of control, on a day-to-day basis. The risk management team acts as a second level of control and ensures that the applied strategy complies with the various constraints (regulatory, statutory and internal), using the software Bloomberg Compliance Manager tool (CMGR). This tool configuration defined by Risk Management allows a close monitoring of sustainability risks in the investment process by setting appropriate limits that reflect consistency between fund's commitment and the implemented strategy. Most of controls are done post-trade on a weekly or monthly basis, the target being pre-trade control on a daily basis. The overall framework is periodically reviewed. Finally, Carmignac confirms that when an issuer is identified as no longer eligible to relevant portfolio according to the applicable extra-financial investment policy and ESG principles, the targeted timeframe for disinvestment is stated as 3 months.

Other underlying funds

ESG data providers will be used in order to check the SFDR classification of funds to ensure that the threshold of 70% of Article 8 and 9 funds is met.

Management Company

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 methodologies used to attain the promoted environmental and social characteristics rely on a Positive ESG Selection which represents the percentage of the net asset value held in underlying funds promoting ESG factors.

Underlying funds managed by Carmignac

The sub-fund will use a look-through approach by verifying that the eligible collective investment schemes (the "Eligible CIS") use one or several of the following sustainability indicators to measure annually the attainment of either the environmental or social characteristics promoted, or the sustainable investment objective:

1) The coverage rate of ESG analysis: ESG integration through ESG scoring using Carmignac's proprietary ESG platform "START" (System for Tracking and Analysis of a Responsible Trajectory) is applied to at least 90% of issuers.

2) The amount the investment universe is reduced by: Negative screening and exclusions of unsustainable activities and practices reflected in low ESG scores from START, MSCI and or ISS scores and research that are performed based on following indicators : (a) practices that are harmful to society and the environment, (b) controversies against the OECD business guidelines and UN Global compact principles, (c) controversial weapons (d) coal mining activity, (e) power companies that have not Paris alignment objectives in place, (f) companies involved in tobacco production, (g) companies involved in adult entertainment.

3) Positive screening: certain Eligible CIS make sustainable investments whereby they

a) invest a minimum portion of their net assets in sustainable investments. Sustainable investments can be achieved by investing in green, social, sustainability linked bonds or shares of companies that derive at least 50% of their revenue from goods and services

b) or invest at least 50% of CapEx in relation to business activities which align positively with one of 9 predetermined (out of 17) United Nations Sustainable Development Goals.

4) Active stewardship: Environmental and social related company's engagements leading to improvement in companies' sustainability policies are measured by the following indicators: (a) number of engagements, (b) rate of voting participation at shareholder and bondholder meetings.

In addition, Principal Adverse Impact ("PAI") indicators are monitored for all Article 8 and Article 9 Eligible CIS. Results will be reported at underlying fund level by the Investment Manager on an annual basis.

The underlying funds managed by Carmignac adopt the proprietary rating system "START" to assess and integrates ESG considerations in the investment decision-making process. The "START" system combines third-party data sources with an in-house analysis in order to provide a forward-looking view on how a company is managing its stakeholder and therefore its ESG risks and benefitting from opportunities. It is built on a framework based on past academic research and guidelines of various industry bodies such as the Sustainabile Accounting Standards Board (SASB), Global Reporting Initiative (GRI).

Sustainable investments

In addition, the methodology used by the underlying funds managed by Carmignac consists of a robust business classification system and of mapping 1700 different business activities. In addition, they use the "SDG Compass", a ressource created by GRI, the UN Global Compact and the World Business Council for Sustainable Development to identify business activities which contributed to each SDG. Moreover, Carmignac has created "investeable themes" which are used to filter each business activity by aligning it with the specific investeable theme and by verifying its suitability according to the SDGs targets.

Other underlying funds

To measure the achievement of the characteristics promoted by the other underlying funds, the Investment Manager will use as sustainability indicators the classification of the underlying funds as sustainable products under the SFDR Regulation, i.e. that they are products that promote environmental and/or social characteristics (article 8) or products with a sustainable objective (article 9).

Additionally, it will be assessed that the investment policy and the characteristics or objectives pursued are aligned with those of the sub-fund. This analysis will be carried out by studying the precontractual annexes of each of the underlying funds, as well as their sustainability policy.

The classification of the underlying funds and their policies will be monitored periodically to ensure their alignment with the characteristics promoted.

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 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.

Management Company

The Management Company controls the data quality through the use of a different data provider to the ones of the Investment Manager and confronts 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 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 Carmignac have adopted an active engagement policy including 100% voting participation (active ownership) used to influence investee companies towards best ESG practices. The sub-fund does not have in place any engagement policy with regard to the other underlying funds.

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.