

Global Sustainable Impact

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, 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 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.

Summary

Sub-fund name: Global Sustainable Impact

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 financial product 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 financial product 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.

Environmental or social characteristics of the financial product

The sub-fund promotes, among other environmental characteristics, the transition to a low carbon economy, in seeking to promote the goal of net zero greenhouse emissions by 2050 or sooner. The sub-fund will make a number of sustainable investments and it is therefore reasonably expected that at least a part of the sub-fund's assets be exposed to underlying investments that contribute to climate change mitigation and/or climate change adaptation.

Investment strategy

In order to meet the environmental and social characteristics, the sub-fund aims to achieve a combination of income and long-term capital

appreciation, by actively managing a diversified portfolio of equities, bonds, ETFs, UCITs and UCIs and other asset classes, with Environmental, Social, and Governance ('ESG') criteria.

The sub-fund's ESG strategy considers both a negative screening and a positive screening.

The negative screening is carried out through the application of exclusion criteria regarding sustainable investment only.

In addition, the Management Company estimates that approximately 50% of the sub-fund's value embraces a Best-in-Class strategy, which incorporates three sub-strategies: Pure Best-in-Class, Best Effort and Best Solution.

The remaining approximate 50% of the sub-fund's value embraces an Impact strategy, which incorporates two impact segments into the sub-fund: green, social and sustainability bond and thematic funds.

Proportion of investments

The sub-fund invests at least 85% of its net assets in alignment with the promoted environmental and social characteristics.

The minimum committed proportion of sustainable investment is 10%

Up to 15% of the investments are not aligned with these characteristics.

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 Best-in-Class and an Impact strategy defined to make the investment decisions.

Methodologies

Attainment of the social or environmental characteristics promoted by the financial product is ensured through the measurement and monitoring of the indicators described in the section "Investment Strategy".

Data sources and processing

The ESG Database uses data from five providers: MSCI, Sustainalytics, Bloomberg, Morgan Stanley.

Limitations to methodologies and data

ESG metrics that Andbank uses in its investment management are sourced or derived from data that Andbank receives pursuant to licenses with the following third-party commercial data providers: MSCI, Sustainalytics, Bloomberg, Morgan Stanley,

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.

Due diligence

Due diligence is carried out on the underlying assets of the financial product. Quarterly, if an investment product drops its score below pre-defined thresholds, it is reviewed internally with the management team and we check if the specific investment case is reassessed or not, if not the position will be sold.

Engagement policies

The sub-fund monitors, among other indicators, management procedures applicable to sustainability-related controversies, concretely tracking of controversies for Supply-Chain Labor Standards in investee companies for a partial scope of investments.

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 financial product 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 will contribute to climate change and energy transition, to fight inequality, to strengthen social cohesion, social integration and labour relations, with a special focus on gender equality. All within the framework of good governance practices.

The sub-fund considers the “do no significant harm principle” by taking into account the principal adverse impacts its investments could have. The assessment is done through the application of exclusion criteria,

In particular, the investments have to pass a negative screening in adherence to MSCI ESG metric:

Exclusion criteria	Revenue threshold
Controversial weapons	Total exclusion
Thermal coal – producer	1%
Tobacco producer	Total exclusion
Tobacco – other	5%

Moreover, the Sub-Fund monitors the 14 mandatory PAIs, with a particular focus on:

- Environmental

- PAI #1 GHG Emission Scope 1&2
- PAI #2 Carbon Footprint

1. Disclosure in Carbon Disclosure Project (CDP): this data point indicates whether the company reports its carbon emissions to the CDP. Possible values: 'Yes' or 'No';

2. Carbon Emission Reduction Target: this figure represents the percentage reduction in carbon emissions that the company aims to achieve. If multiple targets exist, the target reduction percentage will represent the target with the highest reduction percentage overall;

3. Historical Emission Series, including Scope 1 and Scope 2 analysis: the most recent factor averages the percentage change in the “YoY Change in Reported Scope 1 + 2 Intensity (tCO₂e/ USD millions EVIC) (%)” data point for the three most recent years available.

- Social

- 1. Human Capital Development indicator

The above principal adverse impacts are considered at product level through the exclusion strategy for the sub-funds’ assets that are aligned with environmental and social characteristics via the proprietary ESG assessment methodology.

Finally, the sub-fund will perform a norm-based controversies screening taking into account the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, based on the MSCI Controversies methodology which aims to identify companies involved in the most serious and widespread controversies that may indicate a breach of the mentioned norms. The MSCI ESG Controversies methodology excludes companies marked as red flag/orange flag (hence, companies with a score of 1/10 or below), in accordance with the principle of do not significant harm.

Environmental or social characteristics of the financial product

The characteristics promoted by this financial product consist in investing in corporations with best-in-class Environmental, Social and Governance ratings and in impact strategy investments.

For the best-in-class methodologies, considerations include, among others, company ESG rating scores, company E, S and G factor’s ratings, environmental (linked to emissions), social (linked to human capital development, privacy and data security and supply chain labor standards) and innovation and technological development.

Related to the impact segment, this sub-fund selects investments such as green, social or/and sustainability bonds and thematic funds (sustainable impact, environment impact, energy efficiency or/and social impact).

The sub-fund promotes, among other environmental characteristics, the transition to a low carbon economy, in seeking to promote the goal of net zero greenhouse emissions by 2050 or sooner. The sub-fund will make a number of sustainable investments and it is therefore reasonably expected that at least a part of the sub-fund’s assets be exposed to underlying investments that contribute to climate change mitigation and/or climate change adaptation.

Investment strategy

The sub-fund aims to achieve a combination of income and long-term capital appreciation, by actively managing a diversified portfolio of equities, bonds, ETFs, UCITs and UCIs and other asset classes, with Environmental, Social, and Governance ('ESG') criteria.

The characteristics promoted by this financial product consist in investing in corporations with best-in-class Environmental, Social and Governance ratings and in impact strategy investments. The sub-fund meets those characteristics by conducting a detailed environmental and social assessment, integrating both a Best-in-Class and an Impact strategy to evaluate the investment decisions.

The Management Company estimates that approximately 50% of the sub-fund's value embraces a Best-in-Class strategy, which incorporates three sub-strategies:

- Pure Best-in-Class, through a screening, where the sustainability indicators used to measure the environmental and social characteristics are:

- Company with an MSCI ESG rating score minimum of AA;
- Company scores for each of the Environmental, Social and Governance factor. The minimum required score is 4/10.

- Best Effort, adopting the definition of three performance indicators per factor:

- Environmental (Emissions):
 - Disclosure in Carbon Disclosure Project (CDP), using a "Yes/No" indicator;
 - Carbon Emission Reduction Target: it represents the percentage reduction in carbon emissions that the investee company aims to achieve;
 - Historical Emission Series, including Scope 1 and Scope 2 analysis: the most recent factor averages the percentage change in the "YoY Change in Reported Scope 1+2 Intensity (tCO₂e/USD millions EVIC)".
- Social:
 - Human Capital Development indicator;
 - Privacy & Data Security indicator;
 - Tracking of Controversies for Supply-Chain Labor Standards.

- Best Solutions, using a metric linked to Innovation and technological development (R&D/Sales).

The remaining approximate 50% of the sub-fund's value embraces an Impact strategy, which incorporates two impact segments into the sub-fund:

- Green / Social / Sustainability bonds: the eligible bonds meet specific environmental and/or social characteristics goals. Fund managers perform the selection including controversy analysis at issuer level on a case by case basis. The minimum required MSCI ESG rating score is BB.

- Thematic funds: the indicators used in this context are based on the measurement of the percentage of income that the funds have linked to impact themes. The screening considers four impact themes, with the final goal of maximizing the exposure of this sub-fund to the different themes:

- Sustainable Impact Solutions - Percentage of fund's market value exposed to companies that generate revenue from sustainable impact solutions, goods, and services;
- Environmental Impact Solutions - Percentage of fund's market value exposed to companies that generate revenue from environmental impact solutions, goods, and services;
- Energy Efficiency Solutions - Percentage of fund's market value exposed to companies that generate revenue from energy efficiency solutions, goods, and services;
- Social Impact Solutions - Percentage of fund's market value exposed to companies that generate revenue from social impact solutions, goods, and services.

Finally, the sub-fund has restricted its investment universe by selecting investments that meet the minimum MSCI ESG score of BB. Investments falling under B and below are excluded.

Governance characteristics are taken into account in this sub-fund's methodology for assessing the good corporate governance practices of investee companies. The minimum required MSCI ESG rating score, governance factor, shall be 4/10. Moreover, the investee companies are screened to verify their compliance with the UN Global Compact.

Proportion of investments

The sub-fund invests at least 85% of its net assets in alignment with the promoted environmental and social characteristics. The minimum committed proportion of sustainable investment is 10%

Up to 15% of the investments are not aligned with these characteristics. A more detailed description of the specific asset allocation of this sub-fund can be found in the prospectus of this financial product.

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 Best-in-Class and an Impact strategy defined to make the investment decisions.

Methodologies

The attainment of the promoted environmental and social characteristics is measured via a detailed environmental and social assessment, by using the following MSCI methodologies:

- MSCI EU Taxonomy Methodology: it identifies issuers that are potentially aligned with the EU Taxonomy Regulation. Those issuers shall meet the minimum criteria (i.e. potential alignment) of the EU Taxonomy by a four steps based approach: identification of the substantial contribution to environmental objectives (in line with Taxonomy environmental objectives), the consideration of the do no significant harm principle by analysing issuers affected by environmental, social or governance controversies and the application of minimum safeguards by excluding issuers involved in the tobacco industry and in the controversial weapons industry.
- MSCI ESG rating: it is designed to assess the resilience of a fund's aggregate holdings to long-term ESG risks, with an intuitive seven-point scale from AAA (best) to CCC (worst) and a diverse set of ESG exposure categories. To arrive at a final ESG Rating, the weighted average of individual environmental and social key issue scores and the governance pillar score is calculated and then normalized relative to ESG Rating industry peers. After any committee-level overrides are factored in, each company's final industry-adjusted score corresponds to a rating between best (AAA) and worst (CCC). These assessments are not absolute but are explicitly intended to be interpreted relative to a company's industry peers.

Data sources and processing

Our ESG Database uses data from five providers: MSCI, Sustainalytics, Bloomberg, Morgan Stanley.

In order to ensure an 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

Limitations to methodologies and data

ESG metrics that Andbank uses in its investment management are sourced or derived from data that Andbank receives pursuant to licenses with the following third-party commercial data providers: MSCI, Sustainalytics, Bloomberg, Morgan Stanley, HOLT.

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, Andbank 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.

Due diligence

Due diligence is carried out on the underlying assets of the financial product. Quarterly, if an investment product drops its score below pre-defined thresholds, 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 monitors, among other indicators, management procedures applicable to sustainability-related controversies, concretely tracking of controversies for Supply-Chain Labor Standards in investee companies for a partial scope of investments.

22.12.2022



While the sub-fund does not have any direct engagement with the investee companies, it uses an indicator, provided by MSCI, that measures the severity of controversies related to a firm's supply chain. Factors affecting this evaluation include, but are not limited to, a history of involvement in supply chain-related legal cases, widespread or egregious instances of abuses of supply chain employee labor rights, supply chain employee safety, resistance to improved practices, and criticism by NGOs and/or other third-party observers.

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.