

# Global Equity

## **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 Equity**

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 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.

This 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.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. For the remaining underlying investments, the financial product 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 aims to achieve a combination of income and long-term capital appreciation, by actively managing a diversified portfolio of equities, ETFs, UCITs and UCIs and other asset classes, with Environmental, Social, and Governance ('ESG') criteria. The Management Company estimates that the sub-fund's value embraces a combination of Best-in-Class and Best Effort strategies.

#### **Proportion of investments**

The sub-fund invests at least 95% of its net assets in assets that have been determined as “eligible” as per the ESG process in place).

Up to 5% 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 Best Effort strategies 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 according to the MSCI EU Taxonomy Methodology and MSCI ESG rating.

**Data sources and processing**

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

**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.

**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%                |

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, in accordance with the principle of do not significant harm. Controversies marked with a Red Flag under the MSCI ESG Controversies methodology indicate a company’s direct involvement in the most serious adverse impacts (e.g., loss of life, destruction of ecosystem, economic shakedown affecting multiple jurisdictions), which have not yet been mitigated to the satisfaction of all implicated stakeholders.

### 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.

This 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 seeks to achieve long-term capital appreciation by actively managing a diversified portfolio of global equities with Environmental, Social, and Governance (“ESG”) criteria.

This sub-fund promotes environmental and social characteristics in furtherance of Article 8 of the SFDR Regulation, but it does not have as its objective a sustainable investment. It might invest partially in assets that have a sustainable objective.

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

The sub-fund meets those characteristics by conducting a detailed environmental and social assessment, integrating Best in Class to evaluate the investment decisions. The assessment is quarterly reviewed after acquisition.

The sub-fund’s incorporates two sub-strategies (Pure Best in Class and Best Effort):

- Minimum 25% of the net assets are invested according to a Pure Best in Class strategy, through a screening, where the sustainability indicators used to measure the environmental and social characteristics are:
  - o Company MSCI ESG rating scores AA and above
  - o Company scores for each of the Environmental, Social and Governance factor: the minimum required score is 5/10 for each of the factors considered;

- Maximum 75% of the net assets are invested according to a Best Effort, which entail companies rated from BB to A according to the MSCI ESG rating and adopting the definition of three performance indicators per factor:
  - o Environmental (Emissions):
    - Disclosure in Carbon Disclosure Project (CDP), using a "Yes/No" Indicator: if the investee company does not disclose (hence indicates "No")
    - Carbon Emission Reduction Target: no specific target
    - Historical Emission Series, including Scope 1 and Scope 2 analysis: if the companies does not committ to reduce the emissions between the FY-2 and last FY
  - o Social:
    1. Human Capital Development indicator;
    2. Privacy & Data Security indicator;
    3. Tracking of Controversies for Supply-Chain Labor Standards.

No index according to the Article 8(1)b) of the SFDR Regulation has been designated as a reference benchmark for this sub-fund.

Governance characteristics are taken into account in this sub-fund's methodology for assessing the good corporate governance practices of investee companies. MSCI ESG rating considers sound managements structure, employee relations, remuneration of staff and tax compliance for the governance factor.

#### Proportion of investments

The sub-fund invests at least 95% of its net assets in assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics).

Up to 5% 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 Best Effort 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, HOLT.

In order to ensure a high data quality, periodical meetings are held with the data provider to verify that they supervise the quality of the data and the methodologies used to process them. The data will cover 95% of the net assets of the Sub-Fund.

**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, the asset concerned is reviewed internally with the risk management team 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. 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.