**SFDR RTS ANNEX 2 – PRE-CONTRACTUAL DISCLOSURE FOR THE FINANCIAL PRODUCTS REFERRED TO IN ARTICLE 8, PARAGRAPHS 1, 2 AND 2A, OF REGULATION (EU) 2019/2088 AND ARTICLE 6, FIRST PARAGRAPH, OF REGULATION (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Sidera Funds – Global ESG Opportunities (the "**Sub-Fund**")

**Legal entity identifier:** 5493002LW6FLGWJ4U062

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ Yes | ☒ No |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:** ___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:** ___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes environmental and social principles via a proprietary model developed by the Investment Manager. The environmental and social characteristics promoted by the Sub-Fund consist in favouring investment in issuers whose business activities and/or conduct take an appropriate and responsible approach to ESG.

In its ESG evaluation, the Investment Manager takes into account the following environmental and social characteristics: climate change, resource depletion, waste and pollution, deforestation, worker conditions, gender policies, respect for Human Rights, health and safety, labor standards, corporate

governance practices and control procedures behaviour of top management in compliance with laws and professional ethics in its investment processes.
No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the characteristics promoted by the Sub-Fund are the following:

- The Investment Manager has developed a proprietary model that, based on data from MSCI ESG Research (UK) ("**MSCI**"), calculates a score as a combination of environmental, social and governance indicators for all financial instruments in the Sub-Fund's portfolio.
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  In addition to the ESG aggregate scores are also available for the three pillars E, S, and G. The ESG score of the calculated individual financial instrument, Sub-Fund, portfolio or index can take values in the range 0-10. The score is translated into a rating between CCC and AAA according to a so-called "Grade Table", which is updated once a year or following methodological changes MSCI. The Grade Table adopted by the Investment Manager stipulates that each rating is divided into buckets according to the standards provided for credit ratings (e.g., the A rating is divided into A-, A, and A+).

  The methodology allows the Investment Manager to have the following indicators:
  - Aggregate scores and ratings of each Sub-Fund, portfolio or index based on the three pillars (E/S/G) according to the following weights: 50%E + 25%S + 25%G;
  - Score and rating of each Sub-Fund, portfolio or index for each individual pillar (E/S/G);
  - For funds or portfolios, percentage of assets that has score greater than or equal to the score of the reference asset class.

  Based on this score for single instruments, the Sub-Fund score and rating are obtained. The Sub-Fund's portfolio must have an overall rating higher than or equal to that of the ESG Indices (as defined below).

- This methodology is accompanied by close monitoring of the investments and the application of possible restrictions on the purchase of securities of issuers active in sectors considered controversial because they are not in line with environmental, social and governance sustainability issues.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

  Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

  Not applicable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

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. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager conducts an ESG analysis on the securities issued by the issuers by relying on its proprietary model. For that purpose, the Investment Manager may select securities that are part of the composite Benchmark comprised of 50% ICE BofA Euro High Yield Duration-Matched ESG Tilt Index (Bloomberg HESD) and 50% ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged (Bloomberg IVCR) (the "**ESG Indices**"). The Sub-Fund is actively managed in reference to the ESG Indices with significant degree of freedom.

ICE BofA Euro High Yield Duration-Matched ESG Tilt Index filters out securities of companies with certain business involvement and is tilted toward those companies with better ESG risk scores with additional weighting adjustments to match its parent index interest rate exposure across rating and sector segments as closely as possible. The information used by the ESG Indices provider to compile the ESG Indices is based in part on proprietary information published on Sustainalytics' website.

ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged tilts country weights in order to lower the weighted average carbon footprint of the overall index while minimizing the tracking error versus the starting capitalization-weighted Parent Index. The information used is based, in part, on $CO_2$ per capita data published by Emissions Database for Global Atmospheric Research (EDGAR Carbon Data Report).
The ESG Indices are continuously reviewed and rebalanced on a monthly basis by the ESG Indices provider.

As part of the investment process and in order to fully comply with the ESG considerations of the Sub-Fund, the Investment Manager has full discretion over the composition of the Sub-

Fund's portfolio and may take exposure to companies, countries or sectors not included in and/or that have different weightings than the ESG Indices. The Investment Manager may set discretionary internal risk thresholds which may reference deviations from the ESG Indices. While it is expected that the Sub-Fund's deviation from the ESG Indices will be moderate, there are no restrictions on the extent to which the Sub-Fund's performance may deviate from the one of the ESG Indices.

According to the Investment Manager's ESG Policy mentioned in section 13 (Sustainability-related disclosure), the Sub-Fund aims at meeting certain eligibility criteria such as reaching at least AA rating at Sub-Fund level or having an ESG score in line or higher than the one of the ESG Indices. The ESG score of the Sub-Fund's portfolio is calculated as a weighted average of the ESG scores assigned to each security held by the Sub-Fund, noting that there are no restrictions on the value of that score at the individual security level.

A further penalty is then applied based on a flag on the presence or absence of controversies, provided by MSCI:

- A red flag indicates an ongoing very serious ESG controversy involving a company directly through its actions, products, or operations. The instruments to which this flag is associated are assigned for each pillar (E/S/G) a score equal to the minimum between the score provided by MSCI and the upper bound of the BB rating band. The overall ESG score is then recalculated according to the above weights.
- An orange flag indicates an ongoing serious controversy directly involving the company or a very serious controversy that is partially resolved or indirectly attributed to the companies' actions, products or operations. The instruments to which this flag is associated are assigned for each pillar (E/S/G) a score equal to the minimum between the score provided by MSCI and the upper bound of the BBB rating band. The overall ESG score is then recalculated according to the above weights.

Moreover, financial instruments issued by companies or governments deemed not in line with the Investment Manager's ESG Policy cannot be included in the investment portfolio.
Evaluating Sustainability Factors and Sustainability Risks is an integral part of the Sub-Fund's investment process as, in the Investment Manager's view, Sustainability Factors can materially affect a company's financial performance, competitiveness and Sustainability Risk profile.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding criteria utilized to select the investments are the following:

- The overall ESG rating of the portfolio, as calculated based on the proprietary scoring model, must be higher than or equal to the ESG rating of its ESG Indices;
- Penalisation of the score of securities based on a flag on the presence or absence of ESG controversies;
- Penalisation of the score of certain corporate sectors (such as Aerospace & Defence due to their involvement in the weapons industry and military contracting, Casinos & Gambling due to their socially harmful activities) in the rating model by attributing to these sectors a score equal to the minimum between the score provided by MSCI and the upper bound of the CCC rating band;
- Application of two blacklists maintained by the Investment Manager which exclude:
    - Government bond issuing countries and corporate sectors that are deemed not eligible for investments. Countries will enter this blacklist upon decision of an ESG Committee ruling, based on the assessment of their respect of social and civil rights or if subject to international sanctions.

- Companies active in the of non-conventional weapons production (landmines, cluster munitions, chemical weapons and biological weapons).

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

***What is the policy to assess good governance practices of the investee companies?***

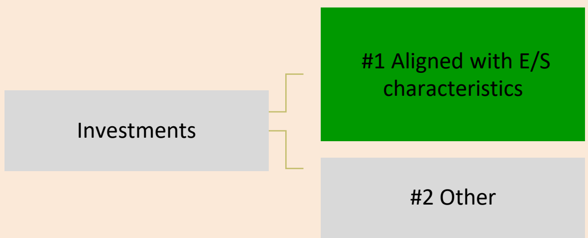
To evaluate the governance practices of investee companies, the Investment Manager relies on the governance information obtained from MSCIand appropriately scored. The Investment Manager ensures that the investee companies follow good governance practices by screening the investment universe through the ESG integration in its rating model, which includes the "G" pillar that incorporates corporate governance practices and control procedures behaviour of top management in compliance with laws and professional ethics.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

It is generally aimed that the Sub-Fund invests 100% of its Net Asset Value in issuers or financial instruments aligned with the environmental and social characteristics promoted (#1). Notwithstanding the above, at least 65% of the Sub-Fund's Net Asset Value will be invested in securities which are aligned with the environmental and social characteristics promoted by the Sub-Fund (#1), subject to any security which the Investment Manager is in the process of selling because it no longer meets the ESG considerations applied by the Sub-Fund. The remaining maximum of 35% of the Net Asset Value will not be aligned with the E/S characteristics promoted mainly for cash management purposes (#2 Other). The allocation is subject to further development in both the composition of the Sub-Fund's investment universe and the availability of reporting data. The Sub-Fund intends to increase the allocation to "#1 Aligned with E/S characteristics" should the investible universe evolve to allow a higher level of investment.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

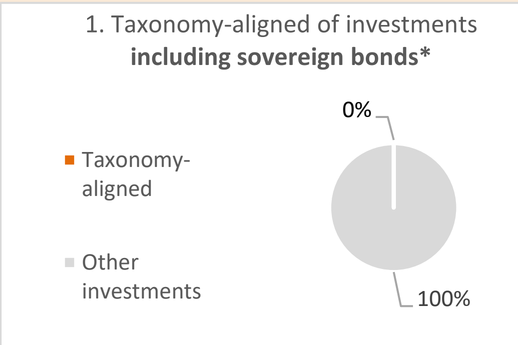
Derivatives used for investment purposes are subject to compliance with the above-described ESG analysis. In case of index derivatives, a look through is applied.

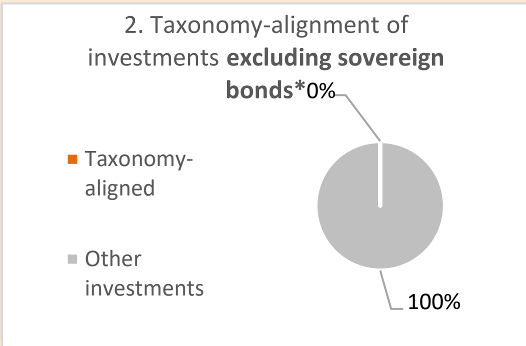
The Sub-Fund may also hold derivatives for hedging purposes. In this case, net short positions on single name derivatives or net short positions on index derivatives are excluded from the ESG analysis.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund promotes environmental and social characteristics but does not currently commit to making any sustainable investments within the meaning of the SFDR or the Taxonomy Regulation. As a consequence, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and the proportion of the Sub-Fund’s assets invested in such environmentally sustainable economic activities is currently estimated to be 0%.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.***




* *For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

### *What is the minimum share of investments in transitional and enabling activities?*

As the Sub-Fund does not commit to invest any “sustainable investment” within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also set at 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-Fund promotes environmental and social characteristics, but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

## What is the minimum share of socially sustainable investments?

Not applicable.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

**#2** "Other" Investments may include investments in liquid assets (cash and cash equivalents and time and term deposits) held for the purposes of servicing the day-to-day requirements of the Sub-Fund, currency derivatives, repurchase agreements, interest rate swaps, government bonds with IR Duration lower than one (1) year, own or third party funds with an ESG rating coverage lower than 65% or investments for which there is insufficient data to be considered ESG-related Investment. **#2** "Other" investments do not follow any minimum environmental or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

**Where can I find more product specific information online?**

More product-specific information can be found on the website: https://www.siderafunds.com/en/sustainability.html