Appendix II

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, 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.

Product name: Qblue Global Equties Responsible Transition Fund

Legal entity identifier: 54930044JKI8BK4ULR38

Sustainable investment objective

Does this financial product have a sustainable investment objective?

[X] **Yes**	[ ] **No**
[x] It will make a minimum of **sustainable investments with an environmental objective:** 35%	[ ] 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
[x] 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
[x] It will make a minimum of **sustainable investments with a social objective:** 35%	[ ] It promotes E/S characteristics, but **will not make any sustainable investments**

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What is the sustainable investment objective of this financial product?

The investment objective of the Fund is to provide long-term capital growth, investing globally in the shares of companies that the Sub-Investment Manager believes contribute positively to social and environmental factors. The Fund aims to achieve its objective by investing in companies that, as measured by the Sub-Investment Manager´s proprietary sustainability model (the Sustainability Cube™), are ESG industry leaders, best positioned for the transition to a low carbon economy and aligned with the UN SDGs.

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 the sustainable investment objective of this financial product?

Attainment of the sustainable investment objective is measured using the combined Sustainability Cube™ score which include, but is not limited to, the following dimensions:

- **Climate transition (climate)**: indicators include, current carbon footprint, carbon targets, decarbonization initiatives and development of products and services supporting greenhouse gas emission reduction

- **ESG industry leadership (ESG)**: current ESG score, ESG progress score and controversies screening

- **Alignment with UN SDGs (SDG)**: UN SDG revenue, measured as company revenues aligned with the UN SGDs, Development of products and services supporting the UN SGDs

Evaluation of sustainability characteristics within these dimensions is assessed through three different approaches:

- *Actual*: Assessment of current positive and negative sustainability impacts. Indicators include current carbon emissions, as well as current revenues and products aligned with the measured sustainability dimension

- *Progress*: Measures how well the company is positioned for and contributes to the transition to a more sustainable economy. Indicators include contribution to relevant innovation, as well as goals and targets for reducing future sustainability impacts and risks

- *Sentiment*: Measures how well the company's sustainability efforts are perceived by the public? Indicators are based on published news articles from trusted sources, such as financial media, think tanks, and NGOs

The Sustainability Cube^{TM} framework aggregates *Actual*, *Progress*, and *Sentiment* scores within each sustainability dimension (Climate, ESG, and SDG). The combined Sustainability Cube^{TM} score is calculated as the geometric average of the scores from the three sustainability dimensions. The combined Sustainability Cube^{TM} score is used to measure attainment of the sustainable investment objective.

The sustainable investment objective, is attained when, at all times, the capital weighted average Sustainability Cube^{TM} Score of the portfolio companies, within each industry (as per MSCI GICS level 1) within each region, is better than the 90th percentile of the sustainability scores – that is, the sustainable investment objective is attained when the investee companies are among the 10% best rated companies (within the investment universe for that region and industry).

Principal adverse impacts indicators ("PAIs") are included in the *Actual* component of the Sustainability Cube^{TM} score, and hence part of measuring the attainment of the sustainable investment objective.

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 sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

In order not to do significant harm to environmental or social objectives, the Sub-Investment Manager takes principal adverse sustainability impacts (PAIs) into account in several steps of the investment process.

<u>Company engagement and exclusion</u>: Companies in the investment universe are screened for potential adverse impacts on sustainability factors. The Sub-Investment Manager decides if flagged companies are to be excluded from the investment universe or if progress can be made by engaging with the company.

Exclusions:

- Norms based exclusions: Intentionally and repeatedly violate rules laid down by national authorities on the markets in which the financial product invests or by central international organizations generally endorsed by the global community. This includes, but is not limited to:

    - UN Global Compact
    - OECD Guidelines for Multinational Enterprises

- Country exclusions: Domiciled in countries covered by EU or UN sanctions, as well as countries where the sustainability risk with regards to money laundering, bribery, terrorist financing and tax avoidance are deemed unacceptable. The list of excluded countries is updated on an ongoing basis.

- Industry/Sector exclusions: Companies with business activities in industries with excessive risk of principal adverse sustainability impacts. This includes, but is not limited to, the following industries:

    - Tobacco
    - Thermal coal mining
    - Nuclear weapons
    - Controversial weapons
    - Oil sand extraction
    - Adult entertainment
    - Arctic drilling and exploration

<u>Sustainability Cube™ score:</u> the Sub-Investment Manager evaluates the sustainability characteristics of all companies in the investment universe using their own proprietary sustainability model, the Sustainability Cube™. The model includes several principal sustainability impact indicators on environmental, social and governance issues. The Sustainability Cube™ model supports the "do no significant harm principle" by:

- Excluding companies with the 10% worst social scores
- Only selecting companies for investment if they are among the 10% best rated within their region and industry. If a company at a later stage falls below the 15% best companies, the company position is closed out

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Sub-Investment Manager considers PAIs of investment decisions on sustainability factors in several steps of the investment process:

- Identification of which companies to engage with and to exclude
- Identification and exclusion of excessive sustainability risk industries
- Identification of countries ineligible for investment (country exclusion)
- Selection of investee companies, PAI indicators are sub-components in the combined Sustainability Cube™ score, and hence involved in the selection of portfolio companies.

Data coverage on PAIs is uncomplete and data quality varies across indicators, but the field is going through a significant development. The Sub-Investment Manager closely monitors this development and incorporates additional indicators as data coverage and quality improves.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Sub-Investment Manager does not invest in companies that intentionally and repeatedly violate rules laid down by national authorities on the markets in which the company operates or by central international organizations generally endorsed by the global community. This includes but is not limited to UN Global Compact and OECD Guidelines for Multinational Enterprises.

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

☒ Yes

Principal adverse impacts on sustainability factors are used in several steps of the investment process to "not do significant harm"(PAIs) as described above. Information on principal adverse impacts is available in the financial statements of the Fund.

In addition to this, companies with low PAI indicators are assigned a higher Sustainability Cube^{TM} score, which in turn make them more likely to be included in the portfolio. Consequently, the Sustainability Cube^{TM} framework reduces the overall adverse impacts of the investment portfolio.

☐ 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.

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

The financial product invests in developed market liquid equity securities subject to the exclusions described in the section 'No significant harm to the sustainable investment objective'.

Companies in the investment universe are ranked based on the Sustainability Cube™ score, and the 10% highest scoring companies in each industry in each region are selected for the portfolio. If a company at a later stage falls below the 15% best companies, the company position is closed out. This part of the investment process is an important step towards achieving the sustainability objective of the financial product of investing in companies that the Sub-Investment Manager believes contribute positively to environmental and social factors.

Thereafter, the Sub-Investment Manager deploy a multi-step conviction weighting methodology, based predominately on the Sustainability Cube™ score, meaning the higher such Sustainability Cube™ score the higher portfolio weight.

Company dialogue is an important part of the Sub-Investment Manager's sustainability framework, as they believe engagement is generally the best strategy for contributing to improving sustainability and responsible behaviour in companies. As a general rule, the Sub-Investment Manager intends to exercise its voting rights in investee companies. The Sub-Investment Manager aims to protect and grow the value of investments by ensuring that the portfolio companies diligently mitigate risks and have the lowest possible capital costs, by acting responsible, and at the same time encouraging companies to grow earnings by pursuing sustainable opportunities that support the goals of society and the global community. This forms the basis for the principles for exercising the voting rights.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

- The Sub-Investment Manager does not invest in securities issued by companies that:

- Norms based exclusions: Intentionally and repeatedly violate rules laid down by national authorities on the markets in which the Fund operates or by central international organizations generally endorsed by the global community. This includes, but is not limited to, UN Global Compact and OECD Guidelines for Multinational Enterprises

- Country exclusions: Domiciled in countries deemed ineligible for investment by the Sub-Investment Manager. The list of countries ineligible for investment includes countries covered by EU or UN sanctions, as well as countries where the sustainability risk with regards to money laundering, bribery, terrorist financing and tax avoidance are deemed unacceptable

Industry/Sector exclusions: Companies that have a direct revenue exposure to the following industries or sub-sectors (as defined below) using the exclusion criteria and thresholds set out below:

Industry/sub-sectors Exclusion Criteria and Thresholds	**Industry/sub-sectors Exclusion Criteria and Thresholds**
Tobacco	Companies that manufacture tobacco products. 0% revenue threshold criteria.
Thermal coal mining	Companies that derive 5% or more of its revenue from the mining of thermal coal and its sale to external parties.
Nuclear Weapons	Companies with primary involvement in Nuclear Warheads & Missiles, Nuclear Systems, Nuclear intended-use components and Nuclear Exclusive Delivery Platforms, Components of Nuclear Exclusive Delivery Platforms, Nuclear fissile materials. 0% revenue threshold criteria.
Controversial Weapons	Companies with an industry tie to landmines, cluster munitions, chemical weapons, or biological weapons. Note: industry tie includes ownership, manufacture, or investment. Landmines do not include related safety products. 0% revenue threshold criteria.
Oil Sands Extraction	Companies that derive 5% or more of its revenue from oil sands extraction.
Adult Entertainment	Companies that derive 5% or more of its revenue from production and/or distribution of adult entertainment. Companies that derive revenue for retailing adult entertainment are not excluded.
Arctic Drilling	Companies that derive 5% or more of its revenue from onshore or offshore oil and gas production in the Arctic region. The definition

Industry/sub-sectors Exclusion Criteria and Thresholds	Industry/sub-sectors Exclusion Criteria and Thresholds
	of Arctic is geographical and includes production activities north of the 66.5 latitude.

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

The Sub-Investment Manager assesses governance practices of investee companies when identifying companies for engagement and exclusions. Moreover, assessment of governance practices of investee companies is naturally integrated into the selection process of investee companies.

- Engagement and exclusions
  - The Sub-Investment Manager excludes companies which intentionally and repeatedly violate rules laid down by national authorities on the markets in which the Fund operates or by central international organizations generally endorsed by the global community
  - This includes, but is not limited to, UN Global Compact and OECD Guidelines for Multinational Enterprises
- Selection of investee companies
  - Corporate governance is a key element of the ESG industry leadership dimension of the Sustainability Cube™ score, as well as sub-components of the UN SDG dimension
  - Investee companies needs to be among the most sustainable companies, as measured by the Sustainability Cube™, in order to be included in the portfolio
- The Sub-Investment Manager is a signatory to the UN Principles for Responsible Investment (the "**UNPRI**"). As a signatory to the UNPRI the good governance practices of investee companies are assessed prior to making an investment and periodically thereafter.

What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

The Sub-Investment Manager classifies an investment as sustainable, ie an activity contributing to environmental and social factors, as defined under the SFDR, if the combined Sustainability Cube™ score of the investee company ranks in the top 25% within its region and industry. The sustainable investment objective is attained when (at all times) the portfolio weighted score of investee companies is higher than the 90th percentile (top 10%) in that region and industry

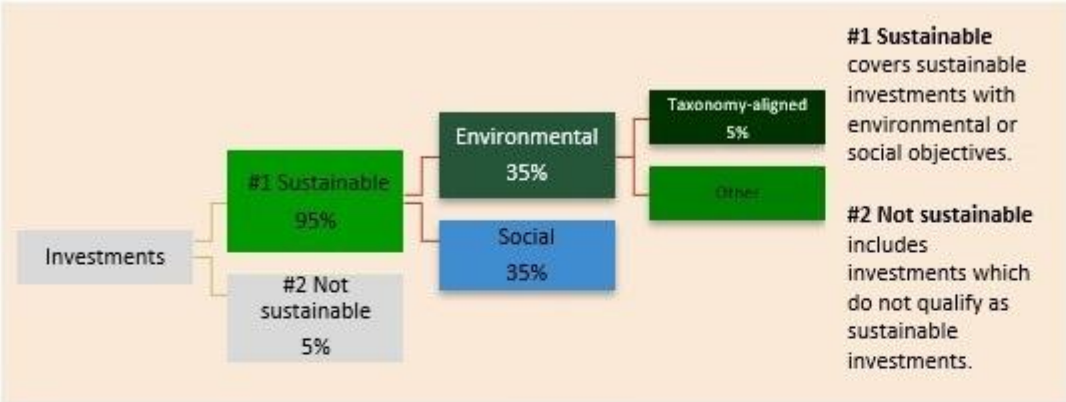
The combined Sustainability Cube™ score measures the combined contribution to both environmental and social objectives, and the Sub-Investment Manger's believes that a superior broad sustainability profile is the most credible indicator for superior contribution to both environmental and social objectives.

The Sub-Investment Manager believes that sustainable investments, as defined above, contribute to both social and environmental factors. As sustainable investments need to be classified as either environmental or social under SFDR,

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.

the Sub-Investment Manager uses the ranking of the Climate Transition component of the Sustainability Cube™ to calculate contribution to environmental factors and the ranking of the UN SDG component of the Sustainability Cube™ to calculate contribution to social factors. The relative degree of contribution to environmental and social factors will determine the split of sustainable investment into environmental investments and social investments. At any given point in time, the sum of environmental investments and social investments will be equal to the total amount of sustainable investments, but the split between environmental investments and social investments may vary over time.

Under normal circumstances, in order to attain the sustainable investment objective, the Fund is generally expected to invest at least 95% of its equity exposure in companies classified as sustainable investments as defined above. The Fund may also hold cash or cash equivalents, and the Fund may use derivative instruments for the purposes of efficient portfolio management and hedging under the conditions and within the limits laid down by the Central Bank.



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.

How does the use of derivatives attain the sustainable investment objective?

Not applicable, derivatives are not used for investment purposes.

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

The minimum degree to which investments in the Fund are in environmentally sustainable economic activities ("taxonomy aligned") is 5%.

Data for measuring economic activities contributing to objective (a)-(f) in Article 9 of Regulation (EU) 2020/852, are still under development. As data coverage and data quality improves over time, the Sub-Investment Manger expects to increase the minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy.

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

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

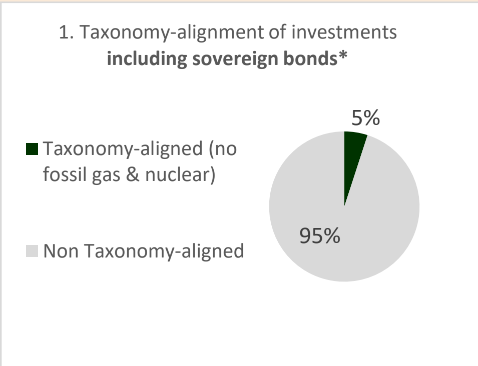
☐ **Yes:**

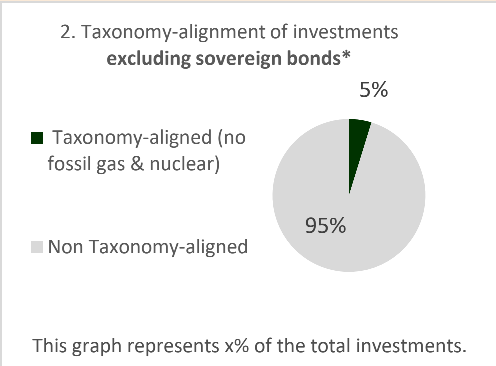
☐ In fossil gas ☐ In nuclear energy

☒ **No**

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.***





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

The minimum degree to which investments in the Fund are in transitional and enabling activities ("taxonomy enabled") is 0%.

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

The Fund is expected to invest minimum 35% of its equity exposure in sustainable investments with an environmental objective. At least 5% of these investments with an environmental objective will be in taxonomy aligned activities.

The sum of environmental and social investments will, under normal circumstances, be at least 95%. There may be occasions where the environmental and social objectives are not split equally and a significant share of the 95% threshold will be made up by investments with an environmental or social objective, in such circumstances the minimum 35% will be met by the objective in which has been deemed less material by the sub-investment

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

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

manager, due to the nature of the Fund's investment process the ratio of environmental and social investments may vary between industry to industry and company to company.

But since the investment strategy does not control a fixed split between environmental and social investments, the Sub-Investment Manager can only commit to a minimum share of environmental investments of 35% at any given time.

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

What is the minimum share of sustainable investments with a social objective?

The Fund is expected to invest 35% of its equity exposure in sustainable investments with a social objective.

The sum of environmental and social investments will, under normal circumstances, be at least 95%. There may be occasions where the environmental and social objectives are not split equally and a significant share of the 95% threshold will be made up by investments with an environmental or social objective, in such circumstances the minimum 35% will be met by the objective in which has been deemed less material by the sub-investment manager, due to the nature of the Fund's investment process the ratio of environmental and social investments may vary between industry to industry and company to company.

But since the investment strategy does not control a fixed split between environmental and social investments, the Sub-Investment Manager can only commit to a minimum share of social investments of 35% at any given time.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The purpose of any investments that may be classified as "#2 other" within the SFDR (which include investments which do not qualify as sustainable investments) are used for efficient portfolio management, liquidity management or hedging purposes.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No, the Fund does not have a sustainable designated reference benchmark to meet its sustainable investment objective. The Fund is actively managed.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.heptagon-capital.com/qblue-global-equities-responsible-transition-fund/