

Template 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

Product name: Chahine Funds - Equity Europe Flex

Legal entity identifier: 529900SQ5TEHY0DGUN79

## Environmental and/or social characteristics

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

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

Yes

No

It will make a minimum of **sustainable investments 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

It will make a minimum of **sustainable investments with a social 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

with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



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

Business conduct risks related to human rights, labour, the environment and corruption can result in risks to a company's reputation and finances, and therefore in a risk for the final investor. Thus, we exclude companies with a high level of ESG controversy. We use the external RepRisk database for this purpose. RepRisk helps us reducing blind spots and shed light on the ESG and business conduct risks related to our investments.

Through this exclusion filter based on ESG controversies, normative considerations and certain sectors, the fund promotes environmental and social characteristics, such as: respect for human rights and labour rights, peace, prevention of environmental risks, prevention of impacts on biodiversity, reduction of carbon emissions related to the coal industry, public

health.

While the Fund promotes environmental characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investment” within the meaning of the SFDR or Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment (“Taxonomy Regulation”).

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

RepRisk Index (RRI): The RRI is a proprietary algorithm developed by RepRisk that dynamically captures and quantifies reputational risk exposure related to ESG issues. The RRI is not a measure of reputation, but is rather an indicator of ESG-related reputational risk of a company or other entity. It allows the comparison of a company’s exposure with that of its peers and helps track the risk trend over time. In essence, the RRI facilitates an initial assessment of the ESG and reputational risks associated with financing, investing, or conducting business with a particular company. The RRI ranges from zero (lowest) to 100 (highest): 0-24 means low risk exposure, 25-49 means medium risk exposure, 50-59 means high risk exposure, 60-74 means very high risk exposure, and 75-100 means extremely high risk exposure.

RRI E, RRI S: derived from RRI. They respectively quantify reputational risk of a company regarding environmental issues and social issues. They also rank from zero (lowest) to 100 (highest).

Peak RRI: derived from RRI, it is the maximum value, between 0-100, reached by the RRI over the past two years.

● **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?**

N/A

● **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?**

N/A

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

N/A

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

N/A

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



*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, RepRisk's core research scope is composed of 28 ESG issues that are broad, comprehensive and mutually exclusive. These 28 issues drive the entire research process, and every risk incident in RepRisk's ESG risk platform is related to at least one of these issues. RepRisk covers issues such as climate change, greenhouse gas emissions, global pollution, impacts on landscapes, ecosystems and biodiversity, local pollution and waste.

In addition, RepRisk covers 73 so-called "Topic Tags", which are "hot topics" and ESG themes that are an extension of RepRisk's main research scope of 28 ESG issues. These tags are specific and thematic, and a tag can be linked to several mandatory principal adverse impacts (PAI). Some of these tags are energy management, agriculture commodity speculation, forest burning, high conservation value forests, abusive/illegal fishing, air pollution, sand mining and dredging, wastewater management, gender inequality, nuclear weapons.

Therefore, the principal adverse impacts are taken into account qualitatively through aggregate scores provided by RepRisk based on the issues and topic tags mentioned above.

No

**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.

## What investment strategy does this financial product follow?

The objective of Chahine Funds – Equity Europe Flex is to invest the funds available to it to the the Class M of Chahine Funds – Equity Europe. The objective of Chahine Funds - Equity Europe is to outperform the broad European markets, through the use of a model to identify the 'stars' performers. The fund will invest at least 80% in stocks from the EU country members, United Kingdom, Norway and Switzerland followed by at least 3 brokers and whose capitalisation exceeds 100 million EUR. The fund will be invested across all markets capitalisation spectrum including large capitalisation companies. The fund exposure to the stock market will remain between 80% and 100%. The fund will use momentum indicators such as the Price Momentum, a statistical concept measuring the significance of a price movement relative to the market, or the Earnings Momentum, that measures the strength of earnings estimates revisions. An allocation of small and mid caps is incorporated into the portfolio. The MSCI Europe Net Return will serve as a reference benchmark solely for the calculation of performance fees. Due to the active nature of the management process and the full freedom of investment, the Fund's performance profile may deviate significantly from that of the MSCI Europe Net Return. There is no guarantee that the investment objective will be achieved or that there will be a return on investment. In addition, the fund has an investment policy that includes several exclusions criteria to meet the environmental and social characteristics promoted by the fund such as normative exclusions, exclusions concerning the coal, nuclear, non-conventional oil and gas, palm oil, GMO, pesticide sectors as well as the exclusion of companies with high environmental or social controversy indicators.

● **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 Fund applies 2 kind of exclusion policy: Norm based exclusions and sector exclusion.

- Norm-based exclusions

The Fund excludes companies:

- that manufacture or distribute anti-personnel mines according to the Ottawa Treaty (entered into force in 1999)
- that manufacture or distribute cluster munitions accordance with the Convention on Cluster Munitions (entered into force in 2010).
- that do not comply with fundamental ethical standards (UN Global Compact), such as violation of individual rights, non- respect of human rights, major environmental damage, etc.
- domiciled in controversial jurisdictions

- Sectors exclusions

The funds excludes certain sectors and practices and does not invest in companies facing one of the following cases:

- o Weapons sector

- The company is active in the production, sales and distribution of non-conventional weapons. It involves cluster bombs, anti- personnel mines, biological, chemical or depleted uranium weapons, as well as white phosphorus and nuclear weapons;

- o Energy sector

- The revenue from coal mining activities (thermal coal, metallurgical coal, coke) exceeds 10% of total turnover or its production exceeds 20 million tons per year;
- The coal-fired electricity generation represents more than 10% of turnover, or the generation capacity exceeds 10,000 MW;
- Production, sale or distribution of nuclear-based power generation exceeds 5% of turnover. This includes uranium extraction, uranium concentration, refining, conversion and enrichment, the production of nuclear fuel structures, construction and use of nuclear reactors. It also includes treatment of spent nuclear fuel, nuclear decommissioning and radioactive waste management.
- If the sum of activities related to unconventional oil and gas, such as oil sands extraction, shale oil, shale gas and Artic drilling represents more than 5% of revenues;

- o Tobacco sector

- The company is active in the production or cultivation of tobacco
- Tobacco sale or distribution represents more than 5% of total turnover;

- o Biodiversity

- The production of pesticides, palm oil or genetically modified organisms (GMOs) represents more than 5% of turnover;

- o Other sectors: Income from activities related to:

- gambling exceeds 5% of sales;
- alcohol represents more than 20% of the turnover
- non-medicinal drugs exceed 5% of the turnover
- adult entertainment (pornography) represents more than 5% of turnover

The Fund also excludes companies with a high level of ESG controversy using RepRisk database.

**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.

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

There is no committed minimum rate.

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

IRIVEST Investment Managers has set up an SRI voting policy with ISS as a partner. We aim to vote at all shareholders' meetings of the companies held in the Chahine Funds (except if vote is not possible for external reasons) and apply by default the SRI voting recommendations provided by ISS research.

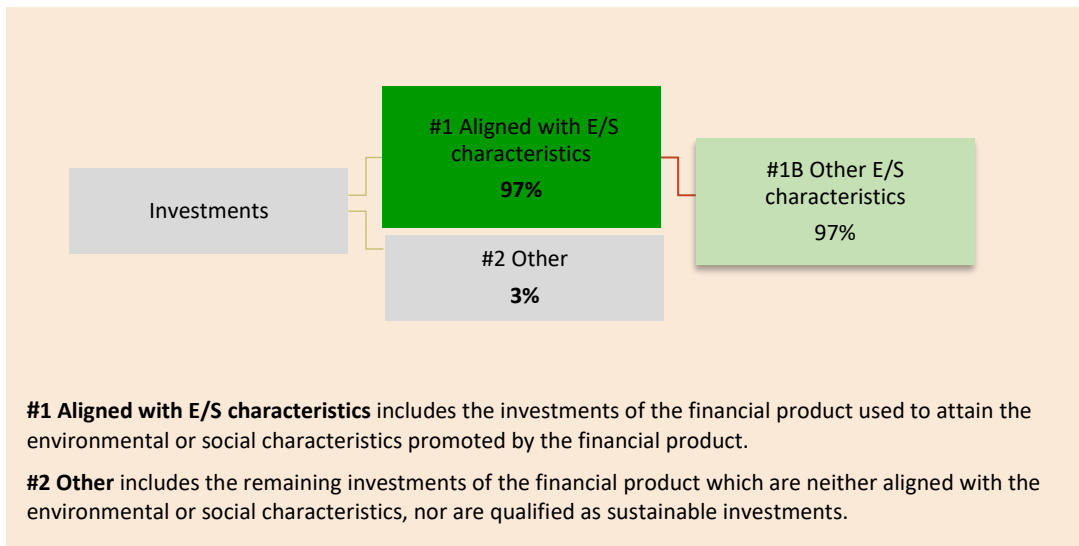
We exclude companies with a high level of Governance controversies, using the RepRisk Index Governance that quantifies reputational risk of a company regarding governance issues.



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

- #1 Aligned with E/S characteristics: 97%
- #1A Sustainable: 0%
- Taxonomy aligned: 0%
- Other environmental: 0%
- Social: 0%
- #1B Other E/S characteristics: 97%
- #2 Other: 3%

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



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

The fund may use derivative financial instruments for liquidity and limited exposure purposes and not to achieve the promoted environmental or social characteristics.



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

N/A

**Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup> ?**



Yes

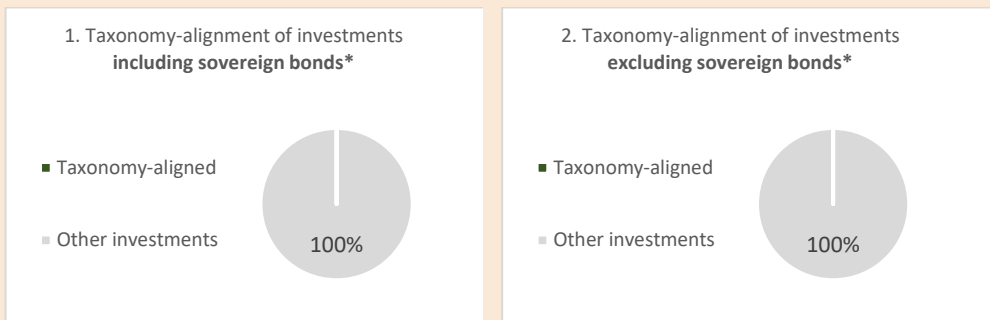
In fossil Gas

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

**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.

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 investments in transitional and enabling activities?**

N/A



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

N/A



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

N/A

<sup>1</sup> 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 objectives - 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.



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

"#2 Other" are those that are not covered by environmental or social monitoring. These are investments that serve liquidity and hedging purposes. They correspond to cash and derivatives.



**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?**

N/A

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

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

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



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

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

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

<https://www.irinvest.com/en/investissement-responsable>

<https://www.irinvest.com/en/gestion-action/chahine-funds-equity-europe-flex>