

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 : SYCOMORE NEXT GENERATION
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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.

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**: ___%

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 25% 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?

The process of researching and selecting shares and bonds of private-sector issuers in the investment universe in all cases includes binding extra-financial criteria and overweights companies whose ESG criteria are consistent with the objective of sustainable growth. In the context of Sycomore Next Generation, extra-financial criteria are used to exclude businesses carrying major sustainable development risks and to favour companies that are addressing societal and environmental issues for the benefit of future generations. Our stock picking is currently dominated by three key themes: fulfilment at work, the energy and environmental transition, and quality of life.

The Sub-Fund follows environmental and social characteristics based on Sycomore AM's internal ESG (Environmental, Social, Governance) methodology "SPICE," described below.

It is composed of at least 25% sustainable investments as defined below and detailed in the Management Company's ESG documentation.

It also aims to outperform its benchmark on two ESG indicators detailed in the following question.

No reference benchmark has been designated to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

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

The assessment of the achievement of the environmental and social characteristics promoted by the Sub-Fund is based in particular on the following sustainability indicators:

- **Investee companies' SPICE rating:** SPICE^[1] stands for Society & Suppliers, People, Investors, Clients and Environment. This rating assesses the sustainable performance of companies. It integrates the analysis of economic, governance, environmental, social and societal risks and opportunities in business practices and in the products and services offering of companies. The analysis takes into account a set of criteria so that environmental issues (SPICE score E), social issues (scores S, P and C) and governance issues (50% of score I) each account for at least 20% of the final score, with the weighting varying by sector.
- **Minimum proportion of sustainable investments:** The Sub-Fund invests partly in sustainable investments, meaning economic activities that contribute to an environmental or social objective, provided that these investments do not significantly harm any of these objectives and that the companies in which the investments are made follow good governance practices.

Moreover, as part of the SRI Label, the Sub-Fund undertakes to outperform its financial benchmark on the following two indicators:

- **Net Environmental Contribution (NEC)^[2]:** The NEC measures the extent to which a company's business model contributes to the ecological transition. The resulting score ranges from -100% for businesses that are highly damaging to the environment, to +100% for companies with a strong positive net impact. The NEC covers five impact categories (issues: climate, waste,

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

biodiversity, water, air quality) by group of activities (contributing areas: ecosystems, energy, mobility, construction, production).

- The overall Greenhouse Gas (GHG) intensity.

[1] More information is available in Sycomore AM's ESG Integration Policy, which is accessible on its website: <https://fr.sycomore-am.com/documentation-esg>

[2] Ibid

● ***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?***

The Sub-Fund will partially make **sustainable investments with a social or environmental objective**. Investments are qualified as sustainable if they are identified as making a positive contribution to environmental or social issues through their products or services or through their practices.

The qualification of a sustainable investment requires:

- 1/ the achievement of a minimum score on at least one of the positive contribution indicators of the definition of sustainable investment established by Sycomore AM,
- 2/ the absence of significant harm,
- 3/ good governance practices.

These elements are detailed in [Sycomore AM's ESG integration policy](#).

● ***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?***

For the sustainable investments that the financial product may partially make, four elements are implemented to avoid occurrence of significant harm to any environmental or social sustainable investment objective:

- **Management Company SRI exclusion policy**[3]: Certain activities are considered unsustainable due to their controversial social or environmental impacts, as defined in Sycomore AM's core policy (applicable to all Sycomore AM's direct investments), and in the Socially Responsible Investment Policy (SRI) policy (applicable to all open-ended UCITs, mandates and dedicated funds managed according to an SRI strategy).
- **Companies affected by a severe controversy**[4], identified based on the Investment Manager's thorough analysis of controversies. The most severe controversy classification is considered a violation of one of the principles of the United Nations' Global Compact.
- **Minimum SPICE rating**: The SPICE methodology covers all environmental, social and governance issues targeted by the indicators for adverse impacts on sustainability factors listed within the draft Regulatory Technical Standards. A rating that is too low indicates a potentially weaker sustainability performance on one or more adverse impacts.
- **Sycomore AM's Principal Adverse Impact (PAI) policy**[5]: A PAI policy applied to identify further potential significant harm across environmental and social matters targeted by the PAI indicators listed in Table 1 of Annex I is implemented.

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.

[3] More information is available in Sycomore AM's Exclusion Policy, which is accessible on its website: <https://fr.sycomore-am.com/documentation-esg>

[4] More information is available in Sycomore AM's ESG Integration Policy, which is accessible on its website: <https://fr.sycomore-am.com/documentation-esg>

[5] More information is available in Sycomore AM's Principal Adverse Impact (PAI) Policy, which is accessible on its website: <https://fr.sycomore-am.com/documentation-esg>

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

Adverse impacts on sustainability factors are taken into account as described in the PAI policy of the Management Company.

More specifically, the SPICE methodology covers all environmental, social and governance issues targeted by the indicators for adverse impacts on sustainability factors listed within the Regulatory Technical Standards.

Indeed, **Sycomore AM's fundamental analysis model SPICE**, is an integrated model, allowing to get a holistic view of companies of the investment universe. It was built taking into account OECD guidelines for Multinational Enterprises. It fully integrates ESG factors to capture how companies are managing adverse impacts as well as key sustainable opportunities following a double materiality approach.

Sycomore AM's PAI policy details how the issues covered by PAIs are covered by SPICE.

Moreover, **Sycomore AM's exclusion policy** targets adverse sustainability impact indicators including controversial weapons, exposure to thermal coal, chemical pesticide production, and more broadly was drafted to target companies in breach of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

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

The development of Sycomore AM's analysis framework "SPICE" as well as the exclusion policy have been inspired by the OECD's Guiding Principles for multinational companies, the United Nations' Global Compact, the International Labour Organization's international standards and the UN Guiding Principles on Business and Human Rights. To assess the fundamental value of a company, analysts systematically examine how a firm interacts with its stakeholders. This fundamental analysis is designed to understand strategic challenges, business models, quality of governance and degree of integration of sustainability issues, as well as the risks and opportunities faced by the company. Sycomore AM has also defined its Human Rights Policy in compliance with the UN Guiding Principles on Business and Human Rights.

Despite the above-described due diligence set to detect potential breaches of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, actual compliance of the analyzed issuers can never be guaranteed.

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 Union criteria.

The "do not 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,

as indicated in the previous sub-section, principal adverse impacts, as well as all other adverse impacts, are considered for any investment of the portfolio through SPICE analysis and outputs, complemented by Sycomore AM's exclusion policy.

Information on principal adverse impacts on sustainability factors shall be made available in the annual report of the fund.

No



What investment strategy does this financial product follow?

The investment strategy of Sycomore Next Generation (denominated in EUR) is socially responsible and based on a discretionary allocation of its net assets among several asset classes. The two main performance drivers are:

1. An equity strategy that exposes 0% to 50% of the net assets to the following assets: international equities forward financial instruments UCITS offering exposure to international markets.
2. A "bond yield" strategy that exposes 0% to 100% of the net assets to the following assets: bonds and other international debt securities, derivatives, and, on an accessory basis, UCITS offering exposure to bonds.

Lastly, the Sub-Fund may be exposed, between 0% and 100% (in case of adverse market conditions in order to protect the portfolio), to the following money-market assets: short-term negotiable securities from public- or private-sector issuers rated at least A or the equivalentand, on an accessory basis, money-market UCITS. The Sub-Fund may hold cash on an ancillary basis.

Please refer to the Sub-Fund's prospectus for more details on the investment strategy.

The investment strategy of the Sub-Fund fully integrates ESG (Environment, Social (including Human Rights) and Governance) issues. This integration is conducted through the Management Company (Sycomore Asset Management)'s proprietary "SPICE" methodology introduced above and described in the ESG integration policy available on the website.

We aim at identifying risks and opportunities to which companies are exposed following a double materiality approach, and more specifically:

- On the Environment, the E pillar assesses how companies take into account the preservation of the environment in the management of their activities as well as in their offer of products and services. It also looks at how the environment may affect the company's business. It fully integrates the analysis of the exposure to transition and physical risks;
- On the Social, the P, S and C pillars aim at understanding how companies incorporate risks and opportunities related to human capital, suppliers and clients relationships

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

as well as the society at large. In particular, the respect of working rights, the health and safety of the employees, the quality of the working environment, the societal contribution of the products and services, the capacity of companies to contribute to quality jobs creation and the respect of human rights in the entire value chain of companies are key issues covered through the analysis;

- On the Governance, the I pillar looks at how companies acknowledge the interests of all stakeholders by sharing value equitably. It notably includes the analysis of the governance structure, the alignment of the top management with the strategy as well as the quality of the integration of sustainability issues into the strategy.

● ***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 following binding criteria apply to the Sub-Fund.

At investee level, the Sub-Fund will make investment with environmental or social characteristics:

- **A filter of selection** of the main ESG opportunities: its objective is to promote businesses offering sustainable development opportunities. The Sub-Fund will select companies issuing shares and/or bonds which obtain a sufficient rating at least on one of the following criteria of our SPICE methodology, alternatively:
 - **Happy@Work**; or
 - **NEC** (Net Environmental Contribution); or
 - **Societal Contribution of products and services of companies**; or
 - **Good in Tech rating** (i.e. companies whose technological goods or services are to be used responsibly to reduce or to ban negative externalities on society and/or on the environment).

In addition, a minimum **SPICE rating** is applied.

- **A filter of exclusion** based on key ESG risks: Companies are excluded if the sustainability risks identified are likely to jeopardize their competitiveness or have a major negative impact. A company is thus excluded if:
 - it is involved in activities identified in **Sycomore AM SRI exclusion policy** for their controversial social or environmental impacts; or
 - it is affected by a **severe controversy**; or
 - it is involved in activities excluded under the **Paris-aligned Benchmark (PAB) exclusions** (Article 12(1)(a) to (g) of CDR (EU) 2020/1818).

In case of overlap between two exclusions applied by the Sub-Fund, the stricter threshold shall apply.

- All the above selection and exclusion filters aim at guaranteeing, at all times, a **selectivity rate of at least 30%** compared to the Sub-Fund's initial investment universe (as described in the Sub-Fund's prospectus).

For sovereign bonds:

- **A filter of exclusion**, based on the United Nations Charter: countries that are not signatories United Nations Charter are excluded from the investment universe. In addition, Countries that are targeted by international financial sanctions are also excluded.
- **A filter of selection**, with a minimum rating in Sycomore AM country rating model. The ESG rating model is based on 5 criteria categories: environment, governance, economic health, corruption and human rights, social inclusion.

At product level, the Management Company aims at having a better result compared to the Sub-Fund's Benchmark on the two following indicators:

- Net Environmental Contribution;
- GHG intensity of investee companies.

In addition, the Sub-Fund commits to the following binding element:

- At least 25% of the net assets of the Sub-Fund are invested in sustainable investments, either with an environmental objective, or a social objective. It is worth noting this percentage is expressed in relation to the fund's net assets. When it comes to Sub-Fund's investments in companies, the Sub-Fund commits to invest a minimum share of 50% in companies qualifying for sustainable investments under the conditions set forth in this document, i.e. 50% of the invested companies qualify as sustainable investments. The definition of sustainable investment applied by the Management Company in accordance with the European regulation known as 'SFDR' is available in the ESG integration policy published on the website.

The main methodological limits related to the extra-financial approach are:

- the availability of data to conduct ESG analysis;
- the quality of the data used in the assessment of ESG quality and Impact as there are no universal standards related to ESG information and third party verification is not systematic;
- the comparability of data, as not all companies publish the same indicators;
- the use of proprietary methodologies, which relies on the experience and skills of the asset manager's staff.

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

Following the application of the investment strategy, the eligible investment universe of the Sub-Fund is reduced by at least 30% compared to the initial investment universe (as described in the Sub-Fund's prospectus).

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

Governance is part of the SPICE analysis, including a dedicated governance section ("G" section) within the "I" pillar involving a significant focus on governance bodies, and integrating other governance items into the other pillars, notably employee relations and remuneration of staff within the "P" section, and tax practices within the "S" section. Overall governance of issues associated with each type of stakeholder (Society, People, Investors, Clients and the Environment) is addressed in each according pillar.

Requirements to exclude from the investable universe insufficient governance practices from the "G" section, associated with a minimum threshold, can be found in Sycomore AM's exclusion policy.

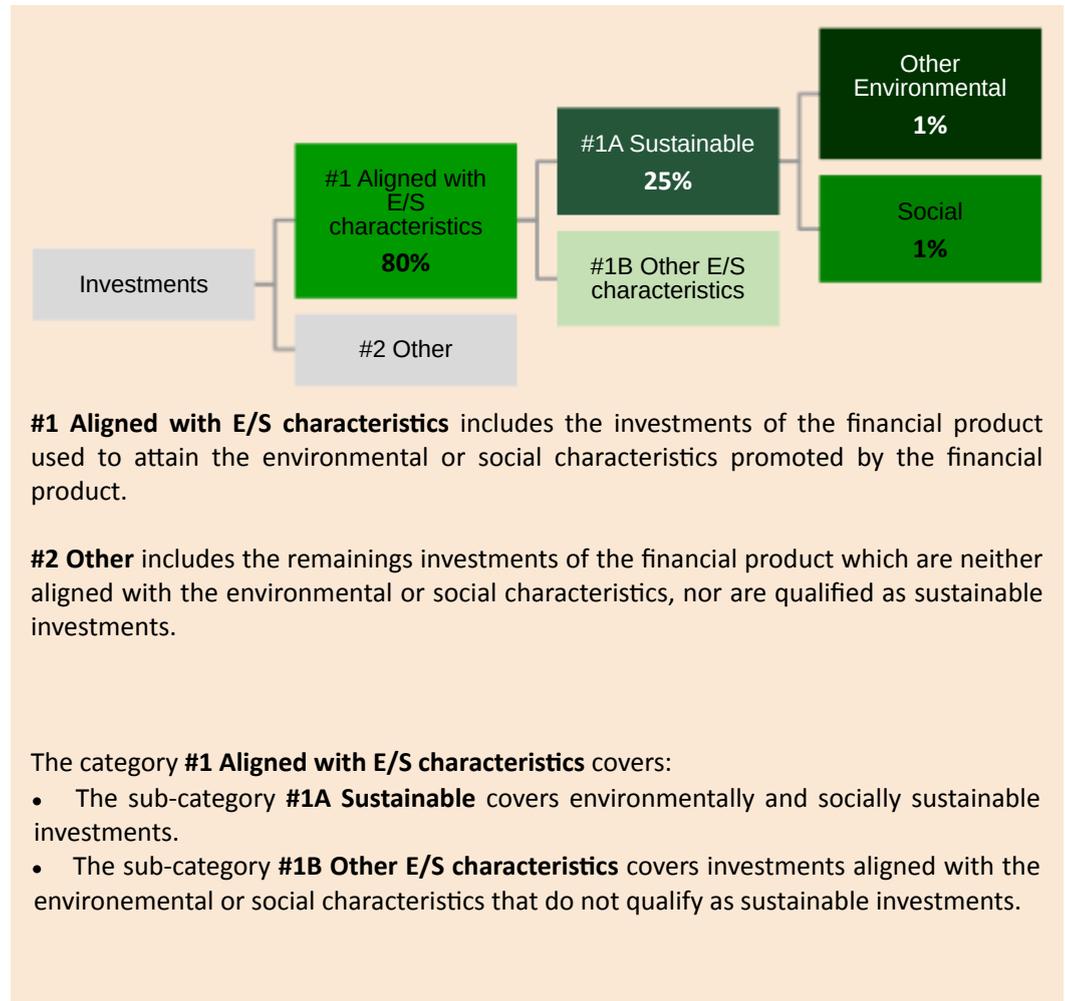
What is the asset allocation planned for this financial product?

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



All the binding criteria described above apply to all the Sub-Fund's investments (excluding cash and derivatives held for hedging purposes).

The following asset allocation figures are pre-contractual minimums expressed as a percentage of net assets; they do not represent a target allocation. For information on actual percentages, please refer to the annual report.



It is worth noting that the percentages mentioned in the graph above are expressed in relation to the Sub-Fund's net assets, and under normal market circumstances.

When it comes to the Sub-Fund's investments in companies, the Sub-Fund commits that minimum 50% of invested companies will be sustainable investments under the conditions set forth in this document. Investments in companies include any financial instrument issued by a company (such as shares and bonds).

The purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards is indicated at the question "What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?".

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

The policy for using derivatives, whose underlying assets are subject to the SPICE analysis process, is compatible with the objectives of the Sub-Fund and consistent with its inclusion in a long-term perspective. It is not intended to significantly or permanently distort the ESG selection policy. The use of derivatives is limited to techniques allowing for efficient management of the portfolio of securities in which

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- turnover** reflecting the share of revenue from green activities of investees 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-Fund is invested. The Sub-Fund may not hold a short position in any asset selected as ESG, according to its own method of ESG asset selection. Apart from efficient and marginal management, the Sub-Fund's use of derivatives for exposure purposes is necessarily temporary and exceptional.



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

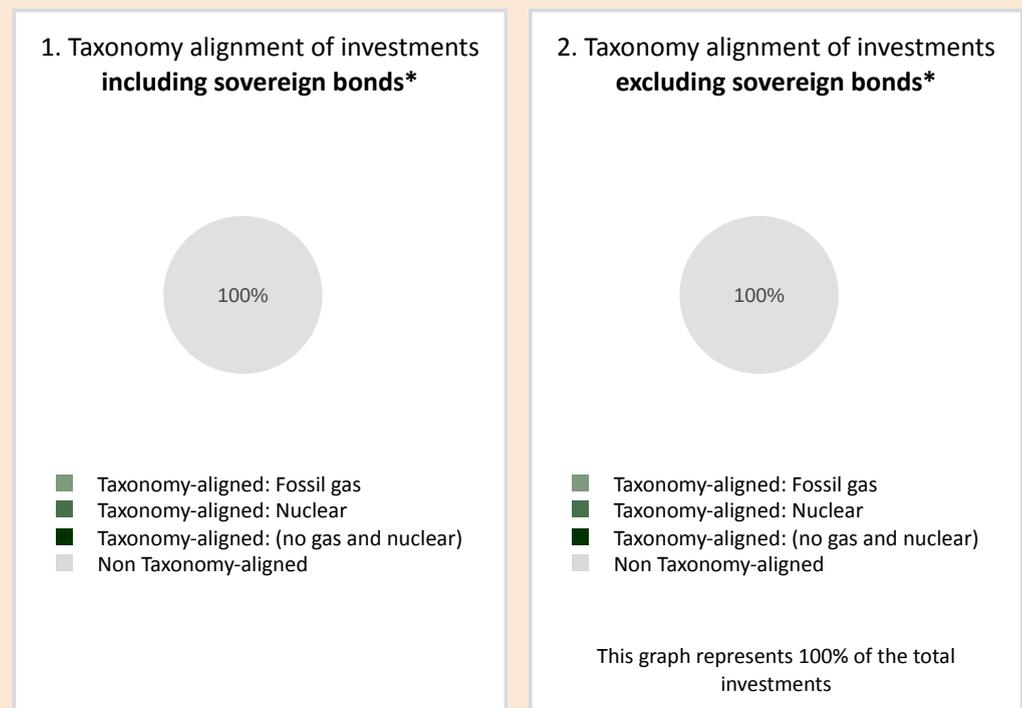
The Sub-Fund does not currently commit to invest in any sustainable investment within the meaning of the EU Taxonomy. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

● Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹ ?

- Yes:
 In fossil gas In nuclear energy
- No

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 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.

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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

Transitional activities are economic 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 in any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy 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 makes a minimal commitment regarding a minimum share of investments in sustainable investments with an environmental objective (1%).

Two main reasons, inter alia, explain investments with an environmental objective not aligned with the EU Taxonomy:

- Sustainable investments on the one hand are taken as a whole for the purpose of complying with SFDR. Underlyings identified as sustainable investments, based on the criteria described previously, therefore contribute 100% of their portfolio weight to the aggregated sustainable investment total at portfolio level. Environmentally sustainable investments on the other hand, only contribute a certain percentage of their activity, the taxonomy-aligned one assessed based on a breakdown of their revenues, to the aggregated taxonomy-aligned investment total at portfolio level.
- The criterion selected to define positive environmental contribution for the purpose of complying with SFDR can target any of the six environmental objectives of the Taxonomy Regulation.



What is the minimum share of socially sustainable investments ?

The Sub-Fund makes a minimal commitment regarding a minimum share of investments in sustainable investments with a social objective (1%).

However, the Sub-Fund commits to invest a minimum of 25% of its net assets and 50% of invested companies as sustainable investments, either with an environmental or a social objective.



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

Investments included under “#2 Other” relate to derivatives used for hedging purpose, and to cash or cash equivalent held as ancillary liquidity.

Other cash and cash equivalent used as ancillary liquidity, and derivatives held for hedging purpose, are not subject to 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?

There is no 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.

- ***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



Where can I find more product specific information online? More product specific information can be found on the website:

<https://en.sycomore-am.com/funds/38/sfs-sycomore-next-generation>