

Connect Medium

SFDR product category: Article 8

Summary

To increase the value of your investment over the medium term through a combination of capital growth and income.

The fund mainly invests, directly or through other funds and derivatives, in equities and bonds from anywhere in the world including emerging markets, while seeking a balanced approach.

The fund favours investments with a comparatively high ESG profile (ESG positive tilt) and excludes or restricts investments in certain sectors that have significant activities with adverse environmental or social impacts.

The fund does not have sustainable investment as its objective.

The ESG fund selection process aims to identify asset managers that:

- use ESG factors and considerations in their investment processes
- are transparent about their ESG analysis process, including stewardship, and how it interacts with financial aspects of the portfolio management

The fund uses a data- and analysis-based methodology to fully integrate ESG factors into the investment decision process.

No sustainable investment objective

This fund promotes E/S characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

Positive ESG tilt approach The investment manager seeks to lower environmental, social and governance (ESG) risks and favours investments in securities of issuers with a comparatively high ESG profile, as well as in SFDR article 8 and 9 funds.

ESG-based exclusions The investment manager avoids investments in issuers who are deriving a significant portion of revenues from sectors, such as tobacco, controversial weapons, or that are in severe breach of international social, labour and human rights norms. SFDR article 8 and 9 funds that investment manager may invest in also exclude or restrict investments in certain sectors that have significant activities with adverse environmental or social impacts, including sectors stated above.

Investment strategy

Objective To increase the value of your investment over the medium term through a combination of capital growth and income.

Benchmark None.

Investment policy The fund mainly invests, directly or through other funds and derivatives, in equities and bonds from anywhere in the world, including emerging markets, while seeking a balanced approach.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for generating additional income or growth.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to adjust exposure to asset classes and geographic areas, and to select investments that appear to offer above-average growth prospects, particularly in relation to trends in financial markets.

Sustainability approach The investment manager integrates environmental, social and governance (ESG) criteria factors as a core element of its strategy. In particular, the investment manager assesses potential investments based on both proprietary and third-party ESG scoring methods and, for funds in which it may invest, their exclusion or inclusion policies.

Fund base currency EUR.

Proportion of investments

	% of assets
Investments aligned with the fund's E/S characteristics	Min. 75%
Qualifying as sustainable investments under the EU Taxonomy with a social objective	Min. 0%
Not qualifying as sustainable investments but having other E/S characteristics	Min. 75%
Other investments¹	Max. 25%

¹ include derivatives and cash positions which are not measured as to E/S characteristics) as well as securities of issuers that are not aligned with the fund's E/S characteristics and funds that are not article 8 or 9 products under the SFDR regulation.

Monitoring of environmental or social characteristics

The investment manager monitors ESG profiles of the securities and funds it invests in. It may also use this information in deciding to begin, increase, decrease or end the fund's exposure to any securities or funds.

Specifically, any significant deterioration of a portfolio holding's ESG profile could lead to its removal from the approved fund list; this decision can be made at the analyst level without validation by the Fund Assessment Committee.

The investment manager regularly reviews the exclusion policy of funds in the portfolio as well as their exposure to controversy activities. Findings are discussed with fund managers which might lead to divesting if explanations do not meet the investment manager's criteria (divesting intervenes usually within six months after an unresolved issue).

► See also: Methodologies.

Methodologies

In managing the portfolio, the investment manager systematically integrates ESG criteria when researching and analysing companies. Financial and ESG information are

considered concurrently. The investment manager identifies potential ESG issues to assess companies' ability to manage ESG-related liabilities and costs, and their aptitude for setting strategic directions.

In addition, the investment manager uses ESG scoring from third-party providers for the valuation process where companies are compared to their peers (sector/rating) for both financial and sustainability aspects.

The fund also considers and monitors principal adverse impacts (PAIs) by aggregating a range of PAI indicators at the level of issuers or funds in the portfolio. The PAIs in scope remains at the full discretion of the fund and may change over time. Information about the fund's exposure to PAIs is available in the SICAV's annual report.

Data sources and processing

Data sources include:

- third-party ESG scoring, database and research
- fund issuers data and information
- interviews with fund managers
- BIL Invest analyst reports and proprietary research

Quality is maintained by comparing information from multiple sources, such as comparing fund issuer data with independent and internally gathered data, and reviewing data on an ongoing basis.

► See also: *Methodologies and Monitoring of environmental or social characteristics.*

Limitations of methodologies and data

Since ESG data is a comparatively new concept, there is little historical data available, and data methodologies as well as actual data are still being developed. In some cases, such as upstream carbon data that does not include double-counting, there is currently no reliable way to calculate or even estimate data.

Data provided by any source, in particular companies themselves, may be incomplete, biased or incorrect. Data comparisons can often identify such situations, but in some cases little data is available to make comparisons. In some cases, metrics that appear to be comparable may have been derived using non-comparable measurements. Any of these issues could leave the fund potentially vulnerable to data flaws.

► See also: *Data sources and processing.*

Due diligence

The investment manager evaluates and continually monitors both actual and potential investments using widely accepted standards and a variety of internal and external data sources, including major financial industry providers.

► See also: *Methodologies.*

Engagement policies

The fund does not have a formal engagement policy.

Designated reference benchmark

The fund does not use a benchmark to evaluate its overall ESG profile.

Terms to understand

Article 8 SFDR Under the Regulation (EU) 2019/2088 on sustainability-related disclosures for financial products, a financial product that promotes environmental or social characteristics but does not have a sustainable investment objective.

E/S Environmental and/or social.

ESG Environmental, social and governance.

ESG risk, sustainability risk An ESG event or trend that may bring reputational or financial harm to a corporate or sovereign issuer.

ESG score A measure of an issuer's exposure to ESG/sustainability risks, typically based on data and developed through the investment manager's analysis and scoring method.

EU Taxonomy The EU's official classification of economic activities that contribute to an environmental objective (such as climate change mitigation, water protection, circular economy, pollution prevention or biodiversity protection). In future the taxonomy will include activities with a social objective.

issuer A company, government, government agency, government-sponsored organisation, or supranational or public international entity that registers and sells securities.

reference benchmark An index or combination of indices used by the fund to attain or compare its E/S characteristics.

SFDR Regulation (EU) 2019/2088 on sustainability-related disclosures for financial products.

sustainable investment An investment in economic activities, undertaken by companies that follow good governance practices, that contribute to an E/S objective without significantly harming other E/S objectives.

UN Global Compact A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.