

SIDERA FUNDS – GLOBAL INCOME OPPORTUNITIES (LEI: 5493002LW6FLGWJ4U062) (the “Sub-Fund”)

Capitalised terms have the same meaning as assigned in the Sidera Funds Sicav Prospectus.

Summary

This Sub-Fund promotes environmental, social, and governance characteristics pursuant to Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27/11/2019, as subsequently amended.

Based on a proprietary model and data provided by the information provider MSCI, the Sub-Fund is assigned an ESG rating which must be at least equal to that of its relevant benchmark (50% MSCI EUR High Yield ESG Leaders Corporate Bond Index (MFLEHYEL) and 50% ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged (IVCR)), selected to ensure alignment with the environmental or social characteristics promoted by the Sub-Fund.

The ESG score of the Sub-Fund is calculated as the weighted average (based on net asset value) of the ESG scores of the issuers of the financial instruments held in the portfolio. Through this approach, the Investment Manager not only integrates sustainability risks into investment decisions but also aims to ensure that the Sub-Fund achieves and maintains a high sustainability profile.

Sidera Funds Global Income Opportunities predominantly invests in financial instruments issued by entities with strong long-term growth prospects and high environmental, social, and governance standards (ESG – Environmental, Social and Governance).

This financial product promotes environmental and social characteristics aimed at reducing the negative impacts of its investments on the environment and society.

The proportion of investments promoting environmental/social characteristics is set at a minimum of 50% of the financial instruments in the portfolio (in this calculation, certain instruments such as those linked to liquidity management or derivatives used for hedging purposes are excluded).

Securities of issuers classified as "not aligned with environmental, social, and governance sustainability themes" (black list) are not eligible for direct investment in the Fund's portfolio (black list governments/"controversial weapons", exclusion of aerospace & defence, casino & gaming, and tobacco and instruments with a "red flag" indicating serious ESG controversies). Issuers that violate the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises are excluded.

The environmental or social characteristics promoted by the financial product are monitored throughout its entire life cycle via first- and second-level controls. The Investment Manager has designated a competent structure responsible for line controls relating to the collection and processing of information needed to meet various ESG requirements.

The Compliance Department is tasked with verifying adherence to the ratings and criteria set out in the ESG Policy and evaluating the need to update the blacklist by involving the dedicated ESG Committee. The outcomes of these controls are promptly communicated to the relevant departments and reported to company bodies. The above prohibitions are not subject to exceptions and, therefore, no authorization procedures are envisaged.

The data provided by MSCI is subject to automated verification procedures. Given the still partial availability of data published directly by issuers, the Investment Manager states that estimates provided by MSCI may be significantly relied upon. The assessment of qualitative ESG risks is based on data supplied by the information provider MSCI and other public and private sources. Such data may be incomplete, inaccurate, or unavailable; therefore, there is a risk that a financial instrument or issuer may be inaccurately assessed.

Accordingly, neither the Funds, nor the Investment Manager, nor the investment managers make any explicit or implicit representations or warranties regarding the fairness, accuracy, reasonableness, or completeness of such ESG assessments.

The Investment Manager has implemented specific internal safeguards and methodologies designed to ensure that such limitations do not compromise the achievement of the environmental, social, and

governance characteristics promoted by the financial product.

Lastly, the Investment Manager has adopted an internal Policy that defines the safeguards and principles used to integrate strategy, organizational structure, and business processes, as well as to ensure that managed portfolios comply with applicable ESG investment regulations. Arca Fondi SGR also adopts engagement policies to exercise rights over portfolio securities, following the "Italian Stewardship Principles" to promote good governance among investee companies.

No Sustainable Investment Objective

This financial product promotes environmental or social characteristics but does not have sustainable investment as its objective.

This financial product does not consider the principal adverse impacts on sustainability factors.

Environmental or Social Characteristics of the financial product

The Sub-Fund promotes environmental, social, and governance characteristics pursuant to Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27/11/2019, as subsequently amended.

The Sub-Fund primarily invests in companies that demonstrate high standards and ratings with respect to environmental and/or social matters.

From an environmental perspective, this financial product primarily promotes the fight against climate change and the preservation of the environment. From a social perspective, this financial product mainly promotes fair working conditions, the fight against corruption, and equal opportunities.

The proportion of investments that promote environmental/social characteristics is set at a minimum of 50% of the financial instruments held in the portfolio (certain instruments, such as those related to liquidity management and derivative financial instruments used for hedging purposes, are excluded from this calculation).

In order to ensure that the promotion of environmental, social, and governance characteristics is respected, Arca Fondi SGR adopts a rigorous approach whereby the ESG rating of a benchmarked Sub-Fund must be at least equal to the rating of the relevant benchmark index.

For this purpose, the identified benchmark is composed of 50% MSCI EUR High Yield ESG Leaders Corporate Bond Index (MFLEHYEL) and 50% ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged (IVCR), an objective indicator representative of the universe of Euro area investment grade corporate bond securities.

Through this approach, in addition to integrating sustainability risks into investment decisions, the Investment Manager aims to ensure that the Sub-Fund achieves and maintains a high sustainability profile.

Investment Strategy

The Sub-Fund primarily invests in corporate and government bonds, both investment grade and high yield, issued by companies domiciled in OECD countries and emerging markets, denominated in G10 currencies (e.g., USD, CAD, EUR, GBP) and with a maturity of less than 5 years.

The Investment Manager has developed a proprietary methodology that evaluates all financial instruments from a sustainability perspective, based on both internal and external data sources. The process for assigning sustainability metrics involves breaking down the instruments held in the portfolio into their elementary components (bonds or equities), followed by the attribution of sustainability metrics. This model enables the integration of ESG risk factors into the investment decisions of the Sub-Fund.

The benchmark adopted by the Sub-Fund is composed of 50% MSCI EUR High Yield ESG Leaders Corporate Bond Index (MFLEHYEL) and 50% ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged (IVCR).

To assess the sound governance practices of the investments made, the Investment Manager relies on governance-related data provided by the information provider MSCI and evaluates such information accordingly. Compliance with sound governance practices is verified through the exclusion of any issuer flagged with a "governance red flag," which indicates involvement in a very serious governance-related controversy. This is ensured by continuously monitoring the investable universe of issuers and integrating such assessments into the Investment Manager's evaluation model (ESG rating), which includes the "G" pillar. This pillar accounts

for governance-related factors such as corporate governance practices, any governance-related controversies, internal controls over senior management behavior, and compliance with legal and professional ethics frameworks.

Proportion of Investments

The minimum proportion of investments promoting environmental and/or social characteristics is set at 50% of the financial instruments held in the portfolio (instruments linked to liquidity management and derivative financial instruments used for hedging purposes are excluded from this calculation).

A security is considered to promote environmental and/or social characteristics when:

- The issuer is included in at least one index that applies specific ESG inclusion/exclusion policies. The relevant indices belong to the “Best-in-Class” family (i.e., securities of companies with strong environmental, social, and governance performance relative to their industry peers) or are designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. These indices include: MSCI World AC ESG Leaders, MSCI World AC Climate Paris Aligned, MSCI Europe Climate Paris Aligned, MSCI USA Climate Paris Aligned, MSCI EUR IG Climate Paris Aligned Corp Bond, MSCI USD IG Climate Paris Aligned Corp Bond, MSCI EUR HY Climate Paris Aligned Corp Bond, MSCI USD HY Climate Paris Aligned Corp Bond. The issuer must also have an ESG rating of at least BBB-;
- The issuer belongs to the investable universe (based on proprietary methodology) classified as “Social”, “Blue”, or other internally defined ESG universes. The issuer must also have an ESG rating of at least BBB-;
- The security is classified as a “Green Bond” and/or “Social Bond,” or is included in one of the following indices: ICE BofA Green Bond Index, ICE BofA Social Bond Index.

The standard allocation of the Sub-Fund consists of 100% financial instruments of a bond nature.

The financial instruments in which the Sub-Fund may invest are primarily issued by entities with strong long-term growth prospects and high standards in environmental, social, and governance matters.

Derivative financial instruments used for investment purposes are subject to ESG evaluation criteria. The Sub-Fund may also use other derivative instruments (e.g., for hedging), which do not promote environmental, social, or governance characteristics.

The Sub-Fund may invest up to 50% of its portfolio in cash and bonds issued by sovereign or similar entities that are not classified as green and/or social bonds.

Nonetheless, the binding elements of the investment strategy ensure alignment with the Sub-Fund’s environmental objectives.

The Sub-Fund promotes environmental and social characteristics but does not currently commit to making sustainable investments under the SFDR Regulation or the Taxonomy Regulation.

Monitoring of Environmental or Social Characteristics

The environmental or social characteristics promoted by the financial product are monitored throughout the product’s lifecycle through first- and second-level controls.

A designated internal unit is responsible for line controls related to the collection and processing of information required for ESG ratings, sustainability criteria checks, monitoring of sustainability objectives, and identifying financial instruments/issuers excluded from investment (so-called “black list”).

The Compliance Department is responsible for verifying adherence to the ESG Policy’s ratings and criteria, and for assessing the need to update the blacklist, involving the dedicated ESG Committee when necessary. Control outcomes are promptly shared with relevant departments and reported to the corporate governance bodies.

Compliance with the Fund’s ESG principles is also monitored automatically using specific algorithms implemented within Arca Fondi SGR’s control systems.

Methodologies for Environmental or Social Characteristics

Arca Fondi SGR has developed a proprietary model based on data provided by MSCI, which enables the assignment of ESG ratings to financial instruments in the portfolio (excluding non-

rated instruments, instruments linked to liquidity management, and derivatives used for hedging purposes).

The model assigns ratings ranging from CCC to AAA, with granularity equivalent to credit ratings (e.g., rating A is subdivided into A-, A, and A+).

To verify that the Sub-Fund's environmental or social characteristics are met, Arca Fondi SGR applies an approach whereby:

- the ESG rating of the Fund must be at least equal to that of its benchmark (50% MSCI EUR High Yield ESG Leaders Corporate Bond Index and 50% ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged);
- a "G" rating is used, determined through a proprietary method, to assess compliance with "good governance practices";
- a comprehensive ESG rating is also applied, based on internal criteria.

Data Sources and Processing

For the operation of its proprietary model, Arca Fondi SGR relies on data provided by MSCI, a leading market provider specialising in, inter alia, sustainability-related data collection, processing, and distribution.

In particular, the following data are used in ESG analyses:

- ESG ratings assigned by MSCI to the vast majority of financial instruments considered for investment. These ratings are available both in aggregate form and for each of the three pillars: E (Environmental), S (Social), and G (Governance);
- issuer involvement in controversies related to their operations and/or products;
- ESG-related indicators provided by the information provider.

Ratings range from CCC to AAA, with the same level of granularity as credit ratings (e.g. A-, A, A+). ESG ratings are assigned to equity and bond instruments, whether corporate or sovereign, based on MSCI data and, for Italian small and medium enterprises, supplemented by proprietary data derived from internal questionnaires.

Composite instruments (e.g., futures, fund units) are assigned a score based on their underlying holdings.

Each instrument is also assigned a "flag" by MSCI that signals whether the issuer is involved in controversies concerning their operations and/or products. Depending on the severity of the controversy, the score attributed to the instrument may be downgraded to levels corresponding to a BB rating. Issuers belonging to specific sub-sectors (e.g., Aerospace & Defence, Casino & Gaming) are also penalised via an algorithm that assigns a minimum score. MSCI data are automatically checked and verified. Given the still limited availability of issuer-disclosed data, Arca Fondi SGR acknowledges that MSCI estimates may be significantly relied upon.

Limitations of Methodologies and Data

The qualitative ESG risk assessment relies on data provided by MSCI and other public and private sources. These data may be incomplete, inaccurate, or unavailable; consequently, there is a risk of misjudging a financial instrument or issuer.

Therefore, neither the Funds, nor the Investment Manager, nor the portfolio managers provide any express or implied representation or warranty as to the fairness, accuracy, reasonableness, or completeness of the ESG assessment.

The Investment Manager has implemented internal controls and methodologies designed to ensure that such limitations do not compromise the fulfilment of the environmental, social, and governance characteristics promoted by the financial product.

Due Diligence

The Investment Manager has adopted an internal Policy that defines the controls and criteria applied to integrate strategy, organisational structure, and business processes, ensuring that managed portfolios comply with applicable ESG investment regulations.

To ensure appropriate due diligence on the underlying assets of the Sub-Fund's investments, the Investment Manager has established safeguards that, based on internal and external data, assess the sustainability profile of all financial instruments. Specific eligibility criteria have been defined to identify the product's investable universe.

Compliance with the criteria set out in the ESG Policy is also verified by the Compliance

Department.

Engagement Policies

Arca Fondi SGR has established an engagement policy that integrates its strategy for exercising rights attached to the financial instruments held in the managed portfolios.

This policy is based on Arca Fondi SGR's commitment to exercising such rights reasonably and responsibly, exclusively in the interest of the portfolio holders. It outlines general criteria to be followed when exercising voting rights at shareholders' meetings of issuers of securities held in the portfolios.

When exercising rights, the Investment Manager follows the behavioural principles set out in the "Italian Stewardship Principles for the exercise of administrative and voting rights in listed companies" and related best practice recommendations, both defined by the industry association Assogestioni.

To apply these principles effectively, Arca Fondi SGR employs a proportionality system based on objective criteria to identify issuers with significant weight in the portfolios, including participation in the submission and voting of minority slates.

To exercise voting rights, Arca Fondi relies on a Proxy Advisor service provided by a specialised company that integrates sustainability factors into its evaluations. The provider formulates voting recommendations that incorporate ESG-related considerations in the analysis of shareholder meeting agenda items.

The Investment Manager has also implemented a structured engagement system with Italian small and medium-sized enterprises, specifically focused on environmental, social, and governance topics. This engagement allows Arca Fondi to interact directly with companies and evaluate the impacts on the ESG themes under analysis.

Designated Reference Benchmark

Not applicable.