

SFDR RTS ANNEX 2 – 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: Sidera Funds – Global Income Opportunities (the “**Sub-Fund**”)

Legal entity identifier: 5493002LW6FLGWJ4U062

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 include 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

■

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: ____%

●●

ⓧ

No

■

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?

The Sub-Fund promotes the environmental and social characteristics of reducing the negative impacts of its investments on the environment and society. Such characteristics are promoted via a proprietary model developed by the Investment Manager through which investments are made in issuers whose business activities and/or conduct take an appropriate and responsible approach to ESG.

In its ESG evaluation, the Investment Manager takes into account the following environmental and social factors: climate change, resource depletion, waste and pollution, deforestation, worker

1

conditions, gender policies, respect for human rights, health and safety, labor standards, corporate governance practices and control procedures behaviour of top management in compliance with laws and professional ethics.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted.

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 each of the environmental or social characteristics promoted by this financial product?***

In order to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund, the Investment Manager takes into account the following sustainability indicators:

- The ESG rating of the Sub-Fund's portfolio against the ESG Indices, as defined in the investment strategy section below;
- Percentage of issuers non-compliant with the Sub-Fund's exclusion criteria, as detailed in the investment strategy section below.

- ***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?***

Not applicable.

- ***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?***

Not applicable.

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.

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

☒ 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.

The Investment Manager conducts an ESG analysis on the securities issued by the issuers by relying on its proprietary model as hereby described. For that purpose, the Investment Manager selects securities that are part of the composite Benchmark comprised of 50% MSCI EUR High Yield ESG Leaders Corporate Bond Index (Bloomberg MFLEHYEL) and 50% ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged (Bloomberg IVCR) (the “**ESG Indices**”). The Sub-Fund is actively managed in reference to the ESG Indices with significant degree of freedom.

50% MSCI EUR High Yield ESG Leaders Corporate Bond Index is a market value-weighted index designed to represent the performance of fixed income securities from issuers that are selected from an underlying index based on ESG criteria. The information used by the ESG Indices provider to compile the ESG Indices is based in part on proprietary information published on Sustainalytics’ website.

ICE BofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged tilts country weights in order to lower the weighted average carbon footprint of the overall index while minimizing the tracking error versus the starting capitalization-weighted Parent Index. The information used is based, in part, on CO2 per capita data published by Emissions Database for Global Atmospheric Research (EDGAR Carbon Data Report).

The ESG Indices are continuously reviewed and rebalanced on a monthly basis by the ESG Indices provider.

As part of the investment process, the Investment Manager may take exposure to companies, countries or sectors not included in and/or that have different weightings than the ESG Indices. The Investment Manager may set discretionary internal risk thresholds which may reference deviations from the ESG Indices. While it is expected that the Sub-Fund's financial performance deviation from the ESG Indices will be moderate, there are no restrictions on the extent to which the Sub-Fund's financial performance may deviate from the one of the ESG Indices.

The proprietary model underlying the investment strategy of the Sub-Fund relies on:

- **ESG rating of investments**

The Investment Manager has developed a proprietary model that, based on data from the info provider MSCI, assigns an ESG score/rating to all financial instruments in the portfolio (excluding unrated instruments, liquidity management instruments, derivatives used for hedging purposes, etc.). In addition to the aggregate ESG score, data is also available for each of the three "pillars": E (Environmental), S (Social), and G (Governance).

The calculation of the ESG rating for a Sub-Fund, portfolio, or index (or benchmark) is based on the determination of the weighted sum of the ratings of the securities in the portfolio and can

range from 0 to 10, according to the following pillar weights: 50%E + 25%S + 25%G. This score is then translated into a rating ranging from CCC (the lowest grade) to AAA (the highest grade).

The Investment Manager adopts a rigorous approach, requiring that the Sub-Fund's portfolio must have an overall ESG rating higher than or equal to that of the ESG Indices.

The Investment Manager's Compliance Department is responsible for verifying adherence to the ratings and criteria established by the Investment Manager's ESG Policy and for evaluating the need to update the blacklist (i.e. the list of companies excluded from the investment universe), involving the ESG Committee as necessary. The results of these checks are promptly communicated to the relevant departments and reported monthly to the risk and regulatory compliance committee, as well as the Board of Directors. Quarterly updates are also provided to the internal control committee.

The consistency of portfolio adherence to ESG principles is automatically monitored through specific algorithms embedded in Investment Manager's control systems. In fact, the Investment Manager's control systems, supported by specific algorithms, automatically monitor portfolio adherence to ESG principles. In cases where an investment no longer qualifies as aligned with E/S characteristics, divestment is considered as the primary course of action.

- **Exclusion criteria**

- Securities from issuers evaluated as "not aligned with environmental, social, and governance themes" cannot be directly invested in the Sub-Fund portfolio (blacklist of government issuers/"controversial weapons" sector, exclusion of sectors such as "aerospace & defence, casino & gaming, and tobacco," exclusion of all financial instruments associated with a "red flag" indicating involvement in a severe ESG dispute regarding operations and/or products).
- Penalisation of the score of securities involved in the following corporate sectors, Aerospace & Defence due to their involvement in the weapons industry and military contracting, Casinos & Gaming due to their socially harmful activities in the rating model by attributing to these sectors a score equal to the minimum between the score provided by MSCI and the upper bound of the CCC rating band.
- Application of two blacklists maintained by the Investment Manager which exclude:
 - Government bonds issued by countries and corporate sectors that are deemed not eligible for investments. Countries will enter this blacklist upon decision of an ESG Committee, based on the assessment of their respect of social and civil rights or if subject to international sanctions.
 - Companies active in the non-conventional weapons production (landmines, cluster munitions, chemical weapons and biological weapons).
- Exclusion of issuers in violation of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises and/or issuers that do not have in place processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

- **Selection of investments**

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

- The issuer belongs to at least one index that applies specific inclusion/exclusion policies regarding ESG factors. The identified indices, which belong to the "Best-in-Class" family (securities from companies with high environmental, social, and governance performance compared to their sector peers) or are designed to exceed the minimum standards of the PAB, are as follows: 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 (proprietary methodology) “Social,” “Blue,” or other internally created ESG investable universes. The issuer must also have an ESG rating of at least BBB-.
- It is classified as a “Green Bond” and/or “Social Bond” or belongs to an index among those identified (ICE BofA Green Bond Index, ICE Social Bond Index).

With reference to the Social’ investable universe, to enable the selection of the best issuers, a synthetic indicator is constructed using key data on social issues (e.g. gender diversity in the board of directors, gender pay gap, accident rate at work, respect for human rights, “S” rating, etc.). The universe is then made of the best 60% ranked companies.

With reference to the Blue’ investable universe, in order to allow the selection of the best issuers, a synthetic indicator is constructed using key data on water and blue economy issues (e.g.: turnover generated by water and marine-related sectors, emissions and recycling policies, presence of specific targets and absence of environmental controversies, sustainability in water use, etc.). The universe is then made approximately of the best 250 ranked companies.

- ***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 binding criteria used by the Investment Manager to select the investments are the following:

- The Sub-Fund’s portfolio must have an overall ESG rating higher than or equal to that of the ESG Indices.
- The Sub-Fund will not make any investments in companies not complying with the exclusion criteria as referred in the section above.
- The Sub-Fund will only invest in companies having an ESG rating above BBB- for the purpose of promoting environmental and/or social characteristics as per the above-mentioned performed assessment.

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

The Sub-Fund currently does not set a minimum rate to reduce the scope of investments considered before applying this investment strategy.

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

To evaluate the governance practices of the investee companies, the Investment Manager relies on governance information provided by the MSCI info provider and assesses it appropriately. Compliance with good governance practices is verified through the exclusion of the "red flag on governance," which indicates involvement in a serious governance-related controversy, through careful monitoring of issuers within the investable universe of the Sub-Fund, and through integration into the Investment Manager’s evaluation model (ESG rating), which includes the "G" pillar that accounts for governance factors (such as corporate governance practices, any governance-related controversies, procedures for monitoring top management’s behavior in compliance with laws and professional ethics, etc.).

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



What is the asset allocation planned for this financial product?

Asset allocation

describes the share of investments in specific assets.

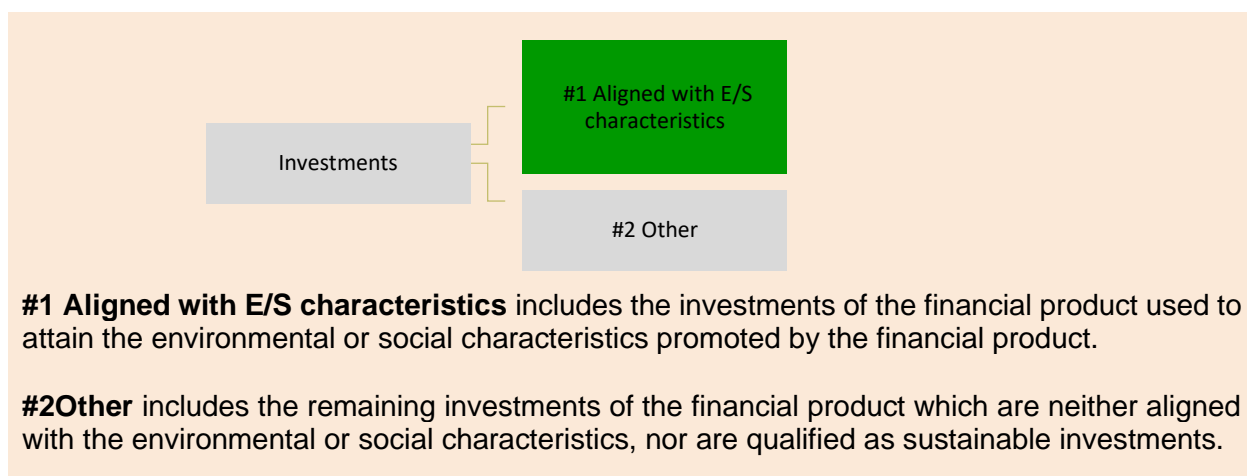
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of 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.

At least 50% of the Sub-Fund's Net Asset Value will be invested in securities which are aligned with the environmental and social characteristics promoted by the Sub-Fund (#1 Aligned with E/S characteristics).

The Sub-Fund is allowed to invest a maximum of 50% of the Net Asset Value in investments that are not aligned with the E/S characteristics promoted and that may include investments in liquid assets held mainly for cash management purposes, investments in securities held mainly for efficient portfolio management purposes, and/or for which there is insufficient data to be considered an ESG-related investment (#2 Other).

The Sub-Fund intends to increase the allocation to “#1 Aligned with E/S characteristics” should the investible universe evolve to allow a higher level of investment.



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

Derivatives used for investment purposes are subject to compliance with the above-described ESG analysis. In case of index derivatives, a look through is applied.

The Sub-Fund may also hold derivatives for hedging purposes. In this case, net short positions on single name derivatives or net short positions on index derivatives are excluded from the ESG analysis.



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

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

As a consequence, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and the proportion of the Sub-Fund's assets invested in such environmentally sustainable economic activities is currently estimated to be 0%.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to 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 activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

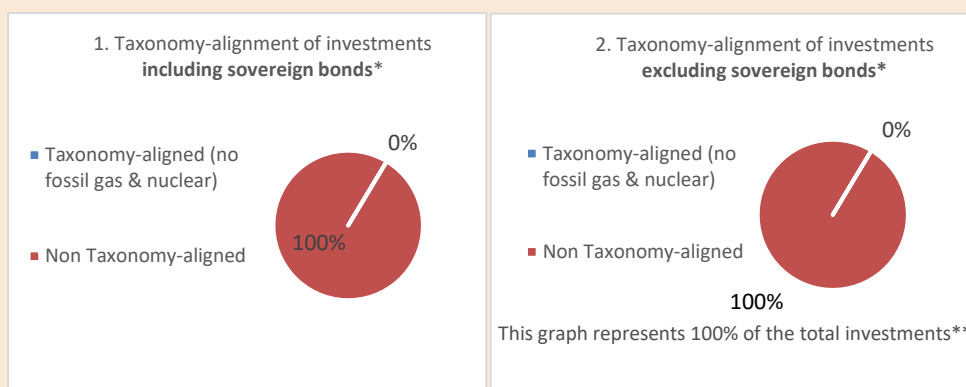
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹⁵?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in blue 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.

** The proportion of total investments shown in this graph is purely indicative and may vary.

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

As the Sub-Fund does not commit to invest any "sustainable investment" within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation 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 promotes environmental and social characteristics, but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

¹⁵ 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 the SFDR RTS.



What is the minimum share of socially sustainable investments?

Not applicable.



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

#2 “Other” Investments may include investments in:

- liquid assets (cash and cash equivalents and time and term deposits) held for the purposes of servicing the day-to-day requirements of the Sub-Fund,
- currency derivatives, repurchase agreements, interest rate swaps, government bonds with IR Duration lower than one (1) year held for the purposes of efficient portfolio management,
- own or third party funds with an ESG rating coverage lower than 65% or investments for which there is insufficient data to be considered ESG-related Investment,
- Sovereign bond instruments not classified as green bonds and/or social bonds.

#2 “Other” investments do not follow 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?

Not applicable.

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:

<https://www.siderafunds.com/en/sustainability.html>