

SFDR Article 8 (Sub-)Funds – Website Disclosures

Sections based on Articles 23 to 36 [SFDR](#)

[Delegated Regulation \(EU\) 2022/1288](#)

Full name of the Article 8 (sub-) fund: Asian Value Niche

Legal entity identifier: 549300RXJLJ47ZY3ZL19

Date of review: 30 December 2022

Disclaimer: The present working document may be subject to further regulatory changes.

Sustainability-related disclosures

No sustainable investment objective

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

Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Sub-fund are measured and monitored through ESG risk rating and the exclusion of sectors which are deemed harmful to society by the Investment Manager as further described below.

The average ESG portfolio rating should not be below 60 based on Thomson Reuters or/and Investment Manager internal analysis. At least 60% of the invested portfolio must have an ESG rating from Thomson Reuters or from internal analysis. The ESG analysis comprises a list of environmental, social and governance indicators. This analysis takes into consideration the size and the resources of the investee company. The ESG analysis will be applied to equity stocks and corporate bonds. In relation to government bonds, the Investment Manager will not invest in any country that appears in sanction lists or that the Investment Manager deems not to be investable based on scores published via the Freedom in the World report (Freedom House), Global Peace Index (Institute for Economics and Peace) and Women, Business and the Law index (World Bank).

Companies in contradiction of the Investment Manager's Responsible Investment Policy will be excluded from investment, such as those that do not respect international conventions, internationally recognized frameworks or national regulations, and as such those involved in controversial business. The following companies are excluded from the Fund's investable universe:

- firms whose main business activity is involved in production, sale, or storage of uranium weapons; production or sale of anti-personnel mines and cluster bombs.
- firms that generate 10% or more of their revenue from controversial activities, such as weapons, tobacco, thermal coal and oil upstream.

Investment strategy

The ESG risk analysis is integrated in the fundamentals and valuation analysis of the company. The Investment manager analyses the practices used by the companies in the domains of environmental, social and governance on a continuous basis as part of the stock selection process, as one of the instruments to minimize the negative impact of the investments.

Proportion of investments

This Sub-Fund invests at least 60% of its net assets in investments that promote ESG characteristics, excluding cash and derivatives.



Monitoring of environmental or social characteristics

All exclusions are coded in the IMS Trading & Compliance module, through which investing in an excluded asset is not possible. In addition, post-trade checks take place.

The Sustainability team will monitor the ESG ratings of companies included in the portfolio, with a particular focus on the firms with a more elevated sustainability risk.

In terms of engagement, the dialogue between investor and company is reflected in targets that are monitored throughout the year by the Sustainability team. Where the investee company does not demonstrate any improvement within a period of 18 months, the investment will be liquidated.

Methodologies for environmental or social characteristics

The investment manager provides a clear explanation of the analysis methodologies used in both the ESG and SDG (Sustainable Development Goal) in the Sustainability Policy and in the PAI statement document on its website: <https://nicheam.com/legal/>

ESG analysis is performed either through the use of an external provider (Refinitiv) or through a proprietary analysis.

Data sources and processing

The data sources used to attain each of the environmental or social characteristics promoted by the financial product;

The Investment Manager uses the following data sources:

- the exclusion process uses multiple information sources, including: Refinitiv, the Freedom in the World report (Freedom House), The Financial Action Task Force (FATF), the EU Sanction List, UK Sanction List, internal analysis, industry report, financial statements analysis.
- the valuation of sustainability risk is based on Refinitiv data and on internal analysis (internal analysis data are derived from firm sustainability reporting, if available, or from other sources like company management, company website, third-parties' sources).
- the engagement process is conducted through many channels and duly formalized (emails, calls, videocalls, meetings, standardized or personalized forms on sustainability).

The measures taken to ensure data quality;

The sustainability team of the Investment Manager reviews the quality of the data obtained in the course of its analysis. This is made through outliers data analysis (data that are significantly lower or higher than the average are double-checked), through time consistency analysis (the Investment Manager takes into consideration the period to which the data are referred to be sure that is consistency in the comparison) and possibly through industry aggregation analysis.

How data are processed;

In the case of internal analysis, which is mostly based on the analysis of firm's reporting by the dedicated sustainability team, the data are processed manually, subject to final cross-review by the team members. In the case of Refinitiv the data processing is automatic, in order to reduce the risks of incorrect transcription.

The proportion of data that are estimated.

The Investment Manager has a preference for reported data. The Investment Manager will rely on estimated data on ancillary basis, in extreme cases like those relative to lack of an update from the company or in case it found data that are clearly blunted and no opportunity of direct contact with the company is possible.

Limitations to methodologies and data

The Investment Manager relies predominantly on third-party ESG data providers. The Investment Manager has no direct control on the data collected. However the investment manager makes best effort to verify those data, investigating apparent incongruencies.

The main limitation to the data sources is referred to the absence of information from the listed companies with respect to the Principal Adverse Indicators (PAI). Data are often not available or difficult to assemble, especially in the case of emerging markets. This affects the process of PAI analysis and of PAI aggregation and reporting. Then, the ESG data related to PAI can differ from one provider to another due to different methodological approaches.

The Investment Manager expects the level of disclosure to improve significantly within a few years, given the pressure from the investment community to demand more and better information from listed companies. In the meantime, the Investment will engage the companies to improve the communication framework. This creates a positive spin in term of sustainability reporting of companies that are located in areas other than Europe where sustainability reporting is still fragmented. This applies significantly to small and mid-cap areas where Investment Manager aims to stimulate the sustainability communication awareness.

Due diligence

The Investment Manager has carried out an adequate investment due diligence process regarding the sustainability risks of its investment strategies.

The due diligence process is based on the approach called by European Banking Authority (EBA) as "Exposure Method", which focuses on how individual exposures perform on ESG factors. The indicators used for this assessment are arranged at company level, taking into consideration sector characteristics, with the aim to attain the specific sensitivities to ESG factors of different segments of economic activity. This systematic approach for classifying exposures according to their specific ESG attributes covers all three individual elements 'E', 'S' and 'G', both during stock selection and monitoring of investments.

The internal control takes places through a number of analyses managed by the Investment Manager: ESG integration policies, Exclusion policy, Controversies analysis, and Engagement activities with investee companies.

The external control takes place through a) outliers data analysis (data that are significantly lower or higher than the average is double-checked); b) time consistency analysis (the Investment Manager takes into consideration the period to which the data are referred to be sure that is consistency in the comparison); and, possibly, c) industry aggregation analysis.

Engagement policies

The Investment Manager goal is to improve sustainability practices and communications through consistent and positive engagement. In the case of small and micro capitalization companies, many of them based in Emerging Markets, which could be unable to bear the investment burden of the sustainability report or to not be accustomed to properly invest in sustainability, the Investment Manager aims to engage with the investee in order to help them to better understand the issue and comply with it.

Designated reference benchmark

Not applicable. No specific index has been designated as a reference benchmark to determine whether this financial product is aligned with the environmental and social characteristics that it promotes.