SFDR Article 9 (Sub-)Funds – Website Disclosures Sections based on Articles 37 to 49 SFDR Delegated Regulation (EU) 2022/1288

Full name of the Article 9 (sub-) fund: Electric Mobility Value Niche

Legal entity identifier: 549300YAC68YVVVXQ079

Date of review: 30 December 2022

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

Sustainability-related disclosures

No significant harm to the sustainable investment objective

The Investment Manager ensures that the sustainable investments held in the portfolio do no cause significant harm to any environmental or social objective through the analysis of principal adverse impacts (“PAI”), as referred to in Annex I of the SFDR Delegated Act.

Pre-Investment, the following PAI on sustainability factors are therefore considered through the NAM exclusion policy:

- Exposure to companies active in the fossil fuel sector (PAI 4, Table 1);
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons (PAI 14, Table 1).

Post-Investment, the following PAI on sustainability factors are considered:

- Mandatory Environmental indicators (PAI 1-9, Table 1) and Optional Environmental Indicator (PAI 7, Table 3);
- Mandatory Social and employee matters indicators (PAI 10-14, Table 1).

The Investment manager always takes into account the size and the resources available to the investee companies, in order to appraise the result of the PAI analysis and to set reasonable engagement goals.

More information is available on the Investment Manager website https://nicheam.com/legal/

The sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set forth in the 8 fundamental conventions identified in the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights, based on the Refinitiv data or, lacking those data, at the best of its knowledge. Should violations occur in these areas, the investment manager will first engage with the company and then, if the violation persists, a liquidation procedure for the investment will be enacted.

Sustainable investment objective of the financial product

The Sub-Fund sustainable objective is to facilitate the transition to electric mobility with significative positive repercussion in term of decarbonization and human health. This is implemented by investing in companies instrumental to the achievement of the following United Nations Sustainable Development Goals (UN SDGs): Affordable and Clean Energy goal (SDG 7), Industry, innovation and infrastructure (SDG 9), Sustainable cities and communities (SDG 11), as well as Climate action (SDG 13).

The following indicators are used to assess the attainment of the promoted sustainable investment:

- The percentage of investee companies with a positive SDG score, based on the Investment Manager proprietary methodology. The contribution to the achievement of the SDGs 7, 9, 11, 13 is implemented through an internal review of the company and its business. The investment manager utilizes a proprietary process developed internally to verify whether and to what extent (measuring the impact) the companies are instrumental to the achievement is based on three steps: business exposure, repercussions (the impact of the business on the achievement of the SDGs) and business growth (whether and how much the company is investing in the SDG business, making it grow).

- The percentage of holdings that are in violation of the OECD Guidelines for Multinational Enterprises, ILO standards, UNGPs, or UNGC.

Investment strategy

The stock selection is based on a value approach and it is implemented through fundamental analysis. The Sub-Fund seeks to invest mainly in stocks issued by companies with high quality Environmental, Social and Governance (ESG) profiles and that contribute to the achievement of the Sustainable Development Goals as defined by the United Nations.

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.
The ESG profile of the company is assessed through both:

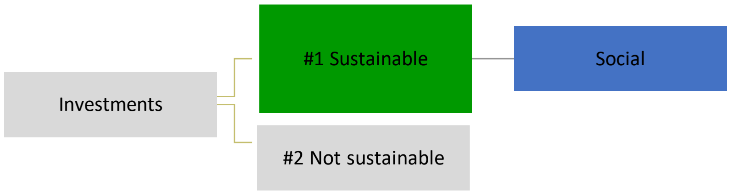
- a quantitative analysis, based on a variety of ESG issues provided by Refinitiv, a third-party provider specialized in the assessment of sustainability risks, that measures firm's relative ESG performance, commitment and effectiveness using publicly reported data. Refinitiv analysis does not have any particular negative or positive bias on the different industries. It attributes a score based on the practices of each company relative to its comparable peers within the same industry. This allows to hold companies in controversial sectors that are nonetheless needed to the communities, provided that those companies stand out for in terms of ESG practices. This methodology is well combined with an exclusion policy in order to exclude sectors that the fund deem negative and not absolutely necessary. Investment Manager’s Exclusion Policy is based on exclusion criteria with regards to firms whose main business activity is involved in some of the following business areas: production, sale, or storage of uranium weapons; production or sale of anti-personnel mines and cluster bombs. Investee companies that generate 10% or more of their revenue from controversial activities, such as weapons, tobacco, thermal coal and oil upstream, are excluded from the Fund’s investable universe.
- a qualitative analysis made by the investment firm to verify the reliability of the data of the provider. When the investment manager finds material mistakes or incongruencies it reperform the ESG analysis according to its proprietary model, conceptually consistent with Refinitiv.

The average ESG equity portfolio rating should not be below 60 based on external provider Thomson Reuters (Refinitiv) or/and investment manager proprietary ESG analysis. At least 60% of the equity invested portfolio must have an ESG rating from Thomson Reuters (Refinitiv) or from internal analysis. The investment manager's ESG and fundamental analysis includes the interaction with investee companies, the latter being applied especially to smaller undertakings (engagement).

All investments are subject to good governance policy (sound management structures, employee relations, remuneration of staff and tax compliance) while taking into account the size, the risks and the resources of the company. Addionally to ensure the respect of good governance, the Fund will only invest in publicly traded company as a minimum safeguard, as several policy and audit are taken place before a company goes public.

Proportion of investments

This Sub-Fund invests at least 100% (excluding cash and derivatives) of its net assets in investments that are sustainable (#1 Sustainable). Within this category, 100% of the Fund’s equity investments are Sustainable Investments with a social objective.



Monitoring of sustainable investment objective

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 SDG analysis results, which is assessed through the Investment Manager's proprietary methodology, and the ESG ratings, 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

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/

SDG analysis is performed exclusively through a proprietary model while the 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 sustainable investment objective of the financial product

The Investment Manager uses the following data sources:

- the SDG analysis is based on public data processed by the Investment Manager.

- 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 Refinitiv the data processing is automatic, in order to reduce the risks of incorrect transcription. 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.

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
In terms of SDG analysis, the Investment Manager uses a clear and disclosed proprietary SDG analysis. As such this can yield different results compared to other SDG analysis.
For what concerns the violation of the OECD Guidelines for Multinational Enterprises, ILO standards, UNGPs, or UNGC, the analysis relies also on third-party providers, and/or controversies analysis and/or investee company's management feedback. For what concerns the third-party providers, the data obtained bear the same limitations disclosed about third-party data providers.

The main limitation to 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.

To define whether or not a company contributes to the Sustainable Development Goals (SDG), the Investment Manager has created a three steps proprietary framework (revenue segmentation; SDG repercussion, that is composed by the analysis of the positioning of the company in the SDGs related business and by the analysis of its SDGs functionality; matrix to define whether the company can be considered SDG related and at what extent). The portfolio is solely invested in companies that hold a positive SDG repercussion.

The ESG 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, Do Not Significantly Harm analysis, Minimum Safeguard, 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 are 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 c) industry aggregation analysis (Refinitiv creates cluster of companies in order to assign a score based on ranking within this cluster; the Investment Manager verifies that the cluster is comparable and homogeneous).

Engagement policies

The Investment Manager goal is to improve sustainability practices and communications through consistent and positive engagement. The Investment Manager will engage with the firms in all those cases where critical elements emerge from the ESG, DNSH, Minimum Safeguards and Controversies analysis in a way to understand the reason why the issues occurred and the firm’s commitment to address them.

Attainment of the sustainable investment objective

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