ODDO BHF
ASSET MANAGEMENT

Website disclosures

PRODUCT NAME: ODDO BHF US Mid Cap

LEGAL ENTITY IDENTIFIER: 969500PU8CLCM4PCIB49

SUMMARY

Does this financial product have a sustainable investment objective?

●● ☐ Yes	●● ☒ 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 sustainable investments ☐ It will make a minimum of **sustainable investments with an environmental objective:** N/A ☐ 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:** N/A	☐ 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 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**

Summary

The Sub-fund is managed on a discretionary basis, applying the investment process established by the company to which financial management has been delegated. The Sub-fund invests mainly in undervalued mid-cap companies with solid track records and strong medium-term growth potential. Preference shall be given to mid-cap companies (capitalization of between USD 2 billion and USD 15 billion) which represent a minimum of 60% of the net assets of the Fund. On an ancillary basis, the Fund may invest, up to a maximum of 10%, in companies with capitalization of less than USD 2 billion. The investment universe mainly consists of North American equity markets (United States and Canada), but also includes the equity markets of non-OECD countries (emerging markets) to a lesser degree. The Sub-fund is actively managed, based on stock-picking. The Sub-fund's benchmark is the S&P MID CAP 400. As part of our sustainable investment strategy, the Sub-fund is an Article 8 fund under the SFDR[1]. It promotes environmental and social characteristics. The current and future sustainability activities of issuers are analyzed, and sustainability opportunities and risks integrated into investment decisions; the significant negative impact of investment decisions on sustainability factors are also taken into account. The investment process is based on ESG integration, ESG ratings, normative and sector exclusions (including UN Global Compact, controversial weapons), and positive selection.

SUSTAINABLE INVESTMENT OBJECTIVE

No sustainable investments are made by the Sub-fund. However, the fund is subject to the ESG requirements described in this pre-contractual document.

[1] Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Fund promotes both environmental and social characteristics which are reflected in the creation and weighting of the fund manager's internal ESG ratings.
The fund manager will take account of ESG (environmental, social and governance) criteria when analyzing companies. ESG ratings combine in a single date point that can be used to assess the activities and ESG attributes of issuing companies: environmental indicators (such as energy efficiency, carbon and pollution emissions, sustainable packaging and hazardous waste); social indicators (such as employee relations, product safety and supply chain management); and governance indicators (such as corruption, diversity of the board of directors, management remuneration, ownership structure and shareholder rights).
The ratings are based on external and internal research, including discussions with companies. They may also be generated based on systematic processes which provide an assessment of the ESG profile of an issuer relative to its peers, or on fundamental research carried out by the fund manager's dedicated ESG team.
ESG ratings are attributed on a scale of 1 to 5, using a best-in-class approach. The best rating is 1, which means that the company is a leader among its peers in the management of significant E, S or G risks and the integration of ESG factors into its practices. The worst rating is 5, which means that the company is probably lagging its peers in the management of significant E, S or G risks and the integration of ESG factors into its practices. Issuers are allocated an individual rating for E, S and G characteristics and an overall ESG rating.
The importance of the different ESG factors is likely to vary by sector and between specific companies. The possibility to speak directly with an issuer's management and members of the board of directors may provide a more refined view or nuanced insight of the significant ESG challenges.

INVESTMENT STRATEGY

The investment objective is to outperform the benchmark index, the S&P MID CAP 400 (converted into euro), over the recommended investment period of five years or more. The Fund is managed on a discretionary basis, applying the investment process established by the company to which financial management has been delegated:
- The process relies on an active management strategy based on stock-picking. The fund manager invests mainly in undervalued mid-cap companies with solid track records and strong medium-term growth potential.

- Mid-cap companies (market capitalization of USD 2 billion to USD 15 billion) will be prioritized and will represent at least 60% of the net assets of the Fund. On an ancillary basis, the Fund may invest up to 10% of net assets in companies with a market capitalization of less than USD 2 billion.

- The investment universe is primarily made up of the North American equity markets (US and Canada), but, to a lesser extent, also includes equity markets in non-OECD countries (emerging markets).

- The investment process is split into five stages:
I. First stage: sectoral exclusions.
The Fund applies the common exclusion framework as detailed in the Management Company's exclusion policy, which is available at am.oddo-bhf.com. This framework covers coal, oil and non-conventional weapons, in particular.

If the Fund were invested in a company that were to be subsequently removed from the investment universe, it would fully divest within 15 business days of the exclusion decision.

II. Second stage: the manager filters the universe based on economic and financial performance indicators. The fund manager prioritizes companies that are able, over a full cycle, to generate a higher ROCE than the sector average and positive free cashflow.

III. Third stage: fundamental analysis, company visits. The fundamental analysis of stocks aims to verify that the fundamental elements underlying the financial profitability of a company will be preserved and even improved or regained in years to come. Company visits: the fund manager will endeavor to validate the suitability and coherence of the company strategy, any foreseeable changes in the sector in which the company operates, the stock's sensitivity to the macroeconomic environment, or any other theme that may affect the company's fundamentals. The portfolio's fund managers will take account of ESG (environmental, social and governance) criteria when analyzing companies. ESG ratings combine in a single date point that can be used to assess the activities and ESG attributes of issuing companies: environmental indicators (such as energy efficiency, carbon and pollution emissions, sustainable packaging and hazardous waste); social indicators (such as employee relations, product safety and supply chain management); and governance indicators (such as corruption, diversity of the board of directors, management remuneration, ownership structure and shareholder rights). The ratings are based on external and internal research, including discussions with companies. They may also be generated based on systematic processes which provide an assessment of the ESG profile of an issuer relative to its peers, or on fundamental research carried out by the fund manager's dedicated ESG team.

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The importance of the different ESG factors is likely to vary by sector and between specific companies. The possibility to speak directly with an issuer's management and members of the board of directors may provide a more refined view or nuanced insight of the significant ESG challenges.

At least 75% of the issuers in the portfolio are subject to an ESG rating after the weighting of each share is taken into account. Selected UCIs with an ESG rating at fund level are also taken into account. Currently, issuers may not be rated by the fund manager if (1) one or more of the elements provided by third parties in the rating process do not include the issuer, or (2) it proves complicated to identify with certainty the parent company of the issuer of the securities under consideration. The ESG ratings correspond solely to the fund manager's assessment and other investment companies or data providers may have different opinions.
The fund manager assesses the governance practices of companies in the portfolio in accordance with the Good Governance Assessment Policy of Wellington Management, for which more information is available at: https://www.wellington.com/en/legal/sfdr.

IV. Fourth stage: valuation. Companies are valued using two methods: peer-based (P/E ratio, yield, EV/sales, EV/EBIT, etc.) and discounted cashflows (DCF) based on two scenarios: one optimistic, the other pessimistic. These valuations determine the buy and sell thresholds.

V. Fifth stage: portfolio construction and assessment of the weighted average carbon intensity (WACI). Scope 1 emissions cover direct emissions from sources that an organization owns or controls. Scope 2 emissions cover indirect emissions that are derived from the production of the electricity that the reporting company purchases, or the steam, heating and air conditioning that it consumes. Carbon intensity can be calculated by dividing Scope 1 and 2 emissions by the turnover of the companies held by the Fund.

After a strictly bottom-up process, the fund managers compare the sector allocation and carbon intensity of the portfolio with those of the benchmark index, the MSCI US MID CAP. The fund manager ensures that the carbon intensity calculation (measured in weighted average carbon intensity) includes at least 90% of the portfolio. The fund managers ensure that the thematic and sector diversification of the portfolio do not result in a tracking error that is too high, and that the portfolio's carbon intensity (measured in weighted average carbon intensity) remains at least 25% below that of the MSCI US MID CAP. Only Scope 1 and 2 emissions are taken into account.

If this undertaking is not respected due to an increase or fall in the value of the assets held by the Fund as a result of market movements or forces, or the exercise of subscription rights within the Fund, the management team will endeavor to rectify this as soon as possible – within 15 business days in normal circumstances. The management team takes into account environmental, social and governance (ESG) criteria, but this is not the main factor underlying its investment decisions Accordingly, investment decisions may not be consistent with ESG criteria. The Fund's maximum exposure to all instruments (equities, debt securities, investment funds and derivatives) may not exceed 105% of the Fund's net assets, it being understood that the maximum exposure is the sum of the net exposures to each of the markets (equity, fixed income, money) to which the Fund is exposed (the sum of long and hedging positions).

PROPORTION OF INVESTMENTS

The net assets of the Fund comprise equities, debt securities and money market instruments, held directly or via UCIs.

At least 75% of net assets must be aligned with environmental and social characteristics. The Fund may hold up to 25% of its net assets in the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Fund has a minimum 0% of sustainable investments. However, the Fund may hold investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Fund does not have a minimum Taxonomy alignment and/or environmental or social investments rate. However, the Fund may hold investments that present these characteristics.

At least 75% of the issuers in the portfolio are subject to an ESG rating after the weighting of each share is taken into account. Selected UCIs with an ESG rating at fund level are also taken into account.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The controlling teams of the Manager are responsible for the internal control all the binding elements of the Funds, and this includes the environmental or social characteristics of the Fund that translate into binding elements. The portfolio managers are monitoring the environmental and/or social characteristics of the Fund on a regular basis.

METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The methodologies to promote the social and/or environmental characteristics of the Fund are based on the Manager's internal ESG rating model. More information is available in the pre-contractual information or here: https://am.oddo-bhf.com/

DATA SOURCES AND PROCESSING' FOR FINANCIAL PRODUCTS THAT PROMOTE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Manager uses different sources of data in its internal ESG rating model to justify the promotion of social and/or environmental characteristics. This data comes from external providers like MSCI, CDP, Carbon 4 Finance (biodiversity data) and Bloomberg, and is completed by internal assessments.

LIMITATIONS TO METHODOLOGIES AND DATA

All rights in the data and reports provided by third-party licensors vest in such licensors and/or their content providers. None of such licensors or their affiliates, or their content providers, accept any liability for any errors, omissions or interruptions in such data/reports as to completeness, accuracy or timeliness. No copying or further distribution of such data/reports is permitted without such third-party licensors' express written consent. The Manager is regularly in contact with its data providers to ensure the quality and reliability of the data used.

DUE DILIGENCE

The due diligence is led by the portfolio managers through a detailed fundamental analysis complemented by external ESG ratings to ensure the mitigation of risks.

ENGAGEMENT POLICIES

The engagement policies of the Manager are available here: https://am.oddo-bhf.com/france/fr/investisseur_professionnel/home

DESIGNATED REFERENCE BENCHMARK

The Sub-fund's benchmark is the S&P MID CAP 400.