



Sextant Bond Picking: Sustainability information

*Under Article 10 of European Regulation (EU) 2019/2088
Sustainable Finance Disclosure (SFDR)*

Executive Summary

Sextant Bond Picking is a global bond fund that invests in all fixed-income sectors and ratings. The fund manager seeks to select securities with favourable risk/reward characteristics, without attempting to replicate an index. On an ancillary basis, the sub fund may invest in equities, particularly in arbitrage transactions.

This sub fund promotes Environmental, Social/societal and Governance (ESG) characteristics, and is thus classified Article 8 according to the European Sustainable Finance Disclosure Regulation (SFDR). Although its strategy is not focused on a sustainable investment objective within the meaning of the SFDR, the sub fund undertakes to have at least **10% of the portfolio in sustainable investments¹**, as defined by Amiral Gestion.

In addition to these sustainable investments, **the sub fund applies ESG investment rules², in order to ensure alignment of at least 60% of the portfolio with the non-financial characteristics that it promotes:** exclusion filters (normative/controversies and sectors), monitoring of an average external ESG score and average carbon intensity of the sub fund, as well as shareholder commitment³ implying regular dialogue with certain issuers in the portfolio.

Internal teams rely on their own investigation and interaction with companies, as well as seven data suppliers⁴ including six speciality agencies (led by MSCI ESG Research for this fund) and a fossil fuel database **to enforce ESG guidelines, which are⁵** subject to three levels of controls. To address the methodological limits inherent to the use of ESG data, including the availability and reliability of information, Amiral Gestion implements several measures, including shareholder commitment to improving transparency, pending the development and standardisation of company CSR reports that will result from ongoing regulatory changes.

¹ For more information, please refer to the 'No Sustainable Investment Objective' section of this document

² For more information, please refer to the section 'Monitoring environmental or social characteristics' of this document

³ For more information, please refer to the 'Engagement Policy' section of this document

⁴ For more information, please refer to the 'Due Diligence' section of this document and section 6 'Integrating ESG risks into ERM of Amiral Gestion's 2023 Sustainability Report' available on its website under Responsible Investment

⁵ For more information, please refer to 'Sources and data processing' section of this document

No sustainable investment objective

The Sextant Bond Picking sub fund promotes environmental and social characteristics and good governance practices⁶, but it does not have a sustainable investment objective.

Although strategy is not focused on a sustainable investment objective within the meaning of the SFDR, the sub fund undertakes to have at least 10% of the portfolio in sustainable investments, according to Amiral Gestion's proprietary approach to sustainable investment, as detailed on its website under 'Sustainable Investment,' in the "Methodological Note - Sustainable Investment Fund SFDR 8 and 9": <https://www.amiralgestion.com/fr/investissement-responsable>

The full document details the **eligibility criteria** for sustainable investments and how Amiral Gestion **controls compliance with the DNSH⁷ policy**.

Environmental and/or social characteristics of the financial product

The Sextant Bond Picking sub fund promotes environmental and social characteristics while monitoring corporate governance practices, via the non-financial criteria applied to the sub fund. These ESG requirements are included as part of an ex post ESG performance monitoring of the portfolio, the ESG analysis which is applied to the sub fund is based on the ESG Ratings methodology of MSCI⁸. The sub fund is also subject to sectoral⁹ and normative exclusions (thermal coal, tobacco, pornography, unconventional fossil fuels with the exception of North American shale oil and gas, civilian firearms, controversial weapons, UN Global Compact/OECD Guidelines, severe controversies etc.).

These ESG elements of the investment process are more fully described in the 'Environmental or social characteristics monitoring' section of this document.

Investment Strategy

Sextant Bond Picking mainly invests in global bonds. The investment universe includes public and private issuers, issuers not rated by rating agencies, issuers considered speculative (high yield) or bonds with complex characteristics (convertible, subordinated, perpetual bonds, etc.). The sub fund may have up to 15% exposure to contingent convertible securities in order to diversify the portfolio and generate returns while managing exposure. The selection of bonds is based on fundamental research that is embedded¹⁰ in the Risk Management of each issuer. The sub fund is constructed at the manager's sole discretion, depending on the ratio between the yield offered, the credit risk and sensitivity (interest rate and spread risk) of the selected papers.

The Sextant Bond Picking Fund is managed in sub portfolios. This management method is specific to Amiral Gestion. It is based on each analyst-managers' own investment choices and benefits from Amiral Gestion's collective strength. The sub fund's assets are divided into several sub portfolios, each of which is managed entirely independently by one of the team's analyst-managers. All investment cases raised are analysed, assessed and debated collectively.

At the end of this process, everyone is free to invest for their sub portfolio based on their own convictions, or to follow the ideas advanced by another manager. A coordinating fund manager ensures that investments are consistent with the fund's strategy.

⁶ Details of corporate governance valuation methods are provided in the pre contract SFDR of Sextant Bond Picking, section 'Policy used to assess the good governance practices of the companies benefiting from the investments,' included in the prospectus available on the page of the website dedicated to the sub fund: <https://www.amiralgestion.com/fr/sextant-bond-picking>

⁷'Do No Significant Harm' means the principle that no material damage shall be caused to any of the other sustainable investment objectives. This includes respect for sectoral and normative policy (respect for the principles of the UN Global Compact and the OECD Director Principles), the exclusion of controversies of extreme severity (level 5), the commitment to monitor 16 'PAI - Principal Adverse Impact' indicators, and the monitoring of governance practices

⁸ For more information, refer to the section 'Methods of Environmental or Social Characteristics' of this document

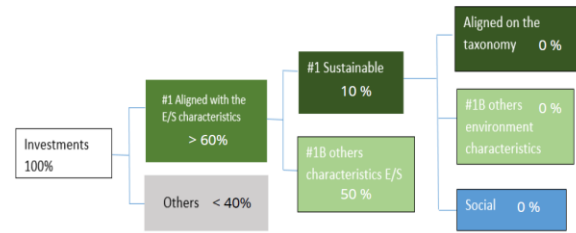
⁹ For more information on criteria and thresholds, please refer to the Amiral Gestion Sector Exclusion Policy available on the website under Responsible Investment at <https://www.amiralgestion.com/fr/investissement-responsable>.

¹⁰ Whose main criteria are specified in the pre contract SFDR of Sextant Bond Picking, section 'Investment strategy,' inserted in the prospectus available on the page of the website dedicated to the sub fund: <https://www.amiralgestion.com/fr/sextant-bond-picking>

Proportion of investments promoting environmental or social characteristics

The share of investments aligned with the environmental and/or social characteristics promoted by the sub fund is a minimum of 60%. Sustainable investing represents at least 10% of the portfolio.

For more information on the ESG analysis rate and the composition of the portfolio shown below, refer to the SFDR pre contract appendix of Sextant Bond Picking, 'asset allocation' section, included in the prospectus available on the sub fund's website page: <https://www.amiralgestion.com/fr/sextant-bond-picking>



Category #1 Aligned with E/S characteristics includes investments by the Sub-fund to achieve the environmental and social characteristics that it promotes.
 Category #2 Others is the Sub-fund's remaining investments that are neither aligned with environmental and social characteristics, nor qualified as sustainable investments.

Category #1 Aligned with E/S characteristics covers:
 - The #1A Sustainables sub-category covering sustainable investments that have environmental or social objectives
 - The #1B Other E/S characteristics sub-category covering investments aligned with environmental or social issues that do not qualify as sustainable investments.

Monitoring of environmental and/or social characteristics

To ensure compliance of the sub fund with the environmental and social characteristics it promotes, while encouraging good governance practices¹¹, the following indicators are monitored:

- An average external ESG score for the sub fund
- Carbon intensity of the sub fund
- Compliance with exclusion policy: exclusion of companies that have breached any of the UN Global Compact Principles and/or OECD Guidelines for Multinational Enterprises, Sustainalytics Watchlist status, confirmed by a controversy monitoring committee after internal review⁴
- Exclusion/non investment in companies exposed to extremely severe (i.e. Level 5) controversies, based on a severity scale and Sustainalytics research, confirmed after internal review by controversy monitoring committee. Supervision may be associated with an active dialogue for issuers exposed to controversies of high severity (level 4)¹². Special attention is also paid to controversies related to key themes for Amiral Gestion (human rights, tax liability, environmental risks - especially if they concern climate change or biodiversity)
- Compliance with the sector exclusion policy of the sub fund: thermal coal, tobacco, controversial weapons, civilian firearms, pornography, unconventional fossil energies except North American shale oil and gas
- Reports on our ESG engagement dialogue activity with certain issuers in the portfolio¹³.

Compliance with ESG investment rules is monitored at three levels, described in the due diligence section of this document.

Methods for environmental and/or social characteristics

¹¹ For more information, refer to 'Methods applicable to environmental or social characteristics'

¹² For companies in the portfolio that could be exposed during investment to controversies of extreme severity (level 5) or a change of status to non compliance with the Global Compact and OECD Principles, the case will be presented to the monitoring committee for controversies in order to confirm the level of gravity/status and decide on possible exclusion from the portfolio, or supervision in the event of a downward reevaluation of the level of gravity or status after internal analysis

¹³ For more information, please refer to the 'Engagement Policy' section of this document

Sextant Bond Picking's exclusion filters (sector/regulatory/controversy) are mainly based on data provided by our external ESG data providers¹⁴, enabling our internal teams to apply screens to determine the eligibility of securities according to the criteria¹⁵ established for the sub fund

Carbon intensive monitoring is based on S&P Trucost data. The main metric chosen for the sub fund is the carbon intensity per million euros of revenue generated. It is the portfolio's weighted average carbon footprint (tCO₂eq) divided by total revenue (tCO₂/revenue in €m)¹⁶.

The inclusion of ESG criteria is achieved by monitoring the sub fund's average external ESG score, based on the MSCI ESG Ratings methodology. *The structure of this independent external ESG score is described in Amiral Gestion's 2023 Sustainability Report (Appendix II.c.), available on the website under Responsible Investing at <https://www.amiralgestion.com/fr/investissement-responsable>.*

Sources and data processing

In this framework, and among the sources used for its ESG screens and analysis, Amiral Gestion provides its teams with data from seven data providers¹⁷ to optimally cover all research needs on ESG, climate, European green taxonomy and Sustainable Development Goals (SDGs). For this sub fund, the main external agency that forms the basis for monitoring external ESG performance is MSCI ESG Research.

These ESG sources, as well as the way they are addressed and shared with the investment teams, have been more fully described in Amiral Gestion's 2023 Sustainability Report (section 2.3), available on our website at <https://www.amiralgestion.com/fr/investissement-responsable>

Methods and data limits

Methodological limits are intrinsically linked to the use of ESG data, the availability of which is heterogeneous and sometimes incomplete. As normalisation of this data is under way, we do not currently enjoy exhaustive coverage of our portfolios and investment universe by the non-financial rating agencies, based on comparable and homogeneous data. The data coverage and reliability limits are therefore offset:

- By requests for *ad hoc* analysis from partner rating agencies;
- In part, these are estimates made by specialist agencies on specific themes¹⁸ where actual data are not available.

However, regulatory changes will help to mitigate this issue over time, with standardised CSR reports¹⁹ to be published by companies, which will further support our ESG research. In addition, engagement initiatives are being introduced to encourage companies to share more information on ESG practises and performance where disclosure is considered insufficient. Given the limitations outlined above, methodologies are continually evolving to incorporate a variety of sources of improvement (change of providers to improve data coverage or quality, refined methodological approaches, etc.). These developments, which are beneficial to the ESG investment process, may however make it difficult to compare historical data over time.

¹⁴ Refer to 'Sources and data processing' section of this document

¹⁵ Refer to the sections 'Environmental or social characteristics of the financial product' and 'Monitoring of environmental or social characteristics' of this document

¹⁶ WACI measure: Weighted average of the carbon intensity ratios per turnover (weight * intensity ratio for each stock), on the upstream Scope 1, Scope 2 and Scope 3.

¹⁷ Six specialised agencies and fossil energy database

¹⁸ For example, a company's carbon footprint is sometimes estimated by its industry, particularly the Scope 3, for which actual data is often partial or unavailable, via proxy set by S&P Trucost

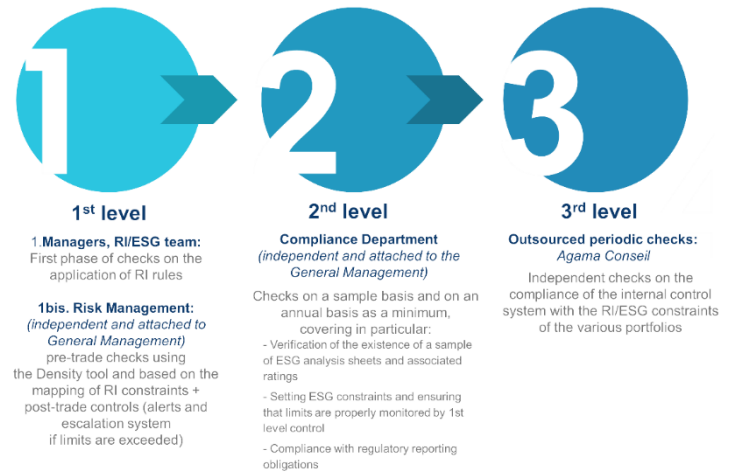
¹⁹ For example, the CSRD Directive will target more than 50,000 companies by 2028 (compared with 11,000 to date submitted to the DPEF under the NFRD Directive)

Due diligence

In addition to the measures implemented to address the methodological limits described above, Amiral Gestion has set up a control system at three levels to ensure that the responsible investment rules are properly applied²⁰.

For more information, please refer to section 6 'Integrating ESG risks into Global Risk Management' of Amiral Gestion's 2023 Sustainability Report, available on its website under Responsible Investing²¹.

Monitoring of IR rules



Engagement policy

Issuers in the portfolio may be the subject of engagement initiatives that may include:

- Awareness of ESG best practices, regular exchanges on ESG topics through the identification of potential factors that create value and/or risks (particularly with regard to impact on global warming)
- Disclosure on ESG practices, including climate change practices, for issuers with inadequate transparency.

For more information on Amiral Gestion's shareholder engagement practices, please refer to Amiral Gestion's 2023 Sustainability Report (section 4), available on the website under Responsible Investment at <https://www.amiralgestion.com/fr/investissement-responsable>

Designated benchmark

The Sextant Bond Picking sub fund's non-financial approach is not measured against a specific sustainable benchmark.

²⁰ To find out more about the ESG rules monitored, refer to the section 'Monitoring environmental or social characteristics'

²¹ <https://www.amiralgestion.com/fr/investissement-responsable>