

### Characteristics

Risk level



Net asset value at 31/08/2023



Outstanding as of 31/08/2023



ISIN code  
 Part RC - FR0014008AY7  
 Part RD - FR0014008AZ4  
 Part I - FR0014008B01

Fees  
 Part RC - 2.05 %  
 Part RD - 2.05 %  
 Part I - 1.05 %

Asset managers  
 Frédéric Hamm - Marc Fripiat

SFDR  
 Article 8

Depository  
 CM - CIC

Life insurance eligibility  
 OUI

Currency  
 Euro (€)

Launch date  
 24/05/2022

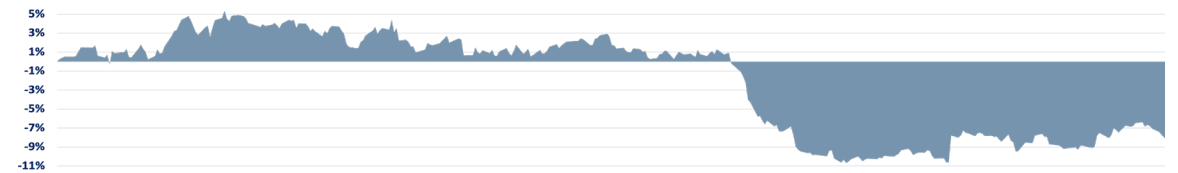
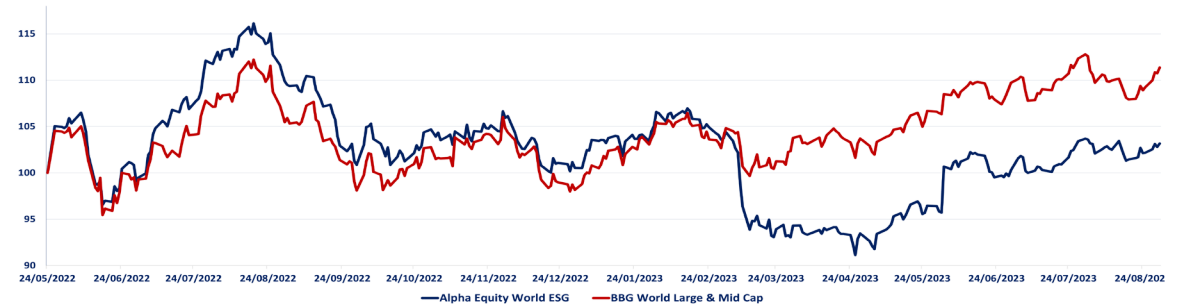
Country of distribution  
 France

### Management goal

The Alpha Equity World ESG fund targets a superior investment gain versus the Bloomberg World Large & Mid Cap Total Return benchmark over one economic cycle, net of fees. The analysis of environmental, social and governance practices is at the center of our investment process. Improving corporate ESG trajectories over time are expected to help deliver alpha generation in our bottom/up stock picking approach.

In other words, the focus on “best-in-effort” companies leads us to potential ESG value, as opposed to the widespread investments in fully priced “best-in-class” equities.

### Net Asset Value Evolution (base 100)



Alpha generation, net of fees

### Financial statistic

	1 month	3 months	6 months	YTD	Volatility	Number of shares
Alpha Equity World ESG	+ 2.20 %	+ 10.42 %	- 0.59 %	+ 2.62 %	13.76 %	41
BBG World Large & Mid Cap	+ 1.16 %	+ 7.14 %	+ 8.59 %	+ 12.02 %	12.81 %	2789

	Beta	Sharpe Ratio	Weight of top 5 lines	Weight of top 10 lines
Alpha Equity World ESG	0.97	- 0.47	18.31 %	33 %

	05/2022	06/2022	07/2022	08/2022	09/2022	10/2022	11/2022	12/2022
Alpha Equity World ESG	+ 4.83 %	- 5.47 %	+ 13.14 %	- 2.00 %	- 8.20 %	+ 3.79 %	+ 1.87 %	- 5.74 %
BBG World Large & Mid Cap	+ 4.33 %	- 5.97 %	+ 9.87 %	- 2.13 %	- 6.99 %	+ 4. %	+ 3.17 %	- 7.40 %

	01/2023	02/2023	03/2023	04/2023	05/2023	06/2023	07/2023	08/2023
Alpha Equity World ESG	+ 3.94 %	- 0.39 %	- 9.38 %	- 0.89 %	+ 2.53 %	+ 4.77 %	+ 3.64 %	- 0.52 %
BBG World Large & Mid Cap	+ 5.63 %	- 0.45 %	+ 0.52 %	- 0.07 %	+ 2.65 %	+ 3.15 %	+ 2.96 %	- 1.26 %

## Macroeconomic summary

The S&P500 and STOXX Europe 600 indices declined by a little over 2% during the month, marking the end of five consecutive months of gains for the North American index. It's worth noting that there was significant volatility during the month, as both indices experienced a 5.45% variation between their monthly highs and lows. This was primarily due to a resurgence in inflation in August, driven mainly by wage increases. Global trade statistics continue to deteriorate, corporate bankruptcies are returning to 2016 levels, and consumer confidence is declining.

Meanwhile, the bond market is moving in a mixed manner. European long-term interest rates are hovering around pivot points, while the 10-year US Treasury yield continues to rise, surpassing 4% for the first time since 2008. This development can be attributed to the return of inflation and a reduction in central bank balance sheets.

Regarding the foreign exchange market, the Dollar Index (which measures the US dollar against a basket of international currencies) is beginning, as anticipated, an upward phase. This trend may seem paradoxical given the news of the month and the global «de-dollarization» efforts. Indeed, the BRICS group has expanded from 5 to 11 members, with the intention, among other things, of no longer conducting trade in US dollars and establishing a new monetary system that is not centered around the currency of Uncle Sam.

Finally, in terms of commodities, the upward trend continues for WTI crude oil, although with significantly less fluctuation. As a result of this increase, the black gold is now at a new annual high. As for the price of gold, it continues its consolidation phase within a horizontal channel defined by the \$1,900 to \$2,000 range.

## Management comment

In August the Bloomberg World Large & Mid Cap Total Return Index declined modestly by -1.26% and the Alpha World Equity ESG eased by -0.52%. Corcept Therapeutics, L'Occitane International and Dell Technologies were the three largest contributors to the Fund's relative outperformance. The three biggest detractors to the performance were AMN Healthcare Services, Quimica Y Minera Chile and Green Plains. During the month we cut our losses on Teleperformance and purchased Prysmian as the European industrial company for the portfolio.

We exited Teleperformance because we do not see how this minnow (€7 billion market capitalization) will survive from artificial intelligence (AI) pricing pressure attacking its call center business model or altogether lose out to big tech in market share losses. Teleperformance personnel costs ≈ 80% of operating expenses. Management says it is harnessing the powers of AI today and 25% of total volumes will be impacted by it by 2025. Over the medium the AI productivity hike will boost operating margins from currently 20% to 32%. Meanwhile, forecasts indicate the AI market will match the size of the gigantic crude oil market (\$2 trillion today) in only five years' time. Teleperformance needs to increase its communication immensely with respect to AI to reassure investors about the company's future in the new dynamic environment.

Prysmian is world leader in the energy and telecom cable systems industry. The company is well positioned in the high-tech markets and is benefiting from the current layout of fibre throughout Europe. The deployment of 5G is additionally a future positive catalyst for the company.

Corcept Therapeutic's (+30.5%) sole marketed drug, Korlym, continues as the profitable revenue driver. 2Q23 sales reached \$117.7 million (+14% year-on-year), surpassing consensus' \$110 million and the operating margin reached 25% versus expectations of 17%. Management notably raised its 2023 revenue to \$455-\$470 million (up from \$435-\$455 million) on the back of continued steady underlying Korlym volume growth.

L'Occitane International (+17.5%) continued its rally throughout the month with the hope of being taken private.

Dell Technologies (+8%) is benefiting from the recovery of Enterprise information technology demand and to a lesser

degree from the faltering pace of a consumer personal computer spending. During its fiscal 2Q24 (July end) results publication the company highlighted AI appears to be providing a lift in its server business sooner than anticipated, as evidenced by its \$2 billion order backlog of the PowerEdge XE9680 AI product, with server sales poised to grow in the 3Q23. Revenue declined -13% year-on-year to \$22.9 billion (versus consensus of \$20.8 billion), but expanded at a strong pace of +10% quarter-on-quarter. The operating margin was also strong at 8.6% versus 7.2% consensus expectations.

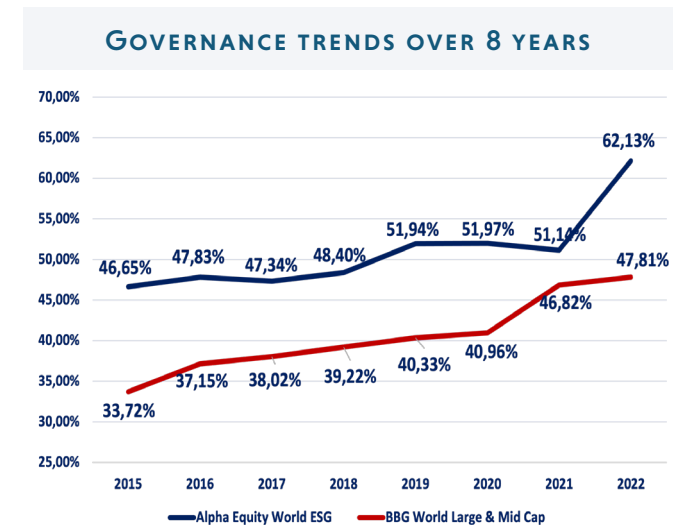
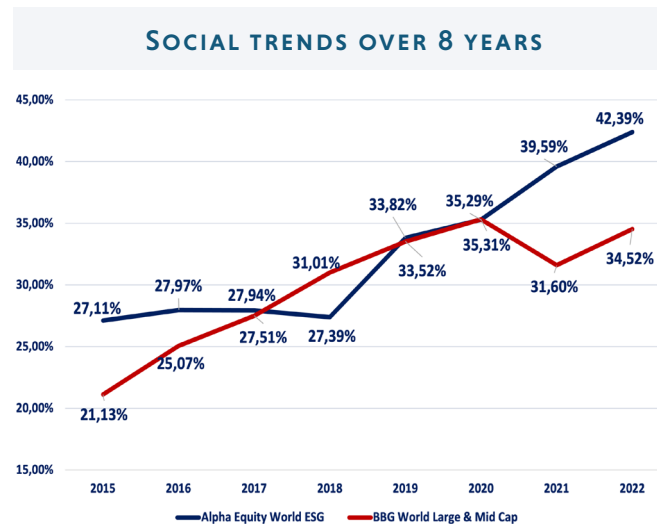
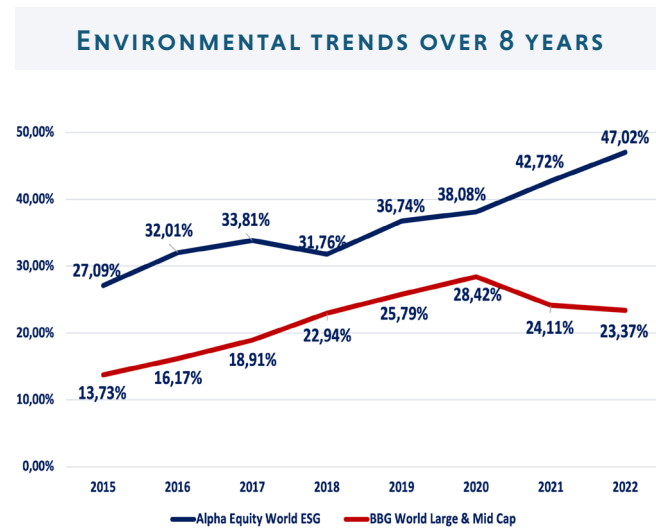
AMN Healthcare Services (-16%) reported mixed 2Q23 results with the top line on track to exceed full year 2023 expectations, but this was offset by the lower-than-expected operating margin. Sales declined by -30.5% year-on-year to \$991.3 million and the operating margin eased to 12.9% from 15% last year. The Nurse & Allied division (travel nurses) division's sales totaled \$689 million (-37% year-on-year) as market demand for temporary workforce softened. As client hospitals transition to less costly staffing plans, they are unlikely to fully meet all their staffing needs through internal methods alone. For the 3Q23 the company expects revenue to decline by -25% yoy, while strong winter orders and the current demand pipeline indicate the Nurse & Allied revenues could grow sequentially in the 4Q23. The current average bill rate recorded a -19% yoy decline in the quarter and by end 2023 it is expected to rebound +33% yoy.

Quimica Y Minera Chili (-14%) posted poor 2Q23 results due to weak lithium price realizations (\$34k/t = -11% versus consensus). High lithium price volatility led to product sold at the low of the market. Sales consequently contracted by -21% yoy and EBITDA fell -34% yoy. Management meanwhile continues to expect lithium market demand to grow more than +20% in 2023.

Green Plains' (-11%) swung to a 2Q23 EBITDA loss of -\$14.9 million (versus 2Q22 \$56.7 million profit) with sales of \$857.6 million (versus consensus expectations at \$809 million), declining by -15% yoy. The Wood River ethanol plant was closed for most of the quarter after an explosion fatally injured an employee. Management's outlook for the 2H23 remains strong based on current industry margins, strong yoy Ultra-High Protein sales with expanding margin structure, recovery of renewable corn oil pricing and the return to full production operating rates.

### Alpha Equity World ESG trend over 8 years

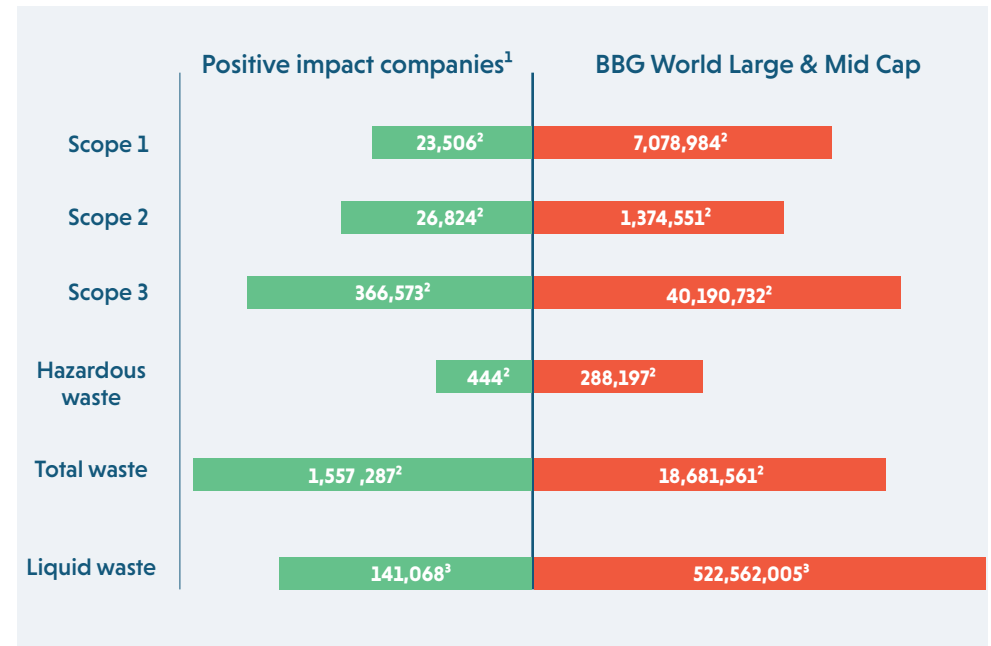
RATING METHOD	Rating 2022	Trend (compared to July 2023)
50% ENVIRONMENT	Overall ESG rating 49.60 / 100	➔
30% SOCIAL	Environment 47.02 / 100	➔
20% GOVERNANCE	Social 42.39 / 100	➔
	Governance 62.13 / 100	➔
	Transparency 100 %	



### Positive impact companies in the fund

Below are the ten companies with the highest ESG rating in 2022 :

SHARE	SECTOR	WEIGHT	ESG RATING 2022
L'OCCITANE INTERNATIONAL SA	Consumer staples	2.57%	94.81%
ALPHABET INC-CLA	Communication	3.06%	90.14%
HKT TRUST AND HKT LTD-SS	Communication	1.70%	88.83%
SAMSUNG ELECTR-GDR REG S	Information technology	2.82%	87.74%
ASTRAZENECA PLC	Healthcare	2.31%	87.10%
ASML HOLDING NV	Information technology	2.45%	84.64%
CAPGEMINI SE	Information technology	1.39%	84.30%
DELL TECHNOLOGIES -C	Information technology	3.84%	79.36%
T-MOBILE US INC	Communication	2.23%	77.01%
BANK RAKYAT INDONESIA	Finance	2.11%	76.77%



Below we present the ten companies with the strongest ESG trend over eight years :

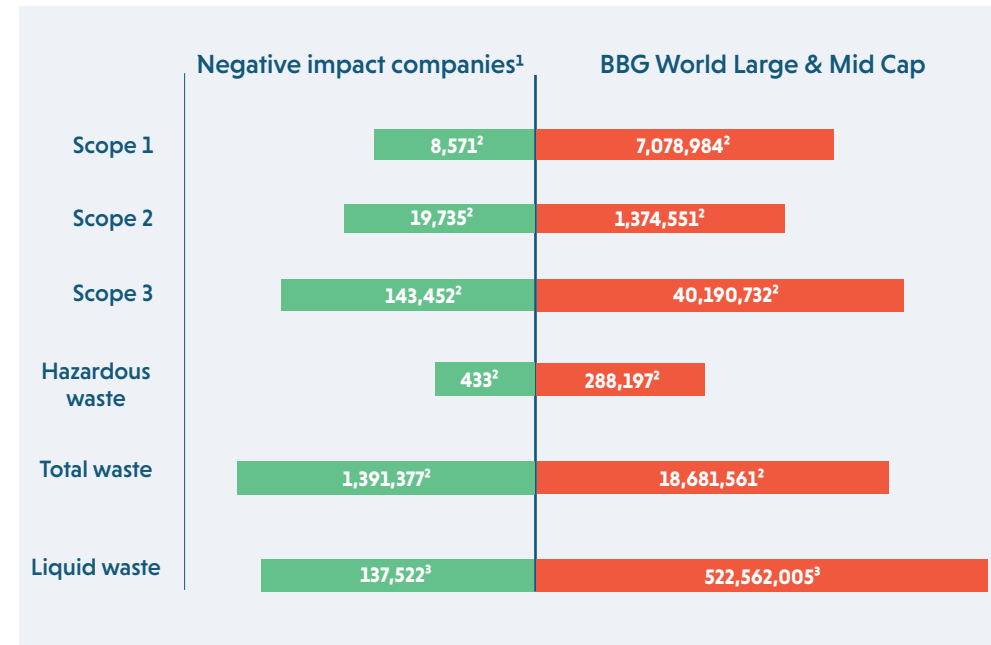
SHARE	SECTOR	WEIGHT	2015	2016	2017	2018	2019	2020	2021	2022	8-YEAR TREND <sup>4</sup>
BANCO DE CHILE-ADR	Finance	1.62%	5.48%	46.35%	53.60%	52.87%	55.67%	56.18%	56.47%	60.70%	+ 90.97%
BANK RAKYAT INDONESIA PERSER	Finance	2.11%	8.02%	41.86%	51.59%	56.53%	76.79%	71.70%	76.64%	76.77%	+ 89.55%
DELL TECHNOLOGIES -C	Information technology	3.84%	0.00%	0.00%	8.79%	7.99%	71.88%	80.48%	82.08%	79.36%	+ 88.92%
GREEN PLAINS INC	Energy	2.83%	10.40%	10.50%	13.60%	16.36%	28.47%	42.43%	25.17%	50.74%	+ 79.50%
BONHEUR ASA	Industry	1.66%	0.00%	0.00%	0.00%	0.00%	3.54%	3.35%	10.39%	16.93%	+ 79.09%
DEERE & CO	Industry	1.91%	11.49%	12.16%	12.16%	12.16%	24.89%	19.63%	38.41%	50.19%	+ 77.11%
DECKERS OUTDOOR CORP	Consumer discretionary	2.75%	17.60%	52.29%	40.24%	41.86%	56.95%	60.32%	61.14%	64.73%	+ 72.81%
FACTSET RESEARCH SYSTEMS INC	Finance	2.03%	15.33%	20.86%	21.64%	43.35%	43.23%	47.54%	60.40%	51.49%	+ 70.23%
TELEPERFORMANCE	Industry	1.11%	19.98%	51.36%	50.97%	51.27%	50.98%	51.51%	57.51%	60.18%	+ 66.80%
ARCHER-DANIELS-MIDLAND	Consumer staples	1.59%	11.95%	21.22%	23.61%	28.17%	29.16%	28.54%	28.82%	34.35%	+65.20%

<sup>1</sup> Analysis on the 19 positive impact companies reported on this page. <sup>2</sup> In thousands of metric tonnes of CO<sub>2</sub> equivalent. <sup>3</sup> In thousands of tonnes. <sup>4</sup> Ex. Banco de Chile : ((62.63%-8.95%)/62.63%)\*100=85.71%

### Negative impact companies in the fund

Below are the ten companies with the lowest ESG rating in 2022 :

SHARE	SECTOR	WEIGHT	NOTE ESG 2022
CORCEPT THERAPEUTICS INC	Healthcare	2.49%	7.65%
NEXTERA ENERGY PARTNERS LP	Utilities	2.01%	8.28%
TAKE-TWO INTERACTIVE SOFTWARE	Communication	2.80%	11.48%
BONHEUR ASA	Industry	1.66%	16.93%
INTERACTIVE BROKERS GRO-CL	Finance	2.15%	18.25%
MOLINA HEALTHCARE INC	Healthcare	3.00%	19.03%
EMCOR GROUP INC	Industry	4.63%	19.74%
ADTRAN HOLDINGS INC	Information technology	0.97%	24.17%
BECLE SAB DE CV	Consumer staples	2.25%	25.69%
TOPBUILD CORP	Materials	3.24%	28.04%

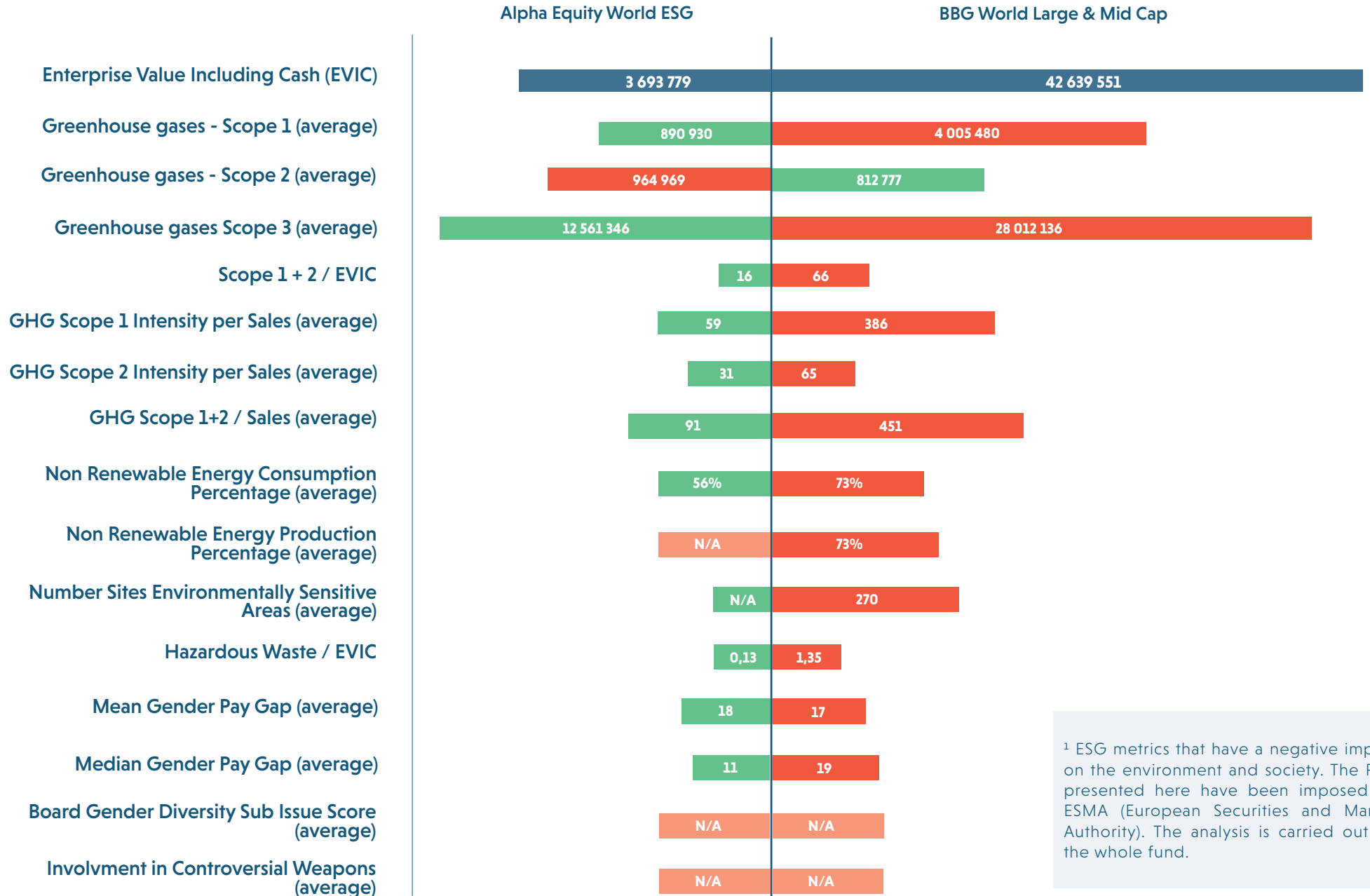


Below are the ten companies with the lowest ESG trend over eight years :

SHARE	SECTOR	WEIGHT	2015	2016	2017	2018	2019	2020	2021	2022	8-YEAR TREND <sup>4</sup>
TAKE-TWO INTERACTIVE SOFTWARE	Communication	2.80%	22.05%	14.13%	12.92%	13.38%	19.19%	57.75%	60.22%	11.48%	-92.07%
BECLE SAB DE CV	Consumer staples	2.25%	0.00%	0.00%	0.00%	29.02%	28.16%	28.65%	27.42%	25.69%	-12.96%
CORCEPT THERAPEUTICS INC	Healthcare	2.49%	8.08%	6.30%	7.01%	7.59%	7.44%	6.90%	6.54%	7.65%	-5.62%
L'OCCITANE INTERNATIONAL SA	Consumer staples	2.57%	99.09%	96.80%	91.34%	89.63%	93.10%	91.72%	88.97%	94.81%	-4.51%
ASTRAZENECA PLC	Healthcare	2.31%	88.56%	94.34%	88.70%	86.29%	88.44%	85.63%	88.02%	87.10%	-1.68%
SAMSUNG ELECTR-GDR REG S	Information technology	2.82%	88.22%	92.37%	91.47%	88.40%	89.10%	86.44%	89.09%	87.74%	-0.55%
LONDON STOCK EXCHANGE	Finance	3.41%	63.42%	56.65%	53.08%	56.34%	55.79%	71.21%	73.36%	63.57%	+0.24%
MOLINA HEALTHCARE INC	Healthcare	3.00%	18.85%	18.93%	16.74%	16.42%	14.13%	16.24%	15.90%	19.03%	+0.95%
ALPHABET INC-CL A	Communication	3.06%	87.00%	75.37%	81.17%	90.45%	92.72%	89.26%	87.16%	90.14%	+3.48%
QUIMICA Y MINERA	Materials	2.26%	13.31%	26.55%	29.35%	29.50%	31.65%	35.58%	38.25%	32.83%	+3.59%

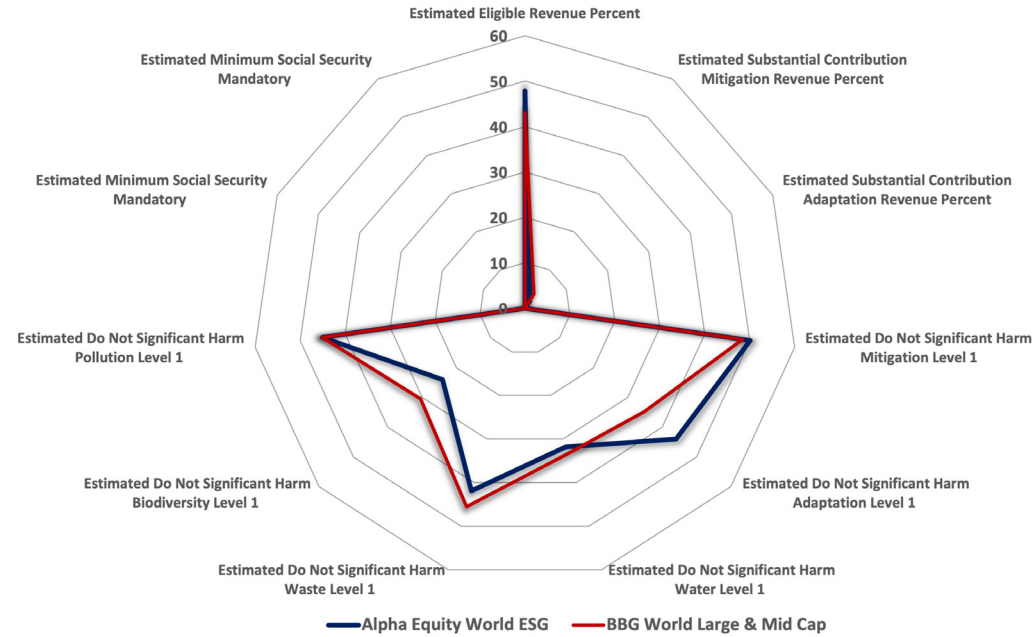
<sup>1</sup> Analysis on the 16 negative impact companies reported on this page. <sup>2</sup> In thousands of metric tonnes of CO<sub>2</sub> equivalent. <sup>3</sup> In thousands of tonnes. <sup>4</sup> Ex. Take-Two : ((7.50%-8.07%)/7.50%)\*100=-7.60%

**Mandatory Principle Adverse Impact Monitoring<sup>1</sup>**



<sup>1</sup> ESG metrics that have a negative impact on the environment and society. The PAIs presented here have been imposed by ESMA (European Securities and Market Authority). The analysis is carried out on the whole fund.

### European Taxonomy



Taxonomy	Alpha Equity World ESG	BBG World Large & Mid Cap
Estimated Eligible Revenue Percent	48 %	43 %
Estimated Substantial Contribution Mitigation Revenue Percent	2 %	3 %
Estimated Substantial Contribution Adaptation Revenue Percent	-	-
Estimated Do Not Significant Harm Mitigation Level 1	50 %	48 %
Estimated Do Not Significant Harm Adaptation Level 1	44 %	35 %
Estimated Do Not Significant Harm Water Level 1	32 %	33 %
Estimated Do Not Significant Harm Waste Level 1	42 %	46 %
Estimated Do Not Significant Harm Biodiversity Level 1	24 %	30 %
Estimated Do Not Significant Harm Pollution Level 1	45 %	45 %
Estimated Minimum Social Security Mandatory	-	-
Estimated Minimum Social Security Optional	-	-

## Biodiversity

### IMPACTS

Share of the portfolio that has a very strong impact on at least ONE pressure on biodiversity. 59 %

Share of the portfolio that has a very strong and significant impact on at least ONE pressure on biodiversity. 68 %

		Very high risk level	High risk level	Medium risk level	Low risk level	Very low risk level	Zero risk level	Total
<b>Impact - Physical risks</b>	Pressures on biodiversity	59%	10%	0%	15%	0%	0%	83%

**The three most significant impacts are :**

**Pollution** The pollution is a very significant risk for 49% of the portfolio activities

**Deforestation** The loss of forest cover is a risk for 20% of the portfolio activities

**Change in use of freshwater and marine waters, and lands** The change in use of freshwater, marine waters, and lands is a risk for 7% of the portfolio activities

### REPUTATIONAL RISKS

The share of the portfolio with a very high reputational risk 7 %

The share of the portfolio with a very high and high reputational risk 22 %

		Very high risk level	High risk level	Medium risk level	Low risk level	Very low risk level	Zero risk level	Total
<b>Reputational risks</b>	Additional reputational risks	7%	15%	24%	37%	0%	0%	83%
	Environmental factors	7%	2%	56%	0%	17%	0%	83%
	Socio-economic factors	7%	7%	51%	17%	0%	0%	83%

**The three most significant reputational risks are :**

**Protected or conserved areas** The protected or conserved areas are a significant risk for 7% of the portfolio activities

**Lands and territories of local communities and indigenous peoples** The lands and territories of local communities and indigenous peoples are a risk for 7% of the portfolio activities

**Media attention** Media attention is a risk for 7% of the portfolio activities

### DEPENDENCIES

The share of the portfolio highly dependent on at least ONE supply service 17 %

The share of the portfolio highly and significantly dependent on at least ONE supply service 54 %

		Very high risk level	High risk level	Medium risk level	Low risk level	Very low risk level	Zero risk level	Total
<b>Dependencies - Physical risks</b>	Supply chains	17%	37%	2%	27%	0%	0%	83%
	Regulatory and support services - enabling	0%	5%	41%	37%	0%	0%	83%
	Regulatory services - mitigation	0%	83%	0%	0%	0%	0%	83%
	Cultural services	0%	0%	0%	0%	5%	78%	83%

**The five most significant dependencies are :**

**Water scarcity** Water scarcity is a very significant risk for 17% of the portfolio activities

**Limited wood availability** Wood availability is a risk for 7% of the portfolio activities



## Inventory

## Main positions

SHARE	ISIN CODE	WEIGHT
EMCOR GROUP INC	US29084Q1004	4.63 %
DELL TECHNOLOGIES -C	US24703L2025	3.84 %
LONDON STOCK EXCHANGE	GB00B0SWJX34	3.41 %
TOPBUILD CORP	US89055F1030	3.24 %
KBR INC	US48242W1062	3.20 %
ALPHABET INC-CLA	US02079K3059	3.06 %
MOLINA HEALTHCARE INC	US60855R1005	3.00 %
KLA CORP	US4824801009	2.99 %
GREEN PLAINS INC	US3932221043	2.83 %
SAMSUNG ELECTRONICS	US7960508882	2.82 %

## Top 5 of the Fund

SHARE	ISIN CODE	WEIGHT	PERFORMANCE OVER THE MONTH	CONTRIBUTION TO PERFORMANCE	ESG RATING 2022
CORCEPT THERAPEUTICS INC	US2183521028	2.49 %	+ 30.51 %	+ 0.58 %	7.65 %
L'OCCITANE INTERNATIONAL	LU0501835309	2.57 %	+ 17.54 %	+ 0.40 %	94.81 %
DELL TECHNOLOGIES -C	US24703L2025	3.84 %	+ 7.98 %	+ 0.29 %	79.36 %
EMCOR GROUP INC	US29084Q1004	4.63 %	+ 5.95 %	+ 0.28 %	19.74 %
TOPBUILD CORP	US89055F1030	3.24 %	+ 7.59 %	+ 0.24 %	28.04 %

## Flop 5 of the Fund

SHARE	ISIN CODE	WEIGHT	PERFORMANCE OVER THE MONTH	CONTRIBUTION TO PERFORMANCE	ESG RATING 2022
AMN HEALTHCARE SERVICES	US0017441017	2.41 %	- 16.19 %	- 0.44 %	39.37 %
QUIMICA Y MINERA	US8336351056	2.26 %	- 13.70 %	- 0.34 %	32.83 %
GREEN PLAINS INC	US3932221043	2.83 %	- 11.19 %	- 0.33 %	50.74 %
REGIONS FINANCIAL CORP	US7591EP1005	2.69 %	- 7.32 %	- 0.20 %	69.51 %
SAMSUNG ELECTRONICS	US7960508882	2.82 %	- 5.71 %	- 0.15 %	87.74 %

## Distribution of Alpha Equity World ESG

### Geographical distribution

GEOGRAPHICAL AREA	ALPHA EQUITY WORLD ESG	BBG WORLD LARGE & MID CAP	DIFFERENCE WITH THE INDEX
North America	60.62 %	66.18 %	- 5.56 %
Europe	16.70 %	13.20 %	+ 3.50 %
Pacific-developed	7.89 %	10.16 %	- 2.27 %
Emergents	14.79 %	10.46 %	+ 4.33 %

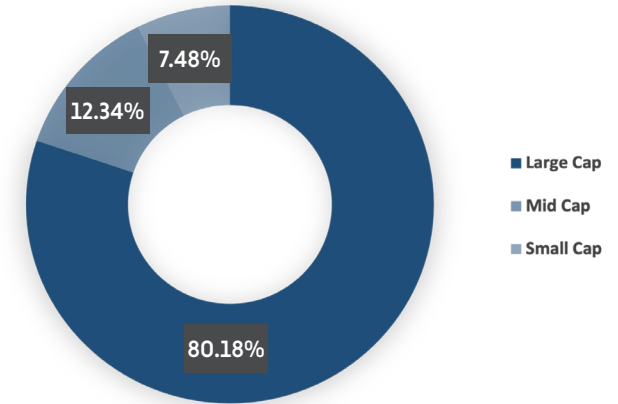
### Sectoral distribution

SECTOR	ALPHA EQUITY WORLD ESG	BBG WORLD LARGE & MID CAP	DIFFERENCE WITH THE INDEX
Finance/Real estate	17.95 %	15.68 %	+ 2.27 %
Information technology	16.90 %	21.73 %	- 4.83 %
Industry	14.76 %	10.76 %	+ 4.00 %
Healthcare	12.49 %	11.75 %	+ 0.74 %
Consumer discretionary	10.38 %	11.00 %	- 0.62 %
Communication	9.80 %	7.40 %	+ 2.40 %
Consumer staples	7.89 %	7.15 %	+ 0.74 %
Energy	2.83 %	5.09 %	- 2.26 %
Services aux collectivités	2.01 %	2.65 %	- 0.64 %
Materials	1.96 %	4.46 %	- 2.50 %

### Currency distribution

US Dollar	Euro	British pence	Hong Kong dollar	Norwegian krone	Japanese yen	Australian dollar	Mexican peso	Indonesian rupiah	Dollar canadien
67.32 %	7.85 %	5.72 %	4.27 %	3.46 %	2.59 %	2.48 %	2.25 %	2.11 %	1.96 %

### Stock market capitalisation



### Distribution by asset

Equity investment	96.97 %
Cash	3.03 %
Equity exhibitions	96.97 %

## Glossary

**Beta** : Beta measures the relationship between changes in net asset values of funds and changes in levels of its benchmark. A beta of less than 1 indicates that the fund “dampens” fluctuations in its index (beta = 0.6 means that the fund increases by 6% if the index increases by 10% and falls by 6% if the index falls by 10%). A beta greater than 1 indicates that the fund “amplifies” the fluctuations of its index (beta = 1.4 means that the fund increases by 14% when the index increases by 10% but also falls by 14% when the index falls 10%). A beta less than 0 indicates that funds reacts inversely to changes in its index (beta = -0.6 means the fund down 6% when the index rose by 10% and vice versa).

**ESG** : ESG means using Environmental, Social and Governance factors to evaluate companies on how far advanced they are with sustainability.

**Total water discharged** : Total volume of liquid waste and process water discharged by the company, in thousands of cubic metres. Includes effluent (treated and untreated) returned to water sources.

**Risk level** : This indicator measures the level of volatility of the fund and the risk to which your capital is exposed.

**Sharpe ratio** : Sharpe ratio measures excess profitability over the risk-free rate divided by the standard deviation. It is a measure of marginal return per unit of risk. A higher number indicates more risk-taking is rewarded. A negative Sharpe ratio does not necessarily mean the portfolio performed negatively, but that it was lower than a risk-free investment.

**Scope 1** : Scope 1/Direct Greenhouse Gas (GHG) Emissions of the company, in thousands of metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>e). Greenhouse Gases are defined as those gases which contribute to the trapping of heat in the Earth’s atmosphere, including Carbon Dioxide (CO<sub>2</sub>), Methane, Nitrous Oxide, and others. Scope 1 Emissions are those emitted from sources that are owned or controlled by the reporting entity. Examples of Direct Emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles , emissions from chemical production in owned or controlled process equipment. Emissions reported as CO<sub>2</sub> only will NOT be captured in this field.

**Scope 2** : Greenhouse gas (GHG) intensity calculated as metric tonnes of greenhouse gases in carbon dioxide equivalent (CO<sub>2</sub>e) emitted from indirect operations per million of sales revenue in the company’s reporting currency. Scope 2 Emissions are those emitted that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity. The principle source of Indirect Emissions is emissions from purchased electricity, steam and/or heating/cooling. These emissions physically occur at the facility where electricity/steam/heating/cooling is generated. To compare companies globally, this ratio should be converted to a common currency.

**Scope 3** : Scope 3 Greenhouse Gas (GHG) Emissions of as reported by the company, in thousands of metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>e). Greenhouse Gases are defined as those gases which contribute to the trapping of heat in the Earth’s atmosphere, including Carbon Dioxide (CO<sub>2</sub>), Methane, Nitrous Oxide, and others. Scope 3 emissions are all non-scope 2, indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. Transmission & Distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc. Emissions reported as CO<sub>2</sub> only will NOT be captured in this field.

**Environmental disclosure score** : A score that measures the quality of a company’s environmental disclosure. Companies that do not report any figures are given a score of 0. The score ranges from 0.1 for companies that report a minimum amount of ESG data, to 100 for those that report all of it. This score measures the amount of environmental data a company reports publicly; it does not measure the company’s performance on this issue.

**SFDR** : Sustainable Finance Directive Regulation. It is an European regulation that places transparency in terms of sustainability at the heart of the requirements, at the level of entities and funds.

**Volatility** : Amplitude of variation in the price / quotation of a security, fund, market or index that measures the extent of risk over a given period. It is determined by the standard deviation which is obtained by calculating the square root of the variance. The variance being calculated by averaging the deviations from the mean, all squared. The higher the volatility, the greater the risk.

## Methodology

### Investment process

- Three-pillar exclusion criteria: environmental damage, human rights abuse, tax evasion
- Extra-financial analysis: selection of companies with an upward or stable ESG trend over 8 years provided by our ESG big data proprietary tools.
- Company valuation: DCF (discounted cash flow), financial ratios, relative peer comparisons
- Value creation: selection of companies that demonstrate a return on capital employed above the cost of capital

### ESG Screens

- 1st filter: three-pillar exclusion criteria: environmental damage, human rights abuse, tax evasion
- 2nd filter: «Best-in-Universe» excludes the lowest quartile rated companies
- 3rd filter: «Best-in-effort» selects those companies which demonstrate improving ESG practices over an eight-year time horizon:
  - the company under analysis potentially holds an upward ESG trajectory
  - in which the most recent ESG rating > its three-year moving average
  - AND whose E and S pillar ratings trend upwards
  - we additionally verify no controversies related to ESG or SRI are linked to the company

The ESG analysis coverage rate of the portfolio reaches a minimum 90% of net assets, with the exception of bonds and other debt securities issued by public issuers and cash held on an ancillary basis.

### ESG grading procedure

- 50% Environmental
- 30% Social
- 20% Governance

The ESG metric weightings have been selected by industry sector. You can find the weightings via this [link](#).

**Colibri AM uses 130 metrics across all sectors, analysed over 8 years. The benchmark universe is the Bloomberg World Large & Mid Cap Total Return index: 2,800 companies are analysed for the calculation of the ESG rating, in which the lowest quartile is omitted from the screening.**

## Disclosure

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The methods of calculating ESG ratings are available on our website <https://colibri-am.com>



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