

Pre-contractual information for financial products referred to in Article 8(1), (2) and (2a) of Regulation (EU) 2019/2088 and the first paragraph of Article 6 of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that it does not cause significant harm to any of those objectives and that the companies receiving the investments apply good governance practices.

The **EU Taxonomy** is a classification system established by Regulation (EU) 2020/852, which lists **environmentally sustainable economic activities**. This regulation does not list socially sustainable economic activities. Sustainable investments with an environmental objective are not necessarily aligned with the Taxonomy.

Product name:
ELLIPSIS GLOBAL CONVERTIBLE FUND

Legal entity ID:
969500DEKQHM09GPQM16

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
Yes	No
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____%	<input type="checkbox"/> 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 <u>5</u> % of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The fund's objective does not specifically target environmental or social characteristics. However, these are systematically taken into account in investment decisions through:

- **Exclusion policies addressing environmental and/or social issues:** they relate to sensitive sectors related to the fight against climate change (e.g. coal) and the defence of human rights (e.g. tobacco, countries at risk, anti-personnel mines, cluster munitions), and are based on lists of excluded emitters.

- List of BNP Paribas Group issuers:

<https://group.bnpparibas/nos-engagements/transitions/politiques-de-financement-et-dinvestissement>

- Exclusion list of the Swiss Association for Responsible Investments SVVK-ASIR:

<https://svvk-asir.ch/fr/liste-d-exclusion>

- **A selective approach that aims to favour companies with good practices:** environmental and social criteria are also an integral part of the 360° multi-criteria analysis that leads to the investment decisions of the management team. It thus determines the significant points for each company (such as self-employed workers, employee safety, water pollution, gas emissions, etc.).
- ✓ **On environmental characteristics,** the management team places particular emphasis on the energy transition. This theme appears to be the driving force behind the desire of governments and institutions to change regulations. It is also one of the topics with the most traction with the conjunction of societal change.
- ✓ **With regard to social characteristics,** situations that seem unbalanced, such as the circumvention of employment regulations, are considered to be particularly critical for management because they are not sustainable.

It should be noted that within the investment universe, the management team is particularly analysing environmental or social issues such as "green bonds" or "sustainability-linked bonds".



- **What are the sustainability indicators used to measure the achievement of each of the environmental and/or social characteristics promoted by the financial product?**

Monitoring of the fund's environmental, social and governance (ESG) characteristics is in place for all invested assets. It is carried out at two levels: in aggregate for the portfolio and its reference indicator, and in detail of contributions by line (in absolute and relative). It is managed by Ellipsis AM's Risk Control.

The fund is committed to the following sustainability indicators:

- **Overall coverage rate of the extra-financial analysis Minimum: 90.00%**

- **ESG - Exclusion of the lowest rated securities**

Minimum: 50.00 %

- **Improved rating of the fund vs. its investment universe** represented by its benchmark indicator (Units EUR = Refinitiv Global Focus Hedged CBs EUR (Ticker Bloomberg: UCBIFX14) / Units CHF = Refinitiv Global Focus Hedged CBs CHF (Ticker Bloomberg: UCBIFX28) / Units USD = Refinitiv Global Focus Hedged CBs USD (Ticker Bloomberg: UCBIFX02)).

Day-to-day monitoring also involves **the analysis of controversies** which makes it possible to monitor the evolution of risks. It is a central tool in the assessment of sustainability risk, particularly in environmental and social matters.

- **What are the objectives of the sustainable investments that the financial product intends to partially achieve and how does sustainable investing contribute to these objectives?**

The fund does not have a sustainable investment objective, but the consideration of the environmental or social characteristics of the securities in the portfolio is integrated into the investment decisions.



- To what extent do the sustainable investments that the financial product intends to make in part not cause significant damage to an environmentally or socially sustainable investment objective?

The **principal adverse impacts** are the most significant adverse impacts of investment decisions on sustainability factors related to environmental, social and personnel issues, respect for human rights and the fight against corruption and corruption.

The fund is not currently in a position to make a commitment from its portfolio to a minimum of activities aligned with the Taxonomy Regulation. Therefore, the "do no material harm" principle does not apply to the underlying investments of funds.

How have the indicators on adverse impacts been taken into account?

"Principal adverse impacts" (PAI) on sustainability factors, as defined in Article 7 of the SFDR Regulation, are not currently taken into account in the fund's investment decisions due to the lack of available and reliable data in the current state of the market.

To what extent are sustainable investments in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?
N/C

The EU Taxonomy establishes a 'do no significant harm' principle, according to which Taxonomy-aligned investments should not cause significant harm to the objectives of the EU Taxonomy, and which is accompanied by specific EU criteria.

The 'do no significant harm' principle applies only to investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

Any other sustainable investment must also not cause significant harm to environmental or social objectives.



Does this financial product take into account the main adverse impacts on sustainability factors?

☐ Yes

☒ No

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.



What investment strategy does this financial product follow?

- **What are the binding elements of the investment strategy used to select investments in order to achieve each of the environmental or social characteristics promoted by this financial product?**

The fund's ESG investment strategy is based on discretionary management that favours the selection of securities within the international convertible bond universe, based on **the overall assessment of the 3 criteria, namely environmental, social and governance.**

- **The management team is committed to applying exclusion policies**, in particular addressing environmental and/or social issues, on issuers and on countries at risk.
- ✓ **Thematic exclusion policies:** These cover sensitive sectors related to the fight against climate change and the defence of human rights, and are based on lists of excluded issuers drawn up by the BNP Paribas Group. In addition, the FCP undertakes not to have in its portfolio of issuers on the exclusion list of the Swiss Association for Responsible Investments SVVK-ASIR: <https://svvk-asir.ch/fr/liste-d-exclusion>, unless it justifies by an internal analysis of the environmental characteristics of the instrument or issuer.
- ✓ **Policy of excluding countries at risk:** Ellipsis relies in particular on the FATF (Financial Action Task Force) lists. It excludes any investment in countries on the FATF blacklist. Ellipsis AM is committed to systematically analysing issuers (economic and legal) on the FATF grey list and the European list of non-cooperative countries and territories. This analysis of governance risk can lead to exclusion, as the use of emission vehicles in high-risk countries may be motivated by reasons that we consider to be non-legitimate (aggressive tax optimisation scheme or opacity) or legitimate (low legal costs, asset security).
- **It is committed to improving the ESG rating of the portfolio in relation to the investment universe represented by the fund's benchmark indicator** (EUR Shares = Refinitiv Global Focus Hedged CBs EUR (Bloomberg Ticker: UCBIFX14) / CHF Shares = Refinitiv Global Focus Hedged CBs CHF (Bloomberg Ticker: UCBIFX28) / USD Shares = Refinitiv Global Focus Hedged CBs USD (Bloomberg Ticker: UCBIFX02)).

- ✓ **By subjecting at least 90% of the fund's net assets to the environmental or social characteristics** promoted by the fund according to the investment strategy described in its regulatory documentation.
- ✓ **By systematically eliminating 50% of at least 15% of the lowest-rated stocks in the investment universe represented by the benchmark index.** Environmental and social criteria are also an integral part of the multi-criteria 360° analysis that drives the investment decisions of the management team.

- **What is the minimum commitment rate to reduce the scope of investments envisaged before the application of this investment strategy?**

There is no minimum commitment rate. Ellipsis AM has established a voting policy setting out the conditions under which it intends to exercise the voting rights attached to the securities held by the UCIs it manages: https://www.ellipsis-am.com/publication/ComplianceDoc/Fr_Politique-engagement-vote.pdf

However, given our investment strategies (mainly bonds), the use of equity securities remains marginal and our role as a shareholder is very limited. Our engagement with issuers involves a dialogue with companies, which may lead to a change in the ESG vision of the stock on the part of the management team and possibly a downgrade or improvement of the rating.

- What is the policy followed to assess the good governance practices of companies receiving investments?

The governance criterion is a priority and discriminating filter in the fund's management process. The quality of governance, i.e. the way in which the company is managed and controlled, is often a leading indicator of risk, but also an indicator of the sustainability of the business model. This axis of analysis within our process is a mandatory prerequisite that can trigger an exclusion of the issuer, as poor governance cannot be compensated by another positive factor.

To assess the good governance of a company, the management team analyzes the management structure, accounting and tax practices, the integrity of the management, the composition of the board of directors (independence, diversity, expertise), the aggressiveness of financial communication, and the probity of the corporate culture. This analysis of the "G" leads to an internal rating based on external financial research (Sustainalytics) but also due diligence and direct meetings with issuers.

Good governance **practices** include sound management structures, employee relations, staff remuneration and tax compliance.



Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as percentages:

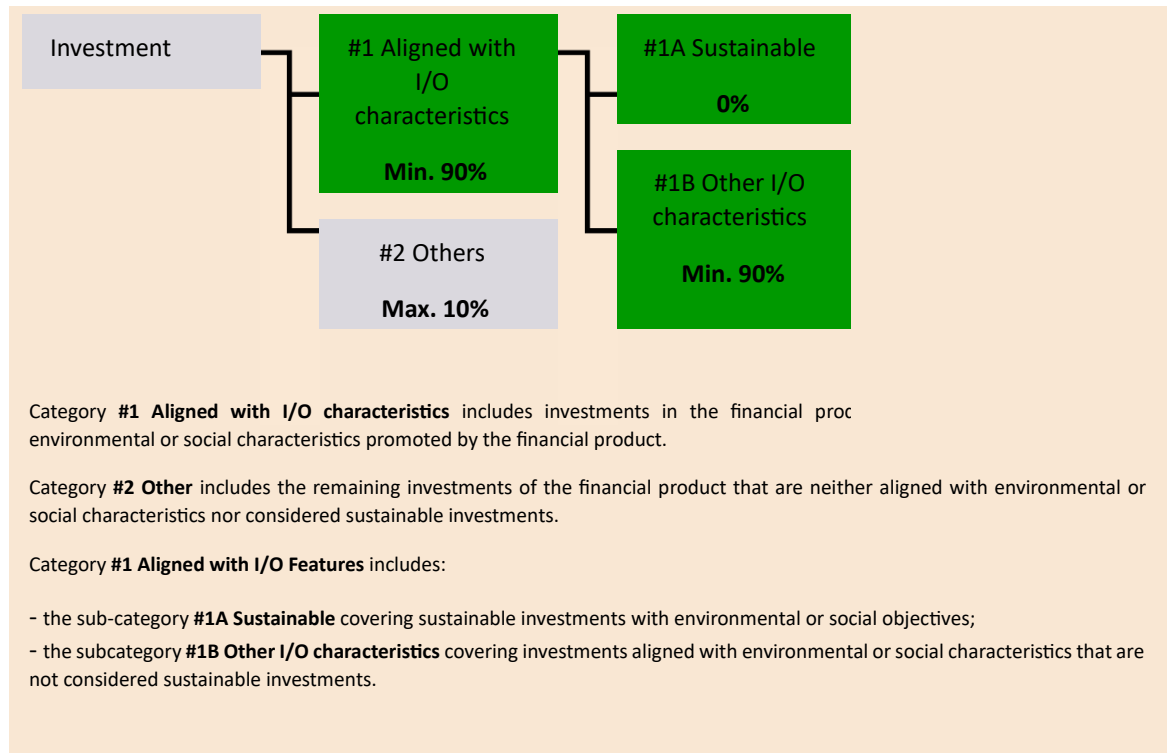
- **turnover** to reflect the share of revenues from green activities of the investee companies;
- **capital expenditure** (CapEx) to show the green investments made by the companies benefiting from the investments, for example for a transition to a green economy;
- **operating expenses** (OpEx) to reflect the green operating activities of the investee companies.

What is the planned asset allocation for this financial product?

The expected proportion of the fund in securities and instruments aligned with the environmental or social characteristics promoted, in compliance with the binding ESG commitments of the investment strategy, is at least 90%.

This proportion corresponds to the overall coverage rate of the extra-financial analysis and is calculated in relation to the AUM. It takes into account all instruments that are rated or, in the case of long derivatives, whose underlying is rated. These include investments in convertible bonds, equities and TRS long (Total Return Swap).

As the fund does not make a minimum sustainable investment commitment, the proportion of these investments is presented at 0%.



● How does the use of derivatives achieve the environmental or social characteristics promoted by the financial product?

The use of derivatives is limited in the fund's strategy. The choice to trade derivatives rather than securities is conditioned by financial parameters (volatility, credit, liquidity). It is in no way done to circumvent the wrong ESG characteristics of a security or to hedge exposures to issuers selected for their ESG characteristics.

The assets in the portfolio are mainly made up of securities on which ESG characteristics apply. The fund applies UCITS limits on cash and loan lending, which implies a low proportion of assets not subject to ESG characteristics.

Enabling **activities** directly enable other activities to contribute substantially to the achievement of an environmental objective.

Transient **activities** are activities for which low-carbon alternatives do not yet exist and, among other things, for which the levels of greenhouse gas emissions correspond to the best achievable performance.



What is the minimum proportion of sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund is not currently in a position to make a commitment from its portfolio to a minimum of activities aligned with the Taxonomy Regulation. Indeed, the underlying investments of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 (the "Taxonomy Regulation"). The percentage of assets aligned with the Taxonomy Regulation should be considered to be 0%. Therefore, the principle of "do no significant harm" does not apply to the underlying investments of funds.

Does the Financial Product invest in fossil gas and/or nuclear energy related activities that are in line with the EU Taxonomy?

☐ Yes




☐ In fossil gas

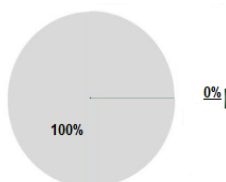
☐ In nuclear energy

☒ No




The two graphs below show in green the minimum percentage of investments aligned with the EU Taxonomy. Since there is no appropriate methodology to determine the Taxonomy-aligned of sovereign bonds, the first chart shows the Taxonomy alignment in relation to all investments in the financial product, including sovereign bonds, while the second chart represents the Taxonomy-only alignment in relation to the investments in the financial product other than sovereign bonds.*

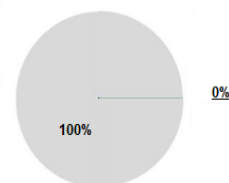
1. Taxonomy-alignment of investments including sovereign bonds*

-  Taxonomy-aligned Fossil gas
-  Taxonomy-aligned Nuclear
-  Taxonomy-aligned (no gas and nuclear)



2. Taxonomy-alignment of investments excluding sovereign bonds*

-  Taxonomy-aligned Fossil gas
-  Taxonomy-aligned Nuclear
-  Taxonomy-aligned Fossil gas



This graph represents 100% of the total investments.

*For the purposes of these charts, "sovereign bonds" include all sovereign exposures.



- What is the minimum proportion of investments in transitional and enabling activities? N/C



The symbol represents sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



- What is the minimum proportion of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? N/C



- What is the proportion minimum of socially sustainable investments? N/C



- Which investments are included in the "#2 Other" category, what is their purpose and do minimum environmental or social guarantees apply to them?

The expected proportion of the fund's securities and instruments that are not aligned with the environmental or social characteristics promoted is a maximum of 10%.

This proportion corresponds to instruments that are not included in the overall coverage ratio of the extra-financial analysis, and to short derivatives, even if their underlying is rated. More specifically, these are investments in cash (money market funds and ETFs), index derivatives and TRS (Total Return Swap).

Benchmarks are indices that measure whether the financial product achieves the environmental or social characteristics it promotes.



- Is a specific index designated as a benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics it promotes?

The management team does not use an ESG benchmark to implement the ESG characteristics of the fund.

- *How is the benchmark permanently aligned with each of the environmental or social characteristics promoted by the financial product?* N/C
- *How is the alignment of the investment strategy with the index methodology ensured at all times?* N/C
- *How does the designated index differ from a relevant broad market index?* N/C
- *Where can I find the method used to calculate the designated index?* N/C



Where can I find more product-specific information online?

More information on the OPC is available on the website:

<https://www.ellipsis-am.com/fra/fr/pro/fonds/gamme>

For more information, you can consult the ESG page of the Ellipsis AM website, including the latest LEC (Energy and Climate Law) report from Ellipsis AM:

https://www.ellipsis-am.com/publication/ComplianceDoc/Fr_Rapport-LEC-Ellipsis-AM.pdf

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