ELLIPSIS AM

Kepler Cheuvreux

REPORT

Energy-Climate Law

Edition 2023 (for the 2022 financial year)

www.ellipsis-am.com

FRAMEWORK & STRUCTURE OF THE REPORT ON THE YEAR 2022

OUR ESG APPROACH WITHIN OUR AREAS OF EXPERTISE

Ellipsis AM is an asset management company focused on value-added niche asset classes. With a 20-year track record, it specialises in convertible bonds, credit and listed derivatives.

- Our expertise is built around 2 specialised management divisions:
  - ✓ **The Convertibles & Credit division** brings together our historical and proven management expertise in convertible bonds and credit.
  - ✓ Since 2008, **the Overlay & Customised Portfolio Solutions division** has been developing expertise in equity portfolio hedging solutions and, more generally, risk allocation management based on listed index derivatives.
- Our offer includes a range of open-ended funds as well as dedicated funds and management mandates for European institutional investors.
- Research is at the heart of our management processes. Stock selection is the key to our ability to build a 360° view of the companies in our portfolios. **We see our ESG (Environmental / Social / Governance) approach as an opportunity to enrich our analysis and our understanding of risks, and to strengthen our convictions.**

PRI Principles for Responsible Investment

Ellipsis AM has been a signatory of the UN PRI (United Nations Principles for Responsible Investment) since 2019.

A PROGRESSIVE AND PRAGMATIC APPROACH

2013
Part 0
Defence exclusion policy (Oslo & Ottawa) for all our porfolios

2016
Part 1
Strengthened gouvernance within the convertible bonds management process

2017
Part 2
Exclusion policy based on BNP Paribas sector investment policies

2019
Part 3
Signing of UN PRI and integration of ESG risk factors for convertible funds

2020
Part 4
ESG analysis and rating capacity for convertibles

2021
Part 5
Article 8 - SFDR* for our convertible & credit funds

2022
Part 6
Use of the Paris Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB) in our equity index derivatives fund

2013 - For all the portfolios we manage, in application of the AFG's recommendations of April 2013 (recommendations on banning the financing of cluster munitions and anti-personnel mines), we apply a **Defence exclusion policy**. This policy was strengthened in 2014 by taking into account BNP Paribas' Defence sector policy, resulting in a list of excluded companies based on the status of certain weapons and their potential end use.

2016 - The convertible management process is consolidated around the notion of business model sustainability from a financial, economic and **governance** perspective. Resilience and solvency risk complement each other when assessing an issuer's credit risk.

2017 - Ellipsis AM seized the opportunity provided by the French law on the energy transition for green growth (LTCEV) to initiate and structure its ESG approach. Accordingly, we have chosen to implement **the BNP Paribas Group's sector-based investment policies across** all our investment vehicles (with the exception of index-linked vehicles).

2019 - Ellipsis AM mobilized its teams around the **objective of integrating ESG risk factors**, in other words taking environmental, social and governance criteria into account in the selection process, without making them mandatory or predominant in relation to financial criteria. Initially, all the convertible bond portfolios (with the exception of the index fund) are taking account of this extra-financial “shift”.

2020 - Ellipsis AM intensified its **in-house ESG analysis and rating capacity** for convertible securities and issuers held in portfolios and within the investment universe, which is carried out directly by the portfolio manager-analysts.

2021 - Ellipsis AM strengthed its **country risk exclusion policies** by taking into account **the FATF** (Financial Action Task Force) **black and grey lists** and the European list of non-cooperative countries and territories. - After convertibles, high yield management is now fully implementing ESG integration. - The issue **of** taking **sustainability risk into account** is systematically integrated into investment decisions and, where appropriate, **portfolio risk** mapping within the framework of SFDR (European Regulation (EU) No 2019/2088 known as Sustainable Finance Disclosure).

2022 - Ellipsis AM has joined the **Kepler Cheuvreux Group,** also a UN PRI signatory since 2005. The ESG approach is at the heart of **synergies** and future developments. - The 1er UN PRI evaluation report. - **Use of the PAB (Paris Aligned Benchmark) and CTB (Climate Transition Benchmark) indices** in a fund investing in equity index derivatives - Production and distribution of pre-contractual and periodic SFDR RTS.

2023 - Ellipsis AM uses the exclusion list of the Swiss Association for Responsible Investment SVVK-ASIR for all its actively managed portfolios.

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SCOPE BY ASSET CLASS FOR 2022 AUM

Outstanding amounts in €

Total 2022 AUM managed by Ellipsis AM	**€2,388,475,632**

1/ FIXED INCOME SCOPE

51% of AUM 2022

Bond portfolios classified as ARTICLE 8 - SFDR	**€1,059,665,455**
	87% of AUM "FIXED INCOME
Ellipsis European Convertible Fund	**€383,256,597**
Ellipsis Global Convertible Fund	**€127,060,193**
Ellipsis Disruption Convertible Fund	**€59,578,231**
Ellipsis High Yield Fund	**€83,108,177**
Ellipsis Credit Road 2028	**€5,012,896**
Ellipsis Short Term Credit Fund	**€10,117,809**
Ellipsis Optimal Allocation - Credit	**€73,649,140**
Mandates and dedicated convertible funds	**€317,882,412**

Bond portfolios classified as ARTICLE 6 - SFDR	**€156,609,605**
	13% of AUM "FIXED INCOME
Convertible mandates *Tailored/ non-contractual ESG approach*	**€156,609,605**

2/ "LISTED DERIVATIVES" SCOPE

49% of AUM 2022

UCIs classified as ARTICLE 8 - SFDR	**€48,078,126**
	4% of AUM "LISTED DERIVATIVES
Ellipsis Optimal Solutions - PA Balanced	**€48,078,126**

Mandates and dedicated funds classified as ARTICLE 6 - SFDR	**€1,124,122,445**
	96% of AUM "LISTED DERIVATIVES

These portfolios correspond to strategies where the ESG approach cannot be applied due to the nature of the instruments used (mandates and dedicated option-based overlay funds).

Source: Ellipsis AM, AUM at 31/12/2022. SFDR: European Regulation (EU) No 2019/2088 known as Sustainable Finance Disclosure.

- **This 2022 report mainly concerns the "Fixed Income" scope (i.e. 51% of all 2022 AUM managed by Ellipsis AM) and is detailed in chapter 1:**

  - ✓ 100% of our Convertible & Credit portfolios include an ESG approach in their management process.

  - ✓ 100% of our range of open-ended Convertibles & Credit funds is classified under Article 8 - SFDR.

  - ✓ Dedicated funds and mandates managed on behalf of European institutional investors include ESG commitments in their process, but to a personalised and contractual degree depending on the client's requirements, which may differ from the SFDR requirements. They are based on a suitability analysis questionnaire prior to setting up the tailor-made offering.

- **The "Listed Derivatives" scope (i.e. 49% of all 2022 AUM managed by Ellipsis AM) is presented in chapter 2:**

  - ✓ It represents a significant and growing proportion of our total AUM managed within the Overlay & Customised Portfolio Solutions division. This area is mainly made up of **customised portfolios (45% of all 2022 AUM managed by Ellipsis AM) which do not apply an ESG approach due to the nature of the instruments used.** This corresponds to mandates and dedicated overlay funds based on listed options and futures managed on behalf of European institutional investors.

  - ✓ In 2022, we decided to reposition Ellipsis Optimal Solutions - PA Balanced, the only open-ended fund in this area, to invest more selectively in ESG-compliant indices. This fund uses index derivatives and is committed to investing in the PAB (Paris Aligned Benchmark) and CTB (Climate Transition Benchmark) indices. Chapter 2 therefore focuses on this fund.

- **Ellipsis AM does not have any funds with a sustainable investment objective classified under article 9 - SFDR.**
  In the short and medium term, Ellipsis AM does not plan to manage portfolios with sustainable development objectives within the meaning of Article 2 of the *Sustainable Finance Disclosure* Regulation *(SFDR)*, which defines sustainable investments as investments in an economic activity that contributes to an environmental or social objective, and that do not cause significant harm to either of these objectives, and that the companies in which the investments are made apply good governance practices. We remain sensitive to the long-term benefits of this approach for our financial ecosystem.

- **No portfolio uses an ESG benchmark to implement ESG characteristics within an investment strategy.**

CHAPTER 1

FIXED INCOME scope

1. ESG GENERAL APPROACH

1.1. Summary of the general approach to taking ESG criteria into account, particularly in the investment policy and strategy

The 3 pillars of our ESG approach

WHO ?	WHAT ?	HOW ?
The managers at the core of the ESG system	**Risk & Resilience** at the core of the ESG approach	**Progressive & Pragmatic**



AN APPROACH EMBODIED BY THE MANAGEMENT TEAM

At Ellipsis AM, we have chosen to place the management team at the centre of the ESG process.

- **The management team is in direct and regular discussion with issuers.** As such, it is best placed to interact with them and question their CSR policies and ESG commitments.

- **The management team is best placed to assess the materiality of an ESG issue and to make the link with financial analysis.** Identifying non-financial risks requires a good command of financial elements in order to assess their impact on a company's performance.

- **The management team offers conviction-based management.** The ESG approach is a way of nurturing our convictions and understanding of the issuer as a whole. This concentration of expertise in the manager's role means that we can build a 360° view of companies.

AN APPROACH FOCUSED ON RISK AND BUSINESS RESILIENCE

The ESG approach is a source of added value at the heart of the investment process:

- **Priority is given to protecting against non-financial risks that are likely to affect an issuer's valuation in the short or medium term.** Taking into account environmental, social and governance criteria brings real added value to the assessment of - reputational, - regulatory, - financial sanctions, - refinancing and - operational risks. Controversy analysis is a central tool in assessing these risks. These risks, which are not always directly visible in the financial statements, justify an additional "extra-financial" risk premium that must be taken into account when assessing an issuer's profile.

- **We also identify investment opportunities in ESG-related areas of development** (e.g. cyber-security, photovoltaics, etc.). Non-financial analysis helps to assess business models in the light of the digital, demographic and energy transitions that are profoundly changing the global economic landscape. In this respect, the ESG approach constitutes an angle of view, an essential perspective for assessing an issuer's resilience and the quality of its CSR policy in the face of these changes, as well as its medium- to long-term prospects.

AN INTEGRATED CSR APPROACH WITHIN THE KEPLER CHEUVREUX GROUP

In accordance with European Directive 2014/95/EU, **Kepler Cheuvreux publishes an annual declaration of non-financial performance** (the "DPEF"), which describes in particular the Group's main environmental, social and societal challenges, the risks associated with its activity, products and services, and the commitments to mitigate these risks and capitalise on these challenges. The policies implemented and their results will be detailed in this report to illustrate the Group's actions in 2022. As part of the Kepler Cheuvreux Group, Ellipsis AM is participating in these commitments.

1.2 Content, frequency and means used to inform subscribers, members, contributors, beneficiaries or customers about the criteria relating to the ESG objectives taken into account in the investment policy and strategy

EXTERNAL INFORMATION ON OUR APPROACH AND OUR UCIs

- **ELLIPSIS AM WEBSITE**
    - In addition to this ESG report, all our policies can be consulted on our website at: **https://www.ellipsis-am.com/fra/en/pro/esg-regulatory**
    - Developments in our ESG approach are published in the site's news section and can also be obtained from: **client_service@ellipsis-am.com**

https://www.ellipsis-am.com/fra/en/pro/esg-regulatory

- **Ellipsis AM does not currently produce an ESG report for each fund, as** none of its funds reaches the €500m threshold.

- For each fund, **the prospectuses** mention the sustainability risk, whether or not it is taken into account in management decisions and, where applicable, the way in which it is taken into account through a section on the integration of ESG criteria into the investment strategy.

- **The pre-contractual SFDR information (including the pre-contractual RTS) for Article 8 funds** enables investors to find out about the specific environmental and social characteristics of each fund before subscribing. These publications are available on the www.ellipsis-am.com website in the Documentation section of each fund webpage.

- The funds' **financial statements** (annual and half-yearly reports) include ESG data for the accounting period ended. The SFDR periodic RTS for funds classified under Article 8 allow this information to be consulted at the end of each financial year. These publications are available on the website www.ellipsis-am.com in the Documentation section of each web fund fact sheet.

CUSTOMER SERVICE FOR HOLDERS

FOR INVESTORS IN OPEN-ENDED ACTIVELY MANAGED FUNDS

- On a case-by-case basis, **the fund reviews** produced by the management team include a focus on the ESG characteristics of one or more securities.

- On a case-by-case basis, **the monthly reports** may include qualitative comments on selected or excluded securities, based on an ESG analysis or on themes (sector-based, for example) linked to environmental, social or governance issues.

- **ESG indicators for each portfolio** are calculated by Independent Risk Control and are available to investors on request:
    - carbon footprints and carbon intensities ;
    - the ESG analysis coverage rate for portfolios classified under Article 8 - SFDR ;
    - the aggregate ESG rating of the portfolio compared with its benchmark.

- **Ellipsis AM intends to make ESG indicators available to all investors in the near future by including them in its monthly reporting.**

FOR CLIENTS OF MANDATES AND DEDICATED FUNDS

- For dedicated funds and management mandates, Ellipsis AM can incorporate ESG criteria to meet the client's specific needs. In this context, Ellipsis AM may apply specific exclusion rules, possibly with dedicated reporting on request.

1.3. List of financial products mentioned pursuant to Article 8 and Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, and the overall percentage share of assets under management taking ESG criteria into account in the total amount of assets under management

Portfolios ARTICLE 8 - SFDR	€ 1,059,665,455
	87% of AUM "FIXED INCOME
Ellipsis European Convertible Fund	€383,256,597
Ellipsis Global Convertible Fund	€127,060,193
Ellipsis Disruption Convertible Fund	€59,578,231
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Ellipsis Short Term Credit Fund	€10,117,809
Ellipsis Optimal Allocation - Credit	€73,649,140
Mandates and dedicated convertible funds	€317,882,412

- **Ellipsis AM does not have any funds with a sustainable investment objective classified under article 9 - SFDR.**

- **100% of our Convertible & Credit portfolios include an ESG approach in their management process:**

  - **100% of our convertible and credit funds are classified under Article 8 - SFDR.**

  - The **following are classified under Article 6 - SFDR:** dedicated funds and mandates managed on behalf of European institutional investors that integrate ESG commitments into the investment process, but for which there is no contractual commitment by the end of 2022. They are based on a suitability analysis questionnaire prior to the implementation of the tailor-made offer.

1.4. Consideration of environmental, social and governance criteria in the decision-making process for the award of new management mandates *by the entities referred to in Articles L. 310-1-1-3 and L. 385-7-2 of the Insurance Code*

Not applicable to Ellipsis AM.

1.5. Adherence by the entity, or by certain financial products, to a charter, a code, an initiative or a label on the consideration of environmental, social and governance quality criteria, *as well as a brief description of these criteria, in accordance with d) of 2 of article 4 of the above-mentioned regulation.*

A signatory of the UN PRI since 2019, Ellipsis AM has not signed up to a charter, code, initiative or obtained a label for one of its funds in 2021, but this initiative is one of the points of commitment to continuous improvement.

2. RESOURCES DEPLOYED

2.1. Description of the financial, human and technical resources dedicated to taking ESG criteria into account in the investment strategy, in relation to the total assets managed or held. *The description includes all or some of the following indicators: percentage share of corresponding full-time equivalents; percentage share and amount in euros of budgets devoted to environmental, social and governance quality data; amount invested in research; use of external service providers and data suppliers, etc.*

EXTRA-FINANCIAL ANALYSIS

- **Ellipsis AM will devote almost 20% of its total external research budget to extra-financial research in 2022.**

- **Sustainalytics is the only independent 100% extra-financial research provider on which** the management team relies. It has been specialising in ESG research and ratings for listed companies for almost 30 years. In particular, the managers have access to ESG scores, corporate governance ratings and research on controversies.

- The majority of financial research firms to which Ellipsis AM has access (around ten in total) include **an extra-financial angle in their financial research.** Examples include Morgan Stanley, BoFA Securities Europe, Barclays, Kepler Cheuvreux, BNP Paribas Exane and JP Morgan**.**

- This external research enables the management team to delve deeper into cross-cutting ESG themes or to enrich their ESG analysis of a specific sector or issuer.
- The quality of the non-financial analysis proposed by a financial research provider is a criterion in its own right when selecting external research.

AUM 2022 Fixed Income	€1,216 275 060
Research Budget 2022	€365,000
Sustainalytics ESG Research Budget	*€25,000*
Estimated share Extra-financial research within financial research	*€47,000*
FTE estimated on the basis of ESG projects broken down by business line *(mainly Management/CRI/Marketing/Compliance)*	1

HUMAN RESOURCES

Collective ownership of ESG issues is at the heart of our ambitions. Employees directly involved in projects take part in training courses and conferences to learn about best practice and the experiences of other asset management companies and financial institutions. In addition, throughout the year, and through a wide range of communication channels, in-house teams are made aware of ESG issues. This is essential to promote ESG as an integral part of Ellipsis AM's management model and culture.

The convertible management team was strengthened in 2019 with the recruitment of a dedicated analyst for the asset class, who interacts on a daily basis with the manager-analysts. This has enabled the team to step up its 360° multi-criteria analysis of convertible underlyings, from both a financial and extra-financial perspective, and to introduce an internal ESG rating methodology for issuers.

The other managers in other investment universes, such as high yield credit, are gradually adopting the research and risk monitoring tools already in place for the ESG evaluation of issuers. They have benefited from the system and resources already in place for the convertibles process to feed their 360° fundamental analysis.

The sales and marketing teams, through their regular monitoring and exchanges within the financial ecosystem, help to develop the system to meet investors' ESG expectations.

2.2. Actions taken to strengthen internal capabilities. *The description includes all or part of the information relating to training, communication strategy, development of financial products and services associated with these actions.*

In 2022, internal ESG capacity was strengthened through:

- **In-house ESG training for all staff and the recruitment of a** credit **manager** with ESG training and experience to the management team.

- **The implementation of synergies with Kepler Cheuvreux**, Ellipsis AM's shareholder from February 2022. The Group's consistent and substantial investment in extra-financial research over more than 10 years was a key factor in Ellipsis AM's decision to join. These include the production of ESG Profiles for more than 600 companies, with growing coverage, the use of a well-documented methodology, the production of scores and a recognised presence in Corporate Access, including events dedicated to extra-financial themes.

3. ESG GOVERNANCE

3.1 Knowledge, skills and experience of the governance bodies, in particular the administrative, supervisory and management bodies, in taking decisions on the integration of environmental, social and governance criteria into the investment policy and strategy of the entity and any entities it controls. The information may relate in particular to the level of supervision and the associated process, the reporting of results, and the competencies

ESG GOVERNANCE BODIES

ESG working groups

These cross-functional groups are set up for each ESG issue identified, whether corporate, regulatory or investment-related. They bring together different business lines within the structure to define the issues and commitments and, in a very operational way, the action plans to be implemented and the monitoring of achievements. They contribute to the overall ESG dynamic within Ellipsis AM. As example, we can mention the following projects for 2022: Production and broadcasting of multilingual RTS - Holding of the ESG Investors Club - Data Taxonomy/PAI/Engagement.

Risk Committee

This monthly meeting brings together the Independent Risk Controller, the Executive Board, the RCCI and the management team to discuss the results of the controls carried out as part of its duties, as well as any overruns. The review of ESG indicators is a separate item on the agenda.

Product Governance

ESG issues are included in the Product Governance Committee meeting when a new fund is launched. For existing funds, it is included in each annual review.

Supervisory Board

Ellipsis AM's Supervisory Board is kept informed of the achievements and commitments made by the management company in terms of ESG policy.

EXPERIENCE & SKILLS

Ellipsis AM's Management Board has been chaired by Gildas Hita de Nercy since 2012. The co-heads of the Convertibles & Credit division, Sébastien Caron and Nicolas Schrameck, joined the Executive Board in 2021. With an average of more than 15 years' professional experience, they manage the convertible portfolios that have been the driving force behind the ESG integration approach within Ellipsis AM's areas of expertise, initially from the angle of risk factors and governance, then with a broader approach to environmental and social criteria.

3.2 Inclusion, in accordance with Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, in remuneration policies of information on how these policies are adapted to the integration of sustainability risks, including details of the criteria for linking the remuneration policy to performance indicators

Ellipsis AM's remuneration policy takes sustainability risk into account in the same way as the other risks borne by the portfolios and covered by contractual commitments. In addition, to develop an ESG culture, Ellipsis AM seeks to involve as many employees as possible in the construction and development of ESG integration. As a result, many employees have been assigned ESG development objectives.

3.3 Integrating environmental, social and governance criteria into the internal rules of the board of directors or supervisory board

Ellipsis AM's Supervisory Board does not have any rules of procedure.

4. ENGAGEMENT, STEWARDSHIP AND VOTING POLICY

4.1. Scope of companies covered by the commitment strategy

Ellipsis AM implements its commitment through an active ESG approach to issuers. This involves dialogue with companies, during interviews carried out by the analyst managers with their senior executives or CSR (Corporate Social Responsibility) managers.

This dialogue provides a clear understanding of the company's ESG commitments and challenges, which are also linked more generally to its governance. In this way, management can look further into the risks identified or detect unidentified risks, which are not yet reflected in the external ESG rating, for example. These exchanges can also help to identify opportunities linked to ESG issues.

As part of this dialogue, the manager-analysts encourage companies to demonstrate ESG transparency, for example by publishing their ESG strategy, policies and results.

This engagement approach is used in particular when the management team has doubts about an issuer, for example about its communication, an event or an ESG rating from Sustainalytics that does not seem justified.

4.2. Presentation of the voting policy

Ellipsis AM has drawn up 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/En_Politique-engagement-vote.pdf

However, given our investment strategies (mainly bonds), the use of equity securities remains marginal and our role as a shareholder very limited.

4.3. Assessment of the engagement strategy implemented, which may include the proportion of companies with which the entity has initiated a dialogue, the issues covered and the actions taken to follow up this strategy.

Ellipsis AM does not draw up a commitment report as such, but conducts an **active dialogue with issuers by** telephone, video or e-mail.

As part of its management process, the convertible & credit management team meets issuers on a regular basis: on average, it holds around 120 meetings a year, at corporate conferences or one-to-one meetings.

Each commitment is the subject of a report in which the management team refers to ESG issues. Whereas in 2020/2021, the issues were more of a social nature, with food delivery and the harassment scandals at Ubisoft, in 2022 it is more often a question of exposure to renewable energies or questions of governance at the level of the company's management.

By way of example, we can mention commitments to convertible bond issuers:

- **2020-2021 - Social**: discussion on the home delivery sector with the financial directors of Delivery Hero and Just Eat Takeaway on the employment of employees. This commitment led us to a strong discrimination on the ESG scores of these companies according to the policies they have put in place.
- **2020** - **Social/Governance**: discussion with Ubisoft's investor relations teams on the measures put in place to put an end to this "policy" of harassment of women.
- **2021** - **Environment:** commitment with the CFO of Asos to create more "sustainable" collections (entirely recycled materials).

In 2022, these will most often be points on exposure to renewable energies or questions of governance at the level of the company's management. This year's examples include :

- *Michelin*: We're talking about tyre pollution;
- *TotalEnergies*: clarification of their overall energy transition strategy ;
- *Bureau Veritas*: new CEO and certification division to benefit from ESG trends ;

- *Atos*: communication problems between members of the management team.

4.4. Report on voting policy, in particular with regard to the tabling and voting at General Meetings of resolutions on environmental, social and governance issues

Ellipsis AM has not published an annual voting report as no voting rights were exercised in 2022, given our mainly bond investment strategies (see 4.2).

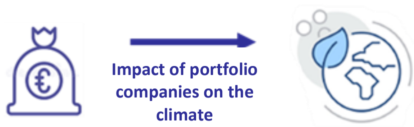
4.5. Investment strategy decisions, including sectoral disengagement. If the entity publishes a specific report on its shareholder engagement policy, this information may be included with reference to this article.

As part of the European *Sustainable Finance Disclosure* (SFDR) regulation (EU) 2019/2088, **Ellipsis AM has consolidated its ESG offering by taking into account the integration** of sustainability risk within its portfolios and its potential impact on profitability.

The "main negative impacts" (PAI) on sustainability factors, as defined in Article 7 of the SFDR Regulation, **are not currently taken into account** in the investment decisions of our funds, due to the lack of available and reliable data in the current state of the market. **Ellipsis AM does not prepare a report on the negative impact on sustainability factors** as defined in European regulations. This report, which is mandatory for management companies with more than 500 employees, requires at this stage significant resources that a management company of Ellipsis AM's size does not have.

RISK SUSTAINABILITY
impact of ESG events on the value of an investment

NEGATIVE IMPACTS on sustainability factors
Adverse impacts of investments on ESG factors



Our investment policies include an ESG approach for all portfolios, which implement an active management and stock-picking process based on the 3 principles set out below**:**

- 1er axis - through **policies of** systematic **exclusion,**
- 2e axis - ... supplemented by a priority filter on the **Governance** criterion, which may be eliminatory,
- 3e axis - ... finally, promoting **the integration of ESG criteria** (around the 3 axes - Environmental, Social and Governance) in the fundamental analysis of the securities selected.

A. 1st AXIS: EXCLUSION OF ISSUERS IN ESG SECTORS

Ellipsis AM applies an exclusion policy for all its portfolios under management (excluding index funds and those composed of index derivatives).

NORMATIVE EXCLUSION POLICY (OSLO AND OTTAWA CONVENTIONS)

In accordance with the AFG's recommendations of April 2013 (recommendations on banning the financing of cluster munitions and anti-personnel mines), we apply a policy resulting in a list of excluded companies based on (1) the status of certain weapons and (2) their potential end use:

- (1) Controversial weapons: these weapons have indiscriminate effects and cause unjustified injuries. Certain controversial weapons, in particular cluster munitions (as covered by the Oslo Convention of 3 December 2008), anti-personnel mines (as covered by the Ottawa Convention of 3 December 1997), chemical and biological weapons and nuclear weapons are regulated by international conventions.

- (2) Potentially irresponsible end-use of non-controversial weapons: the possibility of military, security or law enforcement equipment being used irresponsibly is a key issue for this sector. It is for this reason that certain countries are subject to international monitoring, international sanctions and specific arms embargoes.

We forbid ourselves :
- invest in securities issued by these companies and gain exposure to these securities via derivatives whose sole underlying is the company concerned;
- knowingly offer an investment service to a company on the list of excluded companies.

RISK COUNTRY EXCLUSION POLICY

Since 2021, ELLIPSIS AM has enhanced its ESG methodology and specifically takes into account **country risk via the FATF** (Financial Action Task Force) **lists** and the **European list of non-cooperative countries and territories.**

Our convertible and credit portfolios are not exposed to the risk countries on the FATF lists via the country risk of the economic issuer, given our investment universes. However, they may be marginally exposed via the country risk of the legal issuer. We undertake to systematically analyse this governance risk, as the use of issuance vehicles in high-risk countries may be motivated by reasons that we consider to be non-legitimate (aggressive tax optimisation or opacity schemes) or legitimate (low legal costs, securing assets).

- No investments in countries on the FATF blacklist for all managed portfolios.

- For convertible & credit funds*:* Ellipsis AM undertakes to systematically analyse issuers (economic and legal) on the FATF grey list and the European list of non-cooperative countries and territories. The conclusion of the analysis is reflected in the ESG rating established by the management team and may lead to exclusion.

In April 2022, we implemented the measures prohibiting subscriptions against Russian or Belarusian nationals in accordance with the provisions of Article 5f of amended European Regulation 833/2014.

- **Blacklist / High-risk jurisdictions**: *Democratic People's Republic of Korea and Iran.*
https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2021.html

- **Grey list / Jurisdictions under increased surveillance:** *Albania, Barbados, Botswana, Burkina Faso, Cambodia, Cayman Islands, Ghana, Jamaica, Mauritius, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Senegal, Syria, Uganda, Yemen, Zimbabwe.*
https://www.tresor.economie.gouv.fr/Articles/2021/03/10/pleniere-du-gafi-retour-sur-la-pleniere-de-fevrier-2021
http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-february-2021.html

- **European list of non-cooperative countries and territories:** *American Samoa, Anguilla, Dominica, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, US Virgin Islands, Vanuatu, Seychelles.*
https://www.consilium.europa.eu/fr/policies/eu-list-of-non-cooperative-jurisdictions/

EXCLUSION POLICY IN SENSITIVE SECTORS

Ellipsis AM submits its investment vehicles to exclusion lists on sensitive sectors, with the exception of index instruments for which the choice of instruments is not discretionary.

BNP Paribas Group sectoral exclusion policies

For a number of years, Ellipsis AM has relied on the Corporate Social Responsibility (CSR) policy of BNP Paribas, a shareholder in the Exane Group to which the management company belonged until the end of January 2022. We integrate the BNP Paribas Group's sector policies, which require ESG requirements to be taken into account, into our exclusion filters. The BNP Paribas Group supports the 17 Sustainable Development Goals (SDGs) as part of its Corporate Social Responsibility (CSR) policy.

For more information, visit the BNP Paribas Group website:

https://group.bnpparibas/en/group/at-the-service-of-our-clients-and-society/supporting-transitions/financing-and-investment-policies

Areas of exclusion in BNP Paribas' sensitive sectors

Sectoral policies focus on two main areas:

- **The fight against climate change**, with an energy transition component and a deforestation component
- **The defence of human rights** through the defence of human rights.

8 sensitive sectors are concerned:

Defence: While recognising the right of states to defend themselves and protect their national security, the Group takes into account the fact that the defence sector presents specific ESG risks linked to the status of certain weapons, their potential end use and the risk of corruption.

Palm oil: This activity is an essential source of income and provides a livelihood for millions of people in developing countries. However, the exploitation of palm oil plantations can have various harmful effects on local communities, climate change and ecosystems.

Pulp: Pulp production is a major source of income, providing a standard of living for millions of people in both developed and emerging countries. However, demand for paper-based products is set to increase over the next decade, and this is likely to have an impact on the global environment.

Agriculture: Accounting for 6% of global GDP and 30% of jobs, agriculture is a key sector of the economy. However, if it is not properly managed, its development could have many harmful consequences for local communities, ecosystems and climate change.

Coal-fired power generation: Coal, as a major source of CO2 emissions, plays a key role in climate change. In line with the objectives of the Paris Agreement, BNP Paribas wishes to support companies in their strategy to move away from coal, while at the same time accompanying its clients actively engaged in the transition required by the climate emergency.

Mining: The mining sector extracts mineral resources, which are the basic building blocks for most sectors of the economy. It also represents a significant proportion of gross domestic product in many countries. However, these considerations must be set against the environmental, social and governance risks associated with the mining industry, including the Group's strategy to exit the thermal coal value chain.

Oil and gas: Following the adoption of the Universal Paris Climate Agreement in December 2015, BNP Paribas, a long-standing partner of the energy sector, joined the international effort to limit global warming to less than 2°C above pre-industrial levels. Since then, the Group has made a strong commitment to the energy transition and has announced a new global policy for financing the exploration, production and transportation of unconventional hydrocarbons.

Nuclear energy: Countries that have chosen to develop their nuclear industry consider that it has positive impacts, particularly on economic development, security of energy supply and the reduction of greenhouse gases. By publishing this policy, BNP Paribas wishes to ensure that the projects it helps to finance comply with the principles of environmental and social impact control and mitigation for the nuclear energy sector.

These policies go further than the regulations in force in the various countries. They contain both mandatory and exclusionary criteria and result in the identification of excluded issuers and issuers under watch for issuers that are making progress but have not reached the level of the sector policies. The aim is not to achieve a significant reduction in the investment universe, nor to penalise companies that are positioned in sensitive sectors, but rather to **identify 'bad performers'** and issuers that are reluctant to implement the transition that is so necessary.

SVVK-ASIR exclusion policies

From 2023 onwards, Ellipsis AM will include the list of the Swiss Association for Responsible Investment SVVK-ASIR (https://svvk-asir.ch/en/exclusion-list) for all its actively managed UCIs. This list covers the exclusion of cluster munitions, nuclear weapons and anti-personnel mines, as well as conduct.

For more information, visit: https://svvk-asir.ch/en/exclusion-list

B. 2nd AXIS: FILTER ON THE G CRITERION AND CONTROVERSIES

ELIMINATORY FILTER ON GOVERNANCE

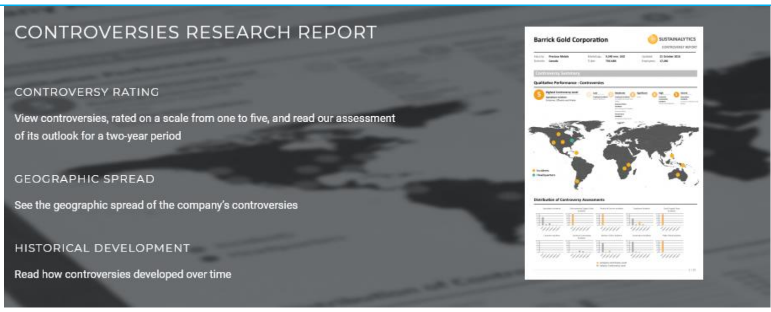
Since its creation, Ellipsis AM has always paid particular attention to corporate governance. The criteria analysed relate to the management structure, accounting and tax practices, the integrity of management, the composition of the board of directors (independence, dispersion, expertise), the aggressiveness of financial communication and the probity of the corporate culture.

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 area of analysis within our process is a mandatory pre-requisite that can trigger an issuer's exclusion, as poor governance cannot be offset by another positive factor.

Companies with poor governance have a higher level of operational, fraud, corruption and reputational risks, and are less able to deal with them when they occur (less resilience). Poor governance can therefore have a major impact on the performance of a company's assets. This is why, as a credit investor, this G criterion comes into play in our stock selection process as early as the credit quality analysis, both to assess the reputational risk that could call into question the viability of the business model and to generate credit stress.

ANALYSIS OF CONTROVERSIES

Controversy analysis is a central tool for assessing financial and non-financial risks. In practical terms, it involves identifying incidents and events likely to have a negative impact on stakeholders, the environment or a company's activities, and assessing the company's exposure to ESG risks.



Ellipsis AM's management is based on Sustainalytics' analyses and ratings in this area. Events are classified into 10 topical areas and rated on a scale of one to five, depending on the reputational risk for the company and the potential impact on stakeholders and the environment.

C. 3E INTEGRATION OF ESG CRITERIA

The ESG integration policy means taking environmental, social and governance criteria into account when selecting securities. This approach contributes to the overall assessment of a security's risk/return profile: it is fully integrated into the investment process insofar as it is an integral part of the selection stage and the analysis is carried out directly by the management team.

This ESG integration approach is in place for all our actively managed convertible and credit portfolios.

COVERAGE IN ESG ANALYSIS

For the convertible and credit portfolios: management ensures overall ESG analysis coverage of more than 90% of the securities held in the portfolios and in their respective benchmarks, across all credit risk categories (investment grade/high yield).

SELECTIVE APPROACH BASED ON THE 3 ESG CRITERIA

For convertible portfolios: management takes sustainability risk into account in its investment decisions. It seeks to favour companies with good ESG practices **by systematically eliminating at least 50% of the stocks in the lowest-rated 15% of the investment universe,** represented by the benchmark index.

RATING IMPROVEMENT APPROACH

For convertible and credit portfolios*:* in addition to the individual selective approach aimed at eliminating the lowest-rated securities, management ensures that the overall sustainability risk of the portfolio is reduced. **The average ESG rating of the convertible portfolio concerned must be better than that of its benchmark.**

Overview of ESG 2022 focuses in monthly convertible reports

The contents of this document should not be understood as an investment recommendation either within the meaning of the European Market Abuse Regulation (MAR n°596/2014 of 16 April 2014) or within the meaning of MiFID2 Directive n°2014/65/EU of 15 May 2014. Any instrument or issuer mentioned is intended only to illustrate past situations and, as such, developments in this context should not be understood as forward-looking. These opinions are based on the expertise of Ellipsis AM's fund managers, as applied in their management of funds and mandates. These portfolios may be exposed to the sectors, strategies and instruments mentioned in this document and future management decisions are not constrained by the statements and analyses reported and may even be reversed.

E.S.G Commentary focused on the Environmental / and or Social / and or Governance criteria.

JANUARY 2022

S. In his indictment of the world leader in **retirement homes** (Les Fossoyeurs), Victor Castanet denounces the mistreatment of patients, a relentless pursuit of profit (optimisation of staff, supplies and equipment), questionable governance (remuneration of directors based mainly on financial KPIs), and potential tax fraud (retro commissions, false contracts). The controversial nature of these allegations and the new financial investigations currently underway lead us to believe that new regulations could soon be introduced, resulting in strong pressure on margins and a consequent increase in financial leverage across the sector. We have therefore decided to exit Korian and Orpea in their entirety.

FEBRUARY 2022

E. One of the consequences of reinforced European cohesion following this conflict could be the acceleration of the **energy transition**. Europe needs to gain greater control over its energy independence, and could focus on deploying solar, wind and nuclear energy sources to reduce its dependence on Russian gas and oil in the medium term. The green energy sector, which has been heavily represented in the convertible bond market over the past two years, could be the big winner from this rise in energy prices.

MARCH 2022

E. Political changes in Europe (energy independence, rearmament), which are one of the consequences of the Russian-Ukrainian conflict, could call into question ESG commitments that sometimes prohibited investment in **armaments** or **fossil fuels**. Germany, in particular, is significantly increasing its defence budget (2% of GDP) and is considering extending the life of its coal-fired power stations and reinvesting in nuclear power. This new political climate could lead to an adjustment of ESG commitments by incorporating a geopolitical aspect that includes a notion of balance between sovereignty, respect for human rights, energy independence and the pace of decarbonisation. Certain stocks could therefore benefit from renewed interest, such as those exposed to coal (Glencore, Ivanhoe Mines), nuclear power (EDF) and arms.

APRIL 2022

E. The European Union is currently working on solutions to put an end to Russian **gas** imports. To avoid jeopardising its economy, it must increase its gas imports via pipelines from Norway and Algeria, but also turn to liquefied natural gas (LNG) from the United States and Qatar. The use of LNG is not self-evident from an environmental and infrastructure point of view. It requires a strengthening of the interconnection network and new gasification stations. Such investments require long-term visibility on the share of LNG in the energy mix. Today, LNG is not categorised as a sustainable energy source; it is certainly much less polluting than coal, but its carbon footprint is still 2x that of gas. In the convertible bond market, stocks with exposure to LNG include BP, TotalEnergies and GTT.

MAY 2022

E.G. The US Department of Commerce has opened an anti-dumping investigation into the origin of **solar panel** components, delaying a large number of solar farm projects scheduled for this year. The imports, 80% of which come from Southeast Asia, may have circumvented measures prohibiting the import of Chinese components by passing through neighbouring countries. This investigation, which should be concluded by the autumn, illustrates a dilemma facing every Western state: accelerating the development of renewable energies while simultaneously reducing their dependence on China (in this case) or Russia (for raw materials in Europe).

JUNE 2022

S. In the race for profitability, tech companies have stepped up the pace of recruitment cuts and freezes, and above all redundancy plans. In this sector, there will be almost 60,000 redundancies by 2022, including 20,000 in June. Elon Musk, for example, has said that he needs to make 10% of Tesla's workforce redundant. As the COO of Meta announced, these companies now want to "operate leaner, meaner, better executing teams". The **social policies** of these companies are coming face to face with the reality of their profit and loss accounts, and are making a drastic U-turn. After having recruited massively and rapidly, offering very attractive salaries, they find themselves laying off large numbers of employees all at the same time.

JULY 2022

E. The heatwave that hit most developing countries this summer, coupled with the conflict with Russia that is limiting access to gas, is prompting governments to rethink the **energy transition** and accelerate the switch to renewable energies. In Europe, nuclear energy has finally been included in the EU taxonomy, the French government is nationalising nuclear leader EDF and the German government is now considering postponing the closure of its nuclear power stations. In the US, Senator Joe Manchin has surprisingly decided to back a bill to reduce greenhouse gas emissions, which could be approved next month, ahead of schedule. This would support solar players such as SolarEdge, Enphase, Sunnova, Neoen and Voltalia in the convertible bond universe.

AUGUST 2022

E. The Inflation Reduction Act (IRA) was signed by President Biden in mid-August to accelerate the **decarbonisation of** the US economy. The bill demonstrates the United States' commitment to the climate crisis, following the lead of the EU, which has pledged to implement its own "Fit for 55" decarbonisation programme by mid-2021. The IRA includes a wide range of tax credits for wind, solar and fuel cells (all extended), as well as new credits for green and blue hydrogen, nuclear power and battery storage. Other support provisions include significant subsidies for domestic manufacturing of solar, wind and battery products. This should benefit many clean technology companies in the convertible space, such as Enphase, Neoen, NextEra Energy, Plug Power, Voltalia, SolarEdge and Sunnova.

SEPTEMBER 2022
E. The EU has been working for some time on a **European eco-label** that would go beyond Articles 8 and 9 and be based on the Green Taxonomy. At present, the European market is highly fragmented in terms of ESG labels, with many national labels coexisting, such as the French SRI label, FBG-Siegel, LuxFLAG, the Belgian Towards Sustainability label, the Austrian eco-label, Nordic Swan and Greenfin. There is strong competition between the various countries developing sustainable finance systems, with each hoping to impose its own standard. They all have different criteria (exclusion of fossil fuels, nuclear and controversial weapons, sector exposure, best-in-class thematic strategies), which makes it difficult to follow a consistent standard of ESG practices for pan-European funds. While French and Belgian funds currently appear to be in the lead, with 75% of assets under management in the EU labelled, the new European eco-label could change the game if adopted by Europe's major asset managers.

OCTOBER 2022
E. The Inflation Reduction Act (IRA) marked the most ambitious **climate** legislative action the US has ever taken, which we believe will have a profound effect on all sectors over the next decade. Two months after its announcement, we estimate that total public spending on climate could amount to around $800 billion over 10 years. To put these figures into perspective, this is roughly equivalent to capital expenditure in the oil and gas sector. We believe this creates a huge opportunity for solar, wind, battery deployment and manufacturing, clean hydrogen and carbon capture.

NOVEMBER 2022
E. **COP27** was held this month in Sharm el-Sheikh. Although no new climate change mitigation targets were set this year, the focus was on financing, an urgent issue in this macro-environmental context. With interest rates rising worldwide, the cost of financing new energy projects has risen considerably. A number of financing methods have been discussed, such as blue bonds. The first blue bond was issued in the Seychelles in 2015, followed last year by Barbados and Belize. These bonds are generally long-term, benefit from lower financing rates and can be backed by an international organisation that aims to protect the environment or even the World Bank.

DECEMBER 2022
E. The sharp fall in Tesla's share price (down around 60% since mid-September) raises a number of questions about the future of **electric vehicles**. Are we sure that batteries are the only way to decarbonise transport? Is the technology cheap enough? Will our electricity grid be ready? Are we ready to recycle these batteries cost-effectively? Are the enabling policies viable? While we might be tempted to answer 'yes' to all of these, it's worth looking around us to see what the other options might be. For example, Porsche recently (20/12/2022) mentioned that it was working on a synthetic fuel called 'efuel' made from water and CO2 using renewable energy.

5. EUROPEAN TAXONOMY AND FOSSIL FUELS

5.1. Share of outstanding amounts relating to activities in compliance with the technical review criteria defined within the delegated acts relating to Articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to stimulate sustainable investment and amending Regulation (EU) 2019/2088, in accordance with the delegated act adopted under Article 8 of that Regulation

Our portfolios are not currently in a position to make a commitment to a minimum of activities aligned with the Taxonomy Regulation. Indeed, the underlying investments of our funds 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 "do no material harm" principle does not apply to the underlying investments of our funds.

After analysis, we considered that this data could not be calculated for Ellipsis AM funds for the 2022 financial year because, on the one hand, it is not published reliably by the issuers and, on the other hand, we did not have a supplier. In 2023, our aim is to select a data provider to obtain an initial production of metrics and then to assess the relevance of the results obtained with a view to progressing in our alignment with the Taxonomy Regulation.

For fossil fuels, see section 4.5. COMMITMENT STRATEGY in the focus on exclusion policies for ESG-sensitive sectors and the specific exclusion policy for coal.

5.2. Share of exposure to undertakings active in the fossil fuel sector, within the meaning of the delegated act pursuant to Article 4 of this Regulation

Share of total assets in companies active in the fossil fuel sector at 31/12/2022 :

5.32% *if we take into account any entity deriving even insignificant income from this sector - see PAI 4 SFDR and on the basis of all open funds (convertible & credit)*

0.87% *if we consider for each company the % of its economic activities (turnover) linked to fossil fuels, weighted by its weight in the total assets of the management company*

6. STRATEGY FOR ALIGNMENT WITH THE PARIS AGREEMENT

At the end of 2022, Ellipsis AM does not have a strategy for alignment with the Paris Agreement for Fixed Income. We find it difficult to construct an alignment strategy applicable to our convertible & credit investment universes, due to the lack of reliable data available to identify issuers that are aligned with the objective of increasing global temperature to below 2 degrees.

We remain committed to taking this objective into account when analysing the environmental criteria of issuers in our portfolios, and to identifying new sources of information and research that would make it possible to integrate this commitment into our analysis criteria.

7. STRATEGY FOR ALIGNMENT WITH LONG-TERM BIODIVERSITY OBJECTIVES

At the end of 2022, Ellipsis AM does not have a strategy aligned with long-term biodiversity objectives.
We find it difficult to build an alignment strategy applicable to our convertible and credit investment universes, due to the lack of reliable data available to identify issuers concerned by biodiversity.

It should be remembered that the materiality of biodiversity can be twofold: on the one hand, the dependence of a company or sector on the ecosystem services provided by nature and, on the other, the impact of their activity on natural capital.

Over the period 2023-2024, we intend to feed our thinking through exchanges with suppliers of tools and data (e.g. Sustainalytics, CDC Biodiversité, Carbon 4 Finance) to assess the impact of our investments. Among the classifications derived from the European taxonomy, we have identified a related and applicable axis for taking into account commitments in terms of biodiversity: the sustainable use and protection of water and sustainable resources.

8. ESG CRITERIA IN RISK MANAGEMENT

8.1. The process for identifying, assessing, prioritising and managing risks relating to the consideration of environmental, social and governance quality criteria, the way in which risks are integrated into the entity's conventional risk management framework, and the way in which this process meets the recommendations of the European supervisory authorities of the European System of Financial Supervisors.

ESG risk management is integrated into every stage of the portfolio lifecycle.

AS PART OF PRODUCT GOVERNANCE

- **When the portfolio is designed**, its ESG profile and objectives are defined by the Product Governance Committee, which brings together the management team and all the management company's business lines.
- **At the annual review of the fund or mandate,** the ESG investment strategy is assessed. The strategy may be re-evaluated or enhanced on the basis of proposals from the various business lines, approved by the Executive Board.

AS PART OF RISK CONTROL

Independent Risk Control (IRC) includes risk monitoring and ESG indicators.

Monitoring issuers excluded from pre-trade

The CRI is responsible for setting pre-trade bans on all issuers affected by exclusion policies (Oslo & Ottawa conventions, BNP Paribas Group sectoral financing and investment policies, FATF lists, SVVK-ASIR list).

- **Excluded issuers are parameterised in our front-end information system** (SimCorp Dimension) by Independent Risk Control (IRC).
- They **cannot be invested in pre-trade control**: orders are systematically blocked by the fund managers.

ESG contractual firm limits

On a daily basis, the CRI monitors the contractual limits in place for actively managed bond portfolios, such as the minimum ESG analysis coverage rate, as well as those specific to convertible portfolios, such as reducing the investment universe or improving the rating compared with the benchmark.

Internal ESG risk rating

The internal ratings workflow enables the management team to define a rating when an issuer is not rated or to revise an existing Sustainalytics rating. The CRI validates the rating proposals so that they can be taken into account in the information systems.

ESG risk score and corporate governance

The CRI calculates an aggregate ESG risk score and Corporate Governance score for the convertible portfolios and their benchmarks, with details of absolute and relative contributions per line. These data are calculated on the basis of raw data from the extra-financial data provider Sustainalytics, supplemented by internal ratings carried out by the managers (additional ratings where no rating exists and revised ratings based on their own assessment). The results of these calculations are monitored and made available to the management teams through dedicated daily reports.

In addition, overweight positions in companies with a low ESG risk rating or corporate governance score are reviewed and justified at the Risk Committee meeting.

Monitoring controversies

The CRI has set up a controversy monitoring system for issuers in its portfolio whose level of criticality is judged to be high, or whose level of criticality is increasing.

The reputation risk score aims to identify companies involved in incidents that could have a negative impact on the environment or the company's activities. Two levels of monitoring are communicated daily to the management teams:

- Companies whose level of controversy is established as at least significant according to the Sustainalytics score and which are positioned in the convertible portfolios.
- Companies whose level of controversy has deteriorated for the information of convertible and credit managers.

EXTERNAL AUDITS

The periodic RTS SFDR is approved by the Statutory Auditor as an appendix to the fund's annual report.

8.2. A description of the main environmental, social and governance risks taken into account and analysed, which includes, for each of these risks :

i) A characterisation of these risks, in particular whether they are current or emerging, exogenous or endogenous to the entity, their occurrence, their intensity, and the time horizon which characterises them;

ii) A segmentation of these risks according to the following typology, as well as a descriptive analysis associated with each of the main risks, including the associated risk factors, such as public policies, market behaviour or technological developments:

-Physical risks, defined as exposure to the physical consequences of environmental factors such as climate change or loss of biodiversity;

-transition risks, defined as exposure to changes brought about by the ecological transition, in particular the environmental objectives defined in article 9 of the above-mentioned regulation;

-Risks of litigation or liability linked to environmental factors;

iii) An indication of the economic sectors and geographical areas concerned by these risks, whether they are recurring or one-off, and their weighting, if any;

iv) An explanation of the criteria used to select significant risks and the choice of any weighting;

Sustainability risks are included in portfolio risk mapping and are monitored and controlled in accordance with Ellipsis AM's risk policy. They are integrated into the governance and control framework already in place for monitoring other risks. In this report, Ellipsis AM has endeavoured to define the various risks mentioned.

Physical risks are defined as exposure to the physical consequences of environmental factors, such as climate change or biodiversity loss. They refer to the financial effects of climate change (such as an increase in extreme weather events or gradual changes in climate) and environmental degradation (such as pollution, water stress, loss of biodiversity or deforestation). These are the direct effects of climate change on the company.
Transition risks are defined as exposure to changes brought about by the ecological transition. They refer to the financial loss that a company may incur, directly or indirectly, as a result of the process of adapting to a low-carbon and more environmentally sustainable economy. This risk includes, in particular, regulatory risk (linked to a change in public policy: prohibition or restriction of certain activities, changes in taxation), technological risk (linked to innovations and technological breakthroughs favourable to the fight against climate change) and market risk (changes in supply and demand on the part of companies, households or financial players). Overall, these are the effects of a company on climate change.

These two types of risk are complemented by the risks of litigation or liability linked to climate change and biodiversity.

RISKS	SUB-RISKS	PROBABILITY INTENSIVE	HORIZON	IMPACT
PHYSICAL RISKS	- Carbon emissions - Carbon intensity - Water stress - Preserving biodiversity *Sectors: all* *Zone : World*	Strong to medium depending on sector & company Current character, exogenous & endogenous to the company	CT: 1 year MT: 2030 LT: 2050	
TRANSITION RISKS	- Financing **environmental** impact - Exposure to renewable energies - Pollution risks - Risk of waste - Recycling - Exclusion of emitters involved in coal - Risk of exceeding the temperature trajectory °C *Sectors: all* *Zone : World*	Strong to medium depending on the sector & company Current character, exogenous & endogenous to the company	CT: 1 year MT: 2030 LT: 2050	Risks that could lead us not to invest in/exclude the issuer from our portfolios
BIODIVERSITY RISKS	- Risk of deforestation - Risk of disruption to biodiversity - Exposure to areas of high water stress - Exposure to geographical areas highly vulnerable to climate change *Sectors: all*	Strong to medium depending on the sector & company	LT: 2050	

	Zone : World	Current character, exogenous & endogenous to the company		

SOCIAL RISKS	- Risks linked to the lack of diversity and equal opportunities for all - Risks associated with the lack of continuous training and professional development - Work management risks - Employee health risks - Employee safety risks - Risks relating to labour standards in the supply chain - Product safety and quality risks - Confidentiality and data security risks - Demographic risks - Risks linked to opportunities in terms of nutrition and health - Risks relating to compliance with the United Nations Global Compact *Sectors: all* *Zone : World*	Strong to medium depending on sector & company Current & emerging character, exogenous & endogenous to the company	MT: 2030	Risks that could lead us not to invest in/exclude the issuer from our portfolios

GOVERNANCE RISKS	- Risks relating to the governance structure, - Risks relating to the independence of the Board - Risks relating to executive remuneration, - Risks relating to regulated agreements, - Risks of instability and corruption, - Risks relating to business ethics - Risks associated with anti-competitive practices - Risks associated with tax transparency - Compliance with the United Nations Global Compact - Risks associated with employee turnover *Sectors: all* *Zone : World*	Strong to medium depending on sector & company Current & emerging character, exogenous & endogenous to the company	MT: 2030	Risks that could lead us not to invest in/exclude the issuer from our portfolios
LIABILITY RISKS	- Controversies - Exclusion of transmitters involved in controversial weapons *Sectors: all* *Zone : World*	Strong to medium depending on sector & company Current & emerging character, exogenous & endogenous to the company	CT: 1 year	Risks that could lead us not to invest in/exclude the issuer from our portfolios

8.3. An indication of the frequency of review of the risk management framework ;

See details of the risk management framework in 8.1.

- Product governance: at least **annually**
CRI internal controls (monitoring of issuers excluded in pre-trade, firm ESG contractual limits, controversies, internal ESG risk ratings, ESG and Corporate Governance risk scores): **daily**
- External control (audit, CAC, etc.): periodic, at least **annually**

8.4. An action plan to reduce the entity's exposure to the main environmental, social and governance risks taken into account

As a reminder, none of the portfolios managed by Ellipsis AM reaches the €500m threshold. The question therefore relates to the management company's sustainability risk management policy to reduce the risks identified and assessed.

To date, Ellipsis AM has not established an overall strategy for reducing its exposure to the main ESG risks (which may affect both assets and liabilities).
In order to define this strategy, Ellipsis AM has embarked on a preliminary and, from its point of view, essential step: obtaining quantitative and qualitative sustainability metrics and indicators. Mapping the Principal Adverse Impact (PAI) for all portfolios has been identified as a key challenge in the management company's roadmap.
Subject to obtaining relevant and usable measures, Ellipsis AM aims to draw up a 2023-2024 action plan. At the same time, Ellipsis AM will continue to invest in ESG risk analysis capacity, in particular as part of the synergies with Kepler Cheuvreux.

8.5. A quantitative estimate of the financial impact of the main environmental, social and governance risks identified and the proportion of assets exposed, as well as the time horizon associated with these impacts, at the level of the entity and the assets concerned, including in particular the impact on the valuation of the portfolio. If a qualitative statement is published, the entity should describe the difficulties encountered and the measures envisaged to quantitatively assess the financial impact of these risks.

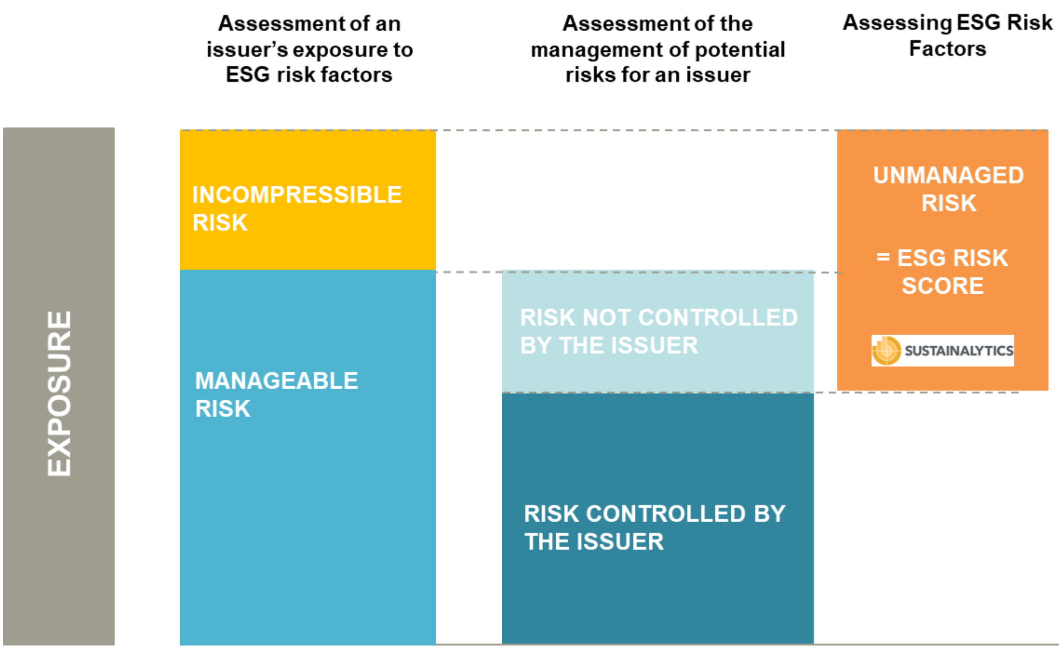
At the end of 2022, Ellipsis AM is not in a position to quantify the overall financial impact of ESG risks on its portfolio assets. This calculation is difficult to carry out because it requires sophisticated models based on numerous assumptions that can vary greatly from one player to another for the same risk in the absence of standardised data. The impact can be estimated qualitatively on a case-by-case basis when analysing an issuer for a specific identified risk (see table in 8.2.).

8.6. An indication of changes in methodological choices and results

A. FRAMEWORK FOR USING EXTERNAL ESG RESEARCH

Since 2018, Ellipsis AM has relied on Sustainalytics ESG scores (see section 2. MEANS USED). Sustainalytics covers more than 95% of convertible issuers (Europe and Worldwide). Through this research, Ellipsis AM managers have access to ESG risk analysis by issuer, ESG risk scoring with granularity by risk factor, a governance analysis module and a controversy alert engine.

Contribution of Sustainalytics research our 360° fundamental analysis



Access to Sustainalytics research enables managers to focus their analysis time on the risk factors for a company. In a second phase, dialogue with financial analysts and the company itself enables them to delve deeper into cross-cutting ESG themes or to enrich their ESG analysis of a specific sector or issuer.

External research also relies on financial research providers who have added an in-depth extra-financial angle to their qualitative analysis. The financial analysts of these companies focus on a very limited number of companies (often no more than 10), giving them a good understanding of the issues facing the company they are following.

B. LIMITATIONS OF ESG METHODOLOGIES AND DATA AND POSSIBLE AVENUES FOR DEVELOPMENT

External ESG research does not cover the entire investment universe for niche asset classes or specific financial instruments (indices, derivatives, etc.).

➔ We closely monitor the emergence of appropriate research and ESG indices in our main investment areas: convertible bonds and listed derivatives.

Ellipsis AM has identified the following structural limitations inherent in ESG 'big data':

- Asymmetry of information - Company publications are drawn up on a declaratory basis. Although reporting requirements are becoming more stringent, they still vary from one geographical area to another.

- Past data - Publications relate a past situation. The governance and policies pursued by a company require a more dynamic approach, which can be based on a range of clues when discrimination is not sufficiently efficient. This means that the analysis is not necessarily based on established certainty.

➔ We have sought to develop a complementary and contrarian approach, which has naturally become necessary for the Ellipsis AM management team, given the current limitations of ESG 'big data'. In 2022, we aim to make the most of possible synergies with analysts within the Kepler Cheuvreux Group.

- Dissemination of non-financial information - It is impossible to take account in real time of the impact of events affecting companies and of instant controversies. There are long delays between the announcement of a controversy and the company's change of view/rating, because some research providers offer companies the right to reply. For example, it can take up to several months to adjust a rating following a new risk identified during a controversy.

➔ We have continued our efforts to develop a policy of active dialogue with issuers. In 2022, we aim to make the most of possible synergies with the corporate access ESG service offered by the Kepler Cheuvreux Group.

- Risk of offsetting and dilution - The aggregation of data used to compile a rating entails the risk of offsetting criteria or diluting priority criteria.

➔ We have continued our efforts to improve our data aggregation processes. In 2022, we aim to make the most of possible synergies with the Kepler Cheuvreux Group's ESG research, in terms of data and scoring.

In conclusion, qualitative ESG analysis, applied to a hybrid asset class such as convertible bonds or high yield, requires an appropriate methodology.

8° bis-For the publication of the information referred to in 8°, the entity shall ensure that the environmental, social and governance criteria taken into account in risk management comply with the following methodological criteria, concerning :

a) The quality of the data used :
A reference to the use, as soon as possible, of methodologies based on prospective data, and an indication, where appropriate, of the relevance of using methodologies based on historical data

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A. SELECTION PROCESS FOR THE CONVERTIBLES & CREDIT DIVISION WITH ESG INTEGRATION

ESG analysis enriches the stock selection process at various stages:

1. **Qualitative analysis of credit risk**, aimed at ensuring the sustainability of the issuer's business and financial model. This analysis is based on an assessment of credit quality enhanced by a systematic assessment of the quality of governance (e.g. integrity of management, independence of the board of directors, accounting and tax practices, etc.), reputational risks and regulatory risks. In this way, each criterion contributes to the qualitative assessment of credit risk without necessarily being disqualifying on its own. The aim is to avoid issuers that could be penalised by the market in the short or medium term for their default risk, their governance practices or the impact of a regulatory change on their business model. This first level of analysis may lead to the exclusion of a security.

2. **A 360° multi-criteria analysis (financial and ESG) is used to** select and calibrate positions.

   Compromises" between financial and extra-financial arguments are possible because ESG issues are not the only discriminating factors. They contribute to the overall assessment of an instrument's risk/return profile.

B. ESG RATING METHODOLOGY ELLIPSIS AM

Internal ESG ratings are established by the manager-analysts in the Convertibles & Credit division on the basis of external extra-financial research - mainly Sustainalytics scores - and internal discretionary assessment.

They were introduced from 2020 on convertible portfolios and then gradually on credit portfolios. The methodology is now applied to all portfolios managed by the Convertibles & Credit division and addresses the 3 criteria: Environmental, Social and Governance.

Internal ratings meet 2 objectives:

- broaden the scope of coverage to meet our commitments on ESG analysis coverage (e.g. minimum 90% of securities held in convertible portfolios, all credit risk categories combined (investment grade, high yield)).

- to refine the quality of our extra-financial analyses and make our selection process more discriminating in order to strengthen the relevance of our stock investment choices.

The scope of securities eligible for internal rating primarily concerns :

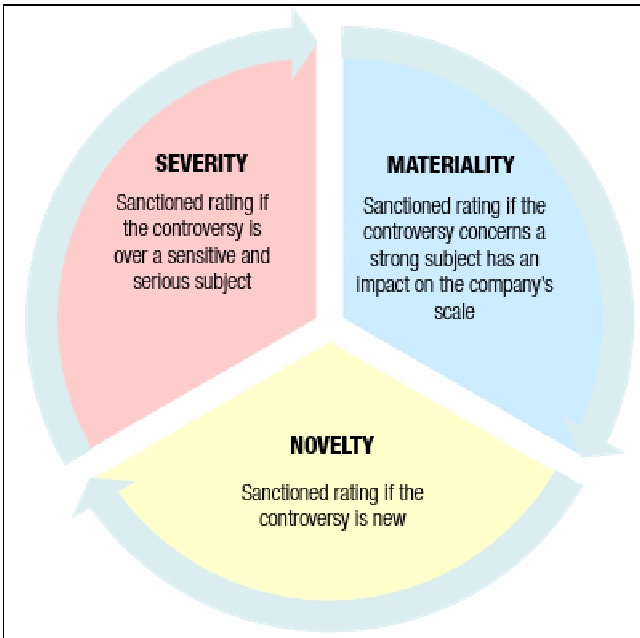
- case 1 - assign a rating to securities that are not tracked by Sustainalytics and do not yet have a score. This is particularly the case for unlisted or recently listed companies but represents a marginal proportion of the investment universe (<3%).

- case 2 - revise Sustainalytics' initial scores upwards or downwards. The decision to upgrade or downgrade is the result of an internal process identifying securities for which the issuer's rating is not consistent with the ESG risk of the security. To date, our approach has enabled us to re-evaluate around 10% of Sustainalytics scores.

Below is a 3-year review of the ESG ratings carried out by the Convertibles & Credit division:

Internal ratings	2020	2021	2022
No note	**7**	**8**	**1**
Supplier note review	**8**	**14**	**15**
Green bond issues	*-*	*7*	*2*
Linked to a thematic bias	*8*	*4*	*2*
TOTAL	**15**	**22**	**16**

Controversy analysis is a central tool in sustainability risk assessment. It is an important trigger for the management team in the ESG rating review process, upstream of the scores provided by Sustainalytics.



The decision to revise an ESG score is taken by the management division and may be linked to the need to take rapid account of the emergence of a controversy in the overall analysis of an issuer or to the need to address a specific environmental, social or governance issue.

To assess a controversy, Ellipsis AM takes into account 3 areas of analysis: its seriousness (does the controversy concern a sensitive and serious subject?), its materiality (does the controversy concern a subject with a high impact at company level?) and its novelty.

In 2022, we can cite the case of the Korian and Orpea controversy: management took the decision to downgrade the internal rating as soon as the nursing home scandal emerged. We took the decision to react to the announcement of this controversy without waiting for the potential Sustainalytics review, whose process is to wait for the response of the company that is the subject of the controversy before applying the rating review.

b) Risks associated with climate change :
-for physical and transition risks, a use of several scenarios, including at least one 1.5°C or 2°C scenario and at least one trend or disorderly transition scenario, taking into account the national climate contributions of the Parties to the United Nations Framework Convention on Climate Change : if the scenario is public, by giving its name; describing the main characteristics of the scenarios chosen where the information is not otherwise publicly available, in particular concerning the descriptive analysis referred to in b of 8°, the reference trajectory of the scenario, the scale and nature of the sectoral and macroscopic impacts, compatibility with a given climate objective and the main assumptions of the scenario on technologies and structural changes in the economy ; where appropriate, justifying the reasons why the entity uses individualised scenarios; and explaining how the scenarios used are adapted to the entity's financial risk management modelling capabilities;
-for physical risks, a description of how the entity plans to include information specific to its counterparties on its exposure, sensitivity, adaptation and capacity to adapt in the value chain;

Cf. section 6: at the end of 2022, Ellipsis AM has no strategy to align its Fixed Income activities with the Paris Agreement.

Unfortunately, we are unable to answer this question because we do not believe that there is sufficient data at present to develop a methodology that would enable precise and quantifiable identification of physical and transition risks by portfolio and the implementation of scenarios. We are continuing our investigations with research providers with a medium-to-long-term objective.

It should be noted that climate change risks are addressed on a case-by-case basis during the ESG analysis of a bond issuer or in the event of controversy.

c) Biodiversity-related risks :
-a clear distinction between the main risks arising from the impacts caused by the investment strategy and the main risks arising from the dependence on biodiversity of the assets and activities in which the entity has invested. For each risk identified, the entity indicates the perimeter of the value chain used;
-an indication of whether the risk is specifically linked to the sector of activity or geographical area of the underlying asset.
For the credit institutions and investment firms referred to in Article L. 511-4-3, the information referred to in b to f of 8° and in 8° bis shall apply to the activity of discretionary management, where this is possible.

Cf. section 7: at the end of 2022, Ellipsis AM does not have a strategy for alignment with long-term biodiversity objectives.

Unfortunately, we are unable to answer this question because we do not believe that there is sufficient data to date to develop a methodology that would enable precise and quantifiable identification of biodiversity-related risks by portfolio. We are continuing our investigations with research providers with a medium- to long-term objective. It should be noted that biodiversity-related risks can be addressed on a case-by-case basis during the ESG analysis of a bond issuer or in the event of controversy.

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CHAPTER 2
LISTED DERIVATIVES scope

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Since 2008, the **Overlay & Customised Portfolio Solutions division has** been developing expertise in equity portfolio hedging and risk allocation solutions based on listed derivatives.

- ✓ The "listed derivatives" perimeter is essentially made up of **customised portfolios (i.e. 45% of all AUM 2022 managed by Ellipsis AM) which do not apply an ESG approach due to the nature of the instruments used.** This corresponds to mandates and dedicated overlay funds based on listed options and futures, managed on behalf of European institutional investors and accounting for a growing proportion of Ellipsis AM's AUM.

- ✓ In 2022, we decided to reposition Ellipsis Optimal Solutions - PA Balanced, the only open-ended fund in this area, to **invest more selectively in ESG-compliant indices**. This fund uses index derivatives and is committed to investing in the PAB (Paris Aligned Benchmark) and CTB (Climate Transition Benchmark) indices. Chapter 2 therefore focuses on this fund.

This management expertise benefits transversally from the ESG approach, resources and governance within the Convertibles & Credit division's investment policies, and from the resources and governance bodies in place, as presented in Chapter 1.

1. GENERAL ESG APPROACH

1.1. Summary of the general approach to taking ESG criteria into account, particularly in the investment policy and strategy

See chapter 1

1.2 Content, frequency and means used to inform subscribers, members, contributors, beneficiaries or customers about the criteria relating to the ESG objectives taken into account in the investment policy and strategy

See chapter 1

1.3. List of financial products mentioned pursuant to Article 8 and Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, and the overall percentage share of assets under management taking ESG criteria into account in the total amount of assets under management

Classified UCIs ARTICLE 8 - SFDR	€48,078,126
	4% of AUM "LISTED DERIVATIVES

Ellipsis Optimal Solutions - PA Balanced	**€48,078,126**

- **Ellipsis AM does not have any funds with a sustainable investment objective classified under article 9 - SFDR.**

1.4. Consideration of environmental, social and governance criteria in the decision-making process for the award of new management mandates *by the entities referred to in Articles L. 310-1-1-3 and L. 385-7-2 of the Insurance Code*

See chapter 1

1.5. Adherence by the entity, or by certain financial products, to a charter, a code, an initiative or a label on the consideration of environmental, social and governance quality criteria, *as well as a brief description of these criteria, in accordance with d) of 2 of article 4 of the above-mentioned regulation.*

See chapter 1

2. MEANS DEPLOYED

2.1. Description of the financial, human and technical resources dedicated to taking ESG criteria into account in the investment strategy, in relation to the total assets managed or held. *The description includes all or some of the following indicators: percentage share of the corresponding full-time equivalents; percentage share and amount in euros of the budgets devoted to environmental, social and governance quality data; amount of investment in research; use of external service providers and data suppliers, etc.*

See chapter 1

AUM 2022 Derivatives	€1,172,200,570
Research Budget 2022	€15,000
Sustainalytics ESG Research Budget	*€3,000*
Estimated share Extra-financial research within financial research	*€0*
FTE estimated on the basis of ESG projects broken down by business line *(mainly Management/CRI/Marketing/Compliance)*	-

2.2. Actions taken to strengthen internal capabilities. *The description includes all or part of the information relating to training, the communication strategy, the development of financial products and services associated with these actions.*

See chapter 1

3. ESG GOVERNANCE

3.1 Knowledge, skills and experience of the governance bodies, in particular the administrative, supervisory and management bodies, in taking decisions on the integration of environmental, social and governance criteria into the investment policy and strategy of the entity and any entities it controls. The information may relate in particular to the level of supervision and the associated process, the reporting of results, and the competencies

See chapter 1

3.2 Inclusion, in accordance with Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, in remuneration policies of information on how these policies are adapted to the integration of sustainability risks, including details of the criteria for linking the remuneration policy to performance indicators

See chapter 1

3.3 Integrating environmental, social and governance criteria into the internal rules of the Board of Directors or the Supervisory Board

See chapter 1

4. ENGAGEMENT STRATEGY AND VOTING POLICY

4.1. Scope of companies covered by the commitment strategy

Not applicable to listed derivatives

4.2. Presentation of the voting policy

Not applicable to listed derivatives

4.3. Assessment of the engagement strategy implemented, which may include the proportion of companies with which the entity has initiated a dialogue, the issues covered and the actions taken to follow up this strategy.

Not applicable to listed derivatives

4.4. Report on voting policy, in particular with regard to the tabling and voting at General Meetings of resolutions on environmental, social and governance issues

Not applicable to listed derivatives

4.5. Investment strategy decisions, including sectoral disengagement. If the entity publishes a specific report on its shareholder engagement policy, this information may be included with reference to this article.

See chapter 1

COVERAGE IN ESG ANALYSIS

For Ellipsis Optimal Solutions PA Balanced: management is committed to an ESG analysis that covers at least 90% of Investment Grade securities and 75% of Speculative Grade securities. This makes it possible to exclude issuers whose sustainability risk - and governance risk in particular - could call into question the sustainability of the company's or government's economic and financial model, have a significant impact on its stock market value or lead to a significant downgrading by the rating agencies. The aim is to contribute to a multi-criteria analysis, without the manager being obliged to base his investment decision on ESG criteria.

5. EUROPEAN TAXONOMY AND FOSSIL FUELS

5.1. Share of outstanding amounts relating to activities in compliance with the technical review criteria defined within the delegated acts relating to Articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to stimulate sustainable investment and amending Regulation (EU) 2019/2088, in accordance with the delegated act adopted under Article 8 of that Regulation

See chapter 1

5.2. Share of exposure to undertakings active in the fossil fuel sector, within the meaning of the delegated act pursuant to Article 4 of this Regulation

Not applicable to listed derivatives

6. STRATEGY FOR ALIGNMENT WITH THE PARIS AGREEMENT

By repositioning Ellipsis Optimal Solutions - PA Balanced in September 2022, Ellipsis AM has taken the first step towards an investment strategy in line with the Paris Agreement. The portfolio is invested in European equities. The investment strategy focuses on risk-controlled equity investment, using equity indices and a quantitative portfolio construction that complies with the Paris Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB) criteria. These indices have been developed over the last few years to offer investors simple, structured solutions enabling them to invest directly in equity indices that limit the carbon consumption/emissions of the companies they invest in. They are built around a basic investment universe (equity index), to which is added a quantitative construction associated with an exclusion list of certain companies or sectors that do not comply with defined environmental ratings.

- ✓ **The PAB ("Paris Aligned Benchmark") indices** aim to select only those securities that contribute to achieving the 2°C target set out in the Paris Agreement on Climate Change adopted on 12 December 2015 in Paris at the United Nations Climate Change Conference ("Paris Agreement").

- ✓ **Climate Transition Benchmark (CTB) indices** aim to reduce the carbon footprint of a standard portfolio. More specifically, this type of index should be defined by including companies that follow a scientific and measurable decarbonisation trajectory, taking into account the long-term global warming target set out in the Paris Agreement.

For more information: https://qontigo.com/solutions/climate-indices/

Over 2023-2024, Ellipsis AM is committed to continuing and expanding its investments in climate, ESG and sustainable indices within the Listed Derivatives perimeter.

7. STRATEGY FOR ALIGNMENT WITH LONG-TERM BIODIVERSITY OBJECTIVES

See chapter 1

8. ESG CRITERIA TAKEN INTO ACCOUNT IN RISK MANAGEMENT

See chapter 1

ELLIPSIS AM
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CHAPTER 3
2023-2024 Plan for Continuous improvement

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Reminder of the 6 UN PRI commitments

1 We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

4 We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

5 We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

6 We will each report on our activities and progress towards implementing the Principles.

Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain' approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

PRI Principles for Responsible Investment

https://www.unpri.org/

1. Integrate ESG issues into investment analysis and decision-making processes

DECISIONS	ACHIEVEMENTS 2021 ✓ *2021 target met*	ACHIEVEMENTS 2022 ✓ *2022 target met*	MEDIUM-TERM OBJECTIVES
ESG GOVERNANCE			
Developing our ESG strategy in as part of the Ellipsis AM's global strategy	Regulatory and ecosystem monitoring (customer needs, labels, market practices) to feed our ESG strategy	SFDR compliance (RTS, web developments, etc.) ✓	Capitalising on our monitoring (customer needs, labels, market practices) to feed our ESG strategy
	Working with an independent expert ✓ Upstream consideration of potential ESG synergies as part of the merger process between Ellipsis AM and the Kepler Cheuvreux Group	Initiation of ESG synergies with the Kepler Cheuvreux Group (ESG Research, collaborative production of the Group DPEF, Foundation, etc.) ✓ Integration of the Swiss SVVK-ASIR exclusion list into the range fund processes Recruitment of a credit portfolio manager (Rixain law on balanced representation) ✓	Seeking for external experts and ESG consultants advices Leveraging synergies with ESG Research within the Kepler Cheuvreux Group Developing and enriching our exclusion policies Maintaining the 2022 level of balanced representation with one-third women in the teams responsible for investment decisions (Rixain law)
Involving the supervisory body	Presentation of the ESG 2021 report to the Supervisory Board, the action plan and monitoring of commitments ✓	Presentation of the LEC 2022 report to the Supervisory Board ✓	Communicating the LEC 2023 report to the Kepler Cheuvreux Group Participating in the Kepler Cheuvreux Group's ESG Committee to raise awareness of our asset management issues

ESG INVESTMENT PROCESS			
Convertible funds process	More formalised ESG analysis methodology ✓	Prospectiion of suppliers to calculate the European Taxonomy / PAI alignment of portfolios: quantitative and qualitative evaluation of data on reports obtained vs. cost of research ✓ Workflow has been set up for ESG commitments (reporting and archiving) ✓ Launch of Ellipsis Disruption Convertible Fund, focusing on disruptive stocks, including the fight against global warming	Contracting with a supplier to enrich the periodic RTS on the Paris Agreement / Taxonomy / Biodiversity alignment Continuing efforts to formalise the monitoring of commitment actions with KPIs
Credit funds process	Rolling out ESG integration within the high-yield management process ✓	Same convertible funds (same division) for supplier prospecting and workflow ✓ Further ESG integration (rating upgrade) for Ellipsis High Yield Fund ✓ Launch of Ellipsis Credit Road 2028, an article 8 SFDR dated fund Recruitment of a credit manager with ESG expertise	Same convertible funds (same division) for supplier contracts and KPIs Continuing to make progress on ESG integration for credit portfolios
Process of the Overlay & Customised Solutions division	Reflection on the ways in which ESG can be taken into account in the universe of listed derivatives	Repositioning of Ellipsis Optimal Solutions - PA Balanced: Article 8 SFDR fund with equity exposure via the PAB (Paris Aligned Benchmark) and CTB (Climate Transition Benchmark) indices ✓	Broadening the fund's ESG strategy by using other sustainability indices, or indices that take biodiversity into account in particular

DEVELOPING AN ESG CULTURE			
Integrating ESG indicators into the risk control system	Development of tools for internal monitoring of ESG risks and monitoring/review of internal ratings to support management in its investment choices	ESG 2022 training for all employees	Extending the monitoring of ESG indicators to all our Article 8 portfolios and disseminate them externally so that they can be integrated into monthly reporting.
Reinforcing ownership of ESG by all employees	ESG training and SFDR focus in Q1 2021 for all employees Incorporating sustainability risk into remuneration policy ✓	ESG objectives included in the 2023 objectives of all employees	Pursuing the ESG training plan open to all employees, in particular through in-house training or AMF and AFG training courses
STRENGTHENING ESG RESOURCES			
Strengthening external resources	Renewal of the services of an independent extra-financial research provider Specific assessment of extra-financial research in the periodic review of research suppliers		Expanding the range of ESG research services or broaden our monitoring panel (taxonomy, etc.) Using suppliers other than Sustainalytics that are more appropriate for specific asset classes
Strengthening internal resources	ESG analysis certification for high yield managers ✓	ESG experience was taken into account when recruiting to managen ✓ teams	Encouraging ESG certification

2./3 Encourage issuers to take ESG into account and to be transparent about ESG issues

DECISIONS	ACHIEVEMENTS 2021 ✓ *2020 target met*	ACHIEVEMENTS 2022 ✓ *2021 target met*	MEDIUM-TERM OBJECTIVES
Systematic dialogue with management	Formalisation of interviews postponed Systematically include the ESG dimension in questionnaires and address it in the event of management doubts	Systematically formalising and archiving minutes of ESG-related discussions during issuer dialogues	Developing KPIs and communicate regularly and qualitatively on the engagement actions carried out
Raising managers' awareness of investors' expectations in terms of non-financial information	See point above		

4. Promoting the UN PRI and its implementation by the financial industry

DECISIONS	ACHIEVEMENTS 2021 ✓ *2020 target met*	ACHIEVEMENTS 2022 ✓ *2021 target met*	MEDIUM-TERM OBJECTIVES
Raising awareness of PRIs in our ecosystem	ESG scope included in due diligence procedures for *marketers* ✓		
Promoting inclusion ESG criteria to customers of mandates and dedicated funds	Inclusion of the ESG scope in the suitability analysis questionnaire for tailor-made offers ✓	Systematic focus on sustainability risk in management agreements for mandates and dedicated funds ✓	

5. Cooperate to improve the effectiveness of our implementation of UN PRIs

DECISIONS	ACHIEVEMENTS 2021 ✓ *2020 target met*	ACHIEVEMENTS 2022 ✓ *2021 target met*	MEDIUM-TERM OBJECTIVES
Sharing experience with our peers	Annual ESG Club to encourage exchanges with investors on ESG issues ✓	Annual ESG Club to encourage exchanges with investors on ESG issues ✓	Setting the annual ESG Club Identifying relevant initiatives in which Ellipsis AM could participate

6. Communicating our activity and progress in implementing the UN PRI

DECISIONS	ACHIEVEMENTS 2021 ✓ *2020 target met*	ACHIEVEMENTS 2022 ✓ *2021 target met*	MEDIUM-TERM OBJECTIVES
Gradually improving communication on our approach	Production and adaptation of the ESG 2021 annual report in accordance with the new *LEC* directives ✓	Web page dedicated to the ESG was redesigned as part of the redesign of the public website	
	Production of our 1er annual report UN PRI 2021	First Energy-Climate Law report available on our website First UN PRI evaluation in H2 2022	Producing the Energy-Climate Law 2023 report and the 2nd UN PRI 2023 report Participating in the implementation of the AFG 2023 ESG questionnaire
Gradually improving communication on the inclusion of ESG criteria in investments	Ex-post ESG report to Governance Committees Product 2021 (funds and mandates) Transparency on our Taxonomy alignment and the inclusion of PAI in the February 2022 prospectuses Creation of a bespoke ESG reporting framework for Ellipsis Global Convertible Fund	Communication of the pre-contractual and periodic RTS SFDR and EET (European ESG template) regulatory file Communication of the quarterly ESG reportings for the 3 open-ended convertible funds Production of automated monthly ESG reports was postponed, due to the migration of IT systems	Updating the RTS SDFR and promoting the dissemination of EET Mapping of PAI by portfolio for data evaluation Making quarterly ESG reports available to all holders of convertible & credit funds

APPENDICE: MATRIX OF ESG AXES BY FUND

AXES ESG ELLIPSIS AM		CONVERTIBLE FUNDS	CREDIT FUNDS
		Ellipsis European Convertible Fund; Ellipsis Disruption ConvertibleFund; Ellipsis Global Convertible Fund	Ellipsis High Yield Fund; Ellipsis Short Term Credit Fund; Ellipsis Credit Road 2028
DURABILITY RISK			
Sustainable investment objective	**SFDR - art 9**	NO	NO
Factoring sustainability risk into management decisions	**SFDR - art 8**	YES, funds belonging to the category of "products promoting environmental and/or social characteristics".	
1st AXIS - EXCLUSION OF Sectoral/Country Issuers			
Normative exclusion on controversial weapons	**Oslo and Ottawa Conventions**	YES	YES
Exclusion of high-risk countries	**FATF black and grey lists**	YES	YES
Exclusion of sensitive sectors unless it is justified by an internal analysis of the environmental characteristics of the the instrument or issuer	**- BNP Paribas investment and financing policies:** exclusions related to the fight against climate change and the defence of human rights **- List of** the **Swiss Association for Responsible Investment SVVK-ASIR**: exclusions linked to cluster munitions, nuclear weapons and anti-personnel mines, conduct	YES	YES
2nd AXIS - FILTER ON CRITERION G AND CONTROVERSES			
Analysis of controversies	**External research (including Sustainalytics) + Ellipsis AM manager-analysts**	YES	YES
Eliminatory filter on governance		YES	Non-binding filter
3rd PRIORITY - INTEGRATION OF ESG CRITERIA			
ESG analysis coverage of the portfolio	**External research (including Sustainalytics) + Ellipsis AM manager-analysts**	Over 90% of convertible securities hedged, all risk categories combined and calculated by number of issuers	*HY funds:* Over 90% of securities hedged *ST Funds:* Min. 90% investment grade securities and 75% speculative grade securities
Selective approach to the 3 criteria, integrated into the overall multi-criteria analysis		*European & Global funds:* at least 50% of the stocks in the lowest-rated 15% of the benchmark universe are systematically eliminated. *Disruption Fund: focus on the* fight against global warming	ESG criteria can guide management decisions but are not binding
Note improvement" approach	**Ellipsis AM Management**	The average ESG rating of the portfolio must be better than that of its benchmark indicator.	

AXES ESG ELLIPSIS AM		FUNDS	FUNDS COMPOSED OF LISTED DERIVATIVES
		Ellipsis Optimal Allocation Credit	Ellipsis Optimal Solutions - PA Balanced
DURABILITY RISK			
Sustainable investment objective	**SFDR - art 9**	NO	NO
Factoring sustainability risk into management decisions	**SFDR - art 8**	YES, funds belonging to the category of "products promoting environmental and/or social characteristics" for the portion of assets invested in non-index instruments	
1st AXIS - EXCLUSION OF Sectoral/Country Issuers			
Normative exclusion on controversial weapons	**Oslo and Ottawa Conventions**	Yes, by transparency, funds of funds holding Ellipsis AM convertible and credit funds	YES
Exclusion of high-risk countries	**FATF black and grey lists**		YES
Exclusion of sensitive sectors unless it is justified by an internal analysis of the environmental characteristics of the the instrument or issuer	**- BNP Paribas investment and financing policies:** exclusions related to the fight against climate change and the defence of human rights **- List of** the **Swiss Association for Responsible Investment SVVK-ASIR**: exclusions linked to cluster munitions, nuclear weapons and anti-personnel mines, conduct		YES
2nd AXIS - FILTER ON CRITERION G AND CONTROVERSES			
Analysis of controversies	**External research (including Sustainalytics) + Ellipsis AM manager-analysts**	Yes, by transparency, funds of funds holding Ellipsis AM convertible and credit funds	NO
Eliminatory filter on governance			NO
3rd PRIORITY - INTEGRATION OF ESG CRITERIA			
ESG analysis coverage of the portfolio	**External research (including Sustainalytics) + Ellipsis AM manager-analysts**	Yes, by transparency, funds of funds holding Ellipsis AM convertible and credit funds	Min. 90% of investment grade securities and 75% of high yield securities hedged
Selective approach to the 3 criteria, integrated into the overall multi-criteria analysis			Exposure to the Paris-Aligned Benchmark and Climate Transition Benchmark indices up to a minimum of 67.5% of the Fund's net assets
Note improvement" approach	**Ellipsis AM Management**	NO	NO

Appendix: Carbon footprint of Ellipsis AM's main funds

The carbon footprint of a portfolio is the calculation of the emissions generated by the companies held in the portfolio. The term "carbon emissions" is used generically to refer to emissions of various greenhouse gases (GHGs). These are calculated in tonnes of CO2 equivalent (teqCO2).

INTRODUCTION TO MEASURING A PORTFOLIO'S CARBON FOOTPRINT

1. REGULATORY CONTEXT

The implementing decree for Article 173 of the Law on Energy Transition for Green Growth refers to the measurement of greenhouse gas (GHG) emissions associated with issuers in the investment portfolio as a criterion that can be included in regulatory reporting on the inclusion of ESG (environmental, social and governance) criteria in the investment policies of asset management companies.

Measuring the carbon footprint of assets is **not mandatory**, but it is one possible response. Rather, it is a starting point for measuring and informing thinking about exposure to carbon risk. It makes it possible to identify the companies and sectors that emit the most carbon and to enhance knowledge of carbon risk. However, this measurement is not sufficient in itself to make investment decisions: it only represents a **static snapshot at a given point in time**, illustrating past decisions, but does not provide any information on the dynamic that has been set in motion.

It is important to note that the carbon footprint is not adapted to physical risks (defined as exposure to physical consequences directly induced by climate change), and is **one of the elements of the response to transition risk** (defined as exposure to changes induced by the transition to a low-carbon economy).

2. CARBON FOOTPRINT MEASUREMENTS

No official standard for measuring the carbon footprint has yet been established, so it is important to communicate transparently about the scope and methodologies used, the definition of the indicators used, and the limits, in order to avoid irrelevant comparisons between investment portfolios.

Scopes 1, 2 and 3

Greenhouse gas emissions are divided into **3 categories, known as scopes, depending on whether the emissions are direct (scope 1) or indirect (scopes 2 and 3).**

Scopes 1 and 2 emissions correspond to operating emissions.

Scope 3 is divided into 2 sub-categories: 1/ upstream scope 3, which takes into account emissions from suppliers - 2/ downstream scope 3, which takes into account emissions resulting from the use of the product.

Scope 1: Direct GHG emissions	1	Direct emissions from stationary combustion sources
	2	Direct emissions from heat engine-driven mobile sources
	3	Direct emissions from non-energy processes
	4	Direct fugitive emissions
	5	Emissions from biomass (soil and forests)
Scope 2: Indirect energy-related emissions	6	Indirect emissions from electricity consumption
	7	Indirect emissions linked to the consumption of steam, heat or refrigeration
Scope 3: Other indirect GHG emissions	8	Energy-related emissions not included in the "direct GHG emissions" and "indirect energy GHG emissions" categories
	9	Purchases of products and services
	10	Fixed assets
	11	Waste
	12	Inbound freight
	13	Business travel
	14	Upstream leasing assets
	15	Investments
	16	Transporting visitors and customers
	17	Downstream freight transport
	18	Use of products sold
	19	End of life of products sold
	20	Downstream franchise
	21	Downstream leasing
	22	Commuting to work
	23	Other indirect emissions

ELLIPSIS AM CARBON FOOTPRINT METHODOLOGY

1. SCOPE OF APPLICATION: CONVERTIBLE PORTFOLIOS/CREDIT & FOCUS SCOPES 1 AND 2

Ellipsis AM offers a carbon footprint calculation for its actively managed convertible and credit portfolios. This information is available to professional investors on request from the sales team or customer service: client_service@ellipsis-am.com.

Ellipsis AM has chosen to take into account only direct (scope 1) and indirect (scope 2) greenhouse gas (GHG) **emissions** in the overall calculation of a portfolio carbon footprint, based on Sustainalytics data. Scope 3 has not been included, partly because of the unreliability and inconsistency of the data reported, and partly because of the risk of double or triple counting, as companies may be included in scopes 2 and 3.

2. 4 CARBON FOOTPRINT MEASURES APPLIED TO ELLIPSIS AM PORTFOLIOS

Calculation measure	*Definition*	*Formula*	*Benefits*	*Disadvantages*
Total emissions **(t Co2)**	Total and absolute carbon footprint of the portfolio	% shareholding *(based on market capitalisation)* * company's carbon emissions	Measures the contribution in absolute terms and can be used for carbon offsetting operations	Reflects size rather than performance, no comparison possible with other portfolios or benchmarks and over time; does not show carbon efficiency
Carbon footprint **(t Co2/€M invested)**	Carbon footprint of the portfolio normalised per €M invested	Measurement based on total emissions, but standardised for €1m invested	Avoids portfolio size bias; shows carbon efficiency per €M invested; improves comparability with identical methodology	Sensitive to price volatility and the market value of the portfolio
Weighted carbon intensity **(t Co2/ €M sales)**	Average carbon intensity of companies, weighted by the weight of these companies in the portfolio	Measuring portfolio exposure to the most carbon-intensive companies	Eliminates the need to take into account the company's level of capitalisation and debt; improves comparability based on identical methodology	Bias due to positioning and the company's pricing policy, with the company's margin included in the calculation

MORE INFORMATION: **https://www.unpri.org/download?ac=16427**

3. SUSTAINALYTICS, SOURCE OF CALCULATION DATA

The carbon footprint of Ellipsis AM portfolios is measured using the services of our external extra-financial research provider, Sustainalytics. As part of its service offering, Sustainalytics provides us with data on the absolute greenhouse gas (GHG) emissions and carbon intensity of more than 10,000 companies. 20% of the data comes from declared sources; 80% is estimated by their research teams.

Sustainalytics has developed a model for estimating the annual greenhouse gas emissions (GAS) of non-reporting companies under Scope 1 and 2. In addition to absolute emissions, the carbon intensity of each company (emissions normalised by turnover) is calculated. To enable aggregation of data from a portfolio or benchmark index, the benchmark data is in USD, using an average of daily exchange rates (since revenues are accumulated over the course of a year). The estimation model is specific to each group modelled in the hedging universe, which refers to a sub-industry or peer group.

It is based on three factors: total revenue, gross value of tangible assets and number of employees. The final estimate is the weighted average of the results of the three different factors.
The ESG scores shown take into account Sustainalytics scores as well as internal scores.

4. CALCULATION SOURCES AND REFERENCES

The benchmarks used are the reference indices/indicators of the UCI concerned, plus any other market index.

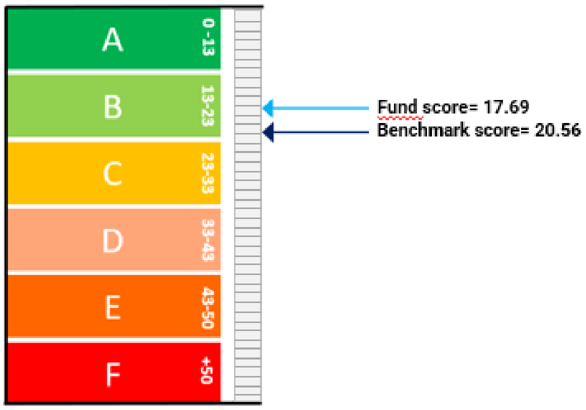
- **Refinitiv Global Focus Hedged CBs EUR** (Ticker Bloomberg: UCBIFX14)
- **Refinitiv Europe Focus Hedged Convertible Bond Index EUR** (Ticker Bloomberg: UCBIFX21)
- **ICE BofAML BB-B Euro Non-Financial High Yield Constrained** (Ticker Bloomberg: HEC5)

CARBON FOOTPRINT OF ELLIPSIS EUROPEAN CONVERTIBLE FUND

Ellipsis European Convertible Fund

CARBON CONSUMPTION (At 31/12/2022)	FUND	BENCH MARK Refinitiv Europe
Total emissions (TCo2)	25 530	-
Carbon footprint (TCO2/ M€ invested)	67	69
Weighted carbon intensity (TCO2/ M€ TURNOVER)	104	122

ESG Score* at 31/12/2022



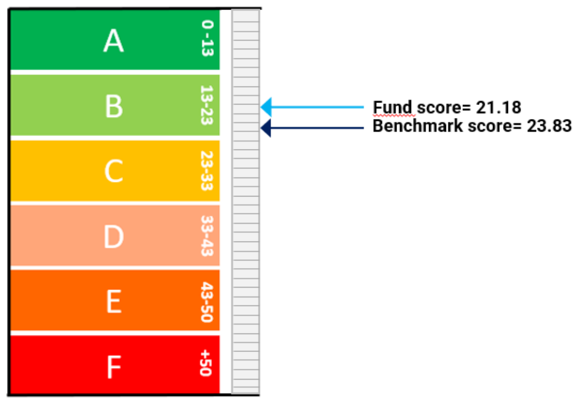
*A-F : Scale Ellipsis AM *1 - 100 : Scale Sustainalytics
*The ESG score shown takes into account Sustainalytics scores as well as the internal management scores.

CARBON FOOTPRINT OF ELLIPSIS GLOBAL CONVERTIBLE FUND

Ellipsis Global Convertible Fund

CARBON CONSUMPTION (At 31/12/2022)	FUND	BENCHMARK Refinitiv Global
Total emissions (TCo2)	10 952	-
Carbon footprint (TCO2 / M€ invested)	84	159
Intensity weighted carbon (TCO2 / M€ TURNOVER)	201	291

ESG Score* at 31/12/2022

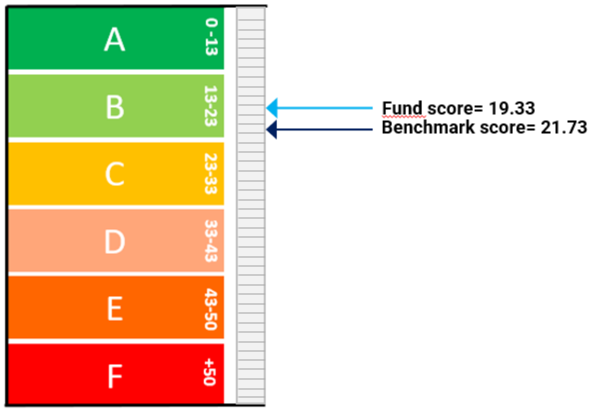


*A-F : Scale Ellipsis AM *1 - 100 : Scale Sustainalytics
*The ESG score shown takes into account Sustainalytics scores as well as the internal management scores.

CARBON FOOTPRINT OF ELLIPSIS HIGH YIELD FUND

CARBON CONSUMPTION (at 31/12/2022)	FUND	BENCHMARK ICE BofAML BB-B Euro
Total emissions (TCO2)	11.477	-
Carbon footprint (TCO2 / M€ invested)	138	207
Intensity Carbon-weighted (TCO2 / M€ TURNOVER)	159	256

ESG Score* at 31/12/2022



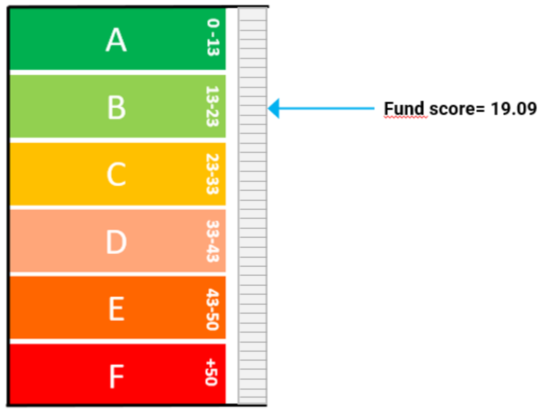
*A-F : Scale ELLIPSIS AM *1 - 100 : Scale SUSTAINALYTICS

*The ESG score shown takes into account Sustainalytics scores as well as the internal management scores.

CARBON FOOTPRINT OF ELLIPSIS DISRUPTION CONVERTIBLE FUND

CARBON CONSUMPTION (at 31/12/2022)	FUND	BENCHMARK
Total emissions (TCO2)	64	-
Carbon footprint (TCO2 / M€ invested)	1	-
Intensity Carbon-weighted (TCO2 / M€ TURNOVER)	8	-

ESG Score* at 31/12/2022



*A-F : Scale ELLIPSIS AM *1 - 100 : Scale SUSTAINALYTICS

*The ESG score shown takes into account Sustainalytics scores as well as the internal management scores.

**N/C: Not communicated as ESG data coverage is too low for this fund.*

Total CO_2 **emissions** represent the total and absolute carbon footprint of the portfolio.
The **emissions financed** represent the portfolio's carbon footprint normalised per €M invested.
Carbon intensity shows the carbon efficiency of the portfolio in terms of emissions per €M of sales.

Disclaimer: GHG (greenhouse gas) emissions, expressed as CO_2 equivalent, are data provided by Sustainalytics. The carbon impact presented is the weighted average of emissions corresponding to scopes 1 and 2. These emissions do not take into account emissions induced by the company, in particular those caused downstream by the use of the products and services marketed.

Source: Ellipsis AM, 31/12/2022.

GLOSSARY

ESG: Environmental, Social and Governance criteria. The acronym is used by extension to mean the corresponding criteria.

Governance criteria: The quality of governance is assessed on the basis of 6 pillars: the integrity and independence of the board of directors, the management structure, shareholders' rights, remuneration, financial communication and the rules of good conduct adopted by the company. [*source governance Sustainalytics]*.

Social criteria: the criteria taken into account relate in particular to human rights, personal data, corruption and ethics *[source ESG Sustainalytics]*.

Environmental criteria: the environmental criteria taken into account include those relating to carbon impact, waste production, biodiversity and resource use. [*source ESG Sustainalytics]*.

Principal adverse sustainability impact: the medium- or long-term risk of an investment in an activity having a negative impact from an environmental, social or good governance point of view (non-financial risk).

Exclusion policy: methodology based on the exclusion either of sectors of activity for ethical reasons or for their negative contribution to sustainable development, or of certain players in these sectors of activity, this second option making it possible to accompany the transformation of the sector.

Resilience: the ability to survive, particularly by adapting to external events.

Non-financial risks: risks related to the perception of the company's position with regard to the environment, social values, social commitment and governance.

Sustainability risk: an event and/or situation in the environmental, social or governance field which, if it occurs, could have a significant actual or potential negative impact on the value of the investment" (financial risk).

Corporate social responsibility (CSR): Corporate social responsibility refers to the way in which companies take account, on a voluntary and sometimes legal basis, of environmental, social, economic and ethical issues in their activities.

SFDR ("Sustainable Finance Disclosure Regulation"): "Disclosure" is the European regulation (EU) 2019/2088 on the publication of sustainability information in the financial services sector.

UN PRI ("United Nations Principles for Responsible Investment") : The United Nations Principles for Responsible Investment are based on six voluntary investment principles that propose a range of possible actions to incorporate environmental, social and governance (ESG) issues into investment practices. Developed by investors under the guidance of the United Nations, they have won the support of a global base of signatories representing the majority of professionally managed assets.

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Reminder of the risks associated with convertible funds: convertible bonds are more particularly exposed to a risk associated with changes in their value, which depends on several factors: the level of interest rates, changes in the price of the underlying shares, or changes in the price of the derivative embedded in the convertible bond. In addition, they are exposed to credit risk, liquidity risk, counterparty risk and risk associated with the use of forward financial instruments. These risks may lead to a fall in the net asset value of the fund, which is not guaranteed or protected in any way.

Risks associated with credit funds: the fund is not guaranteed or protected in any way. In particular, it is exposed to credit risks, risks linked to the low liquidity of certain securities, risks linked to forward financial instruments and counterparty risks.

Additional information for Switzerland: the fund's country of origin is France. In Switzerland, the representative is ACOLIN Fund Services SA, Leutschenbachstrasse 50, CH-8050 Zurich, and the paying agent is Banque Cantonale de Genève, 17 quai de l'Ile, CH-1204 Geneva. The prospectus, the basic information sheets and the key investor information, the regulations and the annual and semi-annual reports may be obtained free of charge from the representative.

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