

Appendix II

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

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Driehaus Emerging Markets Sustainable Equity Fund

Legal entity identifier: 549300N15SH1J38TR077

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



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

The characteristics promoted by the Fund consist of investing in companies that may exhibit E/S characteristics such as:

- Transparency and disclosure of environmental and social reports
- Efficient management of pollution and water usage;
- Efficient waste management;
- Lack of material environmental and/or social controversies;
- Human rights considerations;
- Overall good environmental practices;
- Employee diversity;

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- Positive third-party ESG and controversy ratings;
- Expected improvement in ESG practices, factors and ratings; and
- Alignment with UN Sustainable Development goals

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Materiality of environmental and social indicators analysed to measure the attainment of the environmental and social characteristics may vary considerably from industry to industry and from company to company, and may be dependent on data availability. These may include, but are not limited to:

Environment:

- Greenhouse gas (“GHG”) emissions/revenues;
- Management of pollution;
- Management of water usage; and
- Waste management

Social:

- Percentage of female employees;
- Contribution to local communities/ regeneration;
- Avoidance of controversies; and
- Supply chains.

When assessing these indicators, together with the consideration of governance factors and qualitative data, the Sub-Investment Manager also aims to understand:

- a positive rate of change, progress in respect of the company’s environmental and social objectives and disclosures; and
- areas for improvement, which leads to further engagement with investee/potential companies.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

N/A

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

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, _____

No

What investment strategy does this financial product follow?

The Fund will mainly invest in equity securities of companies in emerging markets which are listed or traded on Recognised Markets. Emerging markets are countries outside the United States, most of Western Europe, Canada and Japan, that have economies, that the Sub-Investment Manager believes are growing. Under normal market conditions, the Fund will invest at least 80% of its net assets in equity securities of emerging market companies.

ESG considerations are a meaningful component in the Sub-Investment Manager's framework for assessing a company's management, corporate culture and strategy alignment. The Sub-Investment Manager excludes companies directly involved in the activities described under section 2.1 and seeks to invest in companies that amongst others, meet the environmental and social characteristics described in section 1 above and governance practices as described in section 2.3 below.

The Sub-Investment Manager also seeks to engage in active dialogue with the management teams of companies to discuss ESG practices. The Sub-Investment Manager further seeks to monitor and engage with companies for ESG accountability through the use of proxy voting and shareholder engagement. The Sub-Investment Manager believes that this plays an important role of raising the sustainability profile of companies in the long-term.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In addition to the environmental and social characteristics promoted, the Fund will seek to exclude companies that are directly involved in the following sectors as part of its investment research:

- adult entertainment;
- coal production;
- gambling;
- tobacco; and
- weapons production.

In addition to the above-mentioned industries, the Fund will seek to exclude:

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



- Companies that have direct involvement in the production and/or distribution of controversial weapons, namely antipersonnel landmines, cluster munitions, biological and chemical weapons.
- Companies with known serious violations of internationally recognised norms and standards such as, but not limited to, the UN Global Compact, that the Sub-Investment Manager believes do not show a positive outlook and where it's believed that appropriate remedial action has not been taken.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

To qualify as an investable stock in the Fund, the Sub-Investment Manager will subject any potential company to various quantitative and qualitative analyses.

These considerations are then linked to the exclusion criteria as outlined in this Supplement to ensure that the E/S characteristics of this Fund are met.

- Approximately 24,000 companies comprise the initial investable universe: first elimination phase is implemented through the use of quantitative criteria, application of ESG exclusion criteria, removal of companies that show low ESG ratings and bottom quartile quality measures;
- Approximately 800 companies are then identified: the Sub-Investment Manager seeks to identify differentiated business models, with strong earnings growth potential over a medium-to-long term horizon and strong or improving ESG footprints;
- The Sub-Investment Manager then builds a focus list of approximately 250 stocks and seeks to identify positive earnings inflections, attractive relative valuations and active risk management; and
- Finally, the Sub-Investment Manager constructs a portfolio of approximately 100 companies which are; undergoing positive change, diversified by region, sector and growth profile, and with strong or improving ESG attributes.

● ***What is the policy to assess good governance practices of the investee companies?***

The Sub-Investment Manager is a signatory to the UN Principles for Responsible Investment (the "UNPRI"). As a signatory to the UNPRI the good governance practices of investee companies are assessed prior to making an investment and periodically thereafter.

Within the emerging markets, governance standards generally lack compared to developed market, nevertheless, the Sub-Investment Manager places high focus on governance as (1) a differentiating factor within the asset class and (2) as an essential tool for limiting downside risk in the Fund. The following factors are analysed:

- assessment of the company's overall governance risks;
 - assessment of shareholding structures with preference for less complicated structures;
 - disclosures and accounting standards; and
 - engagement with portfolio companies on governance issues.



What is the asset allocation planned for this financial product?

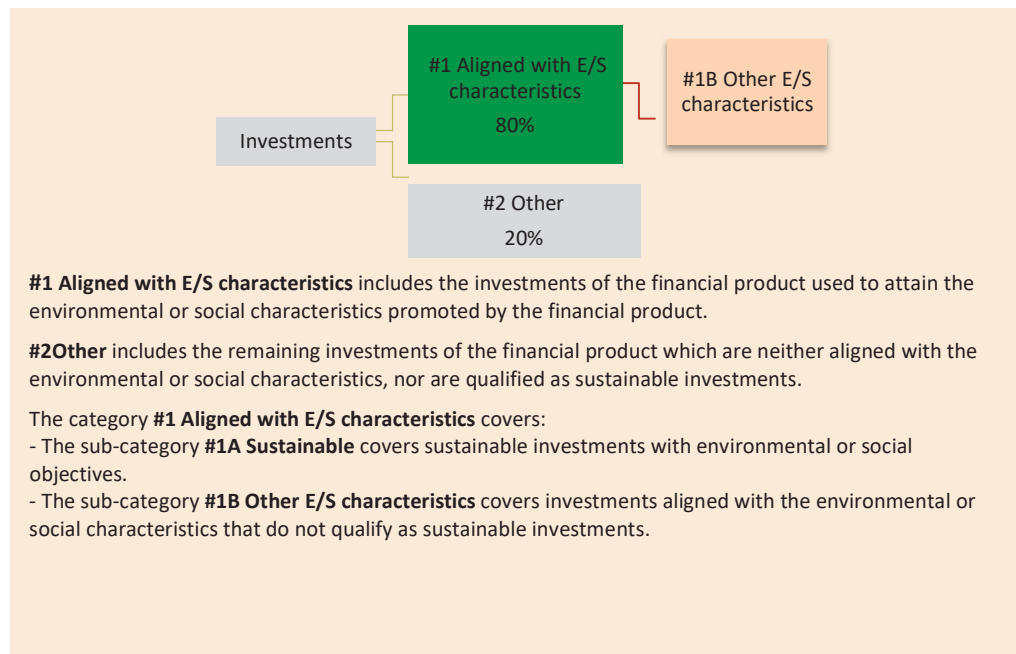
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Fund aims to achieve its investment objective by investing primarily in a portfolio of equity securities and common stocks of companies in emerging markets which are listed or traded on Recognised Markets. The Fund may also hold cash or cash equivalents, and the Fund may use derivative instruments for the purposes of efficient portfolio management and hedging under the conditions and within the limits laid down by the Central Bank.

All Fund investments go through the same screening and investment process and are made with environmental and social considerations, which may vary from industry to industry and from company to company. Therefore under normal circumstances, in order to meet the environmental or social characteristics promoted, the Fund is generally expected to invest at least 80% of its equity exposure in companies aligned with the E/S characteristics of the Fund but that may not be classified as sustainable investments as defined under the SFDR. The remainder could be held in companies that may not match the Fund's ESG criteria in its entirety or in cash or cash equivalents, nevertheless, all investments excluding cash and equivalents go through the same screening process and are made with ESG considerations. The strategy therefore follows a significant ESG integration approach as all equity investments are screened with ESG considerations.



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

Derivative instruments are not used for investment purposes. However, the Fund may employ techniques and instruments for the purposes of efficient portfolio management and hedging under the conditions and within the limits laid down by the Central Bank.



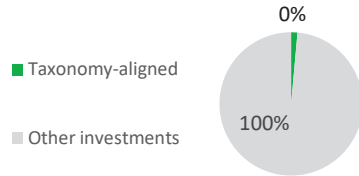
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

- **What is the minimum share of investments in transitional and enabling activities?**

N/A



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

N/A



- **What is the minimum share of socially sustainable investments?**

N/A



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The purpose of any investments made by the Fund that may be classified as “#2 other” within the SFDR is mainly for efficient portfolio management, liquidity management or hedging purposes. There could also be investments in companies that may not match the Fund’s ESG criteria in its entirety but have the adequate minimum safeguards, achieved through exclusions at the outset and strict investment screening criteria.



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

No

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***
N/A
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***
N/A
- ***How does the designated index differ from a relevant broad market index?***
N/A
- ***Where can the methodology used for the calculation of the designated index be found?***
N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:
<https://www.heptagon-capital.com/driehaus-emerging-markets-sustainable-equity-fund>