3. LONVIA AVENIR SMALL CAP EUROPE

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: LONVIA AVENIR SMALL CAP EUROPE

Legal entity identifier: 2549006GKI2ZUKASVB60

Sustainable investment objective

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective:** 9% ☐ 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 **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 will make a minimum of **sustainable investments with a social objective:** 9%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The sustainable investment objective of Lonvia Avenir Small Cap Europe (the "**Sub-Fund**") is to contribute to providing solutions to sustainable development objectives by assessing the positive social and environmental impacts of European companies.

Thus, the Sub-Fund invests in companies whose business model considers the creation of long-term value with a strong development potential thanks to their positioning on growing markets and to strategies such as product innovation, investment in human capital, the search for new customers and international deployment, in consideration of the United Nation Sustainable Development Goals ("**SGDs**").

The Sub-Fund is committed to having a better carbon and environmental footprint than its index "MSCI Europe Micro Cap Index" (the "**Benchmark**").

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The Sub-Fund's strategy is based on a "Best-in-universe" approach, requiring the selection of companies that (i) meet environmental, social and governance (ESG) responsibility criteria measured by an "ESG risk score" and (ii) are attractive in terms of their contribution to the SDGs. Measurable performance indicators are monitored such as the number of jobs created, research and development (R&D) expenditure as well as emissions classified as "scope 1" (emissions from sources that an organisation owns or controls directly), "scope 2" (emissions that a company causes indirectly when the energy it purchases and uses is produced) and "scope 3" (emissions caused by value-chain activities).

In order to do so, the Sub-Fund measures the achievement of the sustainable investment objective through several impact indicators linked to the different themes (the "**Impact Themes**"):

- The "Climate and Environment" theme, linked to the SDGs 7, 11, 12, 13, 14, and 15, is measured through the environmental footprint and the carbon footprint of the portfolio;
- The "Innovative Technologies" and "Health & Well-Being" themes, linked to SDGs 9, 2, 3, 6 and 7, are monitored through the percentage of investment in research and development and the CapEx to support innovation;
- The "Empowerment" theme, linked to SDGs 1, 4, 5, 8, 10, 11, 16 and 17, is measured by analyzing the promotion of diversity, the independence of the board, signatories of the UN Global Compact and the number of jobs created.

To qualify as sustainable investments (pass or fail), for the purpose of this Sub-Fund, a company must generate at least 50% of its revenues with products and services contributing to one or more of the Impact Themes.

Moreover, besides to the direct impact of the company activity, Lonvia Capital (the "**Management Company**") quantifies the environmental impact of each target companies. Monthly evaluation of the carbon and environmental footprint of the Sub-Fund is produced and provided through data obtained thanks to a specialized provider (S&P Trucost).

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.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The Management Company ensures that the Sub-Fund's investments do not cause harm to any of the sustainability objective(s) according to the "do not significantly harm" (the "**DNSH**") principle, through a negative and positive screening approach, further including the consideration of the principal adverse impacts (the "**PAI"**) described in the below sections.

In addition, the Management Company incorporates two types of exclusions, normative and sectorial, in its investment decisions, as further defined in the below sections.

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

The Management Company considers and mitigates the adverse impacts of its investments on society and environment through a combination of portfolio management decisions, engagement, and the exclusion of issuers in breach of the above-mentioned international norms.

Notably, with respect to Table 1 of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022, the Sub-Fund takes into account the following PAI in portfolio management decisions and engagement activities:

- Violation of the UN Global Compact principles and the OECD Guidelines for Multinationals;

- The lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises;

- Carbon footprint;

- Emissions to water;

- Hazardous waste and radioactive waste ratio;

- Board gender diversity;

- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

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

The Sub-Fund's sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises, being a key element of the Management Company's PAI considerations.

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

☒ Yes, the Management Company considers the main negative impacts of its investment decisions, in relation to the Sub-Fund, on sustainability factors. The Management Company uses a list of indicators to take into account the main negative impacts of its investment decisions on sustainability factors of its investment decisions on sustainability factors and by adopting a sectorial and normative exclusion list as further described in the below section. To do so, the Management Company uses ESG data from provider Trucost. More information on the PAIs can be found in the above section "How have the indicators for adverse impacts on sustainability factors been taken into account?".

☐ No

What investment strategy does this financial product follow?

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

The Sub-Fund seeks to outperform the Benchmark through a selection of small and mid-cap companies whose business model is considered sustainable and that generate value from a long-term investment perspective, which are distinguished by their social and environmental policies and the quality of their governance, and whose activity aims to contribute to the SDGs.

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

Several criteria are used to select investments to achieve the sustainable investment objective:

1. The stock selection process has several sectoral and normative exclusions aimed at eliminating companies that:

   - do not comply with one or more of the 10 principles of the United Nations Global Compact;
   - involved in controversial weapons (anti-personnel mines and cluster munitions); or
   - in the tobacco sector;
   - with more than 10% of revenues derived from thermal coal mining or coal-fired power generation.

Good governance practices include sound management structures, employee relations, remuneration of staff ad tax compliance.

2. The application of the Sustainalytics' (specialized third-party ESG data provider) score on the entire investment universe of the Sub-Fund, based on a risk-based approach, allows the Management Company to initially exclude issuers with a score higher than 50/100 on a scale from 0 to 100 (0 representing a zero ESG risk level, and 100 a maximum ESG risk level). This ESG risk rating measures the degree of risk related to a company's value due to ESG factors or, more technically, the extent of a company's undefined ESG risks. It classifies the risks faced by companies into five categories (negligible, low, medium, high and severe). These risk categories are absolute, meaning that a "high risk" rating reflects a comparable degree of ESG risk across all sectors.

   Sustainalytics has identified 20 material ESG issues that may or may not be relevant to a company such as business ethics, data security and privacy, carbon impact (products and services), human capital, land use and biodiversity.

   A range of indicators are set up to assess the materiality of each issue and how the company is managing the related issues. For example, in the case of the governance issue, Sustainalytics will analyze the structure of the board of directors, remuneration policies, quality and integrity of the Board, shareholder composition.

   Once the "investable" universe has been determined, a strategic filter is applied by the Management Company, which identifies business models deemed sustainable and value-creating from a long-term investment perspective and selects companies deemed to have strong development potential.

3. An internal analysis of the positive and negative social and environmental impact is performed using a proprietary grid developed by the Management Company. . This analysis is conducted using a 7-level rating grid : AAA (best) to BBB (worst), and through 4 impact themes "Climate and Environment", "Empowerment", "Innovative Technologies", "Health and Well-being". In fact, each impact theme responds to one or more of the UN SDGs.

   In order to measure the positive or negative contribution of companies to impact themes, the Management Company uses external ESG data from Trucost (scope 1, 2 and 3 carbon emissions, ratio of non-recycled waste, water use and recycling), Bloomberg (number of jobs created and R&D and capital expenditure as a percentage of sales), and those collected directly internally from company publications and other alternative sources (media, Glassdoor, etc.).

   On the basis of this internal analysis, the managing analysts may have to modify the ESG risk rating of companies upwards or downwards (through an adjustment) due to additional internal information and updating the Sustainalytics rating.

   For the selection of the securities in the portfolio, the Management Company uses the Sustainalytics ESG risk rating as modified (after an adjustment) and the financial analysis (analysis of the economic model and valuation) through a "Best-in-universe" approach.

   The minimum ESG risk rating of companies must be strictly below 30/100 after adjustment.

Exceptionally, the Management Company may depart from this rule subject to the presentation of an "investment case" to an internal committee, upon which the issuer must prove that at least 50% of its revenues is generated with products and services contributing to one or more of the Impact Themes. The case presented must demonstrate a strong potential for progress on these Impact Themes. If deemed acceptable by the Management Company, a reinforced shareholder engagement will be established through which such issuer will be monitored on a monthly basis in order to determine whether progress has been made in line with the Sub-Fund's sustainable objectives as well as to assess which action may be undertaken to sustain such progress.

The integration of such derogated issuers in the portfolio must be approved by the committee, and may not exceed 10%.

The Sub-Fund must obtain an overall ESG risk rating below that of its investment universe, excluding 20% of the lowest rated companies in the calculation. Using Sustainalytics risk-based approach, outperformance is therefore measured by a lower risk rating than the investment universe. The Sub-Fund may invest in shares of companies outside its Benchmark. However, it will ensure that the Benchmark selected is a relevant comparison with the Sub-Fund's ESG rating.

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

The Management Company's assessment of corporate governance practices includes a "Governance" pillar with a governance risk score and a special focus on the analysis of controversies throughout the investment process, as well as three indicators: (i) the presence of women on boards of directors, (ii) the rate of independent directors on the board and (iii) the number of signatories of the United Nations Global Compact.

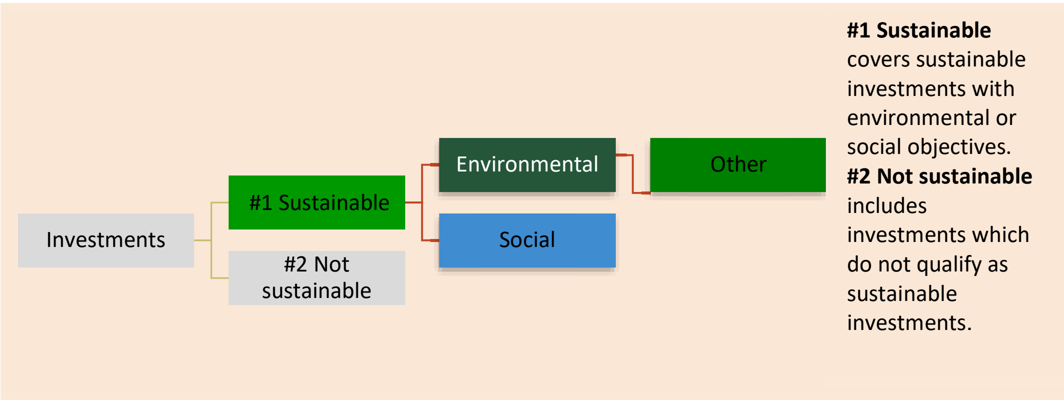
What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

The Sub-Fund invests a minimum of 90% of its net assets in assets that have been determined as "eligible" as per the ESG process in place, hence in investments that are defined as sustainable (#1 Sustainable).

In particular, "#1 Sustainable" includes a minimum of 9% of the Sub-Fund's net assets in investments with an environmental objective as well as a minimum of 9% of the Sub-Fund's net assets in investments with a social objective.

Up to 10% of the investments are not aligned with these characteristics ("#2 Not Sustainable").



How does the use of derivatives attain the sustainable investment objective?

The use of derivatives is not to attain the sustainable investment objective of the Sub-Fund.

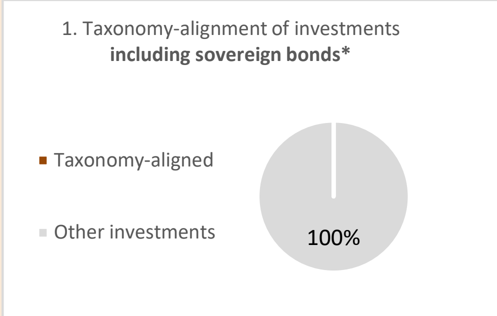
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

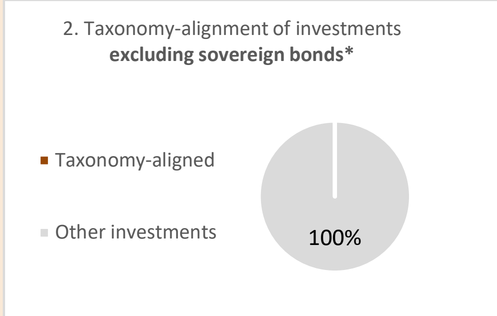
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available ad among others have greenhouse gas emission levels corresponding to the best performance.

The Sub-Fund currently makes no commitment to a minimum of activities aligned with the European Taxonomy.

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.

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





* *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?

The Sub-Fund currently makes no commitment to a minimum of activities aligned with the European Taxonomy.

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

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Sub-Fund invests a minimum of 9% of its assets in sustainable investments with an environmental objective that is not aligned with EU Taxonomy.

What is the minimum share of sustainable investments with a social objective?

The Sub-Fund invests a minimum of 9% of its assets in sustainable investments with a social objective.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

"#2 Other" includes bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, as well as hedging and derivatives instruments. There are no minimum environmental or social safeguards associated with these investments.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

The Management Company reports on various indicators to measure the extra-financial performance of the portfolio compared to the Benchmark, including the carbon and environmental footprints. The coverage rates for the carbon footprint and the environmental footprint must be above 90% and 70%, respectively. These two indicators must outperform the Benchmark.

The Sub-Fund is actively managed and there are no restrictions on the extent to which the Sub-Fund's portfolio may deviate from the Benchmark. The Benchmark is not ESG specific.

How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

The Benchmark is not continuously aligned with the sustainable investment objective promoted by the Sub-Fund.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

The Benchmark is not ESG specific and, therefore, has no ESG methodology.

- ***How does the designated index differ from a relevant broad market index?***

  The Benchmark is not ESG specific and does not differ from other relevant broad market index.

- ***Where can the methodology used for the calculation of the designated index be found?***

  https://www.msci.com/

Where can I find more product specific information online?

More product-specific information can be found on the website: https://www.lonvia.com/en/regulatory-informations