

Sustainability-Related Disclosure

HUGAU MONETERME

2024

Pursuant to Article 10 of EU Regulation 2019/2088 (SFDR)

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This document is provided in accordance with Article 10 of the SFDR EU Regulation 2019/2088 including details on the promotion of environmental or social characteristics of the Portfolios. This document targets financial products that promote environmental or social features (Article 8 of EU Regulation 2019/2088).

1. Summary

1.1 Integrating environmental and social characteristics into investment strategy

Hugau Gestion invests mainly in debt or equity securities of large listed European groups that have signed a good governance charter. The process of integrating environmental and social criteria reflects the quest for sustainable growth.

Prior to each investment, the product complies with the normative exclusion defined by Hugau Gestion, by excluding companies involved in controversial weapons. The management then applies a "Best-in-Class" strategy for selecting issuers, giving preference to companies with the best extra-financial ratings within their sector of activity, without favouring or excluding any sector in relation to the stock market index used as a starting point.

No specific index has been designated as a benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.

1.2 Product universe and asset allocation

The ESG rating coverage rate of the securities in the portfolio is around 90% (excluding cash). 95% of the securities covered are aligned with environmental and social characteristics and correspond to the "#1B Other E/S characteristics" category.

The extra-financial analysis of the portfolio consists of integrating ESG criteria into the investment process. A "best-in-class" approach is used to select issuers, giving preference to companies with the best extra-financial ratings within their sector of activity, without favouring or excluding any sector in relation to the stock market index used as a starting point.

1.3 Regulatory standards and principles of good governance

This financial product promotes environmental or social characteristics, but does not aim to be a sustainable investment within the meaning of the SFDR regulation.

The investment management and financial analysis teams, as well as General Management, are committed to understanding, analysing and assessing the ESG characteristics and issues specific to the sectors of activity and stocks selected. Investment decisions and portfolio management are based on the management company's own financial analysis, as well as on extra-financial analysis. By implementing policies to exclude issuers whose governance practices are controversial from certain strategies, for example PAI 14 for controversial weapons, the management company is in line with its ESG policy. In addition, governance-related controversies are also taken into account in the rating system.

1.4 ESG analysis methodology

The Hugau Moneterme fund incorporates an ESG risk rating based on Sustainalytics data into its stock rating process.

ESG risk measures the degree of exposure of a company's economic value to ESG factors, and more specifically, the extent of a company's unmanaged ESG risks.

The risk methodology gives the fund a rating of between 0 and 100 (a rating close to 0 being the lowest risk).

The selection of securities and issuers is based on an overall evaluation method known as "Best in Class", which excludes the lowest-rated 20% of issuers in each sector of activity, without excluding any sector, but which aims to select the most virtuous ones.

Methodological limitations: ESG analysis is largely based on qualitative and quantitative data provided by the companies themselves, and is therefore dependent on the quality of this information. Although constantly improving, companies' ESG reporting is still patchy and highly heterogeneous. The management company is also dependent on data providers.

1.5 Controls

E/S controls: ESG criteria are systematically taken into account when selecting securities, initially through a credit analysis and subsequently through an extra-financial analysis. All these phases in the evaluation of the securities selected are subject to our internal management policy and comply with the daily ratio control standards predefined by our company.

Due diligence: as part of the implementation of its strategy, Hugau Gestion has put in place due diligence controls to ensure that the fund complies with the extra-financial rules defined for its management: pre-trade control, post-trade control and ESG committees.

1.6 Shareholder engagement policy

Communication of voting intentions at general meetings to encourage responsible behaviour with regard to the ESG objectives of the companies held.

The exercise of voting rights concerns equity securities held in UCITS and FIAs managed by Hugau Gestion. As Hugau Moneterme is not one of these funds, Hugau Gestion's voting policy does not apply.

However, the Hugau Gestion management team strives to establish a constructive dialogue with issuers in order to learn about their practices in terms of environmental and social responsibility.

2. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have a sustainable investment objective.

Prior to each investment, Hugau Moneterme respects the policy of normative exclusions defined by Hugau Gestion, by excluding companies involved in controversial weapons (PAI n°14) covered by the Oslo and Ottawa Conventions (cluster munitions and anti-personnel mines as well as chemical and biological weapons).

3. Environmental or social characteristics of the financial product

As part of its investment strategy, the Hugau Moneterme fund uses an ESG rating methodology for issuers. This ESG evaluation grid is composed of several sustainability such as:

Environment

- Protecting biodiversity
- Protecting water resources
- Local pollution management
- Integrating environmental factors into the supply chain
- Waste management
- Managing greenhouse gas emissions
- Minimising the environmental impact of energy consumption

Social

- Promoting economic and social development
- Career management and promoting employability
- Health and safety conditions
- Integrating social factors into the supply chain
- Non-discrimination

4. Investment strategy

Hugau Moneterme fund is a VNAV standard Money Market fund. It complies with the regulations on Money Market Funds as issued by the European Regulation on Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds. Hugau Moneterme fund may only invest in high quality assets eligible for this category as defined in the fund's prospectus.

The fund invests mainly in high credit quality corporate bonds selected after in-house credit analysis by the management teams' team of independent analysts.

The criteria taken into account are primarily financial. There is no ESG filter upstream of the investment decision, apart from the immediate exclusion of companies in controversial sectors. Nonetheless, the 20% of companies with the lowest ratings in their sector are a priori excluded.

The fund will therefore first adopt a financial credit analysis approach in order to select issuers eligible for the category. It will then carry out an ESG analysis based on our ESG policy, using

information contained in the external database or publicly available on the company, such as its annual report, which includes a CSR section. The aim of this analysis is to identify the resources deployed by the company and their evolution in terms of environmental, social and good governance issues, including the policy developed in terms of ecological, energy and environmental transition.

After a purely financial analysis of the company and selecting the securities from a purely credit point of view, the management team carries out an ESG analysis based on the information contained in the extra-financial database or on publicly available external information about the company, such as its annual report, which includes a CSR section. The aim of this analysis is to identify the resources deployed by the company and their evolution in the environmental, social and governance issues, including the policy developed in terms of ecological, energy and environmental transition.

Non-financial analysis:

This approach is based on a Best-in-Class strategy, which is an ESG (Environment, Social, Governance) selection that favours issuers with the best extra-financial ratings in each sector of activity, without excluding any sector.

The fund's ESG objective is to exclude the least virtuous 20% of issuers in their sector. This approach is monitored on post-trade control and quarterly and annual ESG Committees.

Overtaking :

For diversification purposes and under certain conditions, a maximum of 5% of the total value of the issuers covered by the ESG analysis is authorised to invest in securities that do not meet the specific ESG criteria of the 20% exclusion defined in our responsible investment policy.

This exceptional ratio is justified in particular in the case of a change in the issuer's rating (time required to make a sale decision in the interest of unitholders in relation to management), in the event of the occurrence of external events such as a controversy or for reasons of unavailability of data, or for an overriding investment strategy need.

In this specific case, the analyst must inform the ESG team, which will decide whether or not to grant a waiver to invest in this issuer.

Securities in this category must comply with the sectoral exclusion filters for each type of asset and must not significantly worsen the overall ESG rating of the portfolio.

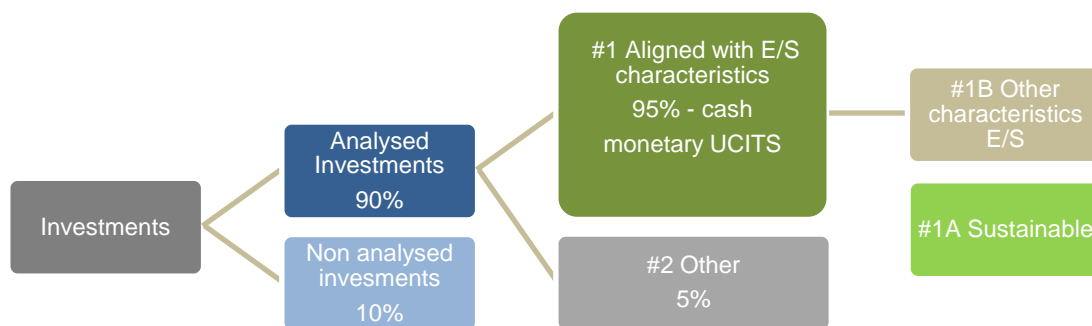
Cover :

The ESG rating coverage rate for securities in the portfolio is around 90%. Of these securities covered, 95% are aligned with environmental and social characteristics for funds applying a Best in Class approach. The coverage rate and control of the extra-financial approach are subject to daily post-trade monitoring.

5. Proportion of investment

Hugau Moneterme promotes environmental or social characteristics within the meaning of Article 8 of the European Regulation SFDR 2019/2088 on sustainability reporting in the financial services sector.

Hugau Gestion undertakes to carry out an extra-financial analysis on a minimum of 90% of the issuers in its portfolio (excluding cash)



Category #1 Aligned with E/S characteristics includes investments in the covered financial product used to attain the environmental or social characteristics promoted by the financial product.

Category #2 Other includes the remaining covered investments in the financial product that are neither aligned with environmental or social characteristics nor considered to be sustainable investments.

Sub-category #1B Other includes the remaining investments which are aligned with environmental or social characteristics that are not considered sustainable investments.

The investment universe taken into account for the calculation of alignment with E/S characteristics is based solely on the coverage rate of issuers in the portfolio provided by our extra-financial data provider.

At least 90% of assets are subject to ESG analysis. Of these analysed assets, assets aligned with environmental and/or social characteristics (#1) will represent at least 95% of the financial product.

Hugau Moneterme promotes environmental or social characteristics but does not have a sustainable objective. Therefore, investments in category #1A cannot commit to a minimum sustainable investment.

6. Monitoring environmental or social characteristics

Several indicators are used to measure the achievement of each environmental or social characteristics promoted by the fund:

- Scope of ESG analysis: at least 90% of the fund's investments are subject to ESG analysis.
- Exclusion of issuers that are above the 80th percentile within their sector of activity, verified during post-trade controls: Hugau Gestion applies a "Best-in-class" strategy for selecting issuers, which involves favouring the best-rated companies from an extra-financial point of view within their sector of activity, without favouring or excluding any sector in relation to the stock market index used as a starting point. These issuers demonstrate responsible behaviour towards their ecosystem (environment, employees, shareholders).

All the issuers in the portfolio are analysed using the extra-financial criteria defined in our responsible investment policy.

- Securities with a level 4 and 5 controversy (Sustainalytics' level 5 being the most severe) require consultation at ESG committee meetings.

7. Methodologies

Sustainalytics rating methodology provides a risk rating for the fund out of 100 and compares it to its investment universe. ESG risks can significantly impact a company's economic value. Sustainalytics' ESG Risk Ratings provide a consistent measure of material environmental, social, and governance risks.

The ratings are based on an assessment of a company's exposure to risk and how well it manages those risks, resulting in a single score that indicates the company's overall ESG risk level.

Sustainalytics takes several issues into account in its ESG rating criteria:

- product governance
- corporate governance
- human capital
- business ethics
- employee health and safety
- use of resources
- carbon impact

These indicators will give rise to overall ratings based on two dimensions, exposure and management, in order to assess the extent of the unmanaged risks to which a company is exposed.

Rating scale:

ESG Risk ratings are based on a conventional hierarchical scale with 5 levels of risk. Based on their quantitative scores, companies are grouped into one of five risk categories (negligible, low, medium, significant, severe). These risk categories are absolute, meaning that a 'high risk' rating reflects a comparable degree of unmanaged ESG risk across all the sub-sectors covered.

Risk rating scale :

Negligible Low Moderate High Severe

| | | | | |
|------|-------|-------|-------|-----|
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ |
|------|-------|-------|-------|-----|

ESG ratings have two dimensions, exposure and management, to assess the extent of unmanaged risk to which a company is exposed

The overall ESG risk score represents the sum of the material ESG ratings or material issues. An ESG issue is considered material for rating purposes if it is likely to have a significant effect on the enterprise value of a typical company within a given sub-sector and if its presence or absence in financial reports is likely to influence decisions made by an investor.

The latter is calculated as a function of its "Beta" coefficient. Sub-sectors are differentiated by assessing the importance of questions for each sub-sector.

The overall ESG risk score is the result of the difference between the company's exposure and its managed risk.

8. Data sources and processing

The fund uses data from the extra-financial data provider Sustainalytics for the analysis and ESG ratings of the securities held in the portfolio. These ratings guide our investment management decisions.

It is also our partnership with Sustainalytics that we draw up our blacklist of companies involved in controversial weapons (PAI n°14) covered by the Oslo and Ottawa Conventions (cluster munitions and anti-personnel mines) as well as chemical and biological weapons.

Hugau Gestion also relies on company reports (Universal Registration Document) which, for large groups, most often contain an extra-financial section on ESG and which, as companies are required to disclose this data, are becoming more stringent.

To complete the ESG analysis, management can consult the data provided by Bloomberg for information purposes.

9. Limits to methodologies and data

ESG analysis is largely based on qualitative and quantitative data provided by the companies themselves, and is therefore dependent on the quality of this information. Although constantly improving, ESG reporting by companies is still patchy and highly heterogeneous. The management company is also dependent on data providers.

For diversification purposes and under certain conditions, a maximum of 5% of the total value of the issuers covered by the ESG analysis may be invested in securities that do not meet the specific ESG criteria of the 20% exclusion defined in our responsible investment policy. This ratio is justified in particular in case of a change in the issuer's rating or if data is not available.

10. Due diligence

Hugau Gestion has implemented a due diligence process ensure that the fund complies with the extra-financial rules defined for its management.

Order-passing tool :

Pre-trade checks: the following checks are carried out when securities are purchased:

- Verification if security is not one of the prohibited securities (controversial weapons, etc.)
- Verification of ESG scores and ranks to ensure correct application of the Best in Class approach

Post-trade controls: fund exposures and ratios are monitored on a daily basis.

ESG Department :

- ESG ratings are reviewed on a monthly basis, and the ESG department provides an updated list of securities detect ESG downgrades within the portfolio.

ESG Committees :

- At least 90% of the securities in the portfolio, excluding cash, have an extra-financial rating;
- The 20% lowest-rated securities in the sector are excluded;
- Controversies control.

11. Engagement Policies

In line with its responsible investment approach, Hugau Gestion gives a particular importance to informing and raising the awareness of the stakeholders involved in its management in order to change their practices.

Communication of voting intentions at general meetings to encourage responsible behaviour with regard to the ESG objectives of companies held in the portfolio by means of mail votes.

Voting rights are part of a responsible approach that takes into account the financial and extra-financial stakes of the companies we invest in. They also aim to involve our clients in improving the governance of the companies we invest in, as well as the quality and transparency of the financial information they receive. Hugau Gestion exercises its voting rights in line with a policy that promotes greater consideration of environmental issues in particular. Resolutions are an important tool to access to climate-related data and objectives, and demonstrating a company's willingness to change its practices in this area.

12. Designated Reference Benchmark

Hugau Moneterme fund does not have a benchmark index aligned with the environmental and social characteristics it promotes. Hugau Moneterme is a VNAV Standard Money Market fund and its financial performance is measured against the ESTER index.