

**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**

**Product name:** NCG US Small Cap Growth Fund

**Legal entity identifier:** 6354001ANBW4TC1L1092

## 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 Fund aims to promote environmental and social characteristics in accordance with Article 8 of SFDR through its investment selection process. The Investment Manager defines environmental and social characteristics as those environmental, social or governance criteria that have a positive environmental and/or social impact.

The Investment Manager promotes the following environmental and social factors when assessing sustainability risks and investment selection to promote environmental and/or social characteristics, including but not limited to:



**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.

### Environmental:

1. Promotes climate change – The Investment Manager evaluates companies for whether their business model will be impacted by varying climate change factors such as: environmental risk exposure (including GHG emissions), product carbon footprint, raw material sourcing, energy management, and climate change risk/vulnerability.

### Social:

1. Employee engagement, diversity & inclusion - Including employee recruitment, development & retention and demographics (gender and race/ethnicity);
2. Customer privacy and cybersecurity - Including data breaches, litigious actions due to cyber breaches; and
3. Human rights - including human rights violations, child labor, health and safety standards, working conditions.

The Investment Manager integrates ESG criteria as part of its Investment Manager's stock selection process (as detailed in the Supplement under the heading Section 2. "Investment Policies" ) through its proprietary research and analysis (in addition to the exclusionary principles as detailed under the sub-heading "*Approach to Sustainability Risk Integration*" – "*Environmental & Social characteristics promoted by the Fund*").

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

The Investment Manager implements the Fund's ESG investment strategy on a continuous basis through the assessment of sustainability indicators as further detailed below and which are fully integrated into the Investment Manager's research process and its decision making process.

Sustainability indicators:

1. Environmental risk exposure including GHG emissions, carbon footprint, exposure to fossil fuel sectors, energy management, percent renewable energy and climate change risk/vulnerability.
2. Board diversity, diversity & metric outcomes and employee ratings on diversity
3. Public controversies and customer privacy. Quality of disclosures on customer privacy.
4. Number of human rights violations.

The Investment Manager utilises both internal and external data as part of its ESG Screening and Analysis process. Part of the pre-investment process is ESG Screening and Analysis which is currently conducted in-house by reviewing publicly available ESG information, third party data through our research provider, Ethos, and direct engagement with management teams. The Investment Manager leverages its strong relationships with the management teams within investee companies to understand material ESG factors applicable to each company, and the commitment to them by such management teams. Where material ESG issues are identified and reliable data is available, the impact of these ESG issues are incorporated into our broader company evaluation. This may lead to a decision not to invest or divest from an investment.

#### ● **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?** Not applicable. The Fund does not hold sustainable investments.

#### ● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable**

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

**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.

**investment objective?** Not applicable. The Fund does not hold sustainable investments.

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

Not applicable.

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

Not applicable.

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

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

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

Regulation requires that this document include these statements. However, for the avoidance of doubt, this Fund does not: (i) take into account the EU criteria for environmentally sustainable economic activities in the EU Taxonomy; or (ii) calculate its portfolio alignment with the EU Taxonomy. As such, the Fund is 0% aligned with the EU Taxonomy.



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

Yes, \_\_\_\_\_

No



**What investment strategy does this financial product follow?**

The Investment Manager considers that a portfolio of high growth companies, combined with a strong sell discipline, will lead to a compounding of portfolio value over time. The Fund will invest in companies in multiple sectors in the economy, as long as the Investment Manager’s growth criteria are met, additional details on the Investment Managers growth criteria can be found in the ‘*Investment Philosophy*’ heading within the Supplement. The Investment Manager considers that this team-based, generalist approach enables in-depth growth stock analysis, healthy stock specific and portfolio discussions, and a streamlined decision-making process.

A disciplined approach is followed to construct the Fund's portfolio. The Fund's portfolio will typically hold 40 to 60 stocks and emphasize the fastest-growing sectors

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

of the economy. Individual sectors are generally limited to 2 times that of the Index or 10%, whichever is higher.

The Investment Manager's proprietary ESG research and analysis includes a pre-investment questionnaire which is sent to management and covers the following topics: ESG/Sustainability/CSR (Corporate Social Responsibility) report, management of GHG emissions, cybersecurity incidents, marketing practices, health & safety performance, previous litigation, waste management, product quality and safety, labor practices, climate change/environmental risk exposure, employee engagement, diversity and inclusiveness, human rights violations and anti-bribery or corruption incidents. Where material ESG issues are identified, the impact of these ESG issues are incorporated into the Investment Manager's broader company evaluation. This may lead to a decision not to invest.

The Investment Manager implements the Fund's investment strategy on a continuous basis through the above investment policy process and the assessment of sustainability indicators as further detailed above.

● ***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?***

The Investment Manager does not invest in companies with known practices that are significantly harmful to society, such as corruption, lack of transparency, ethical violations, or other potential human rights violations. While many factors may be considered in the assessment of any investment, the Fund will seek to avoid investing in companies which themselves or through entities such companies control, which produce or are involved in the following industries:

- Fossil fuels (extraction and production of fossil energy sources, including thermal coal, natural gas, shale gas, and tar sand);
- Fossil energy production (energy companies where more than 50% of installed production capacity is intended for fossil fuel energy sources);
- Controversial Weapons (cluster bombs, landmines, chemical and biological weapons, nuclear weapons);
- Tobacco;
- Adult Entertainment;
- Alcohol; and
- Gambling.

The Investment Manager shall adhere to the exclusionary principles set out in the Supplement under the heading "*Guidelines for the observation and exclusion of companies based on the application of ESG criteria*". The Investment Manager, with respect to the Fund, follows the Norges Bank Investment Management ESG exclusion list of companies and from time to time, may add companies not on that list if where the Investment Manager deems them to be substantially similar to companies falling upon that list. Securities will not be included in the Fund's portfolio if they are on the Norges Bank exclusion list of companies. For the monitoring process, the Compliance Department of the Investment Manager monitors the Norges Bank exclusion list for changes and identifies any newly added companies. Any securities which are moved to these exclusion lists are typically divested within an appropriate time frame as determined by the Investment Manager and in the best interests of Shareholders. The Investment Manager is supported by the Advisory and Marketing Support Agent and an independent ESG research provider.

The Investment Manager is a signatory to the UN Principles for Responsible Investment ("UNPRI"), thereby undertaking to incorporate ESG issues into its analysis and decision-making processes in the investment area. The Investment Manager incorporates the principles of UNPRI in its evaluation of the environmental, social and governance considerations.

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

Not applicable – The Investment Manager does not have a committed minimum rate to reduce the scope of investments considered prior to the application of the investment strategy.

● **What is the policy to assess good governance practices of the investee companies?** When analysing 'good governance' practices across the universe of potential investments, the Investment Manager considers several metrics in accordance with the Investment Manager's ESG assessment methodology, as described under the heading "*Investment Policies*" in the Supplement.

The Investment Manager evaluates an investee companies' leadership through due diligence, reviews of executive pay, potential conflicts of interest, internal audit capabilities and internal controls, the reputation of management and stakeholders, evidence of fraud or malfeasance, the adoption of effective ESG and CSR standards and other relevant qualitative factors where available. The Investment Manager is of the opinion that companies should have suitable practices and policies in place across all such governance metrics to ensure that they are best placed to evolve in a sustainable manner over the long-term.

The Investment Manager actively engages with its investee companies on good governance practices during the due diligence process and on a continual basis upon inclusion in the Fund. Throughout the holding period, the Investment Manager interviews management teams within investee companies to make sure the governance profile has not changed.

ESG considerations are identified and implemented by the Fund's Investment Manager. The ICAV and Manager have appointed an Advisory and Marketing Support Agent which provides non-discretionary advice on certain ESG considerations to the Investment Manager to support the assessment of 'good governance' practices, such as:

- Environmental: The Investment Manager assesses how a company performs as a steward of nature. The Investment Manager analyses how the Fund's activities impact the environment and manages environmental risks.
- Social: The Investment Manager examines the strengths and weaknesses of how a company manages relationships with employees, suppliers, customers, and the communities where it operates.
- Governance: The Investment Manager evaluates a company's leadership, executive pay, audits, internal controls, and shareholder rights.
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**What is the asset allocation planned for this financial product?** The Fund allocates the majority (in normal market conditions at least 80%) of its NAV in US equity securities of small capitalisation traded on a Recognised Exchange. These investments can be categorised as "#1 Aligned with E/S characteristics". The Fund

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

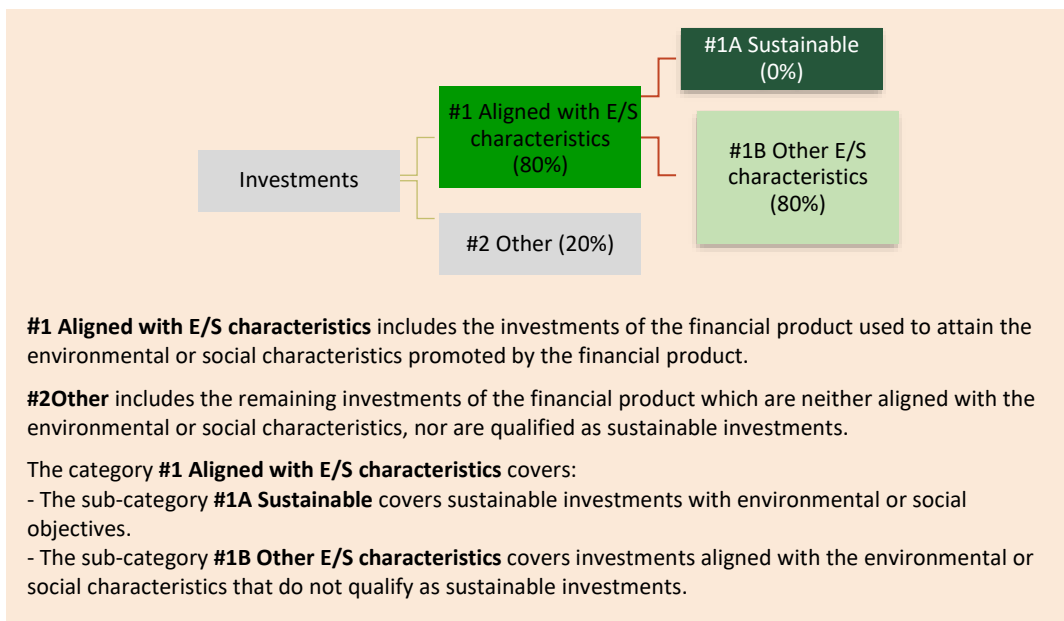


**Asset allocation** describes the share of investments in specific assets.

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.

does not commit to making sustainable investments. The remaining investments in the Fund can be categorised as "#2 Other". Investments that might fall under "#2 Other" include equity positions (not aligned with E/S characteristics), American Depository Receipts (ADRs), cash, money market instruments or other cash equivalents.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** Not applicable



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?** The Fund does not invest in sustainable investments with an environmental objective which are aligned with EU Taxonomy under the Taxonomy Regulation. As a result, the percentage of the Fund's investments that will be in economic activities that qualify as environmentally sustainable is 0%.

- **Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

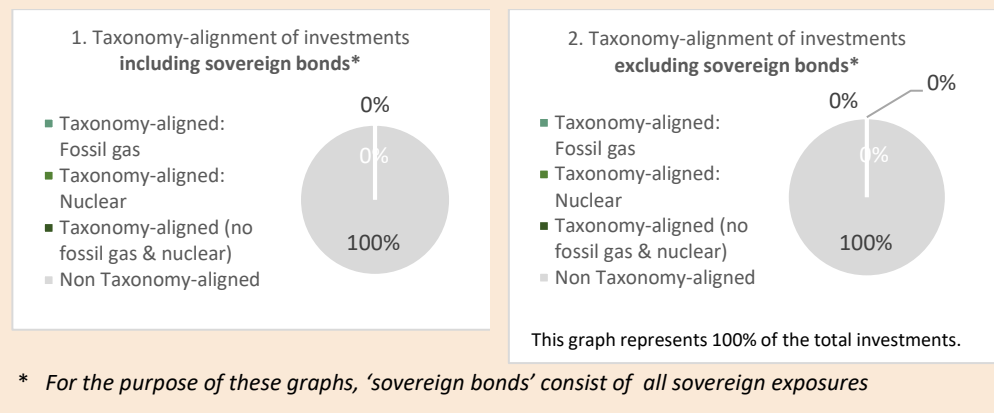
In fossil gas     In nuclear energy

No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



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.



- **What is the minimum share of investments in transitional and enabling activities?** The proportion of investments in environmentally sustainable economic activities is currently 0% of NAV, which comprises of 0% of NAV in transitional and 0% of NAV in enabling activities.

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



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

As the Fund does not make any sustainable investments, the minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy is 0% of the NAV.



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

The minimum share of socially sustainable investments is 0% of NAV.



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

Under #2Other, the Fund may keep up to 10% of its Net Asset Value in cash or money market instruments including short-term US treasury bonds. From time to time, the Fund may invest to a greater extent in cash or cash equivalents (i.e. US treasury bonds) for defensive purposes. The Investment Manager uses its discretion as to when to invest in these asset classes, based on conditions in equity markets and will do so with the aim of reducing the effects of the volatility of equity markets on the Fund’s portfolio and preserving the capital of the Fund. Furthermore, up to 10% of the Net Asset Value of the Fund may be invested in non-US equity securities denominated in US Dollars including ADRs.

Given the nature of such investments, there is no minimum environmental or social safeguards. Although the basic precondition used in the selection of the Fund's assets is the alignment to the E/S characteristics, there may be occasions when this is not the case.



### **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?**

An index has not been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable, as above.

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

Not applicable, as above.

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

Not applicable, as above.

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

Not applicable, as above.

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



### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:** Fund data, documents, supplemental information and contact information is available on: <https://candoris.nl/investment-strategies/us-small-cap-growth/>