



SiM US High Yield Fund

Strategic Income Management aims to promote environmental, social, and governance characteristics through its investment selection process as described in this document. The SiM US High Yield Fund is classified as an Article 8 Fund for the purposes of SFDR.

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A) Summary

The Fund's investment objective is to seek: (i) high current income; and (ii) capital appreciation. The Investment Manager has three principles in selecting investments in issuers with sustainable business practices being taken into account by the Investment Manager when undertaking company level analysis to comprise the Fund's "core" portfolio, as further detailed in the section of the Supplement of the Fund entitled "Investment Policies", sub-section "Investment Strategy". First, in selecting its investments the Investment Manager seeks to gain exposure to issuers operating in industries with positive long-term trends such as demographics, technology, regulations, etc. which will provide fundamental support for that industry and the Fund's investment throughout the business cycle of the industry. Second, the Investment Manager seeks to avoid investing in issuers operating in industries it considers ill-suited to high levels of leverage due to factors in those industries such as volatile revenues, a need for high capital expenditure or other adverse long-term trends. Finally, the Investment Manager analyzes investments in issuers operating in industries it has selected for investment by the Fund from the perspective of a chief financial officer of that issuer, in order to ensure that the issuer's products, balance sheet, cash flows, capital expenditure levels and return on capital invested will be sustainable in the longer-term. In addition to this "core" portfolio, the Investment Manager will also opportunistically seek to invest in issuers operating in "out-of-favor" industries. The Investment Manager will first seek to determine that the industry is viable in the long term, and will then look for catalysts for a correction within that industry. Typically, this is a rebalancing of supply to demand through the removal of excess supply from the industry as weaker issuers operating within that industry firms are forced to close down or exit the industry. The Investment Manager seeks companies within those industries that have a pathway to survive the industry downturn. Investments in "out-offavor" sectors/industries may represent up to one-third of the portfolio of investments of the Fund. The Fund's "out-of-favor" investments will be diversified across industries and/or subsectors of the capital markets. In seeking to achieve the Fund's investment objective, the Investment Manager takes sustainability and environmental, social and governance ("ESG") considerations into account as part of its investment decision-making process.

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:

Environmental - The Fund will promote good environmental practices through assessing whether an issuer has an environmental policy, has published targets to reduce their carbon footprint or released information regarding their current carbon emissions; and/or is facing any lawsuits, allegations or regulatory breaches relating to environmental concern or neglect, and focusing investments in companies that have these positive environmental characteristics, or if not, remediation programs in place to improve on these characteristics.

Social - The Fund will also promote good social practices by assessing an issuer's health and safety track record, anti-discriminatory hiring practices, breaches of regulatory requirements, any pending lawsuits



and recent proxies that received significant shareholder dissent, and focusing investments in companies that have positive records on these social characteristics, or if not, remediation programs in place to improve on these characteristics.

The above is achieved by the identification of environmental, social, and governance indicators, that have a positive environmental and/or social impact, by the Investment Manager as part of its debt and/or equity picking process through its proprietary research and analysis. In addition, the Investment Manager shall adhere to the exclusionary principles set out in the Supplement under the heading "Investment Policies", sub-paragraph "Investment Strategy".

B) No sustainable investment objective

The Fund promotes Environmental/Social (E/S) characteristics, but does not have a sustainable investment objective or goal.

C) Environmental or Social ("E/S") characteristics of the 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:

Environmental - The Fund will promote good environmental practices through assessing whether an issuer has an environmental policy, has published targets to reduce their carbon footprint or released information regarding their current carbon emissions; and/or is facing any lawsuits, allegations or regulatory breaches relating to environmental concern or neglect, and focusing investments in companies that have these positive environmental characteristics, or if not, remediation programs in place to improve on these characteristics.

Social - The Fund will also promote good social practices by assessing an issuer's health and safety track record, anti-discriminatory hiring practices, breaches of regulatory requirements, any pending lawsuits and recent proxies that received significant shareholder dissent, and focusing investments in companies that have positive records on these social characteristics, or if not, remediation programs in place to improve on these characteristics.

The above is achieved by the identification of environmental, social, and governance indicators, that have a positive environmental and/or social impact, by the Investment Manager as part of its debt and/or equity picking process through its proprietary research and analysis. In addition, the Investment Manager shall adhere to the exclusionary principles set out in the Supplement under the heading "Investment Policies", sub-paragraph "Investment Strategy" and as discussed further below.

D) Investment strategy

The Fund's investment objective is to seek: (i) high current income; and (ii) capital appreciation. The Investment Manager has three principles in selecting investments in issuers with sustainable business practices being taken into account by the Investment Manager when undertaking company level analysis to comprise the Fund's "core" portfolio, as further detailed in the section of the Supplement



of the Fund entitled "Investment Policies", sub-section "Investment Strategy". First, in selecting its investments the Investment Manager seeks to gain exposure to issuers operating in industries with positive long-term trends such as demographics, technology, regulations, etc. which will provide fundamental support for that industry and the Fund's investment throughout the business cycle of the industry. Second, the Investment Manager seeks to avoid investing in issuers operating in industries it considers ill-suited to high levels of leverage due to factors in those industries such as volatile revenues, a need for high capital expenditure or other adverse long-term trends. Finally, the Investment Manager analyzes investments in issuers operating in industries it has selected for investment by the Fund from the perspective of a chief financial officer of that issuer, in order to ensure that the issuer's products, balance sheet, cash flows, capital expenditure levels and return on capital invested will be sustainable in the longer-term. In addition to this "core" portfolio, the Investment Manager will also opportunistically seek to invest in issuers operating in "out-of-favor" industries. The Investment Manager will first seek to determine that the industry is viable in the long term, and will then look for catalysts for a correction within that industry. Typically, this is a rebalancing of supply to demand through the removal of excess supply from the industry as weaker issuers operating within that industry firms are forced to close down or exit the industry. The Investment Manager seeks companies within those industries that have a pathway to survive the industry downturn. Investments in "out-of-favor" sectors/industries may represent up to one-third of the portfolio of investments of the Fund. The Fund's "out-of-favor" investments will be diversified across industries and/or subsectors of the capital markets. In seeking to achieve the Fund's investment objective, the Investment Manager takes sustainability and environmental, social and governance ("ESG") considerations into account as part of its investment decision-making process.

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

The Investment Managers utilizes a three step Environmental, Social and Governance assessment, a good governance assessment is the first step. The good governance assessment is used to assess a potential investment taking into account a number of indicators, which reflect widely recognised industry established good governance norms. An issuer must pass the Investment Manager's 'good governance' assessment in order to meet the Fund's criteria for investment, as outlined below.

Investee companies are assessed against a variety of factors and metrics, incorporating the key areas of corporate practice which are highlighted in SFDR, being sound management structures, strong employee relations, fair remuneration of staff, and tax compliance. In particular, the Investment Manager will assess against the following factors and metrics:

- (i) Labour management – Assessment of whether the company is compliant with the 3rd principle on labor relations on the UN Global Compact and is not on the non-compliance list;
- (ii) Business ethics, bribery and corruption – Assessment of whether the company is compliant with the 10th principle on anti-bribery and corruption of the UN Global Compact and is not on the noncompliance list;
- (iii) Accurate reporting – An assessment of whether the company has published unqualified audited financial statements and reports;
- (iv) Board oversight – An assessment of whether the Supervisory Board of the company, if applicable, has at least one independent board member;



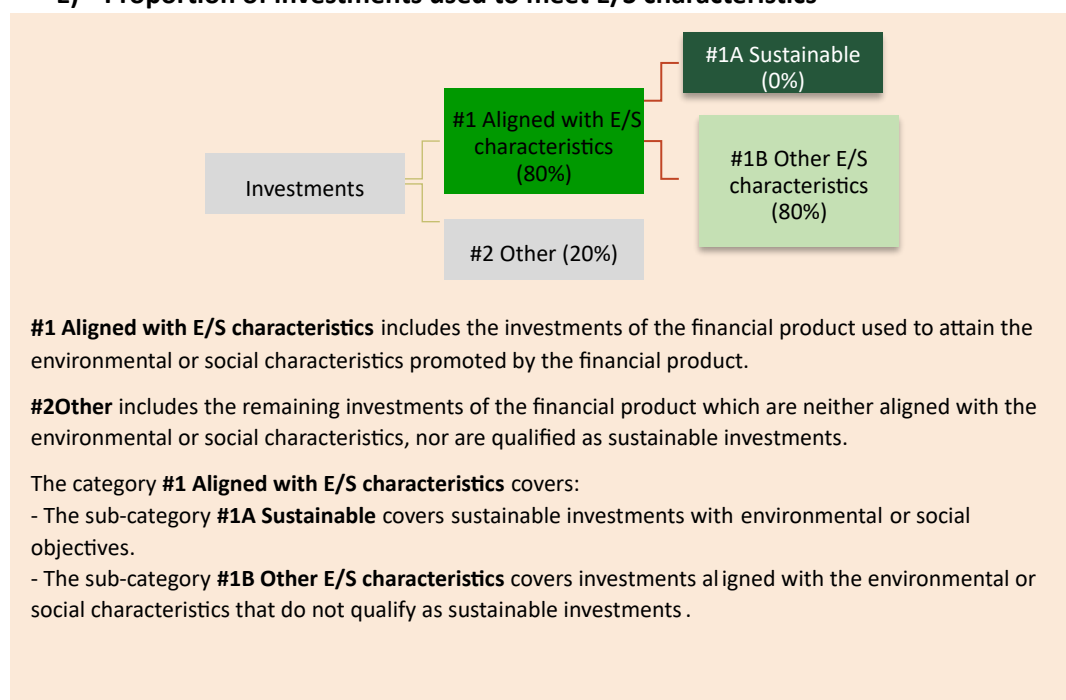
(v) Taxation and tax compliance – An assessment of whether the company has no significant controversies on in relation to taxation and accounting; and

(vi) Executive pay – An assessment of whether the company has appropriate compensation metrics for management that align their interests with those of other shareholders.

Additional factors may be considered by the Investment Manager on behalf of the Fund, as part of the assessment process, and the weight given to these indicators may change over time.

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

E) Proportion of investments used to meet E/S characteristics



The Fund allocates the majority (at least 80%) of its assets to non-investment grade or unrated fixed income securities and/or financial derivative instruments, that provide exposure to non-investment grade or unrated fixed income securities. These investments can be categorised as “#1 Aligned with E/S characteristics”. The Fund 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 fixed income or equity securities (not aligned with E/S characteristics), cash positions, cash equivalents and currency forwards (used for hedging purposes).

F) Monitoring of E/S characteristics

The Investment Manager will review each proposed investment for the Fund with respect to ESG characteristics and compliance. In this regard, the Investment Manager applies the following exclusion criteria which means that the Fund shall not be invested in companies which, themselves or through entities they control:

(i) produce weapons that violate fundamental humanitarian principles through their normal use; (ii) sell weapons or military material to states that are subject to investment restrictions on government bonds;



- (iii) produce tobacco;
- (iv) extract oil sands;
- (v) produce coal;
- (vi) are involved in Arctic oil and gas exploration;
- (vii) are in violation of the International Labor Organization's labor standards, the United Nations Guiding Principles for Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises; and those companies that are listed on the Norges Bank exclusion list. (viii) investments in securities that are included on the Norges Bank Exclusion list; and/or (ix) do not meet the Investment Manager's minimum threshold for good governance practices as determined by the Investment Manager's good governance policy.

In addition to the general investment restrictions set out in the Prospectus of the ICAV, the Fund will not invest in the debt or equities of any companies that do not conform to the ESG criteria, as set out in the section 'Investment Strategy' in the Supplement of the Fund. The Fund shall not invest in those companies that have been included in the Norges Bank exclusion list, a list which applies the guidelines for the observation and exclusion of companies as detailed in the Supplement of the Fund.

The Fund will then review a range of both quantitative and qualitative indicators in determining whether an issuer supports good environmental and social practices. The tools utilized by the Fund to identify investments that align with its philosophy that companies with sustainable business practices have a competitive advantage may include but are not limited to its own proprietary research; third party quantitative ESG data provided by MSCI together with its ESG scoring system, and investee company and industry publicly available data.

These tools and the Investment Manager's internal research will focus on: whether an issuer has an environmental policy, has published targets to reduce their carbon footprint or released information regarding their current carbon emissions; is committed to reducing waste; and/or is facing any lawsuits, allegations or regulatory breaches relating to environmental concern or neglect. The Fund may also assess additional indicators specific to an investee company's business and the industry in which it operates, such as water conservation, Co2 thresholds, and environmental remediation commitments. Included in this assessment will be a Company's relative ranking in its industry compared to comparable issuers on environmental or social characteristics.

With respect to Social characteristics, the Investment Manager will assess an issuer's health and safety track record, breaches of regulatory requirements, anti-discriminatory hiring practices, any pending lawsuits and recent proxies that received significant shareholder dissent.

These measures and indicators are used and fully integrated into the research process and are fully part of the investment process, sitting alongside the Investment Manager's other investment decisionmaking processes.

G) Methodologies - describe the methodologies to measure how the E/S characteristics promoted by the financial product are met;

With respect to the promotion of E&S characteristics, the Fund measures the attainment of such characteristics using the MSCI ratings of the Fund as a whole and the individual investee companies. To the extent there are investments that are not rated, the Investment Manager develops a proprietary score.



With reference to other binding commitments such as those highlighted on paragraph (f) "Monitoring of environmental and social characteristics" the fund collects data related to controversies or breach of Standards using:

- Proprietary and third party research
- Publicly available filings and reports
- MSCI ESG research
- The Norges Bank exclusion list

H) Data sources and processing

The tools utilised by the Investment Manager to identify investments that align with its philosophy that companies with sustainable business practices have a competitive advantage may include but are not limited to its own proprietary research; third party quantitative ESG data provided by MSCI together with its ESG scoring system; and internal assessments using the Investment Manager's ESG assessment template where third party research does not provide all or some of the information sought in respect of potential investments. In addition, a comparison of an issuer against its peers in respect of ESG performance will be undertaken.

The Investment Manager's ESG assessment template has three separate parts with the first part, the good governance assessment, used to assess a potential investment taking into account a number of indicators which reflect widely recognised industry established good governance norms. The second and third parts of the assessment focus on social and environmental practices respectively.

I) Limitations to methodologies and data

The Fund's sustainability risk may differ from the sustainability risk of the Index.

The Fund's methodologies may be limited where no third party scoring data is available and/or where publicly available information is scarce. In such cases the Fund may look to other sources, such as 3rd party research, publicly available information and public filings or may decide that the lack of information, in and of itself, a reason to forego a particular investment. Overall the Fund does not believe these limitations will materially affect the attainment of the environmental or social characteristics promoted by the Fund.

J) Due diligence

- The Fund monitors third-party ESG ratings for each security periodically and at least semi annually.
- The Investment Manager develops internal ESG ratings for each investment that is not rated by external sources and records this in its research note. This is reviewed and updated periodically and at least semi annually.
- The Investment Manager monitors controversies for all investee companies.
- The exclusions noted previously are monitored by the IM monthly and if there are changes those changes are updated in the Order Management System and the system prevents investment in such companies
- The Investment Manager considers existing and emerging ESG risks as part of its investment research process and determines the most significant risks prior to making any investment.



K) Engagement Policies

From an engagement perspective, where the Investment Manager believes engagement will have a material impact, the Investment Manager will actively engage with issuers that materially breach minimum behavioral norms in areas such as human rights, labour relations, environmental issues and anti-corruption. These norms are represented by the United Nations Universal Declaration of Human Rights, the ILO's labor standards, the UNGPs, the UNGC and the OECD Guidelines for Multinational Enterprises. The desired outcome of such engagement is the elimination and remediation of any breach and enhancements in management processes aimed at avoiding any repeated breach.

L) Designated reference benchmark

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

M) Sustainability Risk

Pursuant to SFDR, the Manager in respect of the Fund is required to disclose the manner in which sustainability risks are integrated into the investment decision of the Fund and the results of the assessment of the likely impacts of sustainability risks on the returns of the Fund. Such risks are principally linked to climate-related events resulting from climate change (the so-called physical risks) or to the society's response to climate change (the so-called transition risks), which may result in unanticipated losses that could affect the Fund's investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into sustainability risks.

The Investment Manager has integrated sustainability risks in its investment decision making process and also reviews sustainability risks as part of its risk monitoring process. Steps are taken by the Investment Manager to identify and assess sustainability risks relating to each potential investment as part of its decision making process. The Investment Manager's assessment is that the integration of sustainability risks into its processes should generally help to mitigate any potential material negative impact of such risks on the returns of the Fund, although there can be no assurance that all such risks will be mitigated in whole or in part, nor identified prior to the date of investment.

N) No consideration of adverse impacts on sustainability factors

Taking due account the nature and scale of its activities, Strategic Income Management does not currently consider the principal adverse impacts of investment decisions of the Fund on sustainability factors (in the manner specifically contemplated by Article 4(1)(a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR")). Strategic Income Management considers this an appropriate and proportionate approach to compliance with its obligations under SFDR.

O) Remuneration policy

The remuneration policy has been reviewed in line with the requirements of SFDR. In line with the disclosures outlined in the pre-contractual documentation, sustainability factors do not form part of remuneration considerations.

P) Annex IV – Periodic Disclosure



Sustainable Finance Disclosure Regulations ("SFDR") and Taxonomy Regulations

ANNEX IV

[Click here for the ANNEX IV reporting](#)

