ARTICLE 10 (SFDR)

INFORMATIONS POUR UN FONDS VISE A L'ARTICLE 8 SFDR

GEMBOND

Name of the product: GEMBOND **Legal entity identifier: 96950058EW1GCEFG7C82**

A. Summary

The GemBond fund is a dynamic fund seeking long-term performance through exposure to bonds issued mainly by emerging countries (Asia, Latin America, the Caribbean, Eastern Europe, the Middle East and Africa), at least 90% of which are in securities selected on the basis of extra-financial criteria, taking into account environmental, social and governance (ESG) aspects.

GemBond's management focuses on the bond markets of emerging countries, with the aim of taking advantage of the long-term trend in these countries' economic development.

GemBond's management is based on macroeconomic analysis aimed at identifying cyclical and structural trends, coupled with rigorous country selection based on sovereign risk analysis.

The selection of securities in the portfolio is based on both financial analysis criteria and extra-financial criteria that systematically include environmental, social and governance (ESG) criteria.

Within the portfolio, 100% of securities issued by governments and at least 90% of securities issued by private or quasi-sovereign entities have obtained an ESG rating from the management company or one of its extra-financial data providers.

The following are examples of indicators for each of the E, S and G criteria:

▪ **Environmental indicators (E):**

(i) for governments: energy intensity, carbon intensity, renewable energy consumption, energy imports, natural disaster risk, use of water resources, protection of natural habitat.

(ii) for private and quasi-sovereign issuers: environmental policy and actions, results of action plans implemented by the company, carbon footprint, exposure of suppliers to environmental risks, positive or negative impact of products on the environment.

▪ **Social indicators (S):**

(i) for governments: access to drinking water, access to wastewater treatment, food security, access to electricity, access to secondary education, life expectancy, air pollution, gender equality.

(ii) for private and quasi-sovereign issuers: number of hours of training per employee trained, employee retention (turnover rate), fight against discrimination (feminisation rate), average salary, proportion of temporary employees.

▪ **Governance indicators (G):**

(i) for states: government effectiveness, quality of regulation, respect for the law, corruption, political rights and civil liberties, political stability.

(ii) for private and quasi-sovereign issuers: competence of the management team, number of independent directors, quality/nature of shareholders, proportion of women on the board of directors.

The sub-fund focuses on,

- For sovereign issuers, using a "Best in Universe" approach, to select issuers with good ratings and/or improving from an extra-financial point of view from the entire emerging countries investment universe.

- For private and quasi-sovereign issuers, using a "Best in Class" approach, to select issuers with good ratings and/or improving from an extra-financial point of view within their sector of activity**.**

After excluding sectors and practices that are controversial for companies, the securities in the portfolio must meet a minimum ESG rating.

The ESG investment process applied excludes from the investment universe the 20% of countries with the lowest ratings and the 20% of companies with the lowest ratings in each sector.

The ESG ratings used for countries and companies are those proposed by Sustainalytics.

In 2022, 50.4% of GemBond is invested in sustainable countries or companies, in accordance with our definition (country considered free or partially free and WACI lower than that of the benchmark index). GemBond invests at least 15% in sustainable countries or companies according to our definition.

GemBond is not committed to investing in transitional and enabling activities.

No index has been designated as a benchmark to meet the environmental or social characteristics promoted by the financial product.

B. Without a sustainable investment objective

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

C. Environmental or social characteristics of the financial product

- ***What environmental or social features does this financial product promote?***

The responsible investment strategy is based on ESG criteria highlighting the environmental and/or social characteristics promoted by this financial product, such as :

- Governments taking into account the risk of natural disasters, the use of natural resources, the protection of biodiversity, food and energy security, the promotion of women and perceived corruption.
- Private and public companies taking environmental risks into account, reducing the environmental impact of companies, improving working conditions, promoting gender equality and protecting employees.

The benchmark index for the financial product is the JP Morgan Emerging Market Bond Index Global Diversified. The index does not promote specific environmental and social characteristics.

D. Investment strategy

- ***What investment strategy does this financial product use to respect the environmental or social characteristics promoted by the financial product?***

The financial product implements a financial strategy based on investing in bonds issued by emerging countries, selected in particular for the quality of their governance and the sustainability of their debt. On an ancillary basis, the product may also invest in corporate bonds issued by emerging countries. The investment theme of the financial product is to support the economic development of emerging countries. This financial product systematically incorporates ESG criteria into its financial management. This has an impact on the selection of bonds in the portfolio.

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

The extra-financial approach integrated into the investment strategy of this financial product is detailed below. As indicated above, stock selection is subject to standard and sector exclusions.Initially, the reference universe is adjusted for normative and sectoral exclusions:

- Anti-personnel landmines and cluster munitions * Military equipment and defence systems

- Military equipment and defence systems

- Pornographic content *

- Tobacco and cigarette production *

- Companies involved in human rights violations (no Sustainalytics level 5 controversy)

Nb: a maximum limit of 5% of consolidated sales is imposed (either directly or through subsidiaries), unless the sector is marked with an "*", in which case 0% exposure is required.

Secondly, the financial product applies a Best in Universe selection for countries and a Best in Class selection for companies. The lowest-rated 20% of governments are eliminated from the reference universe. For corporates, the bonds in the benchmark universe are classified by business sector and the lowest-rated 20% of companies are eliminated. The benchmark universe is then adjusted. The assessment is carried out for both governments and companies using the ratings provided by Sustainalytics.

The financial product also tracks Controversies with the support of Sustainalytics. This score measures the severity of a company's controversies, rated from 0 to 5 (5 being the most severe controversy). Any company that falls into a Level 5 Controversy is divested as quickly as possible. A Level 4 Controversy results in the company being placed on close watch. If the management team deems the controversy to be an operational risk for the company, it is divested.

For the financial product, ESG analyses are intrinsically a risk management tool.

In 2015, the company signed up to the UN PRI and the CDP.

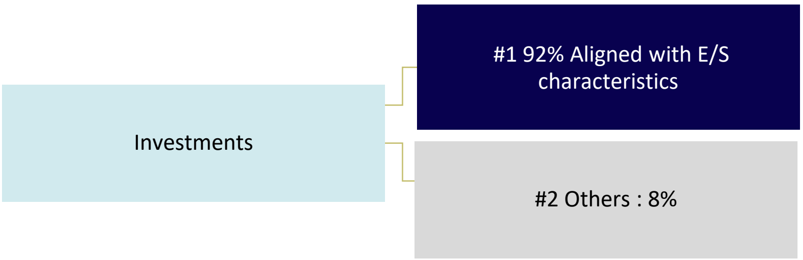
The ESG rating coverage rate for countries and companies in the portfolio must be 100% at all times.

- ***What is the policy for assessing the good governance practices of investee companies?***

The management team uses ESG assessments provided by Sustainalytics. These give predominant weight to the governance criterion, with a 6-pillar analysis for companies: quality and integrity of the board of directors and management, board structure, organisation and shareholder structure and rights, remuneration policy, quality of financial publications, and stakeholder management.

The governance criterion is weighted at 50% for the ESG assessments of the States. The rating agency's assessment of this criterion is based on 3 pillars (quality of institutions, rights and freedoms, peace and security) comprising 10 factors (quality of government measures, quality of regulation, respect for the rule of law, control of corruption, business environment, political rights, civil liberties, participation and transparency of public authorities, political stability, degree of peace).

E. Proportion of investments



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

#2 Other includes the remaining investments of the financial product that are neither aligned with the environmental or social characteristics nor considered as sustainable investments.

- ***To what minimum extent are sustainable investments with an environmental objective aligned with the EU taxonomy?***

This financial product may invest in environmentally sustainable economic activities. However, the investments of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities. This financial product is committed to a 0% alignment with the European Taxonomy.

- ***What is the minimum proportion of investment in transitional and enabling activities?***

Not applicable

- ***Which investments are included in category "#2 Other", what is their purpose and are there any minimum environmental or social guarantees?***

Investments under "#2 Other" relate to :

- Fossil fuels and mining. As the entire portfolio is subject to a "Best in Class" approach, companies invested in these two sectors are also selected on the basis of ESG criteria;
- Issuers that have recently been downgraded to "ineligible" status. These are issuers that were aligned on environmental and social characteristics at the time of investment. These exposures are intended to be removed from the financial product within a reasonable timeframe, in the best interests of investors.

F. Control of environmental or social characteristics

- ***How are the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the achievement of each of them monitored throughout the life cycle of the financial product, and what internal or external control mechanisms are in place?***

Each country and company in the portfolio of this financial product is regularly monitored for ESG indicators and ESG ratings, paying particular attention to trends. Each quarter, we update the ESG ratings of our investment universe to exclude the 20% of countries with the lowest ratings under our Best in Universe approach and 20% of companies with the lowest ratings under our Best in Class approach.

G. Méthodes

- ***What methods are used to determine the extent to which the environmental or social characteristics promoted by the financial product have been achieved?***

Gemway Assets uses sustainability indicators to determine the extent to which the environmental or social characteristics promoted by this financial product have been achieved.

In the context of this financial product, research into environmental and social criteria is carried out mainly using official publications provided by the World Bank and the United Nations, and secondarily by NGOs (Freedom House) or Think Tanks (Institute for Economics and Peace), with the support of the Sustainalytics rating agency.

The environmental and social indicators are as follows:

Carbon intensity or WACI (Weighted Average Carbon Intensity). This indicator measures CO2 emissions in relation to the country's population. Our calculations are based on data from Our World in Data and the Global Carbon Project.

In 2022, the WACI of the GemBond portfolio will be 6.29 tonnes of CO2 per capita compared with 7.57 for the benchmark index, an average improvement of 17%.

Human rights: the financial product seeks to promote people's access to political rights and civil liberties, with reference to the Global Freedom Scores published by the non-governmental organisation Freedom House.

In 2022, the freedom index for the GemBond portfolio was 56.8 compared with 49.5 for the benchmark index, an average improvement of 15%. 70% of the countries in the portfolio were considered free or partially free, with 11 countries - out of 25 in our investment universe - considered not free.

In addition, the financial product excludes, with the support of the Sustainalytics platform, any company with a level 5 controversy.

H. Data sources and processing

- ***What sources of data are used to achieve each of the environmental or social characteristics promoted by the financial product and what measures are taken to guarantee the quality of the data, how is the data processed and what proportion of the data is estimated?***

In the interests of impartiality and methodological continuity, the manager relies on extra-financial data from specialist service provider Sustainalytics. Sustainalytics uses data from reputable and widely recognised third-party sources, such as the World Bank and the United Nations, which provide periodic country-level indicators. To be included in the ESG rating framework, an indicator must meet the following criteria:

- Have broad coverage (70% coverage of the country universe);
- Be mutually exclusive in the subject covered compared with the other indicators;
- Have historical data going back at least five years;
- Come from a reputable third-party institution that updates annually or more frequently.

I. Limits to methods and data

- ***What are the limitations of the methods and data sources, and how do these limitations affect the extent to which the environmental and social characteristics promoted by the financial product are achieved?***

There are limits to the availability and quality of data from emerging countries, as data collection capacities vary from one country to another. The use of recognised and reputable third-party sources offers a relative guarantee of the quality and comparability of the data used, to the detriment of the frequency of updating. However, a low update frequency is not necessarily a disadvantage, as the environmental and social characteristics of countries, and in particular their trends, are relatively inert. It should be noted that multinational organisations, and in particular the World Bank, have been working actively since 2019 to improve the coverage, quality and updating frequency of ESG data from governments.

There are also limits to the availability and quality of data from companies in emerging countries. Heterogeneous regulations governing the mandatory publication of ESG data by companies in different emerging countries can make it difficult to collect comparable and similar environmental and social indicators.

J. Due diligence

- ***What due diligence has been carried out on the assets underlying the financial product, and what internal and external controls are in place to monitor this due diligence?***

The ESG ratings of the securities making up the investment universe are analysed on a quarterly basis in order to update the internal list of the 20% least virtuous countries and companies and thus define the ESG investable universe applicable for the following quarter. The risk of controversy is monitored on an ongoing basis using an alert system provided by Sustainalytics. When a stock in the portfolio is included in the list of the 20% least virtuous countries or companies or in level 5 Controversy, it must be divested from the portfolio within 3 months of the date of the quarterly update or the date of the change in Controversy status. However, in exceptional cases such as the outbreak of armed conflict or the implementation of international sanctions affecting countries in the portfolio, where the liquidity of the corresponding securities may be significantly and durably affected, the divestment deadline may be extended beyond 3 months. Any extension, valid for a period of 3 months, must be justified in advance and approved by the RCCI. It may be renewed for a maximum extension of 12 months from the date on which the exclusion list generating the overrun is updated. This possibility of deferral is intended to protect the interests of holders of the financial product in exceptional situations.

K. Engagement policies

- ***Is engagement part of the environmental or social investment strategy, and what engagement policies have been implemented? Are there procedures for managing sustainability controversies in investee companies?***

Commitment is not part of the environmental or social investment strategy, as the financial product invests mainly in sovereign bonds and secondarily in corporate bonds. However, the management team does make issuers aware of specific environmental and social issues whenever it has the opportunity to do so.

No company in our portfolio has a Sustainalytics level 5 controversy.

L. Designated benchmark

- ***Has an index been designated as the benchmark for achieving the environmental or social characteristics promoted by the financial product?***

No index has been designated as a benchmark to meet the environmental or social characteristics promoted by the financial product.