

Appendix II<sup>1</sup>

Pre-contractual information model for the financial products covered by paragraphs 1, 2 and 2b, of (EU) regulation 2019/2088 and article 6, first subparagraph, of (EU) regulation 2020/852

Name of the product: **SEXTANT BOND PICKING**

Identity of the legal entity: 969500HUZ5Y3OLFW3U27

Management company: Amiral Gestion

## Environmental characteristics

**Sustainable investment** implies an investment in an economic activity that contributes to an environmental or social objective, provided it does not have any major adverse impact on such objectives, and the company in which the financial product invests implements good governance practices.

**EU taxonomy** is a system of classification arising from (EU) regulation 2020/852, which drew up a **list of environmentally-sustainable economic activities**. This regulation does not include a list of socially-sustainable economic activities. Sustainable investments that have an environmental objective are not necessarily aligned with the taxonomy.

Does this financial product have a sustainable investment objective?

Yes   No

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ____%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> <b>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 10% of sustainable investments</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ____%</b>	<input type="checkbox"/> It promotes E/S characteristics, <b>but will not make any sustainable investments</b>

<sup>1</sup> Publication date of the document: January 2024



## What environmental and/or social characteristics are promoted by this financial product?

Sextant Bond Picking promotes environmental and social issues, while keeping a watchful eye on company governance practices by means of non-financial metrics applied to the Sub-fund and materialised by the areas monitored by “Sustainability Indicators”, set out in the following section of this document. These ESG issues are notably factored into results-based monitoring of the portfolio’s ESG performance, including ESG analysis of the Sub-fund based on the ‘MSCI ESG Ratings’ methodology of data agency MSCI\*. To round this out, **greater inclusion of certain environmental, social and governance (ESG) challenges in the analysis of issuers is currently being deployed**, resulting in increased consideration of ESG issues in credit research in 2024.

The non-financial metrics used by the Sub-fund are not benchmarked against any specific sustainable index. **However, the fund management team tracks ESG characteristics and performances of the portfolio relative to an index\*\*** that is coherent with the Sub-fund’s investment strategy and comprises 3,470 issuers: **the Global HY (LG30TRUU Index)**

\* The “MSCI ESG Ratings” methodology is described in the Amiral Gestion Sustainability Report (appendix II): <https://api.amiralgestion.com/documents/permalink/2435/doc.pdf>

\*\* Note that the Sub-fund adopted this ESG reference universe in 2023 as part of its commitment to monitor the relative performance of the portfolio on the basis of PAI each quarter from 31 March 2023. Performance relative to ESG ratings and other ESG-climate indicators has been monitored since 29 December 2023.

### Which sustainability indicators are used to measure success in supporting the environmental or social issues promoted by the financial product?

The Sub-fund relies on the following sustainability indicators to assess alignment of the portfolio with the environmental and social characteristics that it promotes:

- **An average external ESG score for the portfolio relative\* to that of its benchmark index described in the previous section.** This ex-post monitoring is mainly based on data supplied by MSCI ESG Rating, but it may also use the ESG performance ratings of Ethifinance’s Gaïa database to complete coverage if necessary.
- **Compliance with the Sub-fund’s policy of excluding controversies: monitoring of controversies relies on information supplied by the Sustainalytics agency, which assesses and classified incidents according to how serious they are on a scale from 1 (least serious) to 5 (most severe).**
- **Compliance with sectoral policy:** filters are applied to identify issuers exposed to sectors whose activity is prohibited by the Sub-fund’s investment policy.
- **Compliance with the UN Global Compact and the OECD’s Guidelines for Multinational Enterprises,** relies on the Sustainalytics agency for application of the normative exclusion policy implemented by the Sub-fund.
- **Monitoring average carbon intensity of the portfolio relative\* to a benchmark index described in the previous section.** Emissions in tons of CO<sub>2</sub>/€m of revenue, as well as climate and environmental footprint metrics that meet TCFD requirements. These metrics are contained in a periodic report "Appendix 4 - SFDR" attached to the Sub-fund’s annual report.
- **Reporting of our traceable ESG dialogue** ESG with issuers represented in the portfolio on:
  - i) Awareness of best ESG practices, regular discussions on ESG topics via identification of potential factors of value creation and/or risks
  - ii) Special attention to - and possible surveillance of - issuers whose transparency on ESG practices does not meet our analysis criteria.

**Moreover, the Sub-fund has committed to monitoring and appraising Principal Adverse Impacts (PAI).**

The sources and methodologies relative to these indicators are described in more detail on the Amiral Gestion website under the heading “Responsible Investment”: [Responsible Investment – Amiral Gestion](#)

\*Performance relative to ESG ratings and other ESG-climate indicators has been monitored since 29 December 2023

**Sustainability indicators** are used to check whether the financial product complies with the environmental and social issues in question.

● **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?**

Sextant Bond Picking promotes environmental and social issues. Although it does not have an investment strategy focused on a sustainable investment objective as defined by the SFDR Disclosure regulation, the Sub-fund has committed to investing at least **10% of its assets in sustainable investments**, according to the qualification criteria below stemming from the Amiral Gestion approach described below.

DEFINITION OF SUSTAINABLE INVESTMENT: AMIRAL GESTION APPROACH:

Amiral Gestion defines sustainable investment as: *“An investment in a financial instrument that is involved in one or several economic activities:*

- *Contributing significantly to environmental objectives to: i) mitigate climate change with the goal of reaching carbon neutrality by 2050, in accordance with the Paris Agreement on Climate; ii) adapt\* to the effects of climate change.*
- *Making a net positive contribution to one or several of the United Nations Sustainable Development Goals (SDG) at the social level by 2030.*

*These investments must not have any major adverse impact on other environmental or social objectives, and the companies in which the investments are made must respect the principles of good governance. ”*

**The criteria to assess quality of a Sustainable investment under this definition are described** in detail in the Sustainable Investment Methodology Note which is available on the Amiral Gestion website: <https://api.amiralgestion.com/documents/permalink/2192/doc.pdf>

*\*The substantial contribution to the objective of adapting to climate change will be an effective criterion for Sustainable Investment qualification from 1 January 2024*

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

The Sub-fund has several other requirements to ensure that its investments do not seriously harm the environment or people. These are:

- **Investment rules that apply to all funds and mandates classed SFDR 8 and 9 and to the whole portfolio:** exclusion policies, Principal Adverse Impact (PAI) considerations, good governance practices.
- **A set of reinforced requirements for sustainable investments** to confirm the contribution to an environmental or social objective and ensure that no harm is done to other sustainability objectives.

This whole DNSH principle, and whether the various measures are applied ex ante and/or ex post, is described in more detail in the Methodology note on our definition of Sustainable Investment and is available on our website:

<https://api.amiralgestion.com/documents/permalink/2192/doc.pdf>

**ESG investment rules specific to this Sub-fund are described under the heading “ESG constraints” and complete the DNSH principle.**

The principle adverse impacts are the negative consequences arising from investment decisions for sustainability factors related to environmental and social issues, human resources, respect for human rights, the fight against corruption and acts of corruption

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

Since end-2022, the Sub-fund has notably committed to monitoring and taking into consideration the Principal Adverse Impacts (PAIs) on sustainability factors through 16 PAI indicators stemming from the European SFDR regulation. **Taking these indicators into consideration is part of Amiral Gestion's PAI policy.** This policy, including the global approach, the sources and measures put in place for each PAI indicator, is available on the Amiral Gestion website under the heading "Responsible Investment": <https://api.amiralgestion.com/documents/permalink/2703/doc.pdf>

**This document includes:**

- **In appendix I: measures implemented across the whole portfolio**
- **In appendix II: additional measures applied to sustainable investments.**

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

To ensure that the Sub-fund's investments, including those which are considered sustainable, comply with the principles of the UN Global Compact and OECD Guidelines for Multinational Enterprises, Amiral Gestion's normative exclusion policies are implemented ex-ante and ex-post on the basis of Sustainalytics research, whose conclusions may be confirmed or adjusted following an internal analysis by the fund manager and approved by Amiral Gestion's committee for surveillance of controversies. If a company in the portfolio is added to the Sustainalytics Watchlist, it is put on surveillance.

In addition, the portfolio excludes the most serious controversies\*\*, including those that may be linked to the principles of these two international standards, and the ESG and management teams are particularly vigilant when assessing and monitoring the quality of company ESG profiles, especially their exposure to events, controversies or other risk factors related to the following issues:

- Human rights (notably forced and child labour)
- Environmental controversies related to climate change and biodiversity
- Fiscal responsibility and transparency

The normative exclusion policy contained in DNSH SFDR applies to sub-funds classed SFDR 8 and 9, as mentioned above.

*\*The levels excluded are specified in the section "Constraints defined to respect all environmental or social characteristic" section of this document.*

*The EU taxonomy contains a principle of "Do No Significant Harm" according to which investments aligned with the taxonomy should not seriously damage EU taxonomy objectives, in addition to the EU's own criteria.*

*The principle of 'Do No Significant Harm' applies exclusively to the investments underlying a financial product that takes account of EU criteria with respect to environmentally sustainable economic activity. The investments underlying the remaining assets of this financial product do not take account of EU criteria with respect to environmentally sustainable economic activity.*

*No other sustainable investment should do significant harm to environmental or social objectives.*



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

Yes

Since end-2022, the Sub-fund has notably committed to monitoring and taking into consideration the **Principal Adverse Impacts of its investments (PAI SFDR) on sustainability factors**, in order to identify and gradually take appropriate action. The Sub-fund thus monitors the 14 SFDR PAI indicators, plus two additional indicators selected from the list of optional PAIs in Appendix 1 of the SFDR RTS.

Amiral Gestion's PAI policy, including details of sources and methods for taking account of each indicator, is available on the company website under the heading "Responsible Investment": <https://api.amiralgestion.com/documents/permalink/2703/doc.pdf>

The metrics and information for taking account of PAIs will be disclosed in the periodic document "Appendix 4 - SFDR" of the Sub-fund, for the first time in 2024 and concerning 2023.

No



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

SEXTANT BOND PICKING is primarily invested in international bonds. The investment universe includes public or private issuers, issuers not rated by rating agencies, issuers considered as speculative (high yield) or bonds with complex characteristics (convertible bonds, subordinated bonds, perpetual bonds, etc). The Sub-fund may have up to 15% exposure to contingent convertibles for the purposes of diversification and yield, but this exposure is carefully monitored.

The selection of bonds is based on an internal fundamental analysis of the risk of each issuer. Risk analysis takes into consideration:

- The cyclical nature and operational risks of the business line
- The company's past results and its reputation
- Regularity of cash generation (or equity for financial institutions)
- The reasonable nature of debt ratios (net debt/Ebitda, gearing) with regard to the business line, the Sub-fund's working capital requirements and any tangible and transferable assets that may be held by the issuer
- The issuer's resources, liquidity requirements and debt structure
- Quality of the shareholder base.

The construction of the sub-fund is carried out at the sole discretion of the manager according to the relationship between the yield offered, the credit risk and the sensitivity (interest rate risk and spreads) of the papers selected. The Sextant Bond Picking Sub-fund can be managed in sub-portfolios. This management method is specific to Amiral Gestion. It is based on the free decision-making of each manager-analyst and relies on collective expertise. The Sub-fund's assets are divided into several sub-portfolios, each of which is managed independently by one of the team's manager-analysts. All the investment cases issued are studied, debated and analysed as a group. All the investment cases issued are studied, debated and analysed as a group.

Following this process, **and after applying the ESG requirements described below in the section "Constraints defined to respect all the environmental or social issues"**, everyone is free to invest or not in their sub-portfolio according to their own convictions or to follow the ideas of another manager. A coordinating manager ensures that investments are consistent with the Sub-fund's strategy.

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

● **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 universe of securities eligible for inclusion in Sextant ASIE is determined after application of the global DNSH principle described previously, and after taking into consideration the following constraints which are specific to the Sub-fund:

- **Compliance with the compartment's sectoral exclusion policy:** thermal coal, tobacco, controversial weapons, civilian firearms, pornography, unconventional fossil fuels with the exception of North American shale oil and gas. Particular attention is also paid to the gambling and alcohol sectors. The criteria, thresholds and procedures for applying this due diligence and exclusion policy are specified in the Amiral Gestion sector policy available on its website: <https://api.amiralgestion.com/documents/permalink/2675/doc.pdf>
- **Compliance with the normative exclusion\* policy:** exclusion/non-investment in companies in violation of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises, following an internal review and confirmation of the violation by the committee for monitoring of controversies. Surveillance of companies that appear on the Sustainalytics Watchlist where this status has been confirmed by the committee for monitoring of controversies following an internal review.
- **Exclusion/non-investment in companies exposed to severe controversies (i.e. Level 5 on the Sustainalytics scale) if confirmed by the committee for monitoring of controversies following an internal review.** Close attention is also paid to controversies related to climate change, biodiversity, fundamental human rights and tax responsibilities.

Furthermore,

- the Sub-fund has committed to hold a **minimum share of sustainable investments of 10% and to monitoring PAI indicators** (for more detail, see the sections devoted to these themes in the present document)
- when the portfolio invests in **unit trusts**, the latter must have the **same SFDR rating** as the Sub-fund.

*\*When issuers in which the Sub-fund has invested are found to be exposed to severe (level 5) controversies, or to no longer comply with the UN Global Compact and OECD principles, their case shall be put to the committee for surveillance of controversies in order to verify the severity/non-compliant status and decide on possible exclusion from the portfolio, or to put the company on surveillance in the hope that the level of severity will decrease following an internal analysis..*

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

The Sub-fund **has not set a minimal rate of exclusions** from the investment universe arising from use of this filter and non-financial approaches.

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

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

Managers of the Sub-fund assess governance via an external ESG Score (Source: MSCI ESG Ratings)\*, used to monitor the portfolio’s ESG performance and which verifies six aspects of governance: Ownership and control, Board of Directors, Payments, Accounting, Business ethics and Fiscal transparency.

All these criteria allow us to assess and to factor into our analysis the dimensions necessary for sound management structures, good relations with – and fair remuneration of – employees and respect for fiscal commitments.

In terms of commitment, we may reopen dialogue issuers in the following cases:

- Those with an external ESG Rating\*\* below 4/10 for Governance
- Those which are exposed to controversies related to fiscal responsibility and transparency.

This dialogue takes the following approach:

- Improvement recommendations are drawn up in writing by the fund manager and/or the ESG team when the shortcomings were identified (Year N);
- An initial intermediate report is submitted after one year (N+1);
- A final report is submitted after two years (N+2), which may lead to disinvestment in some high-risk cases if the issuer have not shown improvement (or made an effort to improve)\*\*\*

Moreover, to qualify as a Sustainable Investment, issuers cannot have a governance rating that is lower than 5/10. And in accordance with the policy of normative exclusion, the Sub-fund cannot invest in companies that are in violation of the United Nations Global Compact or the OECD Guidelines, or ones which are exposed to severe (Level 5) controversies, notably concerning governance.

\*This rating is described in the Amiral Gestion Sustainability Report (appendix II):

<https://api.amiralgestion.com/documents/permalink/2435/doc.pdf>

\*\* if the issuer is not covered by this Sub-fund’s main external non-financial rating agency (MSCI ESG Ratings), verification will be done by means of internal analysis

\*\*\* Qualitative and/or quantitative analysis

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



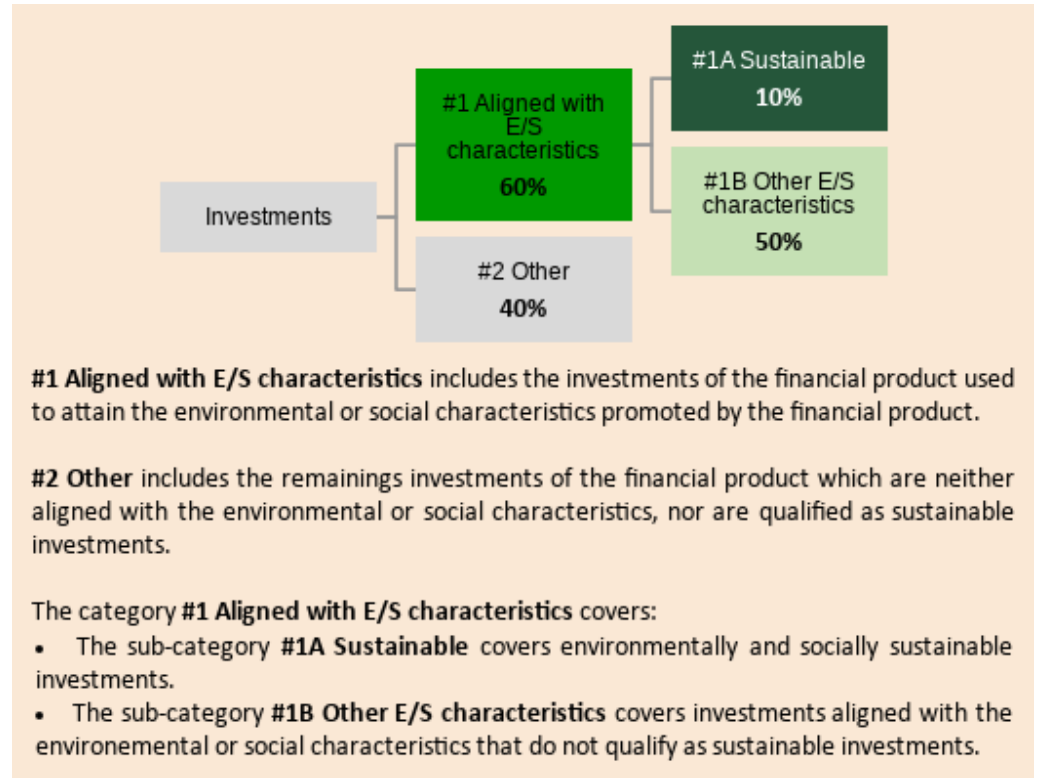
**What is the asset allocation planned for this financial product?**

In order to calculate alignment with E/S characteristics, we focus on all instruments except cash, derivatives, and short-term debt. At least 60% of securities in the portfolio have passed the exclusion filter applicable to the Sub-fund and are covered by ESG analysis that results in a non-financial rating.

To calculate the percentage of sustainable investments, representing at least 10% of investments in the portfolio, we only include investments that meet the sustainability criteria mentioned previously. The denominator is the portfolio’s net assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** to reflect the share derived from green activities of companies in which the Sub-fund has invested;
- **capital expenditure** (CapEx) to show green investments by companies in which the financial product invests, for a transition to a green economy, for example;
- **operational expenditure** (OpEx) to reflect green operations of companies in which the Sub-fund has invested



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Sextant Bond Picking Sub-fund may use derivatives in order to gain exposure to or partially hedge against favourable or unfavourable trends in equities, indices, interest rates and forex. These instruments are not used to achieve the environmental or social characteristics promoted by the product.



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

**The Sub-fund has not committed to a minimum share of sustainable investments with an environmental objective but not aligned with EU Taxonomy.** The Sub-fund has acquired positions in sustainable investments as defined by the taxonomy, up to the minimum aligned green share representing 0% of its assets. To date, communication of alignment data remains partial due to gradual deployment of the CSRD directive.

**However, this Sub-fund will communicate its green share in its annual report** on the basis of data reported by companies.

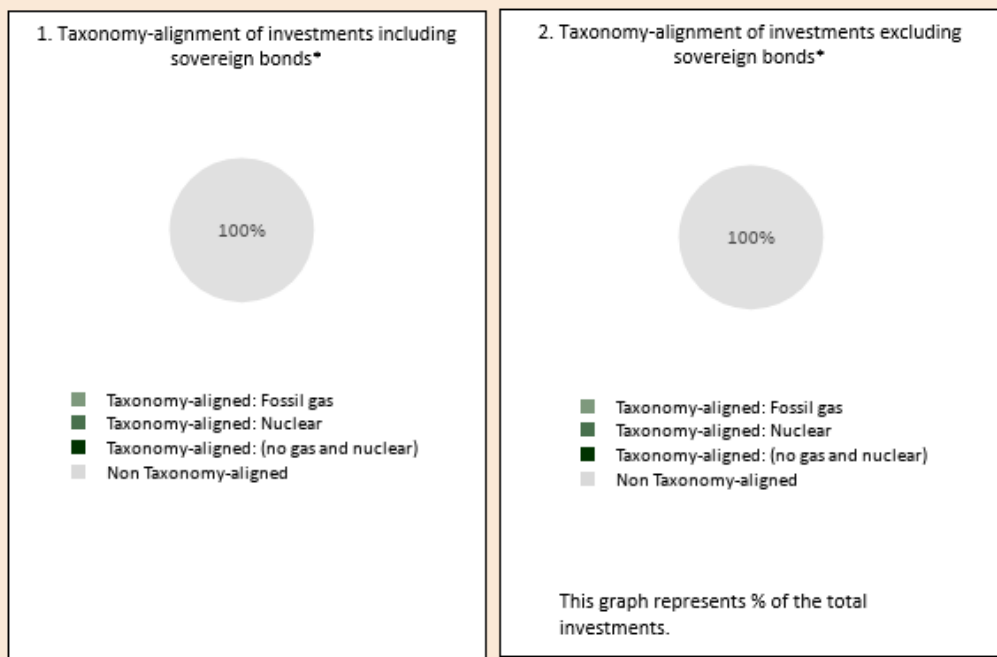


● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy?**<sup>2</sup>

Yes:  
 In gas                       In nuclear energy  
 No

To comply with EU taxonomy, the criteria applicable to **fossil gas** include limitations on emissions and the switch to fully renewable electricity or low carbon fuels by end-2035. As for **nuclear energy**, the criteria include rules for nuclear security and waste management. **Enabling activities** directly allow other activities to make a substantial contribution to an environmental objective. **Transitory activities** are activities for which there is still no low-carbon alternative and, among others, whose GHG emissions correspond to the best performances achievable.

*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.*



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

This symbol  represents sustainable investments that have an environmental objective but do **not take into account criteria** applicable to environmentally sustainable economic activities as defined by EU taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



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

The Sub-Fund has an overall minimum sustainable investment commitment of 10% but has **not committed to a minimum share of sustainable investments that are not aligned with the EU green taxonomy.**

<sup>2</sup> Activities related to fossil gas and/or nuclear only comply with EU Taxonomy if they help to limit climate change (mitigation of climate change) and do no major harm to any objective of EU Taxonomy – see the explanatory note in the left-hand margin. All the criteria applicable to economic activities in the fossil gas and nuclear sectors that comply with EU Taxonomy are defined in (EU) regulation 2022/1214 of the Commission.



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

The Sub-Fund has an overall minimum sustainable investment commitment of 10% but has **not committed to a minimum share** of investment in sustainable investment that have a social objective.



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

The instruments in the “#2 Others” category are diversification tools principally used to manage the portfolio’s cash holdings and to counter unfavourable short-term market trends. This category includes hedging and exposure derivatives, securities with derivatives attached, deposits and cash holdings and borrowed funds. It may also include equities that are not rated by external agencies (very small capitalisations, IPOs etc.). These investments may be subject to the requirements of the Sub-fund’s sectoral and normative exclusions and Amiral Gestion’s policy with respect to controversies mentioned above and included in the DNSH SFDR, subject to data availability.



## 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?

The non-financial metrics used by the Sub-fund are not benchmarked against any specific sustainable index.

However, the fund management team tracks ESG characteristics and performances of the portfolio relative to **an index\* that is coherent with the Sub-fund’s investment strategy** and comprises 3,470 issuers: **the Global HY (LG30TRUU Index)**

*\* Note that the Sub-fund adopted this ESG reference universe in 2023 as part of its commitment to monitor the relative performance of the portfolio on the basis of PAI each quarter from 31 March 2023. Performance relative to ESG ratings and other ESG-climate indicators has been monitored since 29 December 2023.*

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

Not applicable

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

Not applicable

- **How is the index different from a general market index?**

Not applicable

- **Where can I find the method used to calculate the selected index?**

Not applicable

Benchmark indices allow us to ascertain if a financial product has the environmental or social characteristics that it promotes



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

More product-specific information can be found on the website:  
<https://www.amiralgestion.com/en/sextant-bond-picking>