



Société d'Investissement à Capital Variable
Registered Office: 2-4 rue Eugène Ruppert
L-2453 Luxembourg, Grand Duchy of Luxembourg
R.C.S. Luxembourg B157.442

DISCLOSURES FOR THE EU SUSTAINABLE FINANCE DISCLOSURE REGULATION

Product: Global Evolution Funds – Frontier Markets (*Hereinafter, the "Sub-Fund"*)
LEI: 529900HGBJ3V4THTBB32

As of : 31 Dec 2023

This disclosure shall provide information on how the environmental, social and governance ("ESG") criteria promoted are met and in which way they are considered when selecting financial instruments for the Sub-Fund.
Please read the following information carefully before investing into the Sub-Fund.

a) Summary

This Sub-Fund promotes ESG characteristics, qualifies as product in accordance with Article 8 (1) of Regulation (EU) 2019/2088 and does not have as its objective or aims to invest in sustainable investments within the meaning of the Sustainable Finance Disclosure Regulation ("SFDR").

Global Evolution Funds' (the "Company") overall objective is to generate attractive returns for investors whilst contributing to sustainability where it invests. It is presumed that the promotion of sustainability has the potential to increase the resilience of the real economy and the stability of the financial system. This type of stimulus might be relevant for the Company and its investors as it may also impact the risk-return of the Sub-Fund.

Global Evolution Fondsmæglersekskab has been appointed as investment manager of this financial product. The investment manager is committed to promote sustainability through prosperous socio-economic developments and diminishing environmental impacts. The investment manager has demonstrated a strategic commitment to ESG, which is an integrated part of its investment approach.

This financial product adheres to the vision and mission outlined above and is described from a sustainability perspective in this disclosure with an emphasis on its ambition to achieve sustainability related outcomes. This financial product promotes ESG characteristics but does not have as its objective or aims to invest in sustainable investments.

This document aims to give investors a general overview about ESG characteristics that this Sub-Fund is promoting as well as information relating to the assessment, measurement and monitoring of applied methodologies; relevant data sources; applied screening criteria and the applicable indicators for the measurement of ESG characteristics.

The investment objective of the Sub-Fund is to create returns by utilizing a diversified selection of strategies within Frontier Markets. To achieve the investment objective the Investment Manager will use a range of primarily traditional transferable securities like hard currency debt securities (typically denominated in USD) and local currency debt securities (Local currency debt securities are fixed income instruments issued by sovereigns, supra-nationals and/or multilaterals in the Frontier Market's own currencies) and derivative financial instruments. Derivative instruments will mainly be used for hedging purposes and for investment purposes only on an ancillary basis.

The investment approach utilized by the investment manager is active risk management, team-oriented, disciplined, conviction-based, and combines top-down as well as bottom-up analysis to identify attractive investment opportunities in emerging and frontier markets. The investment manager uses a top-down approach to exploit opportunities arising from macro dynamics as well as global investment themes and a bottom-up approach to identify dynamically improving valuations. Environmental, social and governance characteristics are applied quantitatively through the proprietary models and qualitatively through positive engagement with policy makers and investee countries and companies.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics and does not have as its objective or aims to invest in sustainable

investments within the meaning of the SFDR.

c) Environmental or social characteristics of the financial product

To meet ESG characteristics promoted by the Sub-Fund and to measure the achievement of each, the investment manager has selected the following indicators:

Pillar	Topic	Indicator	Scale
Environmental	Environmental regulatory framework	Environmental Regulatory Framework Index	0-10 (0 is low level of ESG; 10 is high)
Social	Freedom of association and collective bargaining	Freedom of Association and Collective Bargaining Index	0-10 (0 is low level of ESG; 10 is high)
Social	Women's and girls' rights	Women's and Girls' Rights Index	0-10 (0 is low level of ESG; 10 is high)
Governance	Democratic governance and corruption	Democratic governance	0-10 (0 is low level of ESG; 10 is high)
Governance	Corruption	Corruption	0-10 (0 is low level of ESG; 10 is high)

Please refer to Appendix in the prospectus for the list of applicable PAIs.

d) Investment strategy

ESG characteristics are applied by the investment manager quantitatively through proprietary models and qualitatively through positive engagement with policy makers and investee countries and companies. Investments of this financial product undergo negative and positive ESG screening.

The investment manager takes principal adverse impact (“PAI”) indicators into account by monitoring, evaluating, and integrating these indicators as part of its screening process as well as the essential sovereign learning and knowledge process which is one of the cornerstones of its investment process. Additionally, PAI indicators are treated in the investment process alongside ESG indicators, macroeconomic and financial indicators to attain each of the environmental or social characteristics promoted by this financial product.

The investment manager’s quantitative ESG approach is grounded in its screening process, which focuses both on negative screening and more importantly on positive screening which integrates E, S, and G indicators directly into the investment process through quantitative valuation models.

Both phases are integrated in the investment manager’s investment process as follows:

1. The first phase involves a negative screening that takes a holistic view on E, S, and G dynamics using a quantitative model that estimates their proprietary ESG ratings. Their entire investment universe is screened, and issuers are excluded when indicators such as political rights, corruption, etc. fall below certain extreme thresholds. The investment manager’s approach is one of positive engagement as the investment manager believes engagement is a more valuable approach to encourage emerging market issuers to act in the most beneficial way to improve ESG issues. The negative screening phase results in a negative list of countries in which no investments are pursued.
2. The second phase involves positive screening and integrates individual E, S, and G indicators into the investment manager’s quantitative valuation models. The investment manager incorporates these ESG indicators to the extent that they are supposed to enhance the quality of investment decision making. It is binding for the investment manager to make considerations related to quantitative signals extracted with positive screening together with other quantitative and qualitative indicators at its disposal, however with no obligation to automatically follow any single indicator.

The investment manager operates with a framework for estimating proprietary ESG ratings. The investment manager applies equal weighting approach to their proprietary ESG ratings. Thus, the model gives the same importance to underlying E, S or G characteristics. Any country having an ESG rating that falls below the minimum threshold of 2.5 out of 10 will be excluded from the investable universe. As the investment manager utilizes Verisk-Maplecroft - indexes and PAIs, the ESG rating constructed to a scale with a range from zero to ten regardless of the source for easier comparison, where:

- 0 - 2.5: extremely ESG risk
- 2.5 - 5: high ESG risk
- 5 - 7.5: medium ESG risk
- 7.5 - 10: low ESG risk

The selected indicators reflect the Product's corporate ethical values related to countries' careful consideration of the environment, human rights, democracy and efficiently and fairly managed public institutions which are subsequently used as part of the proprietary valuation models to identify investment opportunities and threats, so as to enhance and support the investment decision-making.

As this financial product does not invest in investee companies but sovereigns, there is no policy to assess good governance practices of investee companies. However, in the context of sovereigns, please note that the ESG rating monitors also indicators which are linked to good governance practices.

e) Proportion of investments

This Sub-Fund promotes ESG characteristics and does not have as its objective or aims to invest in sustainable investments within the meaning of the SFDR.

The Investment Manager aims to strive for positive economic results, while at the same time taking into account environmental, social and governance characteristics. Positive and negative ESG screening indications for the assessment of countries and selection of securities are considered within the investment process.

The "do no significant harm" principle applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

A minimum percentage of 75% will be made in asset types that are aligned with environmental and social characteristics.

f) Monitoring of environmental or social characteristics

To measure the attainment of the environmental and social characteristics promoted by this financial product, the Company's management company, Global Evolution Manco (hereinafter, the "Management Company"), will control:

1. Compliance of new investments with the eligible universe: The investment universe is built up by the investment manager, following certain decision rules (i.e. negative screening leveraging on defined ESG factors, etc.). The investment manager determines that investments are aligned with the ESG guidelines or constraints. These eligibility controls are conducted via the investment compliance system of the investment manager and subsequent controls are performed by the Management Company.
2. Compliance with internally constructed ESG ratings: The Management Company leverages on the proprietary ESG ratings as constructed by the investment manager for investment purposes. The Management Company aims to control an overall consistency of ESG risk exposures of investments with respect to ESG ratings defined by the investment manager. The Management Company does not intend to recreate ESG scorings using a different source of data or different methodology, but rather to control for an alignment of Sub-Fund's investments against internally constructed ESG ratings.
3. While the investment universe is constructed by the investment manager following a sequence of decision rules leveraging on ESG data, the Management Company will reprocess the negative screening(s) applied on investments. As a baseline, the Management Company controls that, with respect to the 75% of the Sub-Fund's assets which will be made in asset types which are aligned with ESG characteristics, the investment manager does not invest in instruments issued by entities (i.e. sovereigns or corporates) located in countries for which the individual ESG country rating is under 2.5/10 (based on the average of 5 Verisk-Maplecroft's indices). Therefore, a systematic negative screening is applied to positions using the ESG country rating. The Management Company may apply additional screening methods while following a risk-based approach (e.g. including, but not be limited to, a priori ESG risk exposure at Sub-Fund level, appropriateness of available ESG corporate ratings, considerations such as potential conflict of interests from reliance on the delegated PM's ESG database, etc.).

Deteriorations of these indicators may lead to exclusion from the investable universe of countries.

The Management Company assesses the investment allocations of the investment manager to control if the acquisitions made meet the prescribed ESG characteristics' goals of the Sub-Fund. Subsequently, the allocation of the ESG risk scoring is monitored by the Management Company's risk manager.

g) Methodologies

ESG characteristics are anchored and integrated within the investment manager's investment process as well as the process of selecting countries and issuers.

The investment manager utilizes a top-down approach to exploit opportunities arising from macro dynamics and global investment themes and a bottom-up approach to identify dynamically improving valuations. The systematic integration of ESG characteristics and the level of sophistication supported by artificial intelligence is considered fundamental to the investment manager's investment process.

In the research aspect of the process the investment manager employs both a quantitative and qualitative approach to identify sustainability risks and opportunities across the ESG areas. The investment manager's quantitative approach involves subscribing to raw data sets for ESG indicators that the investment manager integrates through its proprietary database in order to systematically monitor and analyse the data. The investment manager utilizes a proprietary quantitative approach driven through artificial intelligence and high-frequency tracking of sustainability-related

news as well as the market sentiment by using Natural Language Processing (“NLP”) to identify market sentiment towards a specific sustainability theme.

The qualitative identification of sustainability risk emerges from on the ground due diligence visits to the countries in the emerging markets universe where the investment manager conducts an in-depth due diligence including an assessment of the relevant ESG characteristics.

The investment process is initiated and supported by research in ESG sovereign debt and ESG sovereign investment integration. Utilizing both quantitatively and qualitatively derived data on sustainability risk, the investment manager aggregates its views into a proprietary ESG rating across all countries resulting in an ESG score. The close monitoring of these scores and their underlying ESG indicators is vital to the investment process as changes in ESG scores and the identification of the drivers are the basis of the investment manager’s sustainability risk assessments; of whether a country faces higher or lower sustainability risk dynamic.

Before selection, emerging markets and frontier markets issuers of sovereign bonds are screened using ESG factors for failures and breaches of international guidelines and standards. Screening (negative as well as positive) is used as a tool to identify countries and issuers that exhibit harmful ESG practices and who contribute, support or foster, for example, inadequate or inefficient governance and social policies on human rights issues, labour standards or gender equality; to clean water and sanitation; affordable and clean energy, etc. Lastly, the investment manager also operates with an exclusion list which is comprised of countries that do not meet the investment manager’s minimum criteria across the ESG areas.

h) Data sources and processing

In the research aspect of the investment process, the investment manager employs both a quantitative and qualitative approach to identify opportunities across the ESG areas, which forms the basis of the investment decisions.

In case of the quantitative approach, the primary data source for ESG data is Verisk Maplecroft which is the main ESG-related data provider utilized as part of the internal research. Furthermore, the source for raw carbon-related data is the Global Carbon Project.

The investment manager uses ESG-related data from Verisk Maplecroft for its proprietary ESG ratings as well as quantitative valuation models; further, the investment manager uses NLP driven indices for sentiment scores towards E, S, and G themes. The NLP driven indices are based on data scraping from Dow Jones news article database. Obtained data is processed to generate ESG ratings, but the data is also used directly to underpin internal ESG discussions. Furthermore, NLP driven indices are processed from raw text information to yield ESG indicators that are proprietary in nature.

As it pertains to the qualitative process, the investment manager’s due diligence process for the ESG data (and other data) includes a thorough ESG assessment ahead of acquisition and a phase of continuously monitoring the quality with the existing and potential competing providers.

It should be noted that due to the lack of reliability and availability of ESG data, a significant proportion of the PAI and ESG related data is estimated at this time.

The Management Company has access to the various data sets and controls the calculation of the ESG scoring.

i) Limitations to methodologies and data

Due to the lack of reliability and availability of the data for certain asset types, it may not be possible to precisely identify the environmental or social characteristics with which the Sub-Fund is aligned. Added to this, certain types of assets are out of scope as they are not considered as ESG relevant for the time being (e.g., cash).

For the PAI calculations, the Management Company uses data from Verisk-Maplecroft and/or other data vendors as well as other methodologies (e.g., employees-derived estimations). Please note that there is a limited coverage on the PAI indicators as of today.

j) Due diligence

The investment manager conducts country-specific researches with regards to E, S, and G indicators and all countries that the Sub-Fund is allowed to invest in have undergone extensive research by the investment manager. Prior to making any investment decision, the investment manager, is required to perform due diligences activities and to gather facts from diverse data sources on the proposed investment ideas; these are embedded steps within the investment process.

The investment manager performs country specific analysis. As a result, amongst others, models are applied on debt sustainability, FX, ESG, and valuation. Further, representatives of the investment manager are actively engaging with policy makers and investee countries and companies.

Another source of research are external providers, especially global investment banks which deliver both country specific research, macroeconomic and general market coverage. On the backbone of its research process, the investment manager applies its own proprietary systems for collecting, grouping, and analysing all relevant market data and research. This research and data collection is supposed to cover all countries of the investment universe.

The investment manager can pursue engagement directly, via ongoing individual relationships with governments whose debt instruments may be purchased or are already held by the Sub-Fund, or indirectly, via the community of like-minded emerging markets investors and international financial institutions such as the International Monetary Fund and the World Bank. This approach offers the investment manager’s philosophy on sovereign engagement and a couple of examples from the investment manager’s portfolio.

Other controls are described in process and procedure documents.

k) Engagement policies

On behalf of the Sub-Fund, the investment manager embarks on a range of engagement activities (direct and indirect) with sovereign governments and companies.

l) Designated reference benchmark

Not applicable, there is no index designated as reference benchmark to attain environmental or social characteristics promoted by this financial product.