

DESCARTES UCITS FUND - DESCARTES EURO HIGH GRADE CLO FUND

Article 10 (SFDR)

Website disclosure for an Article 8 fund

This document includes information relating to environmental and social characteristics of financial products, and sustainable investments, in accordance with article 10 of the Sustainable Finance Disclosure Regulation (SFDR)¹.

PRODUCT NAME: NAME: DESCARTES UCITS FUND – DESCARTES EURO HIGH GRADE CLO FUND Legal entity identifier Legal entity identifier: [XXXXXX]	
Does this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input type="checkbox"/> 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 <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments.

¹ 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.

A. SUMMARY

The investment strategy of the Descartes UCITS Fund– Descartes Euro High Grade CLO Fund (the “Sub-Fund”) is to focus on maintaining a diversified portfolio with a minimum level of credit quality. The investment horizon is medium to long term, with a focus on risk diversification and achieving consistent performance.

The Sub-Fund invests in European Collateralized Loan Obligations (CLOs, or CLO Tranches), which are bonds issued by Special Purpose Entities and backed by a portfolio of loans. The portfolio is constructed by a specialized investment company, called Collateral or CLO Manager.

Although the Investment Manager's analysis is not based solely on the scanning of the credit rating, the investments must benefit from a rating by at least one recognized rating agency on the market. The Sub-Fund invests in securities with a rating, upon acquisition, ranging from AAA to BBB- (Standard & Poor's or Fitch), or from Aaa to Baa3 (Moody's), or having an equivalent rating from any other rating agencies recognized on the market and deemed eligible by the Investment Manager.

The Sub-Fund integrates ESG criteria within its portfolio management investment decisions, combining fundamental financial analysis and extra-financial analysis through (i) CLO managers selection and (ii) specific CLO selection.

By investing in this manner, the Sub-Fund invests in CLOs which finance companies contributing to sustainable development in various sectors of activity and promotes E/S characteristics such as Greenhouse gas emissions and investment in human capital.

The Sub-Fund integrates "Environmental, Social and Governance" (ESG) criteria within CLO manager selection and portfolio management investment decisions.

The Sub-Fund aims at meeting the long-term challenges of sustainable development while delivering financial performance by the combination of financial and extra-financial criteria, integrating ESG criteria.

The Sub-Fund promotes E/S characteristics but will not make any sustainable investments.

The Sub-Fund promotes E/S characteristics through its integration of extra-financial criteria in the investment process. By investing in this manner, the Sub-Fund finances companies and public sector bodies contributing to sustainable development, regardless of their sector of activity.

The Investment Manager will apply an ESG score to each CLO in which the Sub-Fund invests or is about to invest and, additionally, maintain during the life of the Sub-Fund a satisfactory weighted average consolidated ESG score i.e. a score that corresponds to a CLO that would be in the 1st half of the European CLO universe at the time of investment.

Coverage of the underlying assets in the portfolio by the ESG score is at least 70% (excluding cash and/or cash equivalents)



B. NO SUSTAINABLE INVESTMENT OBJECTIVE

The financial product intends to promote environmental and social characteristics but does not pursue to invest in sustainable investments.

How does this financial product take into account principal adverse impacts² on sustainability factors?

PAIs are taken into account based on several criteria:

Exclusion policy

The Sub-Fund excludes from the investment universe CLOs which can invest in companies with significant part of their revenues derived from the Controversial Activities.

ESG Best-in-Class policy

The Sub-Fund follows a Best-in-Class approach by investing in European CLOs whose Dealcube's ESG Score is greater than or equal to 20.

The Sub-Fund considers the following PAIs:

- 1-Greenhouse Gas Emissions
- 2-Carbon footprint
- 3-GHG intensity of investee companies
- 4-Exposure to companies active in the fossil fuel sector
- 10-Violations of UN Global Compact principles and Organisation for Economic Cooperation and

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

In accordance with the Société Générale Group's "Defense" sector policy, which meets the obligations of the Ottawa (1999) and Oslo (2008) conventions applicable to all French management companies, companies involved in activities related to prohibited or controversial weapons (antipersonnel mines, cluster bombs, depleted uranium weapons) are excluded from the fund's investment universe.

² 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, anticorruption and bribery matters.



C. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

What are the environmental or social characteristics promoted by this financial product?

The Sub-Fund invests in European Collateralized Loan Obligations (CLOs, or CLO Tranches), which are bonds issued by Special Purpose Entities and backed by a portfolio of loans. The portfolio is constructed by a specialized investment company, called Collateral or CLO Manager.

The Sub-Fund integrates ESG criteria within its portfolio management investment decisions, combining fundamental financial analysis and extra-financial analysis through (i) CLO managers selection and (ii) specific CLO selection.

By investing in this manner, the Sub-Fund invests in CLOs which finance companies contributing to sustainable development in various sectors of activity and promotes E/S characteristics such as Greenhouse gas emissions and investment in human capital.

Moreover, the Sub-Fund's extra-financial analysis will be articulated as follows:

1) Best in Class approach

The Investment Manager employs a Best-in-Class approach to select the CLOs that are managed by Managers that have a rigorous and comprehensive approach to apply ESG driven investment criteria, guaranteeing a proper ESG selection of the underlying portfolios. Selection will include a due diligence by the Investment Manager on their ESG teams and process and will include quantitative and qualitative criteria. A specific ESG committee composed of the portfolio managers and the Head of Risk and ESG Management at the Investment Manager will maintain the list of authorized CLO managers.

2) Exclusion policy

The Investment Manager applies an exclusion policy by investing in deals that specifically exclude in their offering circulars issuers that are investing their collateral in Loans issued by companies involved in the Controversial Sectors. The assessment of the level of involvement in each activity is based on percentage of revenue. The thresholds are:

- Any involvement in Controversial weapons
- 50% for Prostitution and adult entertainment
- 50% for tobacco producing companies, suppliers or distributors
- 50% for Thermal coal mining

3) ESG score

ESG Score for each CLO is based on the number of ESG prohibition in its rules and the strength of these restrictions, as undertaken in its offering circular. The Sub-Fund uses ESG scores provided by specialized company Dealscribe.

In addition to its own exclusion policy, the Sub-Fund will invest in deals with minimum ESG scores.

The Investment Manager will apply an ESG score to each CLO in which the Sub-Fund invests or is about to invest and, additionally, maintain during the life of the Sub-Fund a satisfactory weighted average consolidated ESG score i.e. a score that corresponds to a CLO that would be in the 1st half of the European CLO universe at the time of 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?

The financial product intends to promote environmental and social characteristics but does not pursue to invest in 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 investment objective?

The financial product intends to promote environmental and social characteristics but does not pursue to invest in sustainable investments.



D. INVESTMENT STRATEGY

What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?

The Sub-Fund seeks to achieve performance through investments in diversified portfolio of highly rated tranches of CLOs with a strong ESG profile.

The Sub-Fund combines ESG best-in-class approach with ESG integration, exclusions and engagement. All the CLO Tranches invested in portfolio will also be researched and analysed from an ESG standpoint.

The investment process is based on qualitative and quantitative analysis. The Qualitative analysis is based on the Due Diligences on the CLO managers, its ESG Policy and its ability to select an ESG compliant collateral. Prior to investment, the Investment Manager reviews all CLO manager's ESG policies and framework, including a detailed ESG Due Diligence Questionnaire promoted and prepared by both the LSTA (Loan Syndication Trading Association) and the ELFA (European Leverage Finance association). Updates are performed annually.

The consideration of ESG criteria in the selection of securities aims to assess the ability of companies to transform the challenges of sustainable development into vectors of performance. The philosophy of this approach as a socially responsible investor is based on the conviction that taking into account extra-financial criteria beyond traditional financial analysis allows a better assessment of the risks and opportunities for the investor. Extra-financial analysis thus contributes to the creation of value, broadens the selection process and contributes to the robustness of the management process. In addition, ESG analysis makes it possible to assess the companies that are most successful, on the one hand, in limiting the ESG risks they face and, on the other hand, in seizing opportunities related to sustainable development.

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?

All the securities invested in portfolio will be researched and analysed from an ESG standpoint.

The Investment Manager addresses ESG factors throughout the investment process, including research, CLO managers selection and portfolio construction. The Investment Manager incorporates i) an exclusion policy completed by ii) an ESG Integration policy.

i. Exclusion policy

The Investment Manager strictly excludes the following sectors: Controversial weapons, Prostitution, adult entertainment, Tobacco and Thermal coal by excluding CLOs investing their collateral in Loans issued by companies involved in the Controversial Sectors.

The assessment of the level of involvement in each activity is based on percentage of revenue. The thresholds are:

- Any involvement in Controversial weapons
- 50% for Prostitution and adult entertainment
- 50% for tobacco producing companies, suppliers or distributors
- 50% for Thermal coal mining

ii. ESG Integration policy

As part of its investment policy, the Sub-Fund adopts a rating upgrade approach. To carry out this analysis, the Investment Manager uses data provided by Dealscribe.

As part of the investment policy, the Sub-Fund follows a Best-in-Class approach by investing only in CLOs whose Dealscribe's ESG Score is greater than or equal to 20.

As of June 2023, CLOs with a Dealscribe ESG rating above 20 are in the top half of the European CLOs. Furthermore, the Investment Manager will compute on a quarterly basis the Sub-Fund's weighted average ESG Score and will disclose the results in its periodic reports to investors.

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

The good governance is assessed in several steps during investment process.

Firstly, the minimum safeguards regarding governance are included in the exclusion policy. The Sub-Fund cannot invest in CLOs which allow investments in companies having any involvement in Controversial Weapons or with more than 50% of revenues stemming from controversial sectors / activities such as Prostitution / Adult Entertainment, Thermal Coal or Tobacco.

The selection process includes the integration of Dealscribe's ESG Score where the governance aspects are among the best-in-class in terms of ESG documentation laid out in the CLO's prospectus.

Is there a commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy? (Including an indication of the rate)?

☐ Yes

☒ No

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

☒ Yes

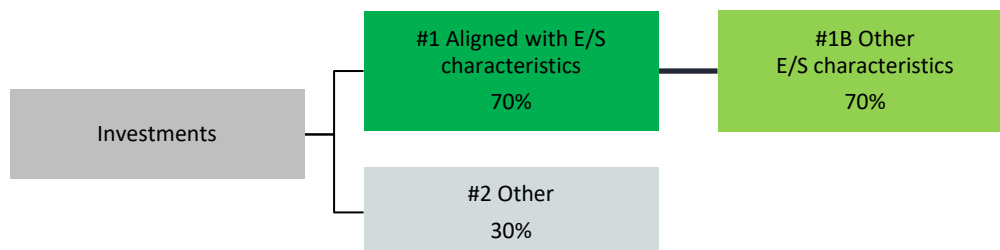
☐ No



E. PROPORTION OF INVESTMENTS

What is the planned asset allocation for this financial product?

At least 70% of the Sub-Fund investments promote environmental and social characteristics. The Sub-Fund will not make any sustainable investments. The Sub-Fund will not directly invest in sustainable investments that qualify as environmentally sustainable under the Taxonomy, nor in sustainable investments with a social objective.



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

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of 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?

Not applicable

What is the minimum share of sustainable investments with a social objective?

Not applicable.

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

The investments in “#2 other” will include up to 20% of the Sub-Fund’s assets in cash and cash equivalent securities and up to 30% of the Sub-Fund’s assets in CLO tranches from older vintages which did not include in their prospectuses the exclusion provisions as these were not standard at the time.

Cash may be held as ancillary liquidity or for risk balancing purposes. Minimum environmental or social safeguards are not considered for investments included under this category.



F. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

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

The sustainability indicators used are as follows:

- Controversial activities / controversial sectors: The Sub-Fund employs exclusions, driven by revenue thresholds on the following sectors:
 - Controversial Military Weapons
 - Pornography/Prostitution
 - Tobacco
 - Thermal Coal
- ESG rating: The Sub-Fund will use ESG scores provided by specialized company Dealscribe, a recognized technology-enabled research firm providing unbiased analysis on CLO documentation and based on both human capabilities and Artificial Intelligence. The first part of Dealscribe analysis is to count the number of activities banned in each CLO, as covenanted in such CLO’s offering circular. The second part assigns a weighting to the strength of each restriction. The most restrictive definitions capture borrowers that have any involvement in the restricted activity (score 7), and at the other end of the scale the loosest definitions include companies with a 75% revenue threshold (score 1).

Dealscribe industry definition weightings:

Definition	Weighting
75%+ revenue/concentration limit	1
50% revenue/principal business	2
Rating agency classified industry	3
20-30% revenue	4
10-15% revenue	5
5% revenue	6
Any involvement	7

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

Portfolio Managers are responsible of the portfolio rebalancing in line with the global allocation strategy and the ESG criteria.

Portfolio Managers implement new investment ideas in order to improve the portfolio's overall risk, return and sustainable characteristics. Holdings of the portfolio are monitored on a continuous basis in terms of financial and ESG criteria.

The risk department of the management company monitors the overall financial and non-financial parameters of the portfolio.



G. METHODOLOGIES

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

All the binding elements and sustainability indicators are measured on a monthly basis by the Investment Manager. If the values are in line with the targets, the environmental and social characteristics promoted of the sub-fund will be considered as attained.



H. DATA SOURCES AND PROCESSING

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

The Sub-Fund will use ESG scores provided by specialized company Dealscribe, a recognized technology-enabled research firm providing unbiased analysis on CLO documentation and based on both human capabilities and Artificial Intelligence. The first part of Dealscribe analysis is to count the number of activities banned in each CLO, as covenanted in such CLO's offering circular. The second part assigns a weighting to the strength of each restriction based on revenue thresholds.

In addition, the Sub-Fund will use MSCI to identify companies involved in one or more recent very severe controversies (red flag).

The management team also has multiple sources of external ESG information (brokers' extra-financial research).



I. LIMITATIONS TO METHODOLOGIES AND DATA

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)

The investment process is based on qualitative and quantitative research based solely on the raw data published by companies in the invested mutual funds. Thus, a first limit consists in the reliability of the published data based on credibility and the audit of non-financial reports of companies.

In addition, the Sub-fund's ESG methodology is a proprietary and transparent methodology but is not based on any international standards. For this reason, maximum transparency on all the indicators used in the calculations is mandatory and an integral part of the management process. As regards the monitoring of controversies, it remains an evaluation exercise in which the best means are put in place to exclude from management companies that are controversial or at risk of controversy. Nevertheless, a limit lies in the impossibility of preventing all controversies and thus displaying a zero risk on this point.



J. DUE DILIGENCE

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

The investment process is based on qualitative and quantitative analysis. The Qualitative analysis is based on the Due Diligences on the CLO managers, its ESG Policy and its ability to select an ESG compliant collateral. Prior to investment, the Investment Manager reviews all CLO manager's ESG policies and framework, including a detailed ESG Due Diligence Questionnaire promoted and prepared by both the LSTA (Loan Syndication Trading Association) and the ELFA (European Leverage Finance association). Updates are performed annually.

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K. ENGAGEMENT POLICIES

Is engagement part of the environmental or social investment strategy?

☒ Yes

☐ No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

Every month, the Investment Manager screens the issuers representing more than 1% of its consolidated collateral portfolio. Each name is analysed to identify any company being involved in one or more recent very severe controversies under the MSCI nomenclature (red flag).

The Investment Manager subsequently engages with the CLO Manager(s) that owns the flagged name and discuss their potential options. Potentially non satisfactory development may result in the disposal of the position in the Sub-Fund, for the best interest of the shareholders.



L. REFERENCE BENCHMARK

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

☐ Yes

☒ No

The content of this document should not be interpreted as an investment service or as investment advice, and under no circumstances is it to be used or considered as an offer or incentive to purchase or sell a particular product. The content is intended for information purposes only and to provide investors with the relevant reference information for any investment decisions. It has no regard to the specific financial objectives of any individual investor, nor may it be construed as legal, accounting or tax advice. Past performance is no indication of future results. Similarly, the present document is not intended as an incentive, offer or solicitation to invest in the asset categories listed herein. Investors are warned that the placing of stock market orders requires a perfect understanding of the markets and their governing legislation. Before investing, they must be aware that certain markets may be subject to rapid fluctuations and are speculative or lacking in liquidity. Accordingly, certain assets or categories of assets listed in the present document may not be appropriate for investors. In certain cases, investments may even bear an indeterminate high risk of loss that exceeds the initial investment made. Investors are therefore urged to seek the advice of their financial advisor or intermediary in order to assess the particular nature of an investment and the risks involved and its compatibility with their individual investment profile and objectives.

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