Sustainable & Responsible Investments

Sustainability Related Disclosures

February 2021

TOBAM*

CORE INVESTMENTS

Summary

TOBAM is committed to ensuring that it makes investment decisions responsibly and sustainably in line with the long-term investment horizons of its clients.

TOBAM SRI Policy in aligned with the international conventions, recommendations, declarations and guidelines as formalized in the various standards international laws and principles.

Over the years TOBAM has taken steps to consider, monitor, integrate ESG into its investment process and strengthen several of its guidelines and engagement towards sustainability risks and opportunities.

The following sustainability risks disclosure apply to the following TOBAM's strategies as described in appendix page 6.

Environmental or social characteristics / no sustainable objective / sustainable objective

TOBAM has decided that sustainability will be explicitly core to its values and as such has a long-standing commitment to uphold Environmental, Social and Governance (ESG) issues within its investment process. This includes an exclusion list as well as a commitment to the reduction of carbon as well as a process of monitoring ESG.

TOBAM strategies do not pursue a sustainable objective., but all Anti-Benchmark strategies apply a sustainable approach as described below.

Proportion of investments

TOBAM applies its sustainability approach to all strategies (as listed in appenxdix p.xx) as illustrated in the charts below.

These measures employed by the equity and fixed income compartments, are applied to at least 90% of the AuM of the Compartments.

Investment strategy

Pioneer in the smart beta movement, TOBAM offers innovative investment capabilities aiming to maximize diversification.

TOBAM's flagship Anti-Benchmark® strategies and Maximum Diversification® indices, supported by original research and a mathematical definition of diversification, provide clients with diversified core exposure to equity and credit.

TOBAM currently offers Equity, Global investment grade and high yield strategies as well as a multi asset strategy.

- Anti-Benchmark® Strategies: TOBAM's Anti-Benchmark® strategies are our historical flagship offering based on the Maximum Diversification® approach. These strategies are designed to maximize the degree of diversification when selecting weights of assets during the portfolio allocation process.

- Maximum Diversification® and Diversified Benchmark Indices: the TOBAM Maximum Diversification® Index Series are based on the Maximum Diversification® approach, constrained by different tracking error, or beta constraints, to deliver replicable and transparent indices.

TOBAM has decided that sustainability will be explicitly core to its values and as such has a long-standing commitment to uphold Environmental, Social and Governance issues (ESG) within its investment process. All the above listed strategies (appendix p6) include an exclusion list as well as a commitment to the reduction of carbon as well as a process of monitoring ESG.

Monitoring

TOBAM has a proprietary monitoring process of E, S and G criteria that are aggregated to a E, S and G footprint by the company based on raw public data published by companies such as the presence of Waste reduction, Energy Consumption and Climate Change policies for the E dimension, or such as Social Supply Chain Management, Health Protection and Equal Opportunity policies for the Social Dimension and for instance the percentage of independent directors, CEO duality or chairperson independence for the Governance dimension.

The Company also implements a systematic reduction of at least 20% of its equity and fixed income Compartments relative carbon footprint compared their reference benchmark's carbon footprint. The calculation of the relative carbon footprint is based on CDP's (Carbon Disclosure Project) public data collected via Bloomberg. The carbon footprint reduction has been implemented considering the best interest of the Shareholders and without significant impact on returns, volatility, and diversification benefits of each Compartment.

Methodologies

TOBAM Sustainability Policy consists for one part in the application of a strict exclusion policy suited to its quantitative investment process. Companies that have controversial ESG practices and are consequently exposed to material impacts arising from significant risks will be excluded from the Company's investment universe.
TOBAM also applies a fossil-fuel free approach to two of its strategies: Anti-Benchmark® Emerging Markets Equity and Anti-Benchmark® Global High Yield.
Companies with significant involvement in the production, sales or extraction of fossil fuels (including coal, coal power generation, oil and gas) are excluded from the investment universes of both strategies.

Moreover, TOBAM has a proprietary monitoring process of E, S and G criteria that are aggregated to a E, S and G footprint by company based on a raw public data published by companies such as the presence of Waste reduction, Energy Consumption and Climate Change policies for the E dimension, or such as Social Supply Chain Management, Health Protection and Equal Opportunity policies for the Social Dimension and for instance the percentage of independent directors, CEO duality or chairperson independence for the Governance dimension.

TOBAM also implements a systematic reduction of at least 20% of its equity and fixed income Compartments relative carbon footprint compared their reference benchmark's carbon footprint. The calculation of the relative carbon footprint is based on CDP's (Carbon Disclosure Project) public data collected via Bloomberg.

The carbon footprint reduction has been implemented considering the best interest of the Shareholders and without significant impact on returns, volatility, and diversification benefits of each Compartment.

Due diligence

TOBAM is a quantitative investment firm and does not conduct fundamental analysis. Portfolio allocation is optimized by a quantitative model, based on the proprietary Maximum Diversification investment process and as such TOBAM's management team do not conduct fundamental analysis on the companies they invest in.

However, the quantitative process in place at TOBAM is fully integrated and systematic and all filters, or constraints used and described in the "methodologies" paragraph, are fully integrated into the investment process.

The exclusion list is automatically updated based on the information provided daily by ISS, and integrated into TOBAM proprietary portfolio management system "Pilot"..

Carbon emissions figures are automatically provided by Bloomberg and integrated into TOBAM's Pilot PMS as well. TOBAM's research team carries annual review of the impact of all the SRI constraints and policy, and the consequences in terms of performance, risk, and diversification benefits.

Engagement policies

TOBAM defines active ownership and corporate engagement as using its shareholder and credit holder position on behalf of its client to influence company management decision making and the further integration of ESG principles and good corporate governance in the companies in which it invests.

We consider engagement towards third parties, the industry and the investee companies as another crucial step towards the promotion and development of responsible investment as well as a welcome tool of risk monitoring.

Further details on our engagement policy are available on TOBAM's website:

https://www.tobam.fr/engagement-policy/

Data sources and processing

TOBAM's exclusion policy is based on information provided by ISS-Ethix and processed into TOBAM's proprietary portfolio management system "Pilot".

Carbon emissions figures for all companies in TOBAM's portfolios are sourced by Bloomberg, using CDP data. Approximately 15% of the companies do not report on CDP or Bloomberg, conducting our research team to establish a methodology to determine a proxy measure for the missing data.

ESG footprint monitoring is sourced using Bloomberg E, S and G raw data as published by listed companies.

Limitation to methodologies and data

TOBAM's SRI policy is based on best practices, and with the objective of managing long term sustainability risks and opportunities while continuing to deliver a risk/return and diversification benefits in line with the maximum Diversification investment process.

TOBAM's exclusion list is based on best practices from world international leaders in SRI policies but it does not prevent TOBAM's portfolios and strategies from serious controversies or breaches to international norms or laws, that didn't demonstrate any previous signs or alerts. In the same spirit, TOBAM carbon emissions reduction efforts are based on a reduction target compared to the relevant universe, which doesn't prevent to hold in its portfolios from time to time, companies that could show some high carbon emissions figures, even though the overall portfolio carbon emissions figures would always match the reduction target compared to the benchmark.

Designated reference benchmark

Please consult Appendix 1 for the list of strategies and relevant designated reference benchmark.

Appendix

TOBAM's Strategies	Benchmark
TOBAM Anti-Benchmark World Equity Fund	MSCI World 100% Hedged to GBP Net Total Return Index
TOBAM Anti-Benchmark Global Investment Grade Fund	ICE BofAML Global Corporate Index
TOBAM Anti-Benchmark Global High Yield Fund	BofA Merril Lynch Global High Yield Index
TOBAM Anti-Benchmark Emerging Markets Equity Fund	MSCI Daily TR Net Emerging Markets index
TOBAM Anti-Benchmark Euro Equity Fund	MSCI EMU Net Total Return index
TOBAM Anti-Benchmark Global Equity Fund	MSCI Daily TR Net World index
TOBAM Anti-Benchmark Japan Equity Fund	MSCI Daily Total Return Net Japan index
TOBAM Anti-Benchmark Pacific Ex-Japan Markets Equity Fund	MSCI Daily Total Return Net Pacific ex-Japan USD index
TOBAM Anti-Benchmark UK Equity Fund	MSCI UK Net Total Return index
TOBAM Anti-Benchmark US Equity Fund	MSCI USA Net Total Return index
TOBAM Anti-Benchmark All Countries Equity Fund	MSCI AC World Daily Net Total Return USD index
TOBAM Anti-Benchmark France Equity Fund	MSCI France Net Total Return index
TOBAM Anti-Benchmark World Ex-USA Equity Fund	MSCI World Ex USA Index Net TR index, ticker M1WOU

Disclaimer

This material is solely for the attention of institutional, professional, qualified or sophisticated investors and distributors. It is not to be distributed to the general public, private customers or retail investors in any jurisdiction whatsoever. This document is intended only for the person to whom it has been delivered. Investment involves risk, past performance is not indicative of future results, investors could lose all of their investment. Investors should seek the advice of their financial advisor prior to any investment decision in order to determine its suitability.

TOBAM has continued and will continue its research efforts amending the investment process from time to time accordingly. TOBAM reserves the right of revision or change without notice, of the universe, data, models, strategy and opinions. TOBAM's quantitative investment process is supported by extensive proprietary computer code. TOBAM's researchers, software developers, and IT teams follow a structured design, development, testing, change control, and review processes during the development of its systems and the implementation within our investment process. It is possible that errors may occur in coding and within the investment process, as is the case with any complex software or data-driven model, and no guarantee or warranty can be provided that any quantitative investment model is completely free of errors. Any such errors could have a negative impact on investment results.
ZCAAEL

For more information

TOBAM is an asset management company offering innovative investment capabilities designed to increase diversification. Its mission is to provide rational and professional solutions to long term investors in the context of efficient markets.

The Maximum Diversification® approach, TOBAM's flagship investment process founded in 2006, is supported by original, patented research and a mathematical definition of diversification and provides clients with diversified core exposure, in both the equity and fixed income markets.

In line with its mission statement and commitment to diversification,
TOBAM also launched a separate activity on cryptocurrencies in 2017.

TOBAM manages over US$10 billion (at December 30, 2020). TOBAM's team is composed of 48 professionals.

For more information, visit www.tobam.fr

Contacts:

Paris
49-53, Avenue des Champs-Elysées
75008 Paris
France

New York
Dublin
Hong Kong

Client Service
clientservice@tobam.fr