EDMOND DE ROTHSCHILD FUND EM CLIMATE BONDS

EXTRA-FINANCIAL PERFORMANCE REPORT 2023

MARKETING COMMUNICATION: This is a marketing communication. Please refer to the UCITS prospectus and the Key Information Document before making any final investment decision.

PRESENTATION OF THE FUND

- SFDR classification **Article 9** [1]
- Focused on Emerging Markets ("EM") corporate debt with an **average investment grade** [2] rating
- Invests in **Green and Sustainability bonds** allowing for true impact
- An award-winning EM fixed income team with **16 years' average experience** with a focus on engagement with companies
- Currently aligned with a **1.5°C** trajectory [3]

WHY INVEST IN EM CLIMATE BONDS?

- **Addressing a true challenge: Global net zero can't be reached without Emerging Markets**

EM is expected to represent 66% of global energy consumption by 2030[4] while they only receive a tiny fraction of financing for the transition. Climate investments in EM are not only necessary, they also have scale and impact.

- **Labelled bonds are an efficient tool to tackle climate change**

By financing specific green projects in a transparent way, labelled bonds are an efficient way to redirect capital towards sustainable projects. The EM labelled bond market has depth and is rapidly growing.

- **Pioneer in EM Labelled Bonds**

At least 75% of net assets are invested in labelled bonds allowing the fund to be among the first EM corporate bond funds on the market to be classified Article 9 of the SFDR regulation [5]

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IMPACT-DRIVEN STRATEGY

- **A robust investment process**

Strict adherence is given to the ESG selection process including exclusions of Coal and Oil & Gas sectors, companies with the lowest 20% ESG ratings or the largest CO2 emitters. Portfolio Managers analyze Green Bonds to the project level using allocation and impact reports, but also through discussions with the management of the companies.

- **An innovative and stringent approach to Climate investing**

Portfolio managers go a step further applying a critical mindset during bond selection which allows for true positive impact – not all Green Bonds are the same.

1. Article 9 SFDR: Article 9 funds according to the Sustainable Finance Disclosure Regulation (SFDR): funds whose investment policy includes a sustainable investment objective. **2.** Investment Grade is a designation for low-risk bonds with financial ratings from AAA to BBB-. The default risk of these bonds is low and their yield is lower than high yield bonds. **3.** Source: Carbon4 Finance. **4.** World Energy Outlook 2023, IEA **5.** SFDR classification: The investment policy of a fund may change over time and therefore its classification under the Sustainable Finance Disclosure Regulation (SFDR) may change. If you have any doubts about the SFDR classification of a fund, please contact your usual adviser.

KEY ELEMENTS 2023

100% of Green and Sustainability Bonds[1]

Carbon intensity scopes 1, 2 and 3: 187 vs 326 tons of CO_2 / EV for the benchmark[2]

Portfolio aligned with a **1.5°C trajectory**

Exclusion of Oil &Gas and Coal sectors

Impact Projects financed[2] 36% renewable energy
19% clean transport
8% energy efficiency

Art. 9 SFDR classification

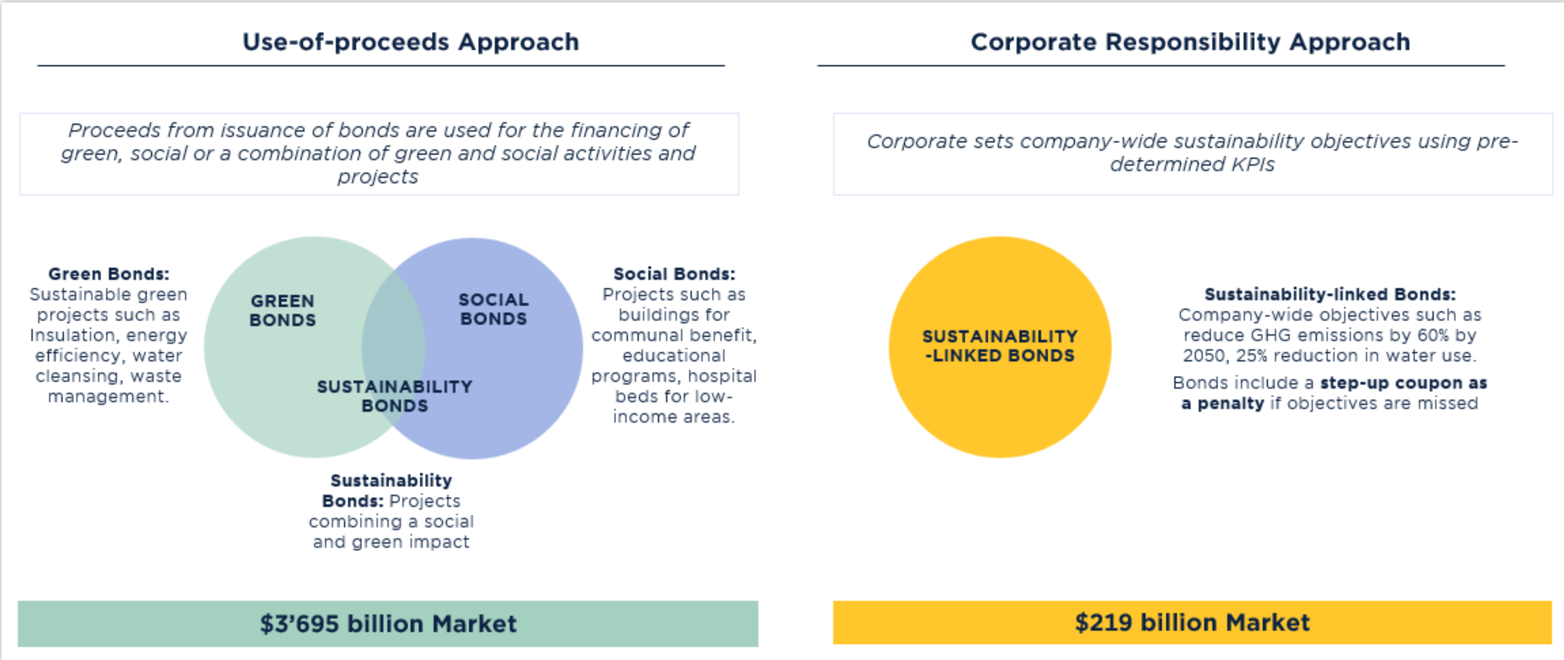
LuxFlag Climate Finance label [3] **& Article 9 SFDR** [4]

1. Data as of 29.12.2023. Source: Edmond de Rothschild Asset Management (France) **2.** JPM EM Credit Green Bond Diversified Index, Source: Carbon4 Finance **2.** Allocation as of 29.12.2023. **3.** LuxFlag Climate Finance label: a tool available to asset managers to highlight their sustainable development/ESG/Impact accreditation on their investment products. **4.** Article 9 SFDR: Article 9 funds according to the Sustainable Finance Disclosure Regulation (SFDR): funds whose investment policy includes a sustainable investment objective.

WHAT ARE LABELLED BONDS?

Labelled bonds are among the most efficient tools to address climate change and redirect capital towards green projects

Outstanding EM labelled bonds stand at $1 trillion, c. 25% of the global market

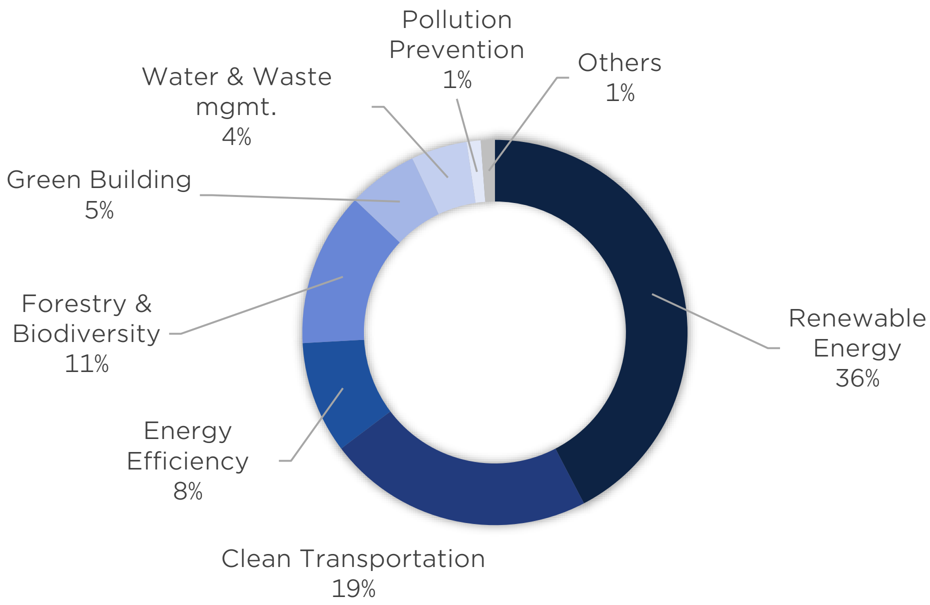


Source: BloombergNEF, Bloomberg Terminal, 2007-2023 (January)

WHAT DO WE SUPPORT?

- As of the end of 2023, **100% of the fund** was allocated to labelled bonds: 88% in Green and 12% in Sustainability Bonds
- We target to finance **Cleaner Energy**, **Cleaner Transport** and **Cleaner Industries** among others
- The **green projects** that can be found in the portfolio are allocated to sectors such as Renewable Energy, Clean Transport, Energy efficiency, Forestry and Biodiversity, Green Buildings or Waste management

BREAKDOWN OF PORTFOLIO BY USE OF PROCEEDS (%)



Source: Edmond de Rothschild Asset Management (France). Data as at 29.12.2023

ESG NEWS

For Edmond de Rothschild, 2023 was an essential milestone in its global ESG strategy.

Limit global warming to 1.5°C

New boundaries crossed, new steps taken

First, the World Meteorological Organization (WWO) unfortunately confirmed that *"2023 was the warmest year on record globally"*. The annual average global temperature was 1.45° Celsius above pre-industrial levels, "*symbolic because the Paris Agreement on climate change aims to limit the temperature increase to no more than 1.5°C"*.

On the regulatory front, the European commission announced a comprehensive assessment of the SFDR regulation[1], which could have considerable implications for the entire sustainable finance framework (Taxonomy, PAI [2]...). The European parliament and the EU Council reached an agreement on the Corporate Sustainability Due Diligence Directive, which aims to make large companies responsible for environmental and human rights violations that occur along their value chains. This agreement is still pending official agreement before the directive can be transposed into national law.

In the United Kingdom, the Financial Conduct Authority (FCA) has introduced its own measures to support sustainable finance. Finally, in France, discussions focused on reforms to be made to the SRI label.

2023, a very busy year...

For Edmond de Rothschild, 2023 marks a key milestone in the group's global ESG strategy, including a major reinforcement of our existing pledges to support the energy and environmental transition. In May 2023, having joined the Institutional Investors Group on Climate Change (IIGCC), we signed up to the "Net Zero Asset Managers" (NZAM), consistent with our commitment to supporting the goal of net zero greenhouse gas emissions by 2050. The initiative was created to galvanise the asset management industry to commit to a goal of net zero emissions, in line with global efforts to limit warming to 1.5 degrees Celsius.

It enables signatories to take action and deploy ambitious investment strategies that will be necessary to achieve the net zero objective. It also offers a forum for asset managers to share best practices and overcome any hurdles to aligning investments with this net zero emissions goal.

In practical terms, our commitment to supporting the fight against climate change led to a major innovation, with the launch of one of the very first corporate bond strategies investing in emerging markets and classified as an Article 9 fund under SFDR.

This first positive environmental impact fund within the emerging bond space will enable investors to have a real impact in countries where the need for investments in environmental initiatives is crucial - particularly as energy consumption is growing so fast in these regions.

1. SFDR classification: a fund's investment policy may change over time, and as a result, its classification under the Sustainable Finance Disclosure Regulation (SFDR) may also change. If you have any doubts on the classification of a fund under SFDR, please contact your usual advisor. Article 9 under SFDR: Fund compliant with article 9 of the Sustainable Finance Disclosure Regulation - SFDR): The primary investment objective of an article 9 fund is sustainability. **2.**The European taxonomy classifies economic activities that have a positive impact on the environment. Its aim is to steer investment towards "green" activities. The main negative impacts (PAI) defined by the SFDR regulations correspond to the negative impact of an investment decision on an environmental, social or governance (ESG) issue.

The metrics of the EdR Fund EM CLIMATE BONDS portfolio are summarized in the following table:

Portfolio managers have integrated management and ESG dashboards that enable them to monitor the evolution of their holdings in terms of ESG score, carbon metrics, SDG metrics and biodiversity metrics. These can be analyzed on the portfolio level, on a line by line level, by contribution and relative to the benchmark or investment universe.

As part of it's Art.9 requirements, two KPIs are monitored on a daily basis :

- **Total induced emissions intensity**
- **Total emissions saving intensity**

Portfolio managers will also closely follow two indicators reported by Carbon4 Finance:

- **CIA overall rating** which measures a company's or portfolio's contribution to a low-carbon economy. The closer the score is to 1, the more positive the company's contribution to the energy transition.
- **The portfolio's temperature alignment** is based on a climate trajectory by 2100.

Source: C4F, MSCI. Data as of 29/12/2023

Climate indicators	EdRF EM Climate Bonds	JPM EM Credit Green Bond Diversified Index	
ESG Score (Coverage rate)	**11.1 (91%)**	**10.4 (81%)**	✓
ENVIRONMENTAL IMPACT INDICATOR			
CIA overall rating from 1 (best) to 15 (worst) (coverage rate)	**5.6 (73%)**	**7.4 (62%)**	✓
Carbon emissions intensity (tons of CO_2 / EV) scopes 1, 2, 3 (Coverage rate)	**187 (63%)**	**322 (61%)**	✓
Carbon emissions intensity (tons of CO_2 / EV) scopes 1 and 2 (Coverage rate)	**6 (60%)**	**44 (49%)**	✓
Carbon emissions saving intensity (tons of CO_2/ EV) scopes 1, 2 and 3 (Coverage rate)	**-119 (70%)**	**-59 (61%)**	✓
Share of companies with SBTI approved well-below 2°C or below 1.5°C in the portfolio	**19%**	**8%**	✓
Share of Sustainable investments in the portfolio	**100%**	**66%**	✓

These indicators are defined on page 13.

DIALOGUE AND ENGAGEMENT

Our approach to engagement on non-financial issues enables the Portfolio Management team to be active debt holders and thus enhance the effectiveness of climate action and bring lasting change.

The value of dialogue is enhanced by a true collaboration as well as by clear objectives and expectations

On a quarterly basis, an **ESG & Climate Engagement Committee** identifies companies which the portfolio managers will engage with during a set period of time. The committee will also follow up on the execution and monitoring of the engagement topics. Ultimately, the committee will be consulted on investment, escalation and divestment decisions, depending on the actions and solutions undertaken by the different companies.

The engagement committee is made up of representatives from risk management, compliance, ESG team, product management and portfolio management.

By emphasizing certain issues to the management of corporates, the portfolio managers help **raise awareness around the importance of climate topics and setting ESG expectations**.

Such interactions can help companies understand and manage certain risks from an investor's perspective, as well as **identify potential opportunities to ensure the long-term success of the companies**.

As portfolio managers meet regularly with the companies in which they invest, the **value of the dialogue is enhanced by a true collaboration as well as by clear objectives and expectations.**

In 2023, portfolio managers engaged in a dialogue with several companies. Two examples are Suzano (largest Pulp & Paper company in Latam – based in Brazil) and SQM (Chilean company that exports products worldwide, i.e. lithium, potassium nitrate, iodine etc.) on topics such as water intensity, environmental and biodiversity impacts of production etc.

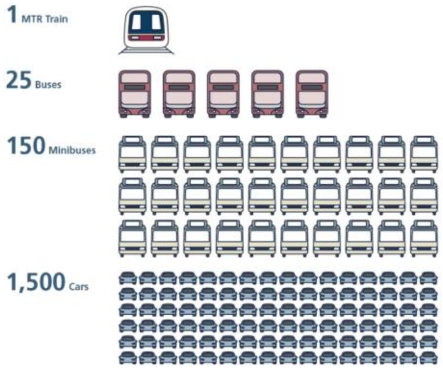
The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

EXAMPLE OF INVESTMENTS

Hong Kong Metro Corporation – Public transport infrastructure

Type of Bond:	Green Bond
Amount issued:	600'000'000
Date of issue:	02.11.2016
Maturity date:	02.11.2026
Currency:	USD
Credit rating:	AA
Country:	Hong Kong
Sector:	Transportation
Coupon:	2.5%
YtW:	5.3%
Modified duration:	2.4
Z-spread:	45 bps

- **Electrically-powered mass railway** is one of the most **environmentally sustainable** ways to transport the world's growing and urbanizing populations
- The **energy efficiency of public transport** infrastructure is fundamental to a low carbon economy



EXCLUSIONS?

No O&G

No coal

No UNGC failure

No high controversy

UNITED NATIONS GLOBAL COMPACT

CO2 EMISSIONS?

carbon4 finance

CIA rating: 4.5

Temp. alignment: 1.5°C

SDG ALIGNMENT

No Misalignments

ESG SCORE?

MSCI

AAA rating

ICMA PRINCIPLES

The Green Bond Principles

Compliant

Source:. Bloomberg as of 22.04.2024;; MSCI; Carbon4 Finance; Company Filings. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

EXAMPLE OF INVESTMENTS

Klabin - leading paper producing and recycling company in Brazil

Type of Bond:	Green Bond
Amount issued:	500'000'000
Date of issue:	19.03.2018
Maturity date:	19.09.2027
Currency:	USD
Credit rating:	BB+
Country:	Brazil
Sector:	Pulp & Paper
Coupon:	4.9%
YtW:	6.0%
Modified duration:	3.1
Z-spread:	140 bps

- **67% CO_2** reduction since 2003: The adoption of low-carbon technologies allowed the Company, between 2003 and 2021, to achieve a 67% reduction in CO_2eq emissions per ton of product.
- **Use of proceeds**: Native forest restoration and conservation of biodiversity; Sustainable forest & water management; Waste and Wastewater management; Renewable energy

EXCLUSIONS?

No O&G

No coal

No UNGC failure

No high controversy

CO_2 EMISSIONS?

CIA rating: N/A

Temp. alignment: N/A

SDG ALIGNMENT

No Misalignments

ESG SCORE?

BB rating

ICMA PRINCIPLES

Compliant

Source:. Bloomberg as of 22.04.2024; MSCI; Carbon4 Finance; Company Filings. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

EXAMPLE OF INVESTMENTS

Projects like **Greenko's** wind farms and solar plants in India have been key in the electrification process in the most populated country in the world. This is particularly important as India's energy consumption has been increasing rapidly and is actually expected to surpass the European Union as the third largest energy consumer in the upcoming years. Therefore, renewable projects such as Greenko's, supported by the federal government's policies, are essential to shift India's energy matrix. India's wind installed capacity is already the fourth largest country in the world and Greenko accounts for over a third of it. Overall, Greenko has 3.2 GWp and 2.2 GWp in wind and solar operating capacity, respectively, with over 50 sites in each located across 10 states throughout the country.

As part of the energy transition, it is key that not only power generation shifts away from coal and fossil fuel, but that the entire infrastructure also develops around it. A great example of a player investing in such infrastructure is **Interchile**, a Chilean electricity transmissions company. The proceeds of its green bond were invested in two major electricity lines, making possible the entrance of several renewable energy plants that were not able to get into the system before due to the lack of transmission infrastructure. The lines were built between Cardones – Polpaico (central Chile) and Encuentro – Lagunas (Northern Chile). Efficient transmission lines contribute to a cleaner and more sustainable energy matrix in Chile, a country that historically depended on coal, but is rapidly shifting its energy grid towards renewables.

Source: Greenko's and Interchile. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

EXAMPLE OF INVESTMENTS

The two projects are expected to advance Seoul's and South Korea's commitments to provide low-carbon transportation solutions and achieve South Korea's net zero emission target by 2050.

Public transportation projects like extensions of metro and train lines are crucial for the 10 million inhabitants of Seoul in South Korea. This project is being funded by Shinhan, which is one of the biggest banks in South Korea. In fact, its $500 million Green Bond maturing in April 2032 has been fully invested in low carbon transportation projects.

More specifically the bond is going to finance and refinance existing interurban rail projects namely the extension of the Seoul Metro Line 9 and of the Great Train eXpress (GTX) Line A (42 km of extension and 5 additional stations). The two projects are expected to advance Seoul's and South Korea's commitments to provide low-carbon transportation solutions and achieve South Korea's net zero emission target by 2050.

Source: « Climate Bond Post Issuance Report », Shinhan Bank. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

Appendix: ESG impact indicators

We use impact indicators to measure the extra-financial performance of the fund.
The Edmond de Rothschild Asset Management (France) IR team has decided to focus on some of the most relevant ones.
The following indicators were calculated for both the index and the portfolio:

ESG score: ESG score from MSCI are on a scale from 0 to 20, with 20 being the highest risk.

CIA overall rating (Carbon4 Finance): A qualitative synthesis of different indicators: induced emissions and emissions savings, Carbon Impact Ratio and qualitative forward-looking indicator. From 15 being the most risky to 1 the best performer.

Sustainable investments: investment criteria defined by Edmond de Rothschild AM. The definition can be found on the following website: https://www.edmond-de-rothschild.com/SiteCollectionDocuments/Responsible-investment/OUR-ENGAGEMENT/EN/EdRAM-EN-Sustainable-Investment-definition.pdf

Total emissions saving intensity (tCO_2e/M€) (Carbon4 Finance): ratio of scope 1, 2 and 3 emissions savings to the company's enterprise value.

Carbon intensity scopes 1, 2 and 1,2,3 (Carbon4 Finance): Ratio of Scope 1, 2 or 1, 2, 3 induced emissions to the company's EVIC. Double counting between Scopes 1, 2 and 1,2,3 is removed for portfolio-level footprint
Scope 1: direct emissions from resources owned and controlled by the company.
Scope 2: indirect emissions from the production of purchased energy.
Scope 3: all indirect emissions linked to the company's activities and not included in Scope 2.

Share of companies with SBTI approved well-below 2°C or below 1.5°C in the portfolio: percentage of companies that have committed to work on a science-based emission reduction target aligned with SBTi's criteria

The indicators are calculated using the most recent data available. For each indicator calculated, we specify the coverage rate corresponding to the share of the fund or index for which we were able to obtain the information.

WARNING

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