



Rcube Asset Management SAS

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RESPONSIBLE INVESTMENT POLICY

CONTEXT

Rcube Asset Management ("**Rcube**") is a management company approved in France by the Autorité des marchés financiers and registered by the National Futures Association ("**NFA**") in the United States as a Commodity Trading Advisor ("**CTA**") and Commodity Pool Operator ("**CPO**").

Rcube manages UCITS and AIFs exposed to sustainability risks.

As an asset manager, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial sector (known as the "Disclosure" or "SFDR Regulation") is applied to Rcube. This Regulation establishes harmonized rules for financial market participants relating to transparency regarding :

- The integration of sustainability risks ;
- Consideration of negative impacts in terms of sustainability ;
- The promotion of environmental or social characteristics and good governance in the investment process (OPC known as "Article 8") or the objectives of sustainable investment (OPC known as "Article 9").

Rcube applies this Responsible investment policy in a differentiated manner by product category. It distinguishes between two categories of fund :

- Funds under "Article 6" of SFDR Regulation : These funds do not promote environmental and/or social characteristics and do not have a sustainable investment objective ;
- Funds under "Article 8" of SFDR Regulation : These funds promote environmental and/or social characteristics or a combination of these characteristics, provided that the companies in which the investments are made apply good governance practices.

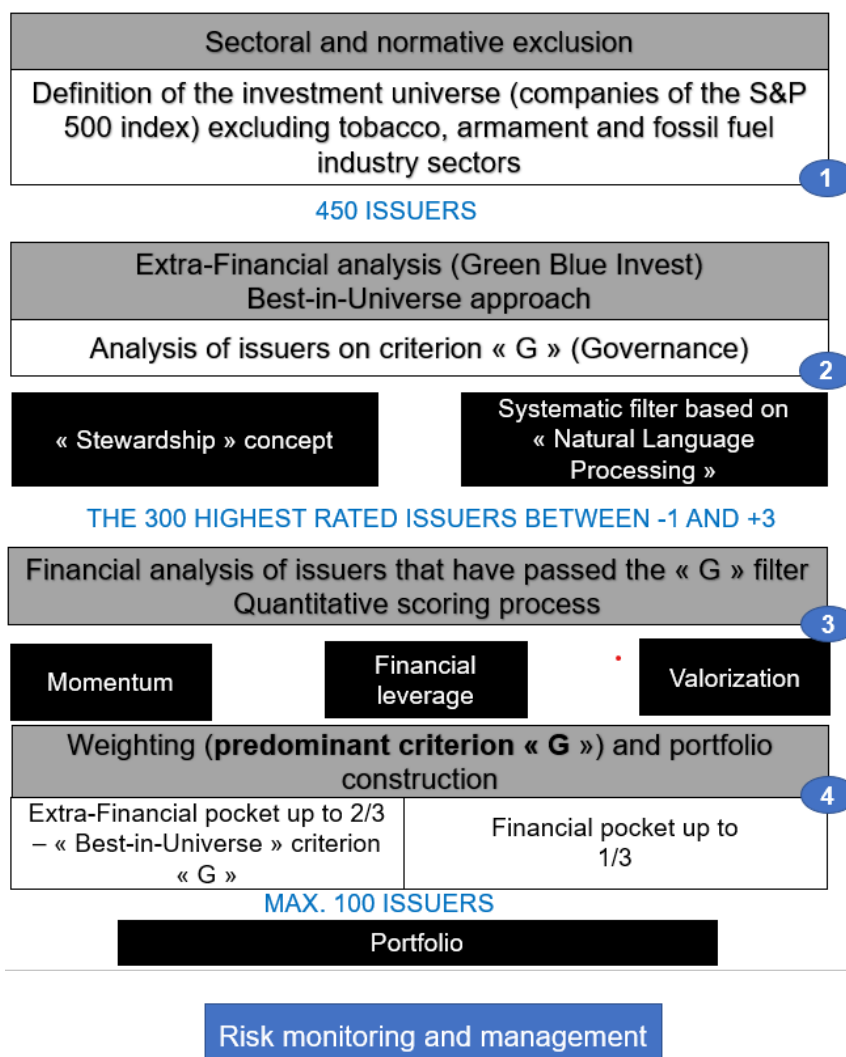
At the date of writing this policy, all funds managed by Rcube are under "Article 6" except for the GBI Good Governance UCITS which is qualified under "Article 8".

As such, Rcube has been a member of the ICGN (International Corporate Governance Network) since May 2020. It shares the convictions and values of this international initiative and undertakes to apply the principles of good governance, taking into account its size and activity constraints.

CONSIDERATION OF THE ESG CRITERIA IN GBI GOOD GOVERNANCE UCITS'S INVESTMENT PROCESS ("ARTICLE 8" OF SFDR)

ESG approach in the investment process

As a reminder, the GBI Good Governance UCITS under "Article 8" of SFDR Regulation promotes environmental, social and good governance characteristics but does not necessarily have sustainable investment as its objective. The extra-financial approach implemented is initiated by the "G" criterion of Governance, with its induced implications in terms of issuer behavior with regard to the usual "E" and "S" criteria in ESG management. This approach to ESG criteria in the GBI Good Governance UCITS investment process takes place in 4 stages :



- **Step 1: Exclusion of controversial sectors of activity – Frequency : permanently**

The management company excludes from the universe of companies in the S&P 500 index, companies that are known to be involved in the tobacco, arms or fossil fuel industry sectors. The identification of actions in these sectors is made on the basis of Bloomberg categorizations (code "GICS_SUB_INDUSTRY_NAME" / Tobacco, Aerospace & Defense, Integrated Oil & Gas, Oil & Gas Drilling, Oil & Gas Equipment & Services, Oil & Gas Exploration & Producing, Oil & Gas Refining & Marketing, Oil & Gas Storage & Transport).

At the end of this stage, the investment universe is reduced to around 450 issuers.

- **Step 2 : Extra-financial rating – Frequency : annually**

The Fund implements the management of a portfolio made up of a "positive" selection of American equities with a thematic bias of the responsible investment type, "Best-in-Universe", consisting in favoring the best-rated issuers from the perspective of the extra-financial criterion of governance and more broadly of the quality of management of a company over the long term (Anglo-Saxon concept of "Stewardship"), regardless of the sectors of activity to which it belongs and in assuming the sectoral biases induced by this approach.

The extra-financial approach implemented is initiated by the "G" criterion of governance, with its induced implications in terms of the behavior of issuers with regard to the usual "E" and "S" criteria in ESG management. For this approach, Rcube relies on the analysis work provided by the service provider Green Blue Invest, a commercial company under Swiss law which exercises an advisory activity, particularly in terms of sustainable investments (<https://www.greenblueinvest.com>), which she selected.

This extra-financial filter is based on the assumption that the quality of governance bodies (management and/or supervision) and their actions are key elements in corporate management. The manner in which companies communicate on these characteristics is considered to be decisive and particularly appropriate for the management of the portfolio. The objective of the extra-financial rating is therefore to extract, through the communications produced by a company and the elements of language used by its managers, the indicators which make it possible to assess the way in which the company is managed, the conflicts, potential risks and weaknesses, as well as the threats that may weigh on issuers.

The method consists in applying a systematic filter based on "Natural Language Processing" making it possible to classify the issuers of the restricted investment universe according to the characteristics of their governance practice, as shown by the ad hoc information published annually by said issuers through the 10-K report, an annual information document under American law registered with the SEC (US Securities and Exchange Commission).

Systematic processing has the result of classifying companies in descending order according to the quality of their governance in order to operate a hierarchy between the companies and to retain only those which have the best behavior in terms of governance without taking into account the sectors of activity (Best-in-Universe approach). The determining criteria are examined, quantified, processed and classified in a systematic way through an algorithm, which analyzes the terms of the communication used by the issuers. The robustness of the model is based on its ability to identify the best practices and therefore the best players, through semantic analysis.

The extra-financial rating in the form of a ranking is carried out by Green Blue Invest on the basis of:

- o First on the "Stewardship" concept. In order to produce a governance rating, "G", the model takes into account the issuer (represented by the board of directors and management) and its relationships with its stakeholders (customers, shareholders, employees, suppliers, ecosystem, environment, etc.) in order to assess the issuer's innovative nature, prudent financial management and proactive risk management;

- o And also on the use of "Natural Language Processing" (NLP) which is a technology allowing machines to understand human language. This technique applied to the "language" of the issuer's 10-K reports makes it possible to understand how the extra-financial criterion "G" is implemented within the companies analysed.

The approach is based on criteria predefined by Rcube, such as :

Criteria	Sub-criteria	Definition
Beliefs	Responsibility	Willingness to promote good governance and to assume responsibilities
	Determination	Motivation for greater success and greater social good
	Long-term orientation	Commitment to protect the future in a long-term perspective
Attitudes	Care	Attention to clients
	Confidence	Ability to gain the trust of employees
	Harmony	Propensity to act harmoniously towards stakeholders
Values	Passion	Art in the conduct of governance and in the direction of the company with a positive goal Positive
	Spirit positive	feeling of well-being to promote a vision of the future
	Identification	Sense of belonging and identification with the company
Actions	Innovation	Capacity for innovation and creativity
	Proactivity	Proactive and anticipatory approach to risk management
	Prudence	Conservative approach cautious and prudent in terms of financial debt

The extra-financial classification makes it possible to obtain an ad hoc score (according to the following scale: -1 to +3 (+3 being the maximum score, and -1 the minimum score) for each of the 450 issuers of the restricted universe. A filter then allows you to retain only the 300 best rated. Thus, the construction of the portfolio incorporates the extra-financial analysis which reflects the Fund's significant commitment to responsible management; it being specified that the exclusion rate of issuers based on the "G" rating is greater than 20% of the restricted universe (one third in practice - 300/450 or 40% - 300/500 overall).

- **Steps 3 and 4 : Financial rating and portfolio construction of 100 (maximum) selected companies – Frequency : quarterly**

Once passed the "G" filter, Rcube achieves a financial rating as defined in the prospectus with a weighting of 1/3 versus 2/3 for the "G" rating, hence the preponderance of the extra-financial criterion in the investment decision.

REGULATORY REFERENCES

- Commission delegated regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers ;
- Regulation EU 2019/2088 of the Parliament and of the Council on sustainability-related disclosures in the financial sector ("SFDR") ;
- Regulation EU 2020/852 of the Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, known as Taxonomy Regulations ;
- Monetary and Financial code : Articles L.533-22 to L. 533-22-2-3 ;
- AMF General Regulation : Article 318-1 ;
- Position-Recommandation AMF DOC-2020-03 : Informations to be provided by collective investment schemes incorporating non-financial approaches.

RELATED POLICY AND PROCEDURE

Exclusion policy

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Date : 1st March 2023