

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: TwentyFour Enhanced Income ABS Fund
Legal entity identifier: 635400W1QEQIKQA1SM15

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** ____%



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 **15** % of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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

The TwentyFour Enhanced Income ABS Fund (the "Sub-Fund") has the following environmental and/or social characteristics:

- The Sub-Fund promotes minimum environmental and/or social standards and invests in issuers that the Investment Manager considers well-prepared to handle financially material environmental and/or social challenges. Issuers will be screened based on the Investment Manager's view of appropriate ethical and sustainability principles, by following integration and exclusions approaches by investing in debt securities of companies with excellent ESG ratings. Issuers must have **an ESG rating above a minimum threshold** based on the Investment Manager's proprietary scoring model (**screening**).
- The Sub-Fund applies certain exclusion criteria (**exclusions**) with regards to products and activities related to **unconventional / conventional / controversial weapons, carbon intensive operations, tobacco (production), adult entertainment, alcohol, gambling and animal testing (for cosmetic purposes)**.
- Additionally, the Sub-Fund invests at least 15% of its net assets in sustainable investment by investing in securities of issuers that contribute to either an environmental objective (climate change mitigation,

- The Sub-Fund has not designated a reference benchmark for the purposes of attaining the environmental and/or social characteristics that it promotes.

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

- Percentage of investments in securities of corporate issuers that derive a material part of their revenues from products and/or activities excluded by the Sub-Fund (excluded products and /or activities are indicated under the section below *"What investment strategy does this financial product follow?"*)
- Percentage of investments in securities of corporate issuers that pass the minimum combined E&S score (set at 25 out of 100) and the minimum ESG score (set at 34 out of 100) *as further detailed in the section below "What investment strategy does this financial product follow?"*
- Percentage of sustainable investments by investing in securities of corporate issuers that contribute to either an environmental objective (climate change mitigation, climate change adaptation) or a social objective (empowerment) *as further detailed in the section below "What investment strategy does this financial product follow?"*

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 objective of the sustainable investments that the Sub-Fund intends to invest in are securities of issuers that contribute to either an environmental objective (climate change mitigation, climate change adaptation) or a social objective (empowerment).

In order to qualify as sustainable investment, and apart from following good governance, the investment must:

- not be classified as "significant harm";
- be classified as "in transition" (which includes a commitment to transition) or "positive contribution".

This evaluation will be conducted by the Investment Manager. As an issuer can contribute to an environmental (climate change mitigation, climate change adaptation) or a social objective (empowerment) objective at the same time, an investment can be counted as a sustainable investment with an environmental objective and a sustainable investment with a social objective. The securities that will be considered eligible for sustainable investment are securities of corporate issuers and asset backed securities ("ABS"). For ABS, the assessment will be based on the sponsor of the ABS or on the collateral backing the ABS.

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?

In order to ensure that the Sustainable Investments that the Sub-Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective, the Investment Manager takes into account all the mandatory indicators for adverse impacts applicable to the asset class and ensures that the Sub-Fund's investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Investment Manager identifies issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research, data sources including ESG data providers, news alerts and the issuers themselves.

The Investment Manager considers and evaluates a range of principle adverse impact indicators (as detailed below) but the availability of data on some indicators is limited due to a lack of reporting of metrics by investee companies. Accordingly, the integration of principle adverse impact indicators is conducted on a best-efforts basis; however, it is expected that principle adverse impact indicators can be applied to a greater portion of the Investment Manager's investable universe once data availability improves. This will allow for enhanced insight in the adverse impacts caused by investee companies.

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, anti-corruption and anti-bribery matters.

- Exposure to fossil fuels through real estate assets
- Exposure to energy-inefficient real estate assets
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

Where the Investment Manager identifies an investment as having a critical and poorly managed impact in one of the considered principal adverse impacts areas, and where no signs of remedial action or improvement have been observed, an action by the Investment Manager must be taken. Action mechanisms include: engagement, exclusion and divestment.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Investment Manager has a controversy monitoring process in place, that amongst other factors, takes into account the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This process is based on third party data and where required is complemented by the Investment Manager's own ESG research capabilities.

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



Yes

The Investment Manager considers certain principal adverse impacts on sustainability factors in the following areas: **Greenhouse Gas Emissions, Social and Employee matters, and investments in real**

[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

estate assets.

The Investment Manager identifies issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. When no reliable third-party data is available, the Investment Manager may make reasonable estimates or assumptions.

Where the Investment Manager identifies an issuer as critical in one of the considered areas, and where no signs of improvement have been observed, an action must be taken. Action mechanisms may include: exclusion/divestment and active ownership activities.

Information on how principal adverse impacts on sustainability factors were considered will be made available in the periodic reporting of the Sub-Fund.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

No

The Sub-Fund applies an investment strategy that is described in the Supplement. As part of this strategy, the Sub-Fund promotes certain environmental and/or social characteristics.

The ESG Framework

The Sub-Fund applies the following ESG Framework:

Exclusions

The Sub-Fund excludes securities of corporate issuers (from the investment universe that consists of all companies that issue debt securities to the capital markets as well as developed market government bond issues) in accordance with Investment Manager's exclusion framework:

Weapons

- unconventional / controversial weapons (0%);
- conventional weapons (5%);

Energy - Extraction

- Thermal Coal (5%)
- Oil sands & Arctic drilling (production 5%; distribution 10%)
- Oil (production 5%)
- Gas (production 5%)

Carbon Intensive Power Generation

- Thermal coal (5%);
- Other sources of high CO₂e intensity power generation (i.e. with a GHG intensity of more than 100g CO₂e/kWh) (50%);

Other

- tobacco (production) (5%);
- adult entertainment (5%);
- alcohol (5%);
- gambling (5%); and
- animal testing (for cosmetic purposes) (5%).

The percentage indicated reflect the revenue thresholds applied related to the production of such products and/or activities.

Screening

The Sub-Fund will seek to invest in securities of corporate issuers that pass the minimum combined E&S score (minimum is set at 25, on a scale from 0 to 100, with 0 being the worst and 100 being the best score) and a minimum combined ESG score (minimum is set at 34, on a scale from 0 to 100, with 0 being the worst and 100 being the best score), which is based on the Investment Manager's proprietary methodology. These scores are the result of a combination of qualitative and quantitative analysis undertaken by the Investment Manager on each eligible security. The Investment Manager's proprietary relative value system "Observatory" combines third party data covering over 400 ESG metrics in conjunction with the portfolio managers' overall "relative value" decision making. The quantitative scoring process varies the weighting of each measure across industries as the importance of ESG factors differs across industries. The scores are based on relative performance on environmental and social factors within the issuer's industry, making issuers comparable against peers.

Sustainable Investment Criteria

The eligible universe of the Sub-Fund will be assessed by the Investment Manager to evaluate, identify and invest at least 15% of the Sub-Fund's Net Asset Value in securities of issuers that contribute towards (a) the environmental objectives of (i) climate change mitigation and/or (ii) climate change adaptation; or (b) the social objective of empowerment.

In order to qualify as a 'Sustainable Investment' eligible for investment by the Sub-Fund, the issuer must:

- follow good governance practices;
- not be classified as "significant harm"; and
- be classified as "in transition" (which includes a commitment to transition) or "positive contribution".

In respect of the environmental objectives "climate change mitigation" and "climate change adaptation", the investment will be classified as "in transition" or "positive contribution" if it fulfils at least one of the following conditions:

- The issuer has aligned or committed to align to the Science Based Targets initiative ("SBTi"); and/or
- The issuer is achieving net zero, or is aligned to a net zero pathway, or is aligning towards a net zero pathway or is committed to aligning; and/or
- The issuer's weighted average carbon intensity must be at least 30% lower than the average issuer's holdings in the representative sector; and/or
- The issuer has demonstrable momentum and transition criteria; and/or

include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation

describes the share of investments in specific assets.



houses with good energy rating, auto loans composed exclusively of hybrid/EV vehicles or fleet CO2 emissions are meeting CO2 emissions targets under applicable EU regulation or other green projects that meet recognised standards for environmental performance).

Where an issuer is not currently aligned with net zero but, in the view of the Investment Manager, will be moving towards commitment and/or alignment, this will be assessed on a timetable.

In respect of the social objective of “empowerment”, the investment will be classified as “in transition” or “positive contribution” if it fulfils at least one of the following conditions:

- The issuer is either already aligned or has committed to align with SDG 10 (reduced inequalities) and it follows a responsible lending policy in respect to the mortgage portfolio; and/or
- The issuer is either already aligned or has committed to align with SDG 11 (sustainable cities and communities) and it follows a responsible lending policy in respect to the mortgage portfolio.

● ***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?***

- The Sub-Fund excludes corporate issuers that derive a material part of their revenues from products/activities that are listed in the exclusion list.
- The Sub-Fund only invests in securities of corporate issuers that pass the minimum combined E&S score (set at 25 out of 100) and the minimum ESG score (set at 34 out of 100) that have been set for this Sub-Fund as described in the investment strategy section above.
- The Sub-Fund invests at least 15% of its net assets in sustainable investments.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Exclusion screens are applied, however, the Sub-Fund does not commit to a minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

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

The investee companies in which the Sub-Fund invests will follow good governance practices and are rated for governance aspects using the Investment Manager’s ESG score. Common governance indicators include sound management structures, such as board independence and diversity, employee ownership, remuneration of staff, tax compliance, rights of minority shareholders, executive remuneration, and audit and accounting oversight, in addition to those governance factors which are specific to ABS, including structural features of a transaction that evidence adequate protection to bondholders and alignment of interest. These governance indicators are a major component of the Investment Manager’s ESG score

The Sub-Fund further intends to ensure good governance of the investee companies via active engagement. All engagements directly conducted by the Investment Manager are recorded in the Investment Manager’s Observatory database. The governance ratings and practices are monitored on an ongoing basis to ensure that the Sub-Fund only holds investee companies that follow good governance practices.

What is the asset allocation planned for this financial product?

#1 Aligned with E/S characteristics

The Investment Manager intends to invest a minimum of 80% of the Sub-Fund’s assets in investments which are aligned with the environmental and social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy of the Sub-Fund, under normal market conditions. The Sub-Fund is committed to investing a minimum of 15% of net assets in aggregate in sustainable investments which have an environmental objective and/or a social objective. It is currently anticipated that out of the Sub-Fund’s allocation to sustainable investments, the Sub-Fund will have a majority allocation to sustainable investments with an environmental objective. This is due to the greater availability of assets with an environmental

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

However, the Sub-Fund's asset allocation to sustainable investments which have specifically an environmental objective or specifically a social objective is not fixed (noting that in some instances, an investment may have both an environmental and a sustainable investment objective) and this allocation may change over time. Details of the exact sustainable investment split (between environmental sustainable investments and social sustainable investments) will be disclosed in the SFDR periodic report template.

With the exception of #2 Other assets, ESG analysis will be applied to 100% of the Sub-Fund's securities and accordingly the Investment Manager is expected, in normal market conditions, to invest at least 80% of the Sub-Fund's assets in securities which are aligned with the environmental and social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy of the Sub-Fund.

#2 Other

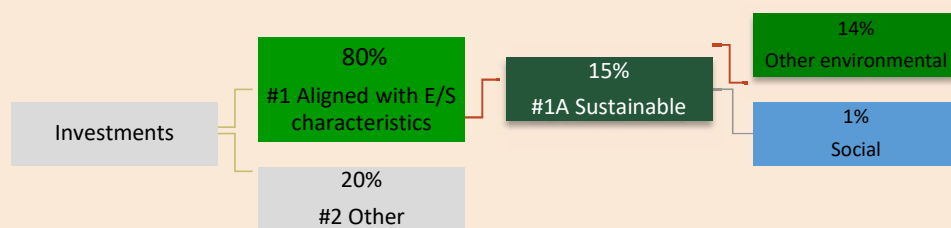
The Sub-Fund may, under normal market conditions, hold up to 20% in cash and instruments used for the purposes of ancillary liquidity. This percentage may increase significantly in extreme market conditions. The Sub-Fund may additionally employ financial derivative instruments used for the purposes of efficient portfolio management and hedging. While these instruments are not expected to detrimentally affect the attainment of the Sub-Fund's environmental and social characteristics, no minimum environmental or social safeguards are applied.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?



#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 category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

While individual investments may contribute to EU Taxonomy environmental objectives, the Sub-Fund does not commit to invest a minimum share in environmentally sustainable investments as defined by the EU Taxonomy regulation. Therefore, the Sub-Fund's minimum share of investments in environmentally sustainable economic activities in accordance with the EU Taxonomy Regulation is 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

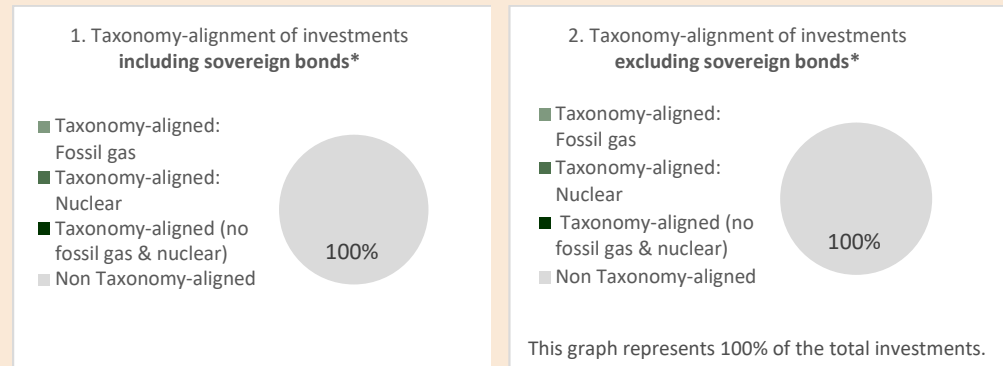
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

[only include in the graphs the figures for Taxonomy aligned fossil gas and/or nuclear energy as well as the corresponding legend and the explanatory text in the left hand margin if the financial product makes investments in fossil gas and/or nuclear energy]



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- **What is the minimum share of investments in 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?

0%.



What is the minimum share of socially sustainable investments?

0%. There is no minimum share of sustainable investments with a social objective. The Sub-Fund will invest a minimum of 15% of Net Asset Value in aggregate in sustainable investments. Whilst the Sub-Fund does not commit to invest a minimum percentage of Net Asset Value in sustainable investments which have specifically an environmental objective or specifically a social objective, due to the greater availability of assets with an environmental objective, it is currently anticipated that out of the Sub-Fund's allocation to sustainable investments, the Sub-Fund will have a majority allocation to sustainable investments with an environmental objective (anticipated to be 14%), with the allocation to sustainable investments with a social objective may be 1%. However, the Sub-Fund's asset allocation to sustainable investments which have specifically an environmental objective or specifically a social objective is not fixed and this allocation may change over time. Details of the exact sustainable investment split (between environmental sustainable investments and social sustainable investments) will be disclosed in the SFDR periodic report template.

[include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU



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

The Sub-Fund may hold ancillary liquid assets and use financial derivative instruments for the purpose of efficient portfolio management and hedging. While these instruments are not expected to detrimentally affect the attainment of the Sub-Fund's environmental and social characteristics, no minimum environmental or social safeguards are applied.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Sub-Fund has not designated a reference benchmark to determine whether this Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.twentyfouram.com/sustainability>