

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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 Sustainable 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**

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____% <div> <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 </div>	<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 <div> <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 </div>
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> 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 Sustainable 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 (**positive screening**).

- The Sub-Fund applies certain exclusion criteria (**negative screen**) with regards to products and activities related to **unconventional / controversial weapons, carbon intensive operations tobacco (production), adult entertainment, alcohol, gambling, animal testing (for cosmetic purposes) and conventional weapons**.
- 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 issuers with **combined ESG score above the minimum** threshold set for this Sub-Fund within the Investment Manager's proprietary 'Observatory' database. Observatory is a relative value system which combines third party data covering over 400 ESG metrics in conjunction with the portfolio managers' overall relative value decision making.
- Percentage of investments in issuers involved in activities excluded by the Sub-Fund

● ***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?***

Not applicable. The Sub-Fund does not intend 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?***

Not applicable.

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

Not applicable. The Sub-Fund does not intend to invest in sustainable investments.

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.

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

Not applicable. The Sub-Fund does not intend to invest in sustainable investments.

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 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 and active ownership activities.

From June 2023, reporting on consideration of principal adverse impacts will be available on the Investment Manager website link found at the end of this document.



No

[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.



What investment strategy does this financial product follow?

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

In order to attain the environmental and/or social characteristics, the Sub-Fund follows a screening and an exclusions approach.

Screening approach:

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

- The Sub-Fund promotes environmental and social characteristics by investing in debt securities with **a minimum ESG score (positive screen)**, which is based on the Investment Manager's proprietary methodology. This score is the result of combination of qualitative and quantitative analysis. The Investment Manager's proprietary relative value system embeds ESG factors within a tool which used on a daily basis by the portfolio managers.

Exclusion approach:

- The Sub-Fund applies certain exclusion criteria **(negative screen)** with regards to products and activities related to: **unconventional / controversial weapons, coal (extraction), tobacco, adult entertainment, alcohol, gambling, animal testing**. Such involvement is measured by the revenues an issuer derives from such activities. The Investment Manager considers that a company is involved in such activities when it derives a material part of its revenues from these activities.

● ***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 will only invest in issuers that **pass the minimum ESG score**.
- The Sub-Fund excludes corporate issuers that derive a material part of their revenues from products/activities that are listed in the exclusion list.

● ***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

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.



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

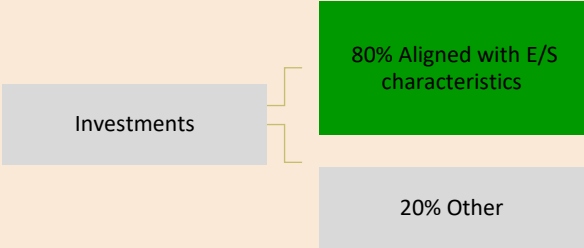
Taxonomy-aligned activities are expressed as a share of:

- **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.

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. 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.

The Sub-Fund does not commit to making sustainable investments at this time.

[Include only relevant boxes, remove irrelevant ones for the financial product]



#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.

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

#2 Other

The Sub-Fund may, under normal market conditions, hold between 0% 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 derivatives used for the purposes of efficient portfolio management (which included 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?

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%.

[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

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.

[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 Taxonomy.

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

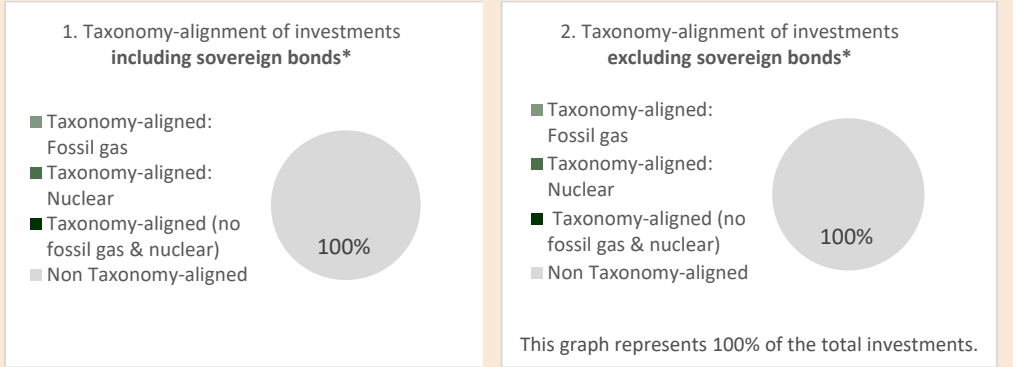
☐ Yes: *[specify below, and details in the graphs of the box]*

☐ In fossil gas ☐ In nuclear energy

☒ 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?

Not applicable.



What is the minimum share of socially sustainable investments?

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.

Not applicable. The Sub-Fund does not partially intend to invest in socially sustainable investments.



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 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?***

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

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

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

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

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

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

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.

[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>