Appendix

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: SPARX Japan Equity Long Short Fund **Legal entity identifier: 2138009S3RXCWVI6BU18**

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ **It will make a minimum of sustainable investments with an environmental 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 5% of sustainable investments**
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ **It will make a minimum of sustainable investments with a social objective: ___%**	☐ **It promotes E/S characteristics, but will not make any sustainable investments**

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

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

The Fund promotes the following environmental and social characteristics:

The environmental characteristics promoted by the Fund include: clean water and sanitation, affordable and clean energy, sustainable cities and communities, responsible consumption and production, climate action, life below water and life on land.

The social characteristics promoted by the Fund include: no poverty, no hunger, good health and well-being, quality education, gender equality, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, peace, justice and strong institutions and strengthen the means of implementation and revitalise the global partnership for sustainable development.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted.

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

The Fund uses several indicators to measure the attainment of the environmental and social characteristics on long single stock positions:

Characteristic 1: Exclusion Criteria

The Investment Manager negatively screens for long single stock positions that:

(a) conflict with the Investment Manager's exclusion policy which outlines industries/activities that have potentially negative environmental or social characteristics.

The Investment Manager's exclusion policy encompasses both product-based and conduct-based approaches, as outlined in further detail below.

Product-based exclusions: The Investment Manager excludes, from the scope of investment, businesses with a strong negative impact on society, and businesses whose main sales are derived from controversial business lines that are unsuitable for investment in terms of either stakeholder value or economic value, or both:

- Adult Entertainment: The Investment Manager excludes companies deriving 10% or more of their sales from adult-entertainment / pornography-related activities.
- Alcohol: The Investment Manager excludes companies that generate 10% or more of its sales from the production of alcohol. Retailers are also limited to the 10% threshold.
- Conventional Oil & Gas: The Investment Manager excludes companies that generate more than 10% of revenues from oil & gas sales. Oil & gas is defined as companies operating in the exploration, production, refining, transportation and/or storage of oil & gas assets.
- Gambling: The Investment Manager excludes companies that generate 10% or more of its sales from gambling and/or the production of gambling related components.
- Power Production: The Investment Manager excludes investments in utilities that have: 1) power generation by coal > 10%; 2) power generation by oil and gas > 10%; 3) power generation by nuclear >10%
- Thermal Coal and Coal Generation: The Investment Manager excludes mining companies that generate 10% or more of their revenues from thermal coal, and power producers that

generate 10% or more of their revenues from thermal coal. Irrespective of this threshold, companies that are expanding their thermal coal and/or coal generation businesses are excluded.

- Tobacco: The Investment Manager excludes companies where 10% or more of its sales are derived from the production of tobacco and related components. Retailers are also limited to the 10% threshold.

- Unconventional Oil & Gas: The Investment Manager excludes oil & gas companies that are active in unconventional oil and gas extraction. Types of unconventional considered: 1) arctic drilling; 2) shale oil/gas; 3) tar sands. Thresholds: a. revenue share >10%; b. no expansion plans.

- Controversial Weapons: The Investment Manager excludes companies with activities related to the production of controversial weapons, defined as the direct or indirect involvement in the production, manufacture, and sale of weapons that can have a disproportionate and indiscriminate impact on civilian population including anti-personnel mines, cluster munition, depleted uranium and biological & chemical weapons.

- Military Contracting and Small Arms: The Funds exclude companies that generate 10% or more of its sales from Military Contracting and/or the production of small arms. This is defined as the involvement in the production, research and development, mgmt./ services / maintenance, integration or customization, testing and/or sales/trade of weapons of war that are the subject to arms export regulations.

Conduct-based exclusions: The Investment Manager excludes, from the scope of investment, businesses with that have been through any conduct-based issues in the past, and that have not been able to confirm that the issue has been completely resolved, is unlikely to recur, and will endeavour during the investment period to engage for improvement.

- Companies critical of protecting human rights or complicit in human rights violations

- Companies that exclude the formation of labour unions and/or collective bargaining or practice forced labour, child labour, and/or discrimination in workplace/jobs

- Companies that are critical of prevention of environmental problems or hinder the dissemination of environmental technologies

- Companies that engage in extortion or corruption

- Companies that sacrifice biodiversity

- Companies with a negative impact on water resources

- Companies that intentionally evade taxes

- Company with an autocratic governance system

(b) are exposed to severe controversies

The Investment Manager excludes investments that are exposed to severe controversies, as assessed by Sustainalytics' Controversies Research.

Sustainalytics assesses companies’ involvement in incidents with negative environmental, social and governance (ESG) implications. The controversy ratings reflect a company’s level of involvement in ESG issues and how it manages these issues.

Controversies are deemed as severe when it is given a controversy rating of 5 by Sustainalytics (on a scale from 1 to 5), as further detailed below:

Category 1 (Low): equates to a low impact on the environment and/or society, and risks to the company are minimal or negligible

Category 2 (Moderate): equates to a moderate impact on the environment and society, posing moderate business risks to a company. This rating level represents low frequency of recurrence of incidents and adequate or strong management systems and/or company response that mitigate further risks.

Category 3 (Significant): equates to a significant impact on the environment and/or society, posing significant business risks to a company. This rating level represents evidence of structural problems in the company due to recurrence of incidents and inadequate implementation of management systems or the lack of management systems.

Category 4 (High): equates to high impact on the environment and/or society posing high business risks to a company. This rating level represents systemic and/or structural problems within a company, weak management systems and company response, and a recurrence of incidents.

Category 5 (Severe): equates to a severe impact on the environment and/or society or poses serious business risks to a company. This category typically represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by a company to address such risks.

In summary, the controversies research methodology incorporates the below to assess companies:

1. News monitoring: The Morningstar Sustainalytics' assessment framework takes into account parameters such as the frequency of published news items covering the incident, the reach and relevance of the reporting media sources and the tone of the news item(s)

2. Identification of incidents and events: An Incident serves as the foundational building block in calculating a controversy rating. Defined as any company activity that yields adverse effects on stakeholders and/or the environment, an incident may introduce varying levels of risk to the company itself. Incidents are evaluated based on two primary factors: (1) the negative environmental and/or social impacts resulting from the activity, and (2) the reputational risk it poses to a company. The incidents can arise from a singular event (e.g., a mining explosion) or ongoing activity (e.g., the use of child labor in manufacturing). Events are a collection of one or more incidents that provide a signal about the severity of a company's involvement in misconduct that is reported in the media.

3. Controversy analysis: an analysis of the nature and extent of the incidents and events associated with a company.

4. Outlook, a forecast of how a rating is expected to evolve over a 12- to 24-month period based on a set of criteria such as a company's risk factors, its management systems, and the external political and business environment.

For further details on Sustainalytics controversy ratings and methodology applied please refer to www.sustainalytics.com.These criteria used in Sustainalytics' Controversies Research are in line with the United Nations Global Compact (UNGC) principles to assess the behaviour of companies.

The Investment Manager then assesses how recently it occurred, the severity of the violation of the breach, and what actions were taken to remedy this. This analysis feeds into the Investment Manager's assessment of current governance practices noting that a severe controversy rating typically represents exceptional egregious corporate behavior. If the severity of the controversy is minor (i.e. Sustainalytics Score <5), the company will be put under observation and engagement activities will be conducted to seek improvement.

If a portfolio company is categorized as having exposures to severe controversies (i.e. a Sustainalytics Score of 5), all the shares held within the Fund will be sold within a reasonable period of time taking into account the best interests of the Fund and its Shareholders.

Exposure to controversies is continuously monitored by the portfolio managers. Besides the effect of the controversy itself, as above, the company's response to a controversial event is also monitored. Where the company has used this as a learning experience to improve the robustness of its governance and controls, the Investment Manager would view this in a positive light.

Characteristic 2: ESG Scoring

ESG Risk Rating – Source: Sustainalytics. Sustainalytics' ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. The risk ratings assigned vary from negligible risk (0 and 9.99 points), low risk (10 and 19.99 points), medium risk (20 and 29.99 points), high risk (30 and 39.99 points) and severe risk (40 points and above). The risk categories are absolute, meaning that a "high risk" assessment reflects a comparable degree of ESG risk. (i.e. a comparably high ESG risk) whereas a "low risk" assessment reflects a comparably low ESG risk). An issue is considered to be material within the Sustainalytics ESG Risk Ratings if its presence or absence in financial reporting is likely to influence the decisions made by investors. To be considered relevant in the Sustainalytics ESG Risk Ratings, an issue must have a potentially substantial impact on the economic value of a company and, hence, its financial risk- and return profile from an investment perspective.

Material issues included within the Sustainalytics' ESG Risk Ratings include: corporate governance, stakeholder governance, access to basic services, business ethics, community relations, data privacy and security, emissions, effluent and waste, carbon-own operations, carbob-products and services, E&S impact of products and services, human rights, human rights-supply chain, human capital, land use and biodiversity, occupational health and safety, ESG integration-financials, product governance, resilience, raw material use, water use-own operations and water use-supply chain.

For further details on Sustainalytics ESG ratings and methodology applied please refer to www.sustainalytics.com.

The Investment Manager evaluates not only the overall ESG score of the portfolio but also carefully considers the ESG ratings of individual issuers when making investment decisions.

In the limited circumstances where (i) Sustainalytics does not provide coverage, or (ii) the Investment Manager determines, via publicly available information and/or its direct engagement with an issuer, that the ESG data does not accurately reflect the ESG rating of an issuer, the Investment Manager will construct a proprietary ESG Risk Rating based on a bottom-up analysis of ESG data, resulting in a High, Medium, or Low Risk assessment on Environmental, Social and Governance. This bottom-up analysis is based on desk research and various third-party data sources to supplement the Investment Manager's engagement and proprietary research, such as Bloomberg ESG, S&P Trucost. Furthermore, the Investment Manager uses engagement to gather data directly from portfolio companies through direct dialogue with company management. Through its own assessment and direct engagement with issuers the Investment Manager may, by way of example only (noting that each issuer will be considered on a case by case basis) have regard to the folowing criteria (which criteria are not exhaustive):

E(Environmental):
The Investment Manager seeks to evaluate the overall environmental impact of a company's operations, from the procurement, the manufacturing process to the final product. Specifically, the Investment Manager seeks to prioritise whether the company has concrete goals and initiatives for emission reduction. Additionally, the Investment Manager seeks to assess energy efficiency, resource usage, and waste management across the entire product lifecycle.

S(Social):
The Investment Manager seeks to analyze the impact and scope of a company's supply chain. This may include evaluating labor conditions, workers' rights, and the transparency of relationships with suppliers and business partners. Furthermore, the Investment Manager assesses the effects on

stakeholders, particularly how the company's products or services impact end consumers. A company's stance on corporate social responsibility is also an important consideration.

G(Governance):
The Investment Manager places a strong emphasis on corporate governance sustainability, ensuring that companies have policies and structures aligned with a long-term vision. Key areas of assessment include, but are not limited to, the composition, diversity, and independence of the board, transparency in shareholder structure, and the systematic planning and execution of business strategies. Additionally, the Investment Manager investigates the strength of internal control systems and examines whether any governance issues have arisen in the past.

Accordingly, the Investment Manager may invest in companies with ESG scores classified by Sustainalytics as High or Severe Risk, or with internal ratings categorized as High, if the Investment Manager identifies clear efforts by the issuer to improve their ESG performance. In many cases, when an issuer's ESG rating is classified as High or Severe Risk, this often reflects a lack of up-to-date and fully accurate data capturing the unique circumstances of an issuer or an issuer's actual ESG efforts and progress being made to address ESG matters. However, through direct engagement with issuers, the Investment Manager can assess whether the relevant issuers are indeed taking appropriate actions toward ESG initiatives. Therefore, even if an issuer is classified as Severe or High Risk in the third party ESG data received and analysed, if the Investment Manager determines, based on its own analysys, as outlined above, and/or via its direct engagement with an issuer, that the ESG data does not accurately reflect the ESG rating of an issuer, the Investment Manager may on that basis, determine that an investment in the relevant issuer is appropriate and aligns with its broader investment strategy and sustainable objectives.

Separately and subject to meeting the Fund's stated minimum proportion in investments which attain the environmental and social characteristics of the Fund, from a financial return perspective, an issuer's room for improvement in ESG practices may contribute to a value gap between intrinsic value and market price. As such, avoiding investments solely based on a Severe or High Risk classification may lead to missed opportunities for generating financial returns

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This approach reflects the Investment Manager's commitment to identifying value in companies that may be in transition or working toward positive change, ensuring that the Investment Manager remains aligned with both sustainability goals and investment potential.

However, the Investment Manager is committed to ensuring that the overall ESG risk of the Fund remains lower than that of the TOPIX index.

This commitment reflects the Investment Manager's dedication to maintaining a robust ESG profile for the Fund while aligning with the highest standards of sustainability. By keeping the ESG risk below that of the TOPIX, the Investment Manager aims to demonstrate a proactive approach to managing environmental, social, and governance factors, ultimately enhancing the Fund's resilience and appeal to sustainability-conscious investors.

The Fund seeks to achieve an average ESG risk rating which is lower than the average ESG risk rating of the TOPIX, as calculated by the Investment Manager on a quarterly basis on 31 March, 30 June, 30 September and 31 December and reported on an annual basis within the SFDR Periodic Report Annex. The Fund's ESG risk rating is calculated by the Investment Manager using a weighted average based on data from Morningstar Sustainalytics, with the analysis conducted by the Investment Manager's Risk Analysis Team (which operates independently from the investment team and reports directly to the board of the Investment Manager). Similarly, the ESG rating for TOPIX is calculated using the same methodology. Details of the ESG rating of the TOPIX is not currently publicly available but details are available from the Investment Manager on request.

Sustainable Investments

In the context of the Fund's investment in Sustainable Investments, the Investment Manager must be satisfied that an investment meets three criteria to classify an investment as a Sustainable

Investment. Investments that:

(a) align with one or multiple United Nations Sustainable Development Goals ('SDGs')

The Investment Manager has regard to the United Nations Sustainable Development Goals ('SDGs') as a reference for the Fund's investment in Sustainable Investments. The Investment Manager believes that all SDGs are equally important and deeply interconnected.

In its analysis of the SDG contribution of an issuer, and having regard to the Fund's stated minimum commitment to environmental and social Sustainable Investments (i.e. 2.5% of net asset value in environmental Sustainable Investments and 2.5% in social Sustainable Investments) the Investment Manager applies a 30% revenue threshold, considering only companies that derive more than 30% of their total revenue from activities contributing to the identified SDG targets. These companies are included in the calculation of the Fund's minimum commitment to investments in environmental and social Sustainable Investments.

When evaluating a company's alignment with relevant SDGs, the Investment Manager conducts a comprehensive research process. This involves reviewing publicly disclosed materials to gain a deeper understanding of the company's strategies and sustainability initiatives. Additionally, the Investment Manager may engage directly with the company to gather insights into its operations, products, and services. Based on this thorough analysis, the Investment Manager assesses whether the company demonstrates a commitment to and alignment with achieving the objectives of the relevant SDGs. Due to data availability and quality considerations, the Investment Manager does not apply third-party data for the SDG contribution analysis, but conducts bottom-up research using annual reports and other available documentation, to determine revenue breakdowns of relevant activities.

For the purpose of this assessment, the Investment Manager considers the following SDGs to have a more environmental focus: SDG6: Clean Water and Sanitation; SDG7: Affordable and Clean Energy; SDG11: Sustainable Cities and Communities; SDG12: Responsible Consumption and Production; SDG13: Climate Action; SDG14: Life Below Water; SDG15: Life on Land.

For the purpose of this assessment, the Investment Manager considers the following SDGs to have a more social focus: SDG1: No Poverty; SDG2: No Hunger; SDG3: Good Health and Well-Being; SDG4: Quality Education; SDG5: Gender Equality; SDG8: Decent Work and Economic Growth; SDG9: Industry, Innovation and Infrastructure; SDG10: Reduced Inequalities; SDG16: Peace, Justice and Strong Institutions; SDG17: Partnerships for the Goals.

(b) do not do significant harm to any environmental or social sustainable investment objective based on an assessment of all mandatory principal adverse impact indicators and any relevant additional indicators to determine what indicators are relevant in the context of the investments of the Fund. Relevant principal adverse indicators for this Fund include (PAI 4) active in the fossil fuel sector , (PAI 7) has sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas, (PAI 10) has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises and (PAI 14) is involved in the manufacture or selling of controversial weapons. The Investment Manager will assess each PAI based on a Yes/No determination. If a PAI is not relevant to the investments of the Fund no further action is required. If a PAI is not relevant to an issuer an investment is considered not to do any significant harm. If a PAI may be relevant to an issuer, but does not contradict the Investment Manager's exclusion policy (as further detailed above) the Investment Manager may invest in the issuer but will conduct research and may initiate engagement with the issuer to ensure or encourage more sustainable actions if the Investment Manager believes they are required.

(c) follow good governance practices

To assess whether each underlying holding follows good governance practices, the Investment Manager assesses whether the holding has at least four out of the following eight policies in place: Ethics Policy, Employee Protection / Whistle Blower Policy, Equal Opportunity Policy, Health and Safety Policy, Human Rights Policy, Policy Against Child Labour, Training Policy, Anti-Bribery Ethics Policy. In case the holding has three or less policies in place, the Investment Manager will conduct a closer due diligence on the holding's governance structure.

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.

When measuring the attainment of each of the environmental and social characteristics promoted by the Fund, each of the above indicators (i.e. exclusion criteria, ESG scoring both at Fund level and individual issuer level, and indicators relating to the assessment of a Sustainable Investment) as detailed above, are considered by the Investment Manager to be inter-connected and considered as a whole rather than in isolation, forming a cohesive framework that guides the Investment Manager's decision making process when considering the environmental and social characteristics which the Fund seeks to promote.

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 Fund uses the United Nations Sustainable Development Goals ('SDGs'), as referenced above under "***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?",*** as a reference for the objectives of the sustainable investments. The Fund does not focus on any of the SDGs in particular, as it believes that all SDGs are equally important and deeply interconnected. In its analysis of the contribution of underlying holdings towards one or multiple of the 17 SDGs, the Investment Manager identifies the relevant sub targets that the holding contributes to. While the analysis is based on a high-level and desk-research based approach, the Fund ensures the analysis is carefully tracked, and a rationale for each selection is provided.

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 the context of sustainable investments, do no significant harm is based on an assessment of all mandatory principal adverse impact indicators and any relevant additional indicators to determine what indicators are relevant in the context of the investments of the Fund. Relevant principal adverse indicators for this Fund include (PAI 4) active in the fossil fuel sector , (PAI 7) has sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas, (PAI 10) has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises and (PAI 14) is involved in the manufacture or selling of controversial weapons. The Investment Manager will assess each PAI based on a Yes/No determination. If a PAI is not relevant to the investments of the Fund no further action is required. If a PAI is not relevant to an issuer an investment is considered not to do any significant harm. If a PAI may be relevant to an issuer, but does not contradict the Investment Manager's exclusion policy (as further detailed below under **"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 Investment Manager may invest in the issuer but will conduct research and may initiate engagement with the issuer to ensure or encourage more sustainable actions if the Investment Manager believes they are required.

The Investment Manager also has regard to ESG risk and impact screening (as further described above under **'What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?'**)

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

The Investment Manager has regard to all mandatory principal adverse impact indicators and any relevant additional indicators to determine what indicators are relevant in the context of the investments of the Fund. Relevant principal adverse indicators for this Fund include (PAI 4) active in the fossil fuel sector , (PAI 7) has sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas, (PAI 10) has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises and (PAI 14) is involved in the manufacture or selling of controversial weapons. The Investment Manager will assess each PAI based on a Yes/No determination. If a PAI is not relevant to the investments of the Fund no further action is required. If a PAI is not relevant to an issuer an investment is considered not to do any significant harm. If a PAI may be relevant to an issuer, but does not contradict the Investment Manager's exclusion policy (as further detailed below under **"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 Investment Manager may invest in the issuer but will conduct research and may initiate engagement with the issuer to ensure or encourage more sustainable actions if the Investment Manager believes they are required..

The indicators for adverse impacts on sustainability factors are used as input for the sustainable investment analysis, to assess whether underlying holdings may harm any other environmental or social objective. After identifying and prioritising the adverse impacts, the Investment Manager will assess what actions it can take and what targets it can set to mitigate those adverse impacts. When the principal adverse impacts are considered unmanageable, the Fund will consider excluding the investment.
Information on how principal adverse impacts have been considered, including how the indicators for adverse impacts on sustainability factors have been considered, will be disclosed in the Fund's annual report.

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 Fund excludes investments that are exposed to severe controversies, as assessed by Sustainalytics' Controversies Research. Sustainalytics' Controversies Research identifies companies involved in incidents and events that may pose a business or reputation risk to a company due to the potential impact on stakeholders or the environment. Controversies are rated on a scale from 1-5, with 5 denoting controversies that have the most severe impact to stakeholders and the environment. The Investment Manager monitors the Fund's investments for any violations or breaches of OECD Guidelines and UN Global Principles on Business and Human Rights and consider this as part of its investment decision-making process.

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.

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

✖ Yes, in the context of its "sustainable investment" holding.

The Investment Manager considers principal adverse impacts on its sustainable investments based on an assessment of all mandatory principal adverse impact indicators and any relevant additional indicators to determine what indicators are relevant in the context of the investments of the Fund. Relevant principal adverse indicators for this Fund include (PAI 4) active in the fossil fuel sector , (PAI 7) has sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas, (PAI 10) has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises and (PAI 14) is involved in the manufacture or selling of controversial weapons. The Investment Manager will assess each PAI based on a Yes/No determination. If a PAI is not relevant to the investments of the Fund no further action is required. If a PAI is not relevant to an issuer an investment is considered not to do any significant harm. If a PAI may be relevant to an issuer, but does not contradict the Investment Manager's exclusion policy (as further detailed below under "***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 Investment Manager may invest in the issuer but will conduct research and may initiate engagement with the issuer to ensure or encourage more sustainable actions if the Investment Manager believes they are required.

The Investment Manager considers principal adverse impacts of its investment decisions on sustainability factors, both when making investment decisions and when evaluating the existing portfolio (as described in the previous section). When making investment decisions, the Investment Manager uses available data and information to inform a high-level assessment of the target investment's level of adverse impacts, and whether or not these impacts can be considered manageable.

Information on how principal adverse impacts have been considered, including how the indicators for adverse impacts on sustainability factors have been considered, will be disclosed in the Fund's annual report.

☐ **No**

What investment strategy does this financial product follow?

The investment objective of the Fund is to preserve capital and to provide Shareholders with superior capital appreciation, regardless of the direction of the Japanese stock markets.

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

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

The Fund will implement a long/short investment strategy.

The Fund's portfolio is actively managed, and investment selection is research driven. The Investment Manager will focus on individual stock selection using a "bottom up" research approach by identifying attractive (in the view of the Investment Manager) companies for investment before looking at economic and industry trends. The Investment Manager will seek to identify and arbitrage "value gaps" between a company's intrinsic value and its stock price by identifying a catalyst to narrow the value gap. The Investment Manager will employ a direct research approach, visiting companies annually to conduct interviews with management and using its experience in investing in Japan and its knowledge of Japanese corporate culture. The Investment Manager will screen potential investments using a fundamental approach, which includes evaluating various factors such as quality of management, business model and market growth potential. As an actively managed Fund, portfolio holdings are not selected by reference to a specific index or other "benchmark".

While the holding periods of the synthetic long and synthetic short positions are not strictly defined, the Investment Manager will undertake portfolio transactions without regard to holding periods, if in its judgement, such transactions are beneficial to meet the Fund's investment objective, under the overall economic, financial and market conditions.

The Fund sees sustainability as a long-term driver for structural change and research shows that companies with sustainable business practices are more successful. The Fund therefore adheres to the approach of building a portfolio by selecting individual stocks through bottom-up research. The Investment Manager emphasizes companies with high stakeholder value and economic value when selecting portfolio companies. These companies are able to generate stable, profitable, and growing profits by utilizing a solid business foundation built by rewarding not only shareholders but also customers, employees, business partners, local communities, the global environment, and other stakeholders. To identify such companies, the Investment Manager incorporates non-financial information, such as ESG, in addition to financial information, into our research and analysis.

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?

Applied to every holding on the long book:

The Fund uses several binding elements to select the investments to attain each of the environmental or social characteristics promoted by the Fund:

Characteristic 1: Exclusion Criteria
The Investment Manager negatively screens for long single stock positions that:

(a) conflict with the Investment Manager's exclusion policy which outlines industries/activities that have potentially negative environmental or social characteristics.

The Investment Manager's exclusion policy encompasses both product-based and conduct-based approaches, as outlined in further detail below.

Product-based exclusions: The Investment Manager excludes, from the scope of investment, businesses with a strong negative impact on society, and businesses whose main sales are derived from controversial business lines that are unsuitable for investment in terms of either stakeholder value or economic value, or both:

- Adult Entertainment: The Investment Manager excludes companies deriving 10% or more of their sales from adult-entertainment / pornography-related activities.
- Alcohol: The Investment Manager excludes companies that generate 10% or more of its sales from the production of alcohol. Retailers are also limited to the 10% threshold.

- Conventional Oil & Gas: The Investment Manager excludes companies that generate more than 10% of revenues from oil & gas sales. Oil & gas is defined as companies operating in the exploration, production, refining, transportation and/or storage of oil & gas assets.

- Gambling: The Investment Manager excludes companies that generate 10% or more of its sales from gambling and/or the production of gambling related components.

- Power Production: The Investment Manager excludes investments in utilities that have: 1) power generation by coal > 10%; 2) power generation by oil and gas > 10%; 3) power generation by nuclear >10%

- Thermal Coal and Coal Generation: The Investment Manager excludes mining companies that generate 10% or more of their revenues from thermal coal, and power producers that generate 10% or more of their revenues from thermal coal. Irrespective of this threshold, companies that are expanding their thermal coal and/or coal generation businesses are excluded.

- Tobacco: The Investment Manager excludes companies where 10% or more of its sales are derived from the production of tobacco and related components. Retailers are also limited to the 10% threshold.

- Unconventional Oil & Gas: The Investment Manager excludes oil & gas companies that are active in unconventional oil and gas extraction. Types of unconventional considered: 1) arctic drilling; 2) shale oil/gas; 3) tar sands. Thresholds: a. revenue share >10%; b. no expansion plans.

- Controversial Weapons: The Investment Manager excludes companies with activities related to the production of controversial weapons, defined as the direct or indirect involvement in the production, manufacture, and sale of weapons that can have a disproportionate and indiscriminate impact on civilian population including anti-personnel mines, cluster munition, depleted uranium and biological & chemical weapons.

- Military Contracting and Small Arms: The Funds exclude companies that generate 10% or more of its sales from Military Contracting and/or the production of small arms. This is defined as the involvement in the production, research and development, mgmt./ services / maintenance, integration or customization, testing and/or sales/trade of weapons of war that are the subject to arms export regulations.

Conduct-based exclusions: The Investment Manager excludes, from the scope of investment, businesses with that have been through any conduct-based issues in the past, and that have not been able to confirm that the issue has been completely resolved, is unlikely to recur, and will endeavour during the investment period to engage for improvement.

- Companies critical of protecting human rights or complicit in human rights violations

- Companies that exclude the formation of labour unions and/or collective bargaining or practice forced labour, child labour, and/or discrimination in workplace/jobs

- Companies that are critical of prevention of environmental problems or hinder the dissemination of environmental technologies

- Companies that engage in extortion or corruption

- Companies that sacrifice biodiversity

- Companies with a negative impact on water resources

- Companies that intentionally evade taxes

- Company with an autocratic governance system

(b) are exposed to severe controversies

The Investment Manager excludes investments that are exposed to severe controversies, as assessed by Sustainalytics' Controversies Research. Controversies are deemed as severe when it is given a controversy rating of 5 by Sustainalytics (on a scale from 1 to 5).

These criteria used in Sustainalytics' Controversies Research are in line with the United Nations Global Compact (UNGC) principles to assess the behaviour of companies.

The Investment Manager then assesses how recently it occurred, the severity of the violation of the breach, and what actions were taken to remedy this. This analysis feeds into the Investment Manager's assessment of current governance practices noting that a severe controversy rating typically represents exceptional egregious corporate behavior. If the severity of the controversy is minor (i.e. Sustainalytics Score <5), the company will be put under observation and engagement activities will be conducted to seek improvement.

If a portfolio company is categorized as having exposures to severe controversies (i.e. a Sustainalytics Score of 5), all the shares held within the Fund will be sold within a reasonable period of time taking into account the best interests of the Fund and its Shareholders.

Exposure to controversies is continuously monitored by the portfolio managers. Besides the effect of the controversy itself, as above, the company's response to a controversial event is also monitored. Where the company has used this as a learning experience to improve the robustness of its governance and controls, the Investment Manager would view this in a positive light.

Further information on the Sustainalytics controversy ratings and methodology is set out above under "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?".

Characteristic 2: ESG Scoring

ESG Risk Rating – Source: Sustainalytics. Sustainalytics' ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. The risk ratings assigned vary from negligible risk (0 and 9.99 points), low risk (10 and 19.99 points), medium risk (20 and 29.99 points), high risk (30 and 39.99 points) and severe risk (40 points and above). Further information on the Sustainalytics ESG ratings and methodology is set out above under "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?".

The Investment Manager evaluates not only the overall ESG score of the portfolio but also carefully considers the ESG ratings of individual issuers when making investment decisions.

In the limited circumstances where (i) Sustainalytics does not provide coverage, or (ii) the Investment Manager determines, via publicly available information and/or its direct engagement with an issuer, that the ESG data does not accurately reflect the ESG rating of an issuer, the Investment Manager will construct a proprietary ESG Risk Rating based on a bottom-up analysis of ESG data, resulting in a High, Medium, or Low Risk assessment on Environmental, Social and Governance. This bottom-up analysis is based on desk research and various third-party data sources to supplement the Investment Manager's engagement and proprietary research, such as Bloomberg ESG, S&P Trucost. Furthermore, the Investment Manager uses engagement to gather data directly from portfolio companies through direct dialogue with company management.

Accordingly, the Investment Manager may invest in companies with ESG scores classified by Sustainalytics as High or Severe Risk, or with internal ratings categorized as High, if the Investment Manager identifies clear efforts by the issuer to improve their ESG performance. In many cases, when an issuer's ESG rating is classified as High or Severe Risk, this often reflects a lack of up-to-date and fully accurate data capturing the unique circumstances of an issuer or an issuer's actual ESG efforts and progress being made to address ESG matters. However, through direct engagement with issuers, the Investment Manager can assess whether the relevant issuers are indeed taking appropriate actions toward ESG initiatives. Therefore, even if an issuer is classified as Severe or High Risk in the ESG data received and analysed, if the Investment Manager determines, based on its own analyses and mentioned above and more fully described under "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?" and/or via its direct engagement with an issuer, that the ESG data does not accurately reflect the ESG rating of an issuer, the Investment Manager may on that basis, determine that an investment in the relevant issuer is appropriate and aligns with its broader investment strategy and sustainable objectives. Separately and subject to meeting the Fund's stated minimum proportion in investments which attain the environmental and social characteristics of the Fund, from a financial return perspective, an issuer's room for improvement in ESG practices may contribute to a value gap between intrinsic value and market price. As such, avoiding investments solely based on a Severe or High Risk classification may lead to missed opportunities for generating financial returns

This approach reflects the Investment Manager's commitment to identifying value in companies that may be in transition or working toward positive change, ensuring that the Investment Manager remains aligned with both sustainability goals and investment potential.

However, the Investment Manager is committed to ensuring that the overall ESG risk of the Fund remains lower than that of the TOPIX index.

This commitment reflects the Investment Manager's dedication to maintaining a robust ESG profile for the Fund while aligning with the highest standards of sustainability. By keeping the ESG risk below that of the TOPIX, the Investment Manager aims to demonstrate a proactive approach to managing environmental, social, and governance factors, ultimately enhancing the Fund's resilience and appeal to sustainability-conscious investors.

The Fund seeks to achieve an average ESG risk rating which is lower than the average ESG risk rating of the TOPIX, as calculated by the Investment Manager on a quarterly basis on 31 March, 30 June, 30 September and 31 December and reported on an annual basis within the SFDR Periodic Report Annex. The Fund's ESG risk rating is calculated by the Investment Manager using a weighted average based on data from Morningstar Sustainalytics, with the analysis conducted by the Investment Manager's Risk Analysis Team (which operates independently from the investment team and reports directly to the board of the Investment Manager). Similarly, the ESG rating for TOPIX is calculated using the same methodology. Details of the ESG rating of the TOPIX is not currently publicly available but details are available from the Investment Manager on request.

Sustainable Investments

In the context of the Fund's investment in Sustainable Investments, the Investment Manager must be satisfied that an investment meets three criteria to classify an investment as a Sustainable Investment. Investments that:

(a) align with one or multiple United Nations Sustainable Development Goals ('SDGs')

The Investment Manager has regard to the United Nations Sustainable Development Goals ('SDGs') as a reference for the Fund's investment in Sustainable Investments. The Investment Manager believes that all SDGs are equally important and deeply interconnected.

In its analysis of the SDG contribution of an issuer, and having regard to the Fund's stated minimum commitment to environmental and social Sustainable Investments (i.e. 2.5% of net asset value in environmental Sustainable Investments and 2.5% in social Sustainable Investments) the Investment Manager applies a 30% revenue threshold, considering only companies that derive more than 30% of their total revenue from activities contributing to the identified SDG targets. These companies are included in the calculation of the Fund's minimum commitment to investments in environmental and social Sustainable Investments.

When evaluating a company's alignment with relevant SDGs, the Investment Manager conducts a comprehensive research process. This involves reviewing publicly disclosed materials to gain a deeper understanding of the company's strategies and sustainability initiatives. Additionally, the Investment Manager may engage directly with the company to gather insights into its operations, products, and services. Based on this thorough analysis, the Investment Manager assesses whether the company demonstrates a commitment to and alignment with achieving the objectives of the relevant SDGs. Due to data availability and quality considerations, the Investment Manager does not apply third-party data for the SDG contribution analysis, but conducts bottom-up research using annual reports and other available documentation, to determine revenue breakdowns of relevant activities.

For the purpose of this assessment, the Investment Manager considers the following SDGs to have a more environmental focus: SDG6: Clean Water and Sanitation; SDG7: Affordable and Clean Energy; SDG11: Sustainable Cities and Communities; SDG12: Responsible Consumption and Production; SDG13: Climate Action; SDG14: Life Below Water; SDG15: Life on Land.

For the purpose of this assessment, the Investment Manager considers the following SDGs to have a more social focus: SDG1: No Poverty; SDG2: No Hunger; SDG3: Good Health and Well-Being; SDG4: Quality Education; SDG5: Gender Equality; SDG8: Decent Work and Economic Growth; SDG9: Industry, Innovation and Infrastructure; SDG10: Reduced Inequalities; SDG16: Peace, Justice and Strong Institutions; SDG17: Partnerships for the Goals.

(b) do not do significant harm to any environmental or social sustainable investment objective based on an assessment of all mandatory principal adverse impact indicators and any relevant additional indicators to determine what indicators are relevant in the context of the investments of the Fund. Relevant principal adverse indicators for this Fund include (PAI 4) active in the fossil fuel sector , (PAI 7) has sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas, (PAI 10) has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises and (PAI 14) is involved in the manufacture or selling of controversial weapons. The Investment Manager will assess each PAI based on a Yes/No determination. If a PAI is not relevant to the investments of the Fund no further action is required. If a PAI is not relevant to an issuer an investment is considered not to do any significant harm. If a PAI may be relevant to an issuer, but does not contradict the Investment Manager's exclusion policy (as further detailed above) the Investment Manager may invest in the issuer but will conduct research and may initiate engagement with the issuer to ensure or encourage more sustainable actions if the Investment Manager believes they are required.

(c) follow good governance practices

To assess whether each underlying holding follows good governance practices, the Investment Manager assesses whether the holding has at least four out of the following eight policies in place: Ethics Policy, Employee Protection / Whistle Blower Policy, Equal Opportunity Policy, Health and Safety Policy, Human Rights Policy, Policy Against Child Labour, Training Policy, Anti-Bribery Ethics Policy. In case the holding has three or less policies in place, the Investment Manager will conduct a closer due diligence on the holding's governance structure.

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

0%. The Fund pursues an active investment strategy without a reference universe. It is not possible to quantify the minimum rate of change in the extent of investable assets.

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

In its ESG investment analysis, the Fund also assesses each single long stock position, to ensure the investment follows good governance practices (such as sound management structures, employee relations, remuneration of staff, and tax compliance).

Analysis of good governance practices begins pre-investment and continues throughout the holding period of the investment. Elements that are taken into consideration include, but are not limited to, the track record, experience, diversity and composition (e.g. share of independent directors) of board and management, controversies (covering accounting and taxation, and corporate governance), employee relations, remuneration of staff, and tax compliance. The analysis is based on publicly available information and/or direct dialogue with the management teams of portfolio companies.

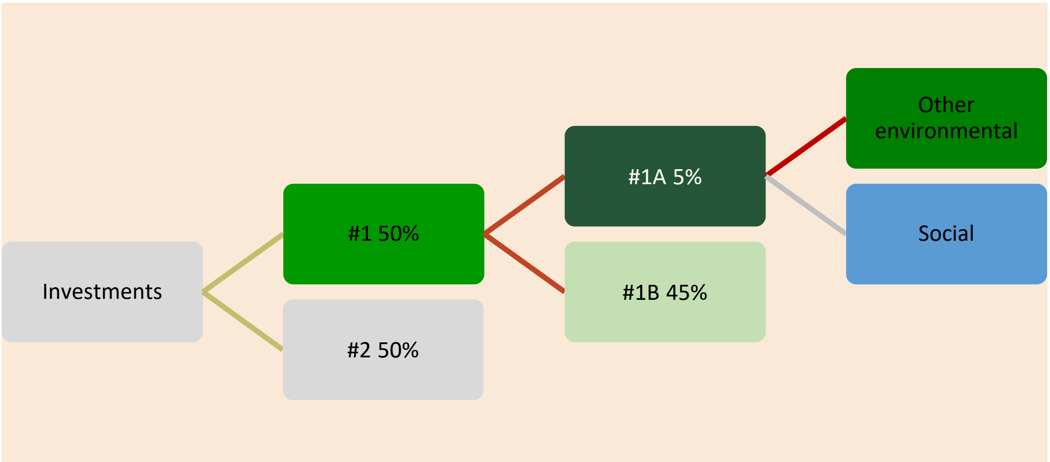
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Fund expects to hold a minimum proportion of 50% of net asset value which attains the environmental or social characteristics promoted by the fund, and within that holding it expects it will have a minimum proportion of 5% of net asset value in sustainable investments. Short positions fall under "Other" investments since they are not typically aligned with promoting positive environmental or social outcomes. In addition, financial derivative instruments used for portfolio and/or share class hedging fall under "Other".

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.



#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.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments

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

Derivatives are not used to attain the environmental or social characteristics promoted the Fund.

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.

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

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

0% of the portfolio. The Fund does not pursue sustainable investments with an environmental objective aligned with the EU Taxonomy.

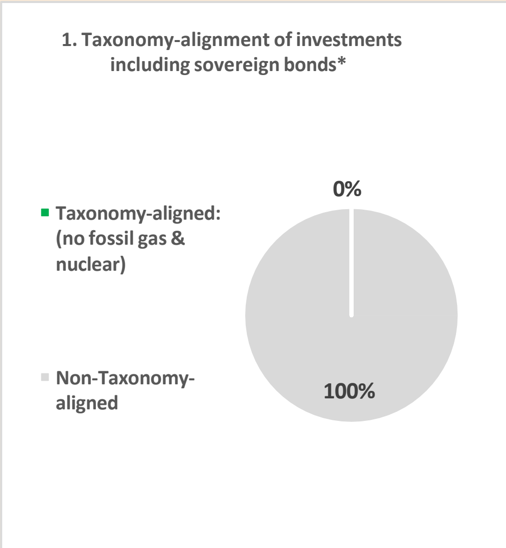
- *Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy1?*

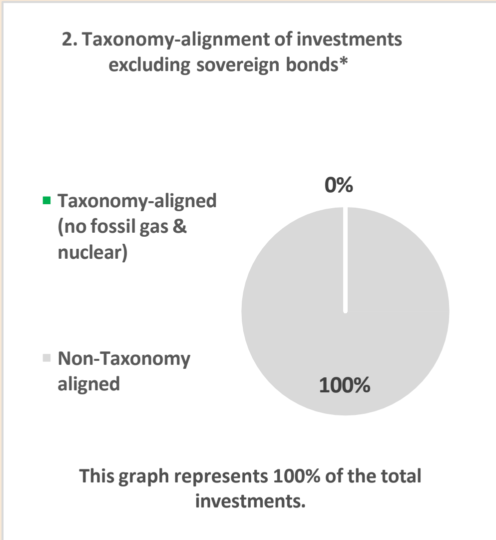
Yes: ☐

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.





**** 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?***

0% of the portfolio.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0% of the portfolio.

[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.**

What is the minimum share of socially sustainable investments?

2.5% of the portfolio.

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

While the Fund aims to be fully invested, at times the Fund may hold cash for subscription redemption purposes. Since it concerns cash, minimum environmental and social safeguards are not relevant.

Synthetic Short positions fall under "Other" investments since they are not typically aligned with promoting positive environmental or social outcomes.

Financial derivative instruments used for portfolio and/or share class hedging.

Where can I find more product specific information online?

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

SPARX Japan Equity Long Short Fund