

Sustainability related disclosures

Carmignac Portfolio EM Debt

- a. **Summary:** This Fund has a sustainable objective and promotes investment into companies which follow good governance practices in accordance with **Article 9** of the Sustainable Finance Disclosure Regulation (“SFDR”).
- b. **No significant harm to the sustainable investment objective:** This Fund invests in sustainable investments. While the principal adverse impact indicators referenced in the Annex 1, of the Regulatory Technical Standards (RTS) are not currently specifically monitored until the ratification of the RTS, the proprietary Sovereign ESG screen and assessment (see the sustainable objective section) monitors governments policies in respect of social and environmental policies. Details of the country level ESG indicators can be found in the ESG factsheet. Corporate bond Investments are screened to exclude companies that do not respect OECD business norms and UN Global compact principles on business and human rights.
- c. **Sustainable investment objective of the financial product:** This Fund has a sustainable objective to respect the following portfolio composition rules for sovereign debt investments:
 - 60% have a sustainability score of 3 or higher in the scoring system (details below)
 - 90% have a sustainability score of 2.6 or higher in the scoring system
 - Average exposure weighted sustainability score is above 3By investing in assets issued by countries with high sustainability scores in accordance with the binding portfolio composition rules above, the fund achieves its objective of investing in sustainable sovereign debt issuers.
- d. **Investment strategy:** The Fund implements a total return approach striving to deliver sustainable positive returns with attractive Sharpe ratio whatever the market environment over the investment horizon of 3 years. This total return mindset allows to participate in rising markets, while implementing a defensive approach, by hedging the portfolio to market risks, during declining market expectations. Details on how the socially responsible investment approach is applied is described in the extra-financial analysis section below and can be found on our [website](#) and our [“Responsible Investment” web page](#).
- e. **Proportion of investments:** The Fund’s allocation to countries that contribute to the positive ESG related country dynamic versus the reference indicator can be identified on the Monthly ESG factsheet.
- f. **Monitoring of sustainable investment objective:** The sustainable objective of the fund is monitored and published in the monthly ESG factsheet. The Fund’s annual report includes an assessment of ESG scores and carbon emissions compared to the Fund’s reference indicators as well as a discussion on the key engagements with issuers made during the year.
- g. **Methodologies:** For the calculation of the sustainable objective, the Fund uses a proprietary ESG scoring system which uses ten specific ESG-related factors and which is applied to 70 emerging market countries to evaluate the ESG characteristics of the sovereign issuers in the Fund’s investment universe. The aggregated score takes into consideration multiple sustainable objectives at a sovereign state policy implementation level i.e. share of renewables, Gini index, education level. These are rated from 1 to 5 whereby 1 is the lowest score, 5 is the highest score and 3 is the neutral point. Negative screening of

corporate issuers for poor management of ESG risks are excluded from the investment universe by a minimum of 20%.

- h. **Data sources and processing:** The Fund uses several data sources that most particularly are aggregated into the Carmignac proprietary ESG System START. The sources are S&P Trucost for carbon data, TR Refinitiv for raw company ESG data, MSCI and Impact-Cubed for impact and SDG alignment data, ISS Ethix for UNGC and OECD Business and Human Rights Norms screening. The proportion of the data that is estimated can be found on the Quarterly Sustainability Report.
- i. **Limitations to methodologies and data:** With respect to sovereign issuers, the Fund may not have perfect coverage of all the relevant ESG indicators at all times. When a given indicator is unavailable when the scoring of an issuer is made or updated, the portfolio manager will seek alternative indicators or, when no alternative indicator is available or relevant, score the issuer without the missing indicator.
- j. **Due diligence:** Over 90% of the Funds' assets are assessed for ESG score and risks (sovereign and corporate bonds). Proprietary analysis is combined with the ESG scoring process of Carmignac's proprietary Sovereign ESG system and the Company ESG scoring system, START.
- k. **Engagement policies:** An active engagement policy is implemented in order to raise ESG related issues with the sovereign Debt Offices, Ministries of Finance, Treasuries and government officials. This policy also includes dialogue with institutions such as the World Bank and the International Monetary Fund (IMF) in order to understand policy actions towards ESG-related policies. An Engagement plan is established to identify engagements with corporate issuers in which we are invested that show poor management of ESG related risks, where Carmignac has identified a specific theme, or where a specific impact or investigation of a controversy is required.
- l. **Attainment of the sustainable investment:** The Fund's ESG scores are compared to the Reference indicator are collated and published monthly on the Carmignac Responsible Investment website (see weblink above). Details on the methodology is found in the SRI guidelines.

- **Fund inception date:** 31/07/2017
- **Reference indicator:** JP Morgan GBI – Emerging Markets Global Diversified Composite Unhedged EUR Index
- **ISIN code (A EUR acc share class):** LU1623763221



*For the A EUR acc share class. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

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