

Sustainability-related disclosures

Carmignac Portfolio Long-Short European Equities

- a. **Summary:** This Fund has (E) environmental and (G) governance characteristics and promotes investment into companies which follow good governance practices in accordance with **Article 8** of the Sustainable Finance Disclosure Regulation (“SFDR”).
- b. **No sustainable investment objective:** This Fund promotes environmental and governance characteristics and partially invests in sustainable investments. Investments are screened to exclude companies that do not respect OECD business norms and UN Global compact principles on business and human rights.
- c. **Environmental and governance characteristics of the financial product:** This Fund promotes environmental and governance characteristics which is applied to 100% of assets.
- d. **Investment strategy:** The fund seeks to achieve a positive absolute return over a 3-year investment horizon through capital growth. In addition, the fund seeks to invest sustainably for long-term growth and implements a socially responsible investment approach. 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:** Minimum 90% of portfolio holdings are analysed for ESG risks and opportunities. Our ESG research system START is used to centralise raw ESG Data, proprietary scoring and revenue impact. We commit to a strengthened dialogue with companies to improve their approach to ESG issues aligned with our corporate themes (climate change, human capital and entrepreneurship).
- f. **Monitoring of environmental or governance characteristics:** The environmental and governance characteristics of the fund are monitored and published monthly via an 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 made during the year.
- g. **Methodology:** There are 4 manners in which the Fund establishes environmental and governance characteristics.
 1. Negative screening through precise exclusion thresholds of energy sector companies and socially harmful sectors such as tobacco and arms and those with poor management of Environmental and Governance risks.
 2. The investment universe is also screened out for companies having higher carbon emissions than the average of the universe as well as companies that show poor corporate governance policies (with MSCI G Scores of less than 3/10 unless the company is rated A, B or C in START. In this manner, the investment universe is reduced by a minimum of 20%.
 3. Companies are selected for their strong corporate governance and corporate behaviour as described above and seen in through the quality of the company's management, their policies and their long-term vision. Short positions in companies are often triggered by anticipation of accounting frauds or poor governance more generally.
 4. Carbon emissions are monitored and published monthly to maintain the low carbon approach of 30% lower carbon emissions in the Fund compared to its reference indicator.

- 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.
- i. **Limitations to methodologies and data:** The Fund’s sustainability risk may differ from the sustainability risk of the Reference indicator. In terms of methodology, using carbon emissions and MSCI governance pillar ratings as thresholds as well as our internal ESG scoring to reduce the universe by 20% is one method but there are other ones available. Our focus is to combine external inputs with internal insights in order to limit the risk of being backward-looking.
- j. **Due diligence:** Over 90% of the Funds’ assets (listed equities, and corporate bonds if relevant) are assessed for ESG score and risks. Proprietary analysis is combined with the ESG scoring process of Carmignac's proprietary system START.
- k. **Engagement of policies:** Carmignac operates active voting and engagement policies that reflect their environmental, social and governance themes. The voting participation target is 100% of all possible votes. An Engagement plan is established to identify engagements with companies 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. **Designated reference benchmark:** The Fund has designated MSCI Europe index as a reference benchmark for ESG-related parameters. The MSCI Europe index is a general market index and reflects its investment universe. As such, it is used as a benchmark to assess the fund’s sustainability performance, including carbon emissions. The results are published on a monthly basis on the Carmignac Responsible Investment website. The MSCI Europe Index captures large and mid-cap companies across 15 developed market countries in Europe, with over 400 constituents.

- **Fund inception date:** 20/11/2015
- **Reference indicator:** From 1st January 2022, the Fund’s investment objective is an absolute performance objective
- **ISIN code* (A EUR acc share class):** LU1317704051



*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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