Transparency of the promotion of environmental or social characteristics and of sustainable investments.

This document includes information relating to environmental an social characteristics of financial products and information relating to sustainable investments, in accordance with article 10 of the Sustainable Financial Disclosure Regulation (SFDR)

Product name : ShelteR UCITS – Gardanto Core Fund
Legal entity identifier : 2549002ARTUS4ZPV4O13

(a) Summary

This Fund of Fund promotes certain environmental and/or social characteristics. It does not have as its objective sustainable investment but commits to a minimum proportion of 10% of such investments.

ShelteR Investment Management defines sustainable investments as investments in funds that contribute to an environmental or social objective, do not significantly harm any of these objectives, and where the underlying funds follow good governance practices.

Specific sustainability indicators will be used to measure the attainment of the environmental and/or social characteristics of the fund in accordance with the methodologies described below. The asset allocation of the Fund of Fund is presented in the form of a chart that holds a specification of the percentage of investments expected to be aligned with the environmental and/or social characteristics of the fund and the commitment to sustainable investments. Internal limit monitoring systems run pre- and post- trading screenings for the holdings of the fund. Purpose is to block unfit investment opportunities and flag exposure to activities not aligned with the investment guidelines of the fund.

We use external data sources and data providers to ensure that the Fund of Fund is invested in accordance with the environmental and/or social characteristics promoted. We aim to mitigate limitations to data sources by due diligence controls and manual checks.

Does this financial product have a sustainable investment objective?

●● ☐ **Yes**

- ☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ It will make a minimum of **sustainable investments with a social objective:** ___%

● ☒ **No**

- ☒ 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 10% of sustainable investments
  - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with a social objective
- ☐ It promotes E/S characteristics, but **will not make any sustainable investments**

(b) No Significant Harm to the sustainable investment objective

The Fund of Fund promotes E/S Characteristics but does not have as its objective sustainable investments. The fund will have a minimum of 10% 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?

The Fund of Fund's sustainable investments are screened to ensure that they do not significantly harm ("DNSH") to any environmental or social sustainable investment objective.

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

The Fund of Fund will, wherever possible in the context of an incomplete an developing data landscape, target and monitor that the underlying funds take into consideration the mandatory (and eventually additional) PAI's (or similar do not significantly harm parameters) as indicators for adverse impacts on sustainability factors. The Fund of Fund will in particular monitor the disclosures and where appropriate the use of proper thresholds on the level of the sustainable investments in corporates on the level of the mandatory (and eventually additional) PAI's.

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

All sustainable investement in the Fund of Fund are fully aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights including the

rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

(c) Environmental or social characteristics of the financial product

The E/S characteristics promoted by the Fund of Fund are the following :

(a) The Fund of Fund will at least invest 75% in underlying funds that themselves have a sustainable objective or promote E/S characteristics as defined by Regulation (EU) 2019/2088 and it will at least invest 50% of its assets in underlying funds that themselves have a sustainable objective or promote E/S characteristics including a defined minimum of sustainable investments.
(b) The Fund of Fund will also take into consideration the Morningstar® Low Carbon Designation™ when selecting the underlying funds. This means that the Fund of Fund promotes E/S characteristics as “low carbon scores” and “low fossil fuel emissions” as E/S characteristics directly.
(c) The Fund of Fund will also ensure that, on a look-through basis, a minimum exposure of 10% is achieved in sustainable investments (that contribute positively to one or more sustainable objectives, whilst at the same time observing do not significantly harm principles);

(d) Investment Strategy

The investment strategy of this Fund of Fund is to actively invest in collective investment undertakings which, in turn, invest mainly in different government and corporate bond markets and/or in the equity markets (including real estate investment trusts) and occasionally in other strategies such as alternative investments.

Description of the investment strategy used to meet the environmental or social characteristics of the financial product.

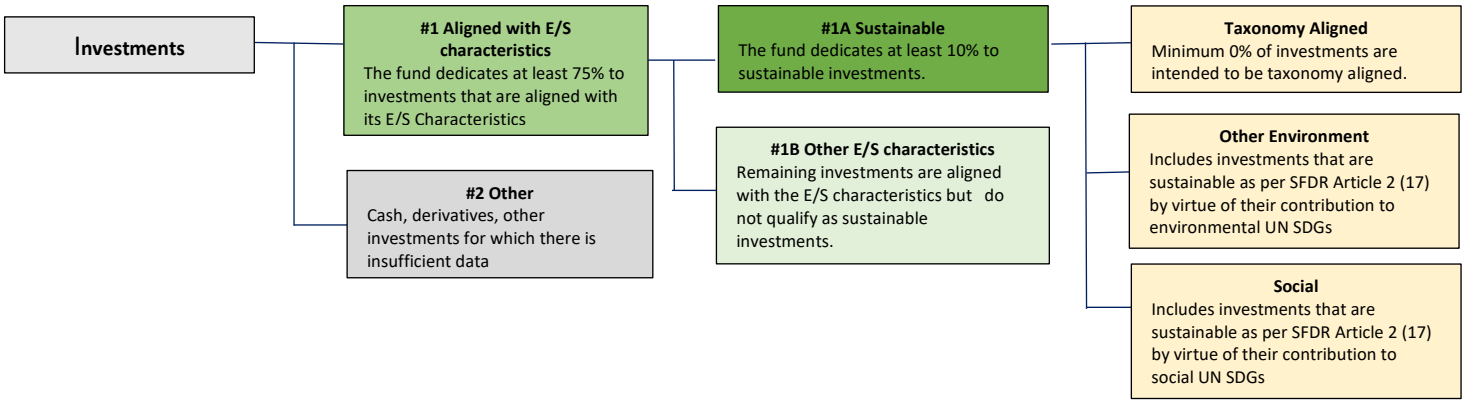
The Fund of Fund will invest minimum 75% in underlying target funds that under SFDR Promore E/S characteristics or have a sustainable objective. The Fund of Fund will also invest minimum 50% of its assets in underlying funds that themselves have a sustainable objective or promote E/S characteristics including a defined minimum of sustainable investments. The Fund of Fund will also take into consideration the Morningstar® Low Carbon Designation™ when selecting the underlying funds.

Description of the policy to assess good governance practices of the investee companies.

a) The Fund of Fund will only invest in underlying funds that have themselves robust policies covering “good governance” requirements when they are selecting and investing in investee companies or issuers within the underlying fund.
b) The Fund of Fund will exclude underlying funds where the manager might not follow good governance himself and have exposure to controversial business areas or controversial business practices (including business malpractice, controversial human rights and labour rights).

c) Each underlying Fund manager undergoes a regular screening against a series of sanction lists as provided by the Luxembourg data provider Worldcheck. Appearance on such sanctions list leads to additional controls and in most cases to exclusion.

(e) 'Proportion of investments'



#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:

(a) The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
(b) The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

(f) Monitoring of environmental or social characteristics

Description of how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.

Monitoring of the ESG characteristics and sustainable investments is undertaken by the investment team of ShelteR, including an ESG dedicated specialist and risk management. The team monitors via pre- and post-trade checks an ongoing basis the binding elements (referred to in the investment strategy section) of the fund to ensure that these binding elements are complied with throughout the life of the fund. The Investment Manager also actively reviews the portfolio's regularly inclusive of these binding commitments.

(g) Methodologies

Description of the methodologies used to measure the attainment of the sustainable investment objective and how the sustainability indicators to measure the attainment of that sustainable investment objective are used.

Sustainable investment is defined under the SFDR as 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.

In order to select sustainable investments, we apply the following framework:

a) **Good governance test** – The Fund of Fund will only invest in underlying funds that have themselves robust policies covering "good governance" requirements when they are selecting and investing in investee companies or issuers within the underlying fund. The Fund of Fund will also exclude underlying funds where the manager might not follow good governance himself and have exposure to controversial business areas or controversial business practices (including business malpractice, controversial human rights and labour rights).

b) **Environmental or Social Positive Contribution test** – The Fund of Fund intends to achieve a minimum of 10% (indirect) exposure to sustainable investments with either environmental or social objectives. These may include (1) Environmental Sustainable Objectives: including Clean Water and Sanitation, Affordable & Clean Energy, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, Life Below Water, Life on Land; or (2) Social Sustainable Objectives: including No Poverty, Zero Hunger, Good Health & Well-being, Quality Education, Gender Equality and/or Decent Work

c) **Do not significant harm test** – The Fund of Fund will target and monitor that the underlying funds take into consideration the mandatory (and eventually additional) PAI's (or similar do not significantly harm parameters) as indicators for adverse impacts on sustainability factors. The Fund of Fund will in particular monitor the disclosures and where appropriate the use of proper thresholds on the level of the sustainable investments in corporates on the level of the mondatory (and eventually additional) PAI's.

(h) Data sources and processing

What are the data sources used to attain the sustainable investment objective of the Fund?

We use Morningstar Sustainalytics as core data source to monitor the indicators which align to the sustainable investment objective of the Fund and cross check with market information from internal sources. We also use the data provided by the fund managers.

What are the measures taken to ensure data quality?

We have regular teams calls with the ESG data providers and the fund managers to understand the data and changes to data. We have received general information on the methodology to collect, arrange and control data by our data vendor and understand they are subject to a review of their

business model, research process, technical expertise, data coverage, quality assurance mechanisms, and prevention of conflicts of interests.

How are the data processed?

The data we receive is internally processed and mapped versus internally sourced fund composition data from the managers.

What proportion of data that are estimated?

We do rely to some extent on estimations and estimated data provided by our external data providers.

(i) Limitations to methodologies and data

Are there any limitations to the methodologies and data sources used?

One limitation of sustainable investment methodologies is the potential for inadequate data coverage or quality. Indicators used to monitor these objectives rely on environmental, social, and governance (ESG) information from third-party providers or fund managers, which may not be complete, accurate, or available.

Within a Fund of Fund, we also rely on the investment managers of the underlying funds for correct assessment of companies and their inclusion or exclusion in the underlying portfolio. As well as correct application of the SFDR Regulation for the underlying funds of Article 8 and Article 9. Even with our control mechanisms in place, we still run the risk of incorrect assessment by the underlying asset managers which can in turn lead to incorrect outcomes for indicators within the fund.

While it is not possible to fully eliminate the risk of errors from external data vendors and fund managers, the responsible investment managers from our team does carry out an own evaluation and questioning in cases where he/she believes investments have been incorrectly classified. In instances where there is a lack of data coverage or quality, the underlying fund is not given a rating and does not factor into the fund of fund's commitment to environmental and social characteristics and sustainable objectives.

(j) Due diligence

Description of the due diligence carried out on the underlying assets of the fund, including the internal and external controls on that due diligence.

A due diligence check is performed on all instruments in the Fund, by performing an asset screening on each of the fund lines in the portfolio.

ShelteR Investment Management manages assets, in accordance with a determined investment strategy, for the benefit of one or multiple UCI's investors. SIM needs to analyse the ML/FT risks intrinsic to the investment activity and establish appropriate due diligence measures on a risk-based approach.

SIM performs:

I. Appropriate due diligence controls by asset type (Know Your Investment) on a risk-based approach. Including an appropriate due diligence on the management company of the fund as well as on all directors of the management company.
II. Targeted financial sanctions/Proliferation financing (TFS/PF) screening controls on all assets and depending on the asset types, the parties linked to the transactions.

(k) Engagement policies

Description of the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.

ShelteR Investment Management acknowledges the importance of constructive dialogue with management teams in order to promote good corporate governance practices, determine long-term alignment of interests, properly asses the strategy of the management team (including on ESG topics as the case may be), as well as to improve disclosure mechanisms. For that purpose, ShelteR Investment Management may be liaising with the management teams of the underlying funds directly or relying on their management's reporting.

For more information on SIM's engagement policy, we also refer to the voting right and engagement policy on our website.

(l) Designated Reference Benchmark

Description of whether an index has been designated as a reference benchmark to meet the environmental or social characteristics of the financial product and how.

No specific ESG index has been designated.