

# SFDR Article 8 – Disclosures

Based on Articles 24 to 36 SFDR Delegated Regulation (EU) 2022/1288

**Product Name:** Prusik Asia Fund (the “Fund”)

**Legal entity identifier:** 5493008JBUQZGXS3PV30

## Summary

The Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment. Prusik Investment Management LLP (the “**Investment Manager**”) seeks to promote a range of environmental and social characteristics when making or monitoring its investment decisions. The environmental characteristics promoted by the Fund include greenhouse gas emission and net zero commitments. The social characteristics promoted by the Fund include gender equality, elimination of poverty, financial inclusion, accessible healthcare services and sustainable infrastructure. The Fund invests in quality growth companies with sustainable business models. This includes companies with strong ESG characteristics as well as companies which are improving for the better.

The assessment of the quality and sustainable characteristics of business models will include industry life cycle analysis, competitive advantage and positioning within the industry, supply chain and supply network analysis, business operations, technological disruptions, financial soundness, and the quality of management of the company.

The Fund conducts a valuation process which includes methods such as discounted cash flow analysis, book value analysis and dividend discount models. The Fund will also integrate the potential impact of ESG factors when appropriate, which might positively or adversely impact the intrinsic value of the company in the medium and long term.

The Investment Manager uses its own proprietary in-house ESG assessment framework and investment process. In particular, as part of its ESG assessment, the Investment Manager focuses its research on ESG sector materiality by selecting best in class companies within the relevant sector and considers companies which are purposefully improving for the better. This includes companies which are repivoting their business models, or companies who are transitioning but might not be best in class yet in terms of ESG credentials. From time to time the Investment Manager will also consider and incorporate independent and third party ESG analysis or ratings in investment analysis and investment decision making, if deemed suitable.

ESG characteristics of companies are monitored continuously. In the event of a negative change after a company is invested in by the Fund, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable, to take action to remediate the situation through active engagement with the issuer, either independently or in collaboration with fellow shareholders.

All securities in the portfolio will be assessed for sustainability, environmental, social and governance criteria and risk factors. On this basis the Investment Manager typically expects the asset allocation to break down as follows:

- Aligned with Environmental and Social characteristics – 60%
- Other – 40%

Monitoring of environmental and social characteristics promoted by the Fund, and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics, is done by the Investment Manager’s internal research team. Prior to investing in a company, or an issuer, a full investment case is prepared and distributed to the investment team within the Investment Manager. The research element of this investment case includes, but is not limited to, an assessment of whether the proposed investment aligns with the environmental and social characteristics promoted by the Fund, meets the ‘Do No Significant Harm’ criteria and whether the company has a good governance structure in place, where relevant. The Investment Manager will also assess proposed investments using the proprietary materiality map developed by the Investment Manager, where relevant, which assesses companies based on material ESG factors in respective industries.

On a periodic basis, the Investment Manager monitors the Fund’s holdings as against the environmental and social characteristics promoted by the Fund to ensure that 60% of the Fund’s investments are aligned with these characteristics. As part of the monitoring process, the Investment Manager considers input from external data sources, where relevant.

In the event of a negative change after a company is invested in by the Fund, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable, to take action to remediate the situation through active engagement with the issuer, either independently or in collaboration with fellow shareholders.

The sustainability indicators used to measure the attainment of the environmental characteristics promoted by the Fund include, where applicable, the greenhouse gas emission intensity of a company (Weighted Average Carbon Intensity scope 1 and 2) and the percentage of investee companies which commit to a net zero target.

The sustainability indicators used to measure the attainment of the social characteristics promoted by the Fund include, where applicable, the percentage of i) investee companies; and / or the net asset value of the Company, which are/is aligned with the United Nations 17 Sustainable Development Goals (the “SDGs”) along with the relevant indicators for each of the SDGs.

The Investment Manager ensures that each investee company is aligned to at least one SDG.

The data sources used by the Investment Manager to attain each of the environmental or social characteristics promoted by the Fund includes, but is not limited to, the following, where relevant, data provided by the investee companies, data provided by external third-parties and interviews with investee companies. The Investment Manager ensures the data quality by carrying out independent analysis which includes, but is not limited to, cross checking the data from different sources, engaging with investee companies and periodically accessing new data sources and providers. The data is processed using both qualitative and quantitative measures. Typically, 50% of the data is forward looking data which might include guidance from companies.

The primary limitations to the methodologies used or data sourced by the Investment Manager on behalf of the Fund includes: the lack of available data; the challenges in comparing data noting that data sets may not always be standardised and the evolving nature of data standards. The Investment Manager makes best efforts to review all relevant sources of information on an ongoing basis which includes cross checking information with external third-party data providers. The Investment Manager has incorporated its propriety sustainability framework into the investment due diligence processes and procedures for the selection and monitoring of investments.

Constructive engagement with investee companies is central to the Investment Manager’s approach. The Investment Manager discusses a broad range of factors with investee companies including, but not limited to, social and environmental issues, strategies for long-term growth, capital allocation, financing plans and corporate governance best practices. The Investment Manager will work with management teams to explain why these issues are important. The Investment Manager is active in proxy voting and where necessary, will vote against the management of investee companies where the Investment Manager believes the current management are not taking the relevant factors into account. Following the engagement with investee companies, and should the Investment Manager consider it appropriate, the Investment Manager will consider selling the investment.

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

## **No sustainable investment objective**

The Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment.

## **Environmental or social characteristics of the financial product**

The Investment Manager seeks to promote a range of environmental and social characteristics when making or monitoring its investment decisions. Environmental characteristics include greenhouse gas emissions and net zero commitments. Social characteristics include gender equality, elimination of poverty, financial inclusion, accessible healthcare services and sustainable infrastructure.

## Investment strategy

The Fund invests in quality growth companies with sustainable business models. This includes companies with strong ESG characteristics as well as companies which are improving for the better.

The assessment of the quality and sustainable characteristics of business models will include industry life cycle analysis, competitive advantage and positioning within the industry, supply chain and supply network analysis, business operations, technological disruptions, financial soundness, and the quality of management of the company.

The Fund conducts a valuation process which includes methods such as discounted cash flow analysis, book value analysis and dividend discount models. The Fund will also integrate the potential impact of ESG factors when appropriate, which might positively or adversely impact the intrinsic value of the company in the medium and long-term.

The Investment Manager focuses its research on ESG sector materiality by selecting best in class companies within the relevant sector and considers companies which are purposefully improving for the better. This includes companies which are repivoting their business models, or companies who are transitioning but might not be best in class yet in terms of ESG credentials. From time to time the Investment Manager will also consider and incorporate independent and third party ESG analysis or ratings in investment analysis and investment decision making, if deemed suitable.

ESG characteristics of companies are monitored continuously. In the event of a negative change after a company is invested in by the Company, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable, to take action to remediate the situation through active engagement with the issuer, either independently or in collaboration with fellow shareholders.

The Investment Manager is a signatory to the internationally recognised UN Principles for Responsible Investment (“**Principles**”) and is committed to incorporating ESG factors into investment decisions.

The Investment Manager also recognises that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with its fiduciary responsibilities, the Investment Manager commits to the following:

- Principle 1: the Investment Manager will incorporate ESG issues into investment analysis and decision-making processes;
- Principle 2: the Investment Manager will be an active owner and incorporate ESG issues into its ownership policies and practices;
- Principle 3: the Investment Manager will seek appropriate disclosure on ESG issues by the entities in which it invests;
- Principle 4: the Investment Manager will promote acceptance and implementation of the Principles within the investment industry;
- Principle 5: the Investment Manager will work to enhance its effectiveness in implementing the Principles; and
- Principle 6: the Investment Manager will report on its activities and progress towards implementing the Principles.

Please note that the investment strategy outlined above is binding and is used to select the investments to attain each of the environmental and/or social characteristics promoted by this Fund.

The Investment Manager believes that good governance is paramount and an integral part of a sustainable business model. The Fund’s investment process examines the governance structures within a company. The Fund considers and monitors the governance structure of a company, such as, i) sound management structures including capital management, board effectiveness, board composition and diversity, board independence; ii) employee relations including treatment of minorities; iii) remuneration of staff including appropriateness of executive compensation; and iv) tax compliance.

## Proportion of investments

All securities in the portfolio will be assessed for sustainability, environmental, social and governance criteria and risk factors. On this basis the Investment Manager typically expects the asset allocation to break down as follows:

- Aligned with Environmental and Social characteristics – 60%
- Other – 40%

The above 60% threshold will be achieved through direct exposure to investee entities.

*Other:* The Fund may be invested in companies that are changing and improving for the better in the areas of ESG but may not be deemed to align with environmental or social characteristics yet. The Fund may also be invested in in cash deposits denominated in such currency or currencies as the Investment Manager may determine.

The Fund does not use derivatives to attain the environmental and/or social promoted by the Fund.

## Monitoring of environmental or social characteristics

Monitoring of environmental and social characteristics promoted by the Fund, and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics, is done by the Investment Manager's internal research team. Prior to investing in a company, or an issuer, a full investment case is prepared and distributed to the investment team within the Investment Manager. The research element of this investment case includes, but is not limited to, an assessment of whether the proposed investment aligns with the environmental and social characteristics promoted by the Fund, and whether the company has a good governance structure in place, where relevant. The Investment Manager will also assess proposed investments using ESG Sector materiality, which assesses companies based on material ESG factors in respective industries.

On a periodic basis, the Investment Manager monitors the Fund's holdings as against the environmental and social characteristics promoted by the Fund to ensure that 60% of the Fund's investments are aligned with these characteristics. As part of the monitoring process, the Investment Manager considers input from external data sources, where relevant.

In the event of a negative change after a company is invested in by the Fund, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable, to take action to remediate the situation through active engagement with the issuer, either independently or in collaboration with fellow shareholders.

Engagement with portfolio companies is core to the Investment Manager's monitoring process and unsuccessful engagement may lead to the exclusion of issuers from the Fund.

## Methodologies for environmental or social characteristics

The sustainability indicators used to measure the attainment of the environmental characteristics promoted by the Company include, where applicable, the greenhouse gas emission intensity of a company (Weighted Average Carbon Intensity, Scope 1 and 2) and the percentage of investee companies which commit to a net zero target.

The sustainability indicators used to measure the attainment of the social characteristics promoted by the Company include, where applicable, the percentage of i) investee companies; and/or the net asset value of the Company, which are/is aligned to the relevant corresponding 17 United Nations Sustainable Development Goals (the "SDGs").

## Data sources and processing

*What data sources are used to attain each of the environmental or social characteristics promoted by the Fund?*

The data sources used by the Investment Manager to attain each of the environmental or social characteristics promoted by the Fund includes, but is not limited to, the following, where relevant:

- data provided by the investee companies;
- data provided by external third-parties including ESG ratings agencies and information providers such as MSCI, Refinitiv, Eikon and Bloomberg; and
- interviews with investee companies as part of the engagement process (as further detailed below).

***What measures are taken to ensure data quality?***

The Investment Manager ensures the data quality by carrying out independent analysis which includes, but is not limited to, cross checking the data from different sources, engaging with investee companies and periodically assessing new data sources and providers.

***How is that data processed?***

The data is processed using both qualitative and quantitative measures.

***What is the proportion of data which are estimated?***

Where data is provided by external sources, this data may be estimated in line with the source's proprietary methodology. It is currently difficult to report sufficiently accurate numbers on the proportion of data used for the Fund by the Investment Manager which is estimated. However, no additional estimation is undertaken by the Investment Manager.

## **Limitations to methodologies and data**

The primary limitations to the methodologies used or data sourced by the Investment Manager on behalf of the Fund includes:

- the lack of available data;
- the challenges in comparing data noting that data sets may not always be standardised; and
- the evolving nature of data standards.

The Investment Manager makes best efforts to review all relevant sources of information on an ongoing basis which includes cross checking information with external third-party data providers.

## **Due diligence**

The Investment Manager has incorporated its propriety sustainability framework into the investment due diligence processes and procedures for the selection and monitoring of investments.

## **Engagement policies**

Constructive engagement with investee companies is central to the Investment Manager's approach. The Investment Manager discusses a broad range of factors with investee companies including, but not limited to, social and environmental issues, strategies for long-term growth, capital allocation, financing plans and corporate governance best practices. The Investment Manager will work with management teams to explain why these issues are important. The Investment Manager is active in proxy voting and where necessary, will vote against the management of investee companies where the Investment Manager believes the current management are not taking the relevant factors into account. Following the engagement with investee companies, and should the Investment Manager consider appropriate, the Investment Manager will consider selling the investment.

## **Designated reference benchmark**

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