

# 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

Name of the product:  
**Mandarine Funds - Mandarine  
 Global Microcap**

Legal entity identifier: 549300CCGBTA02LMF230

## 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 established by Regulation (EU) 2020/852, which lists **environmentally sustainable economic activities**. This regulation does not list socially sustainable economic activities. Sustainable investments with an environmental objective are not necessarily aligned with the taxonomy.

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



## 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: %**

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: %**

It **promotes Environmental and Social (E/S) characteristics** and, while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% 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 features, but **will not make sustainable investments**

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

ESG criteria are integrated into the strategy by excluding companies and issuers based on their exposure to certain activities that are disapproved on ESG grounds.

In particular, the Fund specifically aims to promote the environmental attributes and the decarbonisation of the economy. To do this, the Fund calculates its carbon intensity.

At least 50% of the Fund's net assets are less carbon intensive than the weighted average of its index (in tonnes CO<sub>2</sub>e/Mn USD of turnover). In addition, the weighted average carbon footprint of the portfolio will be lower than the weighted average carbon footprint of its benchmark.

The management company engages in a shareholder dialogue with the 10% of companies with the highest greenhouse gas emissions, in order to identify the Paris Agreement scenarios, in particular via the Science Based Target initiative, as well as any solutions the company may have to help its clients reduce their own carbon footprint.

In addition to these elements, the Fund has the following engagements:

**ESG rating** The Fund invests in securities issued by companies that have been analysed and rated using Mandarine Gestion's proprietary ESG tool. This ESG rating is made available to the management, which can make decisions based on an ESG risk analysis.

**Exclusions based on sectors and values** Exclusion filters are applied to the portfolio construction process to restrict investments in companies and issuers that have significant exposure to certain activities that may be detrimental to the environment or society at large:

- Any direct investment in companies involved in the manufacture, trade, stockpiling or services for anti-personnel mines, cluster bombs, in accordance with the Ottawa and Oslo Treaty;
- Companies producing, stockpiling or trading in chemical, biological and depleted uranium weapons;
- Companies that seriously and repeatedly violate one or more of the 10 principles of the UN Global Compact;
- The companies which are subject to the most serious controversies (severity level 5 on a scale of 1 to 5);

- Companies or sectors considered to be particularly exposed to sustainability risk (see infra).

**Taking into account sustainability risks** The management company has set up an indicator called "SSRI" (Synthetic Sustainability Risk Indicator) for each investment in the portfolios, which is divided into five parts:

- Company risk exposure, which is mainly a function of the risks associated with its sector of activity;
- The portion of risk exposure that may be taken on by the company;
- The portion of risk exposure taken on by the company;
- The portion of unhedged risk that can be taken on by the company;
- And finally the portion of unhedged risk that cannot be taken on by the company.

The figure used by the management company is the net risk carried by the issuer, i.e. its gross risk exposure (Company exposure below) minus an amount corresponding to the risk covered by the company (Managed risk). Fund-level monitoring is then applied on the basis of aggregated scores.

**Benchmark:** The Benchmark Indices used by the Fund is not "EU Paris-Aligned and Climate Transition-Benchmark", whether it is a Climate Transition Benchmark "CTB" index of climate transition or Paris Aligned Benchmark "PAB" index aligned with the Paris Agreement.

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

To measure the achievement of environmental or social characteristics, the manager will use the following indicators, where relevant data is available.

Due to the type of assets in the Fund, the accessibility and use of data can be complex. However, the Fund ensures that a substantial proportion of invested issuers publish minimum data, particularly in relation to their carbon footprint.

**Carbon Footprint** The Fund tracks its carbon impact in comparison to the benchmark. It is expressed in tonnes of CO2 equivalent per million euros invested.

Further information on the indicators is available in the sustainability information published on the website in accordance with Article 10 of the SFDR.

**Fossil fuel policy** The Fund monitors its exposure to fossil fuels in accordance with the management company's dedicated internal policy.

Issuers concerned: The gas, oil and coal sectors, both upstream/midstream and downstream and from the first euro of turnover or capital employed.

Engagements: Shareholder engagement, in particular by checking the consistency of the divestment scenarios of the issuers concerned. The managers are systematically alerted to the level of exposure of eligible issuers in their investment universe. The assessment of exposure to fossil fuels is also carried out at the level of all the investments of the management company.

With regard to coal, the management company is committed to the cessation of all investments in funds managed by Mandarine Gestion by 2030.

- **What are the objectives of the sustainable investments that the financial product mainly intends to make and how does the sustainable investment contribute to such objectives?**

The Fund promotes environmental and social characteristics but will not make sustainable investments.

- **To what extent do the sustainable investments that the financial product intends to mainly achieve not cause significant harm to an environmentally or socially sustainable investment objective?**

Not applicable

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

Not applicable

The main negative impacts are the most significant negative impacts of investment decisions on sustainability factors related to environmental, social and labour issues, respect for human rights, and combating corruption and bribery.

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

Not applicable

The EU taxonomy establishes a 'do no significant harm' principle whereby taxonomy-aligned investments should not cause significant harm to the objectives of the EU taxonomy and is accompanied by specific EU criteria. The "do no significant harm" principle only applies to investments underlying the financial product that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities. Any other sustainable investment must also not cause significant harm to environmental or social objectives.

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

Yes

No

**What investment strategy does this financial product follow?**

The objective of the Fund is to provide investors with long-term growth from an actively managed portfolio consisting of listed shares selected from a universe of micro- and small-cap companies in developed markets globally and to outperform the benchmark MSCI ® World Micro Cap - Net Return Index.

To achieve this objective, the Fund pursues the following investment strategy:

1. Identification, within the investment universe, of companies eligible for the portfolio by applying a liquidity filter (average daily liquidity of €250,000 per day over the last three months);
2. Within the eligible investment universe:
  - o Application of a quantitative scoring based on five pillars (growth, valuation, quality, momentum, sentiment);
  - o Fundamental analysis of managers;

For further information on the general policy, please refer to the general investment policy in the "Investment Objectives" section of the Fund factsheet.

**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 Fund implements a "group" exclusion related to:

- Any direct investment in companies involved in the manufacture, trade, stockpiling or services for anti-personnel mines, cluster bombs, in accordance with the Ottawa and Oslo Treaty;
- Companies producing, stockpiling or trading in chemical, biological and depleted uranium weapons;
- Companies that seriously and repeatedly violate one or more of the 10 principles of the UN Global Compact;
- The most controversial companies (severity level 5 on a scale of 1 to 5). In fact, controversies are an integral part of the ESG evaluation of the companies in which the Fund invests. Mandarin Gestion's ESG expertise centre carries out bi-monthly monitoring of controversies that may affect the reputation of companies in the portfolio. It is based in particular on the research work of the non-financial rating agency Sustainalytics, which ranks the level of seriousness of controversies on a scale from 1 to 5. Companies exposed to level 5 controversies are systematically excluded.
- Companies or sectors considered to be particularly exposed to sustainability risk (see infra).

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

| Controversy level | Penalty applied |
|-------------------|-----------------|
| Level 3           | -0.25           |
| Level 4           | -0.50           |
| Level 5           | -0.75           |

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

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

The Fund shall ensure that the weighted average carbon footprint of the portfolio will be lower than the weighted average carbon footprint of its benchmark.

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

The analysis of the good governance practices of the invested entities is taken into account at several levels of the portfolio construction process:

- ✓ Prior to investment, governance is taken into account in the rating of the company eligible for investment. The rating is particularly influenced by criteria such as the composition and functioning of the board of directors, remuneration policy and distribution among employees, treatment of shareholders and dialogue, internal anti-corruption and anti-money laundering policies (...).
- ✓ In addition, the quality of the governance practices of the entities invested by the fund may also influence the rating of the companies. Indeed, the outcome of the shareholder dialogue between the Fund's teams and the company's representatives may lead to the adoption of malus or bonus on the ESG rating.

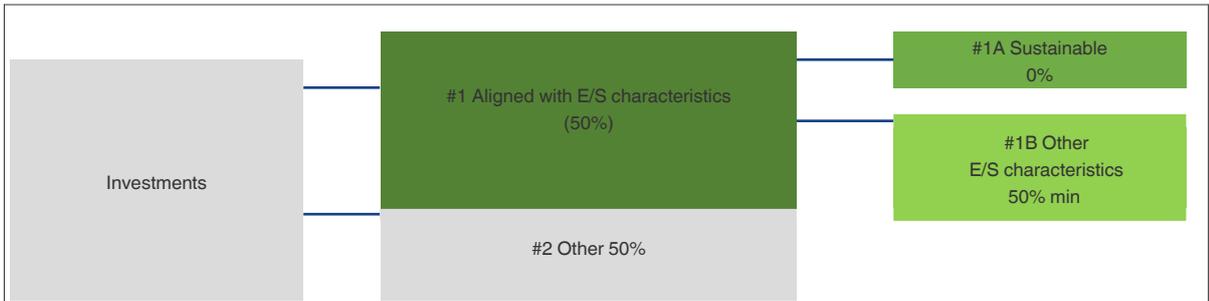
**What is the asset allocation planned for this financial product?**

The Fund does not aim to make sustainable investments but seeks to promote environmental and social characteristics. The expected asset allocation for this financial product is as follows: the percentage of portfolio assets aligned with environmental and/or social characteristics is at least 50%. A minimum of 0% of total investments are classified as sustainable, in line with the binding elements of the investment strategy.

**Asset allocation** describes the share of investments in specific assets.

Activities aligned with the taxonomy are expressed as a percentage 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.



The category **#1 Aligned with E/S characteristics** includes investments in the financial product used to attain the environmental or social characteristics promoted by the financial product.

The category **#2 Other** includes the remaining investments of the financial product which are neither aligned with 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.

The asset allocation is likely to change over time and the percentages should be considered as averages over long periods of time. Calculations may be based on incomplete or fragmentary data from the company or third parties.

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

N/A



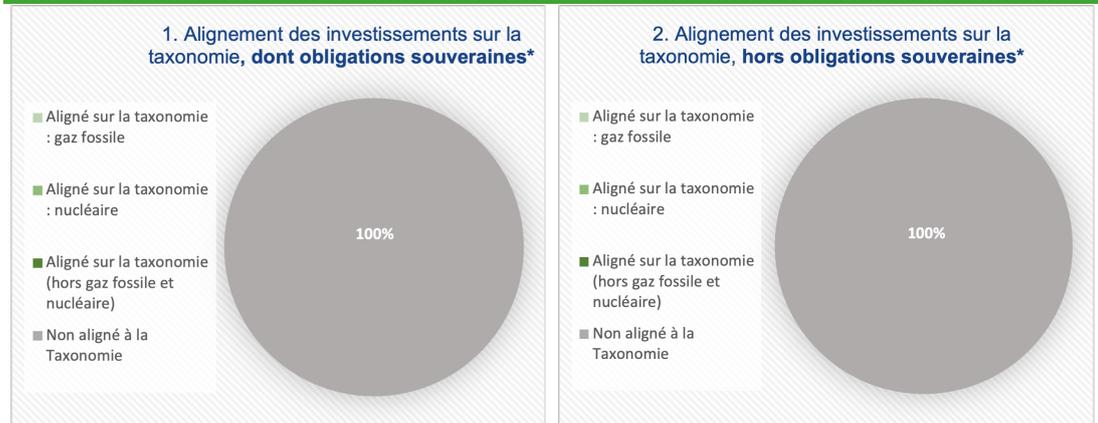
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

For the reasons set out above, the minimum proportion of investment in economic activities defined as environmentally sustainable according to the EU environmental taxonomy is 0%.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>(1)</sup> ?**

- Yes
- fossil gas       nuclear energy
- No

*The two graphs below show in green the minimum percentage of investments aligned with the EU taxonomy. As there is no appropriate methodology for determining the taxonomy alignment of sovereign bonds\*, the first graph shows the taxonomy alignment with respect to all investments in the financial product, including sovereign bonds, where applicable, while the second graph represents the taxonomy alignment only with respect to investments in 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 investment in transitional and enabling activities?**

There is no commitment to a minimum proportion of investment in transitional and enabling activities.



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

Not applicable.



**What is the minimum share of sustainable investments with a social objective?**

Not applicable.



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

Assets #2 "other" represent a maximum of 20%; these are:

- entities that have not been assessed due to lack of available or conflicting information; or
- Cash, possible UCIs including MMFs. The Fund may use derivatives, for example, for hedging purposes or to manage investments in issuers listed in a currency other than the Fund's reference currency (i.e: USD, GBP, CHF, etc.).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

The **enabling activities** directly allow other activities to make a substantial contribution to the achievement of an environmental objective.

The **transitional activities** are activities for which low-carbon alternatives are not yet available and, among others, whose greenhouse gas emission levels correspond to the best achievable performances.

The symbol  represents sustainable investments with an environmental objective that **do not take into account** the criteria for environmentally sustainable economic activities under the EU taxonomy.

(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 no significant harm to 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.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Fund does not have a reference benchmark aligned with the E/S characteristics it promotes. N/A

○ ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Fund does not have a reference benchmark aligned with the E/S characteristics it promotes. N/A

○ ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Fund does not have a reference benchmark aligned with the E/S characteristics it promotes. N/A

○ ***How does the designated index differ from a relevant broad market index?***

The Fund does not have a reference benchmark aligned with the E/S characteristics it promotes. N/A

○ ***Where can the methodology used for the calculation of the designated index be found?***

The Fund does not have a reference benchmark aligned with the E/S characteristics it promotes. N/A



**Where can I find more product specific information online?**  
**More information on the product is available on the website:**

- The transparency code:  
(<https://www.mandarine-gestion.com/FR/fr/docs/funds/mandarine-valeur/TRANSPARENCY>),
- the sustainability policy:  
([https://www.mandarine-gestion.com/uploads/reg/reg\\_mandarine\\_durabilite-politique\\_fr.pdf](https://www.mandarine-gestion.com/uploads/reg/reg_mandarine_durabilite-politique_fr.pdf)),
- the prospectus:  
(<https://www.mandarine-gestion.com/FR/fr/docs/funds/mandarine-valeur/PROSPECTUS>).

The **reference benchmark** are indices that measure whether the financial product achieves the environmental or social characteristics it promotes.