

Template 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

Product name: **Eleva Absolute Return Fund**

Legal entity identifier: **213800FQB3SJZEYKX79**

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/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% 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**

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 laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

ELEVA ABSOLUTE RETURN FUND (the “Sub-Fund”) promotes a combination of environmental, social and governance (“ESG”) characteristics.. This Sub-Fund integrates, in the long and the short invested pockets, binding ESG criteria in its investment management process.. The main non-financial objective of Eleva Absolute Return Europe Fund is to invest, on a long basis, in companies with good ESG practices (i.e. best in universe) or companies that are on an improving path regarding ESG practices (i.e. best efforts) while excluding companies that would not have a minimum absolute ESG rating (40/100). At the same time, the Sub-Fund does not short any company with excellent ESG practices (i.e. with an ESG score > 80 / 100).

The long book of the Sub-Fund seeks to invest in companies having a good behaviour towards their key stakeholders (Shareholders, Employees, Suppliers, Civil Society and the Planet). For instance, the Sub-Fund seeks to invest in companies with good corporate governance practices (e.g. Boards with gender and cognitive diversity and a sufficient level of independence), with good environmental and social practices (e.g. signatories of the UN Global Compact) and implementing carbon reduction measures (e.g. the long book of the Sub-Fund has an ESG KPI on carbon footprint).

The Sub-Fund is actively managed with no reference to a benchmark.

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

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

The sustainability indicators used by the Sub-Fund are [ESG scoring](#) and two key performance indicators - [carbon footprint, and exposure to the UN Global Compact signatories](#) - as further explained below.

Where investing on a long basis, the Sub-Fund's investment process counts 3 steps being based on a combination of non financial and financial criteria. The sustainability indicator used in the context of the non financial part of the process is the [ESG scoring](#) (i.e. an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider).

The Management Company indeed uses a proprietary tool to internally analyse and score the companies on ESG criteria from 0 (worst score) to 100 (best score). The analysed ESG criteria include, among others:

- Shareholders (i.e. Governance criteria): quality of management team (track record, alignment of interest with shareholders, etc.), quality of the board of directors (board efficiency, gender diversity, checks and balances, etc.), quality of the relationship with shareholders (quality of risk management and controls, financial communication, respect of minority shareholders, etc.);
- Employees (i.e. Social criteria): quality of human resources ("HR") management (HR policies, management of human capital, gender pay gap, etc.), employer brand equity (reputation as an employer, etc.), employees retention (employee training, turnover, etc.), safety&security (policy on accident prevention ,history of accidents and risk management, etc.);
- Suppliers (i.e. a combination of Environmental, Social and Governance criteria): level of risk in the supply chain (complexity of supply chain, disruption risks, etc.), supply chain risk management and control (controls, audits, engagement on Corporate Social Responsibility issues, etc.);
- Civil Society (i.e. a combination of Social and Governance criteria): customers (products quality, customer satisfaction, etc.), state (fiscal behaviour, business ethics, process to monitor the compliance with UN Global Compact principles etc.), local communities (philanthropic approach, etc.);
- Planet (i.e. Environmental criteria): climate change (risks and policies, targets on carbon emissions reduction, performance on GHG emissions and intensity), energy management (risks and policies, share or non-renewable energy consumption/production, targets, performance on energy consumption), water (risks and policies, targets, performance), biodiversity and other (risks and policies, targets, performance), environmental impact of products (taxonomy-aligned products, exposure to fossil fuels, eco-design, circular economy etc.).

Sovereign issuers are also scored on ESG criteria using the data provided by a single external data provider.

The long invested pocket (excluding sovereign bonds) of the Eleva Absolute Return Europe Fund must show a better performance than its initial investment universe on the following two ESG key performance indicators:

1. [carbon footprint](#) (in tons of CO2 equivalent/million euros invested) and
2. [exposure to the UN Global Compact signatories](#) (sum of the weights of the UN Global Compact signatories).

Companies in the short invested pocket are analysed and scored on ESG criteria using either an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider. The Sub-Fund does not short any company with excellent ESG practices (i.e. with an ESG score > 80 / 100).

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?** [Not applicable](#)

- **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** [Not applicable](#)

--- How have the indicators for adverse impacts on sustainability factors been taken into account? [Not applicable](#)

--- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? *Details:* [Not applicable](#)

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

- ✘ Yes, [the Sub-Fund takes into consideration the 14 principal adverse impact indicators and 2 optional ones \(investments in companies without carbon emission reduction initiatives and investment in companies without workplace accident prevention policies\).](#)

- PAI 2, 10 and 14 are taken into consideration in a quantitative way, with maximum exposure or thresholds in place (through Strict Exclusion or through binding ESG key performance indicators)
- PAI 1, 3, 4, 5, 6, 11, 13 and the 2 optional ones are taken into consideration in a qualitative way, mainly through the criteria analysed in Step 3 - ESG analysis.
- PAI 7, 8, 9, 12 are only taken into consideration when the data is available (available data for these PAI is scarce). However, engagement on these topics may be conducted with companies to help improve disclosure.

The information on principal adverse impacts will be available in the annual report of ELEVA UCITS Fund.

No



What investment strategy does this financial product follow?

The Sub-Fund implements several sustainable approaches under steps 2 and 3, as defined by the Global Sustainable Investment Alliance: exclusionary screening, norm-based screening, positive ESG screening (i.e. “best in universe” or “best efforts”).

The Sub-Fund will invest in or take both long and short exposures (through FDIs) to, principally, listed European equity and equity-related instruments (which may include, but are not limited to, warrants and convertible securities) of issuers from any economic sector and market capitalisation.

Where investing on a long basis, the Sub-Fund’s investment process **counts 3 steps** being based on a combination of non financial and financial criteria.

Step 1/ From a broad universe made of all companies (all market capitalisations, all sectors) with their registered office in Europe (i.e. European Economic Area, UK, Switzerland), i.e. circa 12700 companies, the Sub-Fund focuses on companies meeting the following financial and non financial criteria:

- Liquidity, measured through daily liquidity for each company;
- Minimum market cap is set at 5 billion euros unless that company has a strong balance sheet and a sufficient revenue growth;
- Existence of an ESG scoring (i.e. an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider).

These criteria define the so-called initial investment universe (in order to compare the Sub-Fund with its investment universe on ESG criteria) and is made of circa 800 companies.

Step 2/ Strict Exclusion: the Management Company excludes companies from the initial investment universe which have significant negative impacts on specific ESG factors as detailed in the section “Investment Objectives and Policies” of the Prospectus.

Step 3/ Fundamental analysis: the Management Company does a fundamental analysis of each company which is considered for investment on the basis of both financial and non financial criteria.

Where investing on a short basis, the Management Company will seek to focus on three particular types of opportunities:

1. companies where the Management Company considers there to be a disconnect between the credit and the equity market perception of the fundamentals of those companies;
2. companies that the Management Company considers overvalued and at a negative inflexion points; and
3. companies that the Management Company considers belonging to long term challenged industries.

The alignment with ESG characteristics is conducted in different ways, depending on the instrument type :

- **Equities, equity related products (e.g. CFD single name), corporate bonds, commercial paper, other ELEVA Capital UCITS (article 8 or 9) on a long basis :** issuers invested in this category are scored on ESG criteria using the Management Company’s proprietary methodology. The ESG score of these instruments have a binding effect. The exclusion policy does apply to these instruments (see Step 2 above and next question).
- **Sovereign bonds on a long basis :** sovereign bonds are scored on ESG criteria using the data provided by a single external data provider. The ESG score of these instruments have a binding effect (see next question).
- **Indices (through futures, CFD etc...) on a long and short basis :** these instruments are scored on ESG criteria via underlying assets look-through, using an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider. The ESG score of these instruments do not have any binding effect. The exclusion policy does not apply to these instruments.

- **Equities and equity related products (e.g. CFD single name) on a short basis** : companies in the short invested pocket are analysed and scored on ESG criteria using either an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider. The ESG score has a binding effect. Companies excluded as per step 2 “strict exclusion” (see above) are also excluded in this pocket.

The Sub-Fund’s strategy in relation to the ESG characteristics is integral part of the Sub-Fund’s investment strategy which is continuously monitored via the risk control and related systems in place. In addition to ongoing monitoring, pre-trade controls are also performed.

● ***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?***

Investments in equities and equity related products (e.g. CFD single name) on both long and short side as well as corporate bonds on a long basis apply the Management Company’s exclusion policy, i.e.:

- Norm based exclusions: companies having violated ILO (International Labour Organisation) Conventions, or one of the UN guiding principles on Business and Human Rights, or one of the UN Global Compact principles, or of the OECD Guidelines for Multinational Enterprises
- Sector based exclusions: companies involved in the sector (including production or distribution) of controversial weapons (0% of sales threshold), of tobacco (5% of sales threshold) and of nuclear weapons (5% of sales threshold). Those investments also apply ELEVA Capital’s coal policy, available on ELEVA Capital website.

The main non-financial objective of the Sub-Fund is to invest, on a long basis, in companies with good ESG practices (i.e. best in universe) or companies that are on an improving path regarding ESG practices (i.e. best efforts) while excluding companies that would not have a minimum absolute ESG rating (40/100). This 40/100 threshold also apply to sovereign issuers and listed corporate bonds issuers. At the same time, the Sub-Fund does not short any company with excellent ESG practices (i.e. with an ESG score > 80 / 100).

The weight of issuers analysed and scored on ESG criteria prior to the investment must be higher than 90% of the invested pocket (i.e. excluding cash).

The long invested pocket of the Eleva Absolute Return Europe Fund must have a weighted average ESG score superior to the average ESG score of its initial investment universe.

In addition, the long invested pocket (excluding sovereign bonds) must show a better performance than its initial investment universe on the following two ESG key performance indicators: carbon footprint (in tons of CO2 equivalent/million euros invested) and exposure to the UN Global Compact signatories (sum of the weights of the UN Global Compact signatories). In the event of non-compliance with this commitment, the Management Company has two Business Days to comply.

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

A minimum ESG score of 40/100 is required for each company or sovereign issuer to enter the long invested pocket. In the event that a company or sovereign issuer sees its internal ESG score drop below the minimum required by the Management Company for Eleva Absolute Return Europe Fund (i.e. 40/100 rating), the position on the company will be sold no later than 3 months after the score has been downgraded in the best interest of the Shareholders.

The long invested pocket of the Eleva Absolute Return Europe Fund must have a weighted average ESG score superior to the average ESG score of its initial investment universe.

The Sub-Fund cannot take any short position in companies with excellent ESG practices (i.e. with an ESG score > 80/100). In the event that a company sees its internal ESG score go above the maximum required by the Management Company for Eleva Absolute Return Europe Fund (i.e. 80/100 rating), the short position on the company will be closed no later than 3 months after the score has been upgraded, in the best interest of the Shareholders.

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

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



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share 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.

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

Assessing company's governance practices is an integral part of the Management Company proprietary ESG Scoring methodology (see the answer to question "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?"). Governance criteria (essentially located in the pillars Shareholders and Civil society) account for 30% to 40% of the ESG score, depending on a company's sector. As a reminder each investee company is scored on ESG criteria with the Management Company ESG scoring methodology.

What is the asset allocation planned for this financial product?

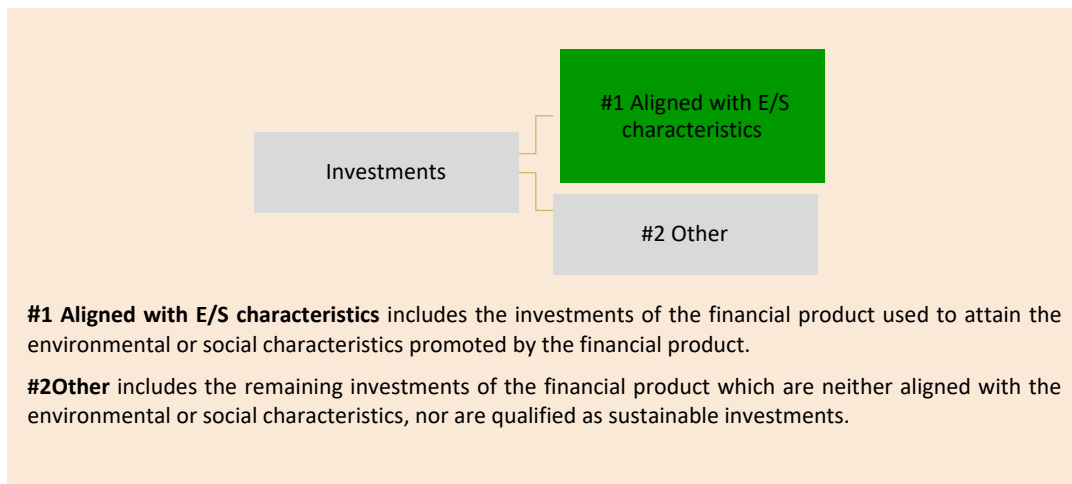
The Eleva Absolute Return Europe Fund seeks to achieve a positive absolute return over the medium term through capital growth by investing primarily in listed European equities and equity-related securities on both a long and short (through FDI) basis.

1 investments aligned with E/S characteristics: Minimum 75%, calculated as the gross exposure to equities and equity related products (long) plus equities and equity related products (short) plus corporate bonds plus sovereign bonds divided by the net asset value of the Sub-Fund.

2 Other: Maximum 25%. Up to 25% of the investments may be invested in instruments not rated on ESG criteria including maximum 20% of cash. This percentage is calculated by summing in absolute value the investments with no ESG rating divided by the net asset value of the Sub-Fund.

It is intended that the Sub-Fund's net market exposure will be in the range of minus 10 per cent to plus 50 per cent of the net asset value.

For more information regarding the investment categorised as "**#2 Other**" (i.e. the aim of their use and the safeguards in place), please refer to the element available under the question "What investments are included under "**#2 Other**", what is their purpose and are there any minimum environmental or social safeguards?".



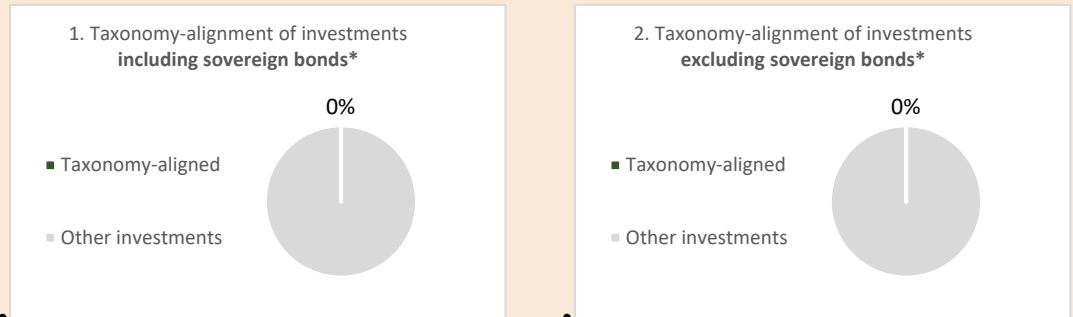
● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

FDIs may be used to achieve exposure to underlying securities in line with the investment policy on both a long and short basis. FDIs are not used to attain the environmental or social characteristics promoted by the Sub-Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Not applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of 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 investments in transitional and enabling activities?**
Not applicable



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

Not applicable



What is the minimum share of socially sustainable investments? Not applicable

Not applicable



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

The investments included under “#2 Other” are made of cash and instruments not rated on ESG criteria (e.g. IPOs (initial public offering) or among others, money market instruments, and UCITS).

These investments may be held for hedging purposes, technical purposes and/or on a temporary basis and/or pending available information to score them on ESG criteria (e.g. IPOs).

The Sub-Fund does not consider any minimum environmental or social safeguards on these remaining investments “#2 Other”.



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?

Not applicable

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

Not applicable

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

Not applicable

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

Not applicable

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

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.elevacapital.com/en/our-responsible-approach>

and <https://www.elevacapital.com/lu/funds/eleva-absolute-return-europe>