

## Sustainability-Related Disclosures:

### VARIOPARTNER SICAV - SECTORAL EMERGING MARKETS HEALTHCARE FUND

#### Summary:

---

This disclosure is made by the VARIOPARTNER SICAV - SECTORAL EMERGING MARKETS HEALTHCARE FUND (the 'Sub-Fund') pursuant to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 ('SFDR').

#### The Sub-Fund:

- Mainly promotes social characteristics by investing partially in sustainable investments with a social objective. These consist of companies that contribute to an investment in human capital (good health and well-being), product quality and safety, tackling inequality by providing access to medicine, social integration and labour relations or independence of the board, and that the Investment Manager has identified as sustainable investments. These companies are in innovative healthcare companies domiciled in the emerging markets and offering therapies and services across all healthcare segments.
- Also promotes certain minimum environmental standards and/or business practices. Therefore, it invests in issuers that the Investment Manager considers well-prepared to handle material ESG (Environmental, Social and Governance) matters and by avoiding investments in issuers that are involved in severe controversies (i.e. that have a high controversy score).

The sustainable investments that the Sub-Fund financial product partially intends to make have the social objective of improving good health and well-being, contributing to SDG 3. Sustainable investments are made in emerging market companies with the majority of activities (as measured by turnover, enterprise value, or for pre-revenue companies R&D spend, or similar metrics) related, but not limited to the sale of innovative medicines, discovery of new mechanisms of action offering potential cures or better management of diseases that were difficult to treat before, medical device companies developing innovative technologies that improve patient outcomes, healthcare services companies that drive greater efficiency within healthcare systems, life science tools companies that enable innovation, as well as drug and device manufacturers that help increase access and improve affordability of healthcare in developing geographies. Medical breakthroughs have the power and potential to improve people's life expectancy and quality of life. Therefore, the focus on medical progress, innovation, and improved access to modern medicine helps meet the objective of improved health and well-being.

To achieve the investment objective, the Sub-Fund's net assets are primarily invested in equities, equity-like transferable securities, participation certificates etc. issued by healthcare companies across emerging geographies. Investments are focused on companies offering emerging therapies and services across all healthcare segments and addressing significant unmet medical need.

The Sub-Fund follows an ESG Integration approach and will include a sustainable investment proportion by applying an SDG 3 alignment approach. Additionally, the Sub-Fund follows an Active

Ownership strategy. It conducts voting and engagement activities, which are among others, related to ESG factors.

The Investment Manager measures the alignment of an investee company with the Sub-Fund's E/S Characteristics promoted by evaluating the degree to which the relevant company's activities, as measured by turnover (or for pre-revenue companies R&D spend), contribute to SDG 3. Further, the issuers broader ESG profile is assessed by the Investment Manager who relies on ESG ratings from the third-party data provider Sustainalytics. Where the Investment Manager has concerns about an issuers ESG profile, the Investment Manager may engage with the company to obtain further information or to encourage appropriate action to redress these concerns.

The Investment Manager monitors the Sub-Fund's investee companies' alignment with the promoted characteristics and with its broader ESG framework on at least a quarterly basis.

The Investment Manager notes the inherent limitations in evaluating companies ESG standards and alignment with SDG 3, due to challenges in the availability, quality, comparability, and timeliness of both financial and sustainability data.

The Sub-Fund does not have a reference benchmark to measure the performance of its characteristics.

#### **'No Sustainable Investment Objective':**

---

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. While it does not have as its objective a sustainable investment, it will invest at least 30% of net assets in sustainable investments. These are investment in issuers aligning with SDG 3 that have the social objective of improving good health and well-being, and which, at the same time do not significantly harm other sustainable objectives, related to environmental and other social objective, based on Principal Adverse Impacts (PAI) on sustainability factors as well as alignment with the OECD guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In line with the SFDR framework all mandatory principal adverse sustainability impacts indicators related to greenhouse gas emissions, biodiversity, water, waste, and social aspects applicable to companies and all additional indicators that are relevant for the investment universe are monitored for the sustainable investments that the Sub-Fund may invest in. These indicators are considered by the Investment Manager in the due diligence procedures for investment selection and ongoing monitoring. The Investment Manager relies on a Principal Adverse Impact Data Solution from a third-party provider that provides a comprehensive set of datapoints that have been mapped to the mandatory as well as the additional PAIs. More information is available on:  
<https://www.sectoral.com/en/sustainability>.

PAI indicators are considered in the due diligence procedures for investment selection and ongoing monitoring. Addressing any serious PAIs is achieved through methods ranging from voting and engagement activities to exclusions of individual issuers.

OECD recommendations on responsible business conduct across a range of issues such as human rights, labour rights, and the environment as well as the UN Guiding Principles on Business and Human Rights are considered in the due diligence procedures for investment selection and ongoing monitoring. The assessment considers analysis and ratings provided by a third-party ESG data provider.

### **Environmental or Social Characteristics of the Financial Product:**

---

The Sub-Fund:

- Mainly promotes social characteristics by investing partially in sustainable investments with a social objective. These consist of companies that contribute to an investment in human capital (good health and well-being), product quality and safety, tackling inequality by providing access to medicine, social integration and labour relations or independence of the board, and that the Investment Manager has identified as sustainable investments. These companies are innovative healthcare companies domiciled in the emerging markets and offering therapies and services across all healthcare segments.
- Also promotes certain minimum environmental standards and/or business practices. Therefore, it invests in issuers, that the Investment Manager considers well-prepared to handle material ESG (Environmental, Social and Governance) matters and by avoiding investments in issuers that are involved in severe controversies (i.e. that have a high controversy score).

The sustainable investments that the Sub-Fund financial product partially intends to make have the social objective of improving good health and well-being, contributing to SDG 3. Sustainable investments are made in companies with the majority of activities (as measured by turnover, enterprise value, or for pre-revenue companies R&D spend, or similar metrics) related, but not limited to the sale of innovative medicines, discovery of new mechanisms of action offering potential cures or better management of diseases that were difficult to treat before, medical device companies developing innovative technologies that improve patient outcomes, healthcare services companies that drive greater efficiency within healthcare systems, life science tools companies that enable innovation, as well as drug and device manufacturers that help increase access and improve affordability of healthcare in developing geographies. Medical breakthroughs have the power and potential to improve people's life expectancy and quality of life. Therefore, the focus on medical progress, innovation, and improved access to modern medicine helps meet the objective of improved health and well-being.

### **Investment Strategy:**

---

The Sub-Fund's investment objective is to generate superior returns by investing in innovative healthcare companies. The Sub-Fund aims to outperform the benchmark over a full investment cycle, with a concentrated portfolio of between 45-60 positions in high conviction investments ideas supported by fundamental, bottom-up analysis and deep scientific and commercial due diligence, complete with ESG assessment and analysis.

To achieve the investment objective, the Sub-Fund's net assets are primarily invested in equities, equity-like transferable securities, participation certificates etc. issued by healthcare companies

across emerging geographies. Investments are focused on companies offering emerging therapies and services across all healthcare segments and addressing significant unmet medical need.

The Sub-Fund follows an ESG Integration approach and will include a sustainable investment proportion by applying an SDG 3 alignment approach. Additionally, the Sub-Fund follows an Active Ownership strategy. It conducts voting and engagement activities, which are among others related to ESG factors. In order to attain its environmental and social characteristics, the Sub-Fund applies the following ESG framework:

1. ESG integration approach:

The Sub-Fund is being screened in accordance with the Investment Manager's view of appropriate ethical and sustainability principles. Sustainability-related factors and related risk management are fully embedded in the investment process.

- The Sub-Fund applies negative screening to companies with high ESG Controversy scores from a third-party ESG ratings provider. The Sub-Fund excludes investments in companies with serious and persistent failures to mitigate ESG risks resulting in a controversy Score of 5.
- The Investment Manager regularly monitors the ESG risk profile of the Sub-Fund and maintains a watchlist of companies that score in the bottom 20% on ESG Ratings within their investment peer group. Any investment in companies from this watchlist is reviewed on a case-by-case basis and exposure is limited to a maximum of 10% of overall assets at any one time. Many small and mid-sized emerging market healthcare companies have limited disclosure practices regarding their ESG profile due to limited resources. Such companies tend to have poor scores from rating providers, solely because of this lack of disclosure and not due to actual ESG failures. The Sub-Fund reserves the right to assess the actual ESG situation based on proprietary research and analysis and invest up to 10% of assets in such companies, contingent on engagement efforts with their executive teams to drive better ESG practices and risk mitigation. The Investment Manager commits to divesting watch-list positions whose ESG rankings do not improve within a 24-month timeframe, despite engagement efforts to drive better ESG practices and risk mitigation.
- The Sub-Fund will not build exposure to issuers involved in controversial industries such as tobacco, weapons, or coal-based industries, since the Sub-Fund invests exclusively in listed stocks of companies in the healthcare sector.

2. SDG 3 alignment approach:

At least 30% of assets are invested in sustainable investments that have the social objective of improving good health and well-being, in alignment with SDG 3, and which, at the same time do not significantly harm other sustainable objectives, related to environmental and other social objective, based on principal adverse impacts on sustainability factors. An issuer aligned with SDG 3 will be identified as such when the issuer has a significant proportion of its activities, as measured by turnover, enterprise value, or for pre-revenue companies R&D spend, or similar metrics, contributing to SDG 3.

The identified companies are emerging-market biotechnology, pharmaceutical and medical device companies developing innovative medicines and technologies that improve patient outcomes,

healthcare services companies and digital health companies that drive greater efficiency within healthcare systems, as well as healthcare companies that help increase access and improve affordability of healthcare in developing geographies.

### 3. Exclusion Approach:

As mentioned above, the Sub-Fund invests exclusively in listed stocks of companies in the healthcare sector. Therefore, it will not build exposure to issuers involved in controversial industries such as tobacco, weapons, or coal-based industries. The exclusion listed below are applied with the revenue thresholds indicated at the level of the issuer:

EXCLUSION	CRITERIA	EXCEPTIONS APPLIED?
<b>Sector/business activity-based exclusions</b>		
Adult entertainment	5% of revenues	No
Alcohol	5% of revenues	No
Conventional weapons, incl. firearms	5% of revenues	No
Coal (thermal)	5% of revenues	No
Coal power	5% of revenues	No
Factory farming	5% of revenues	No
Fur	5% of revenues	No
Gambling	5% of revenues	No
Gas extraction	5% of revenues	No
Gas Power	5% of revenues	No
Military Contracting	5% of revenues	No
Nuclear energy	5% of revenues	No
Nuclear weapons	5% of revenues	No
Oil extraction	5% of revenues	No
Oil Power	5% of revenues	No
Other Fossil Fuel (i.e. Tar /Oil Sands...)	5% of revenues	No
Palm Oil	5% of revenues	No
Tobacco	5% of revenues	No
Unconventional / controversial weapons	5% of revenues	No
Utilities (power)	5% of revenues	No

Adherence to the binding elements is continually monitored by the application of pre-trade restrictions and ongoing monitoring of the selected securities with regards to their compliance with the minimum controversy scores or minimum ESG rating or SDG 3 alignment scores.

The Investment Manager usually divests from an asset that does no longer complies with exclusion or other E/S characteristics within a time period to be determined by the Investment Manager without exceeding three months after such breach was detected. In case this is deemed necessary in the best interest of the investors by the Investment Manager, the period until divestment may be extended to three months. The E/S characteristics apply to at least 67% of the securities purchased.

### Policy to assess good governance practices of the investees companies:

- **Due diligence on good governance:** Good governance forms part of the overall investment thesis for all investments. Governance is initially assessed during the detailed due diligence performed as part of the Investment Manager's investment process and continually monitored thereafter. The assessment takes into account analysis and ratings provided by a third-party ESG data provider.

- **Active Ownership strategy:** The Sub-Fund further intends to ensure good governance of the investee companies via active ownership. A key part of this is the Investment Manager’s engagement with company executives on ESG-related issues, including on governance practices that have been identified as potentially material to an investment as well as with portfolio companies that score in the bottom 20% on Sustainalytics ESG risk ratings within their peer group. Another pillar of the strategy is proxy voting where the Investment Manager works with a proxy advisory firm. More information about the Sub-Fund’s active ownership strategy can be found under:

<https://www.sectoral.com/en/sustainability>.

#### Consideration of Principal Adverse Sustainability Impacts:

As part of the do no significant harm assessment, consideration will be given to the mandatory Principal Adverse Impacts (PAI) indicators provided in Table 1 (and where applicable, Tables 2 and 3) of Annex 1 Level 2 RTS ([Link](#)).

In circumstances where data quality or availability is insufficient to make a reasonable judgement on a quantitative basis with respect to any of the mandatory PAI indicators provided in Table 1, and where applicable Tables 2 and 3, the Investment Manager will use proxy indicators, such as controversy cases or norms violations related to negative impacts on the relevant sustainability indicator to assess harm caused by the company and will assess the relevance and materiality of the principal adverse impact indicator to the company, using industry expertise and any data available.

In cases where, in the Investment Manager’s view, a company causes significant harm with respect to a specific PAI, the Investment Manager will not consider an investment in such a company as a sustainable investment by the Fund.

#### Proportion of Investments:

At least 30% of the Sub-Fund’s net asset value is invested in sustainable issuers aligning with SDG 3 that have the social objective of improving good health and well-being, and which, at the same time do not significantly harm other sustainable objectives, related to environmental and other social objective, based on principal adverse impacts on sustainability factors.

INVESTMENTS	PERCENTAGE (OF NET ASSETS)	TYPE OF EXPOSURES
1. Aligned with E/S characteristics	At least 70%	Only through direct exposures
1.1. Sustainable	At least 30%	Only through direct exposures
1.1.1. Social objective	At least 30%	Only through direct exposures
1.2. Other E/S characteristics	Up to 70%	Only through direct exposures
2. Other	Up to 30%	Only through direct exposures

1. **Aligned with E/S characteristics "1"** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
2. **Other "2"** 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:

- The sub-category "1.1" Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category "1.2" Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Other investments may include derivative financial instruments for hedging purposes, unscreened investments such as investment funds for diversification purposes, investments for which ESG data is lacking such as IPOs, cash held as ancillary liquidity, or money market instruments or bank deposits for treasury purposes. While these instruments are not expected to detrimentally affect the attainment of the financial product's environmental and social characteristics, no minimum environmental or social safeguards are applied.

#### **Monitoring of Environmental or Social Characteristics:**

The sustainability indicators used to measure the attainment of the E/S characteristics promoted are:

- **Controversy score:** A controversy is defined as an event or aggregation of events relating to an ESG topic. The controversy score reflects a company's level of involvement in issues and how it manages these issues. Issuers are rated on a scale from 1 to 5, with 1 corresponding to a low impact on environment and society and 5 a severe impact on environment and society representing the most controversial companies.
- **ESG Risk Rating:** The ESG Risk Rating measures a company's exposure to material industry specific ESG risks as well as how well those risks are being managed. Risk is scored on a scale of 1-100, with 100 corresponding to the highest risk. ESG Risk exposure is measured against industry peers and the global universe. ESG Risk management is assessed based on the company's published sustainability programs and policies.
- **Percentage of issuers significantly contributing to Sustainable Development Goal 3 - Good health and well-being ("SDG 3"):** Companies contributing to SDG 3 are those tackling unmet medical needs and improving the health and well-being of people around the globe. An issuer contributing to SDG 3 will be identified as such when the majority of the activities of an issuer, as measured by turnover, enterprise value, or for pre-revenue companies R&D spend, or similar metrics, contribute to SDG 3. This indicator will be used for the identification of sustainable investments as described below.

The information used for the implementation of the ESG framework, and consequently the attainment of the environmental and social characteristics, are reviewed on a regular basis. The Sub-Fund is being screened in accordance with the Investment Manager's view of appropriate ethical and sustainability principles. Sustainability-related factors and related risk management are fully embedded in the investment process.

#### **Negative Screening Process:**

The Investment Manager applies negative screening to companies with high ESG Controversy scores from a third-party ESG ratings provider (Sustainalytics) to ensure that potential investee companies that are involved in controversial practices from an ESG perspective are excluded from the Sub-Fund.

- The Sub-Fund excludes investments in companies with serious and persistent failures to mitigate ESG risks resulting in a Controversy Score of 5 (with Controversy Scores of 1-4 being acceptable investments).
- Negative screening of the investment universe based on Controversy scores is conducted monthly.

The Investment Manager regularly monitors the ESG profile of the Sub-Fund and maintains a watchlist of companies that score in the bottom 20% on Sustainalytics ESG Ratings within their investment peer group.

- Any investment in companies from this watchlist is reviewed on a case-by-case basis and exposure is limited to a maximum of 10% of overall assets at any one time.
- Many small and mid-sized emerging market healthcare companies have limited disclosure practices regarding their ESG profile due to limited resources. Such companies tend to have poor scores from rating providers, solely because of this lack of disclosure and not due to actual ESG failures.
- The Sub-Fund reserves the right to assess the actual ESG situation based on proprietary research and analysis and invest up to 10% of assets in such companies, contingent on engagement efforts with their executive teams to drive better ESG practices and risk mitigation.
- The Investment Manager commits to divesting watch-list positions whose ESG rankings do not improve within a 24-month timeframe, despite engagement efforts to drive better ESG practices and risk mitigation.
- The ESG watchlist is updated on a quarterly basis.

The Investment Manager's investment process implicitly excludes exposure to issuers involved in controversial industries such as tobacco, weapons, or coal-based industries, since the Sub-Fund invests exclusively in listed stocks of companies in the healthcare sector.

Adherence to the binding E/S elements is continually monitored by:

- The application of pre-trade restrictions and
- Ongoing monitoring of the selected securities with regards to their compliance with the minimum controversy scores or minimum ESG rating or SDG 3 alignment scores.

The Investment Manager usually divests from an asset that no longer complies with exclusion or other E/S characteristics as quickly as possible after such breach is detected (for example if the issuers' Controversy rating worsens to Category 5, or if a watchlist name has been held for over 24-months and its ESG Rating has not improved in this time period). If deemed necessary in the best interest of



the investors by the Investment Manager, the period until divestment may be extended to three months.

### **Methodologies:**

---

#### **SDG 3 Alignment Approach:**

The Investment Manager reviews the alignment of the company's products and services that generate its revenue with the objectives SDG 3. Where a company is at the pre-revenue stage, or where it is otherwise appropriate, the Investment Manager will assess the alignment of a company's research and development or operational expenditure with SDG 3. Better therapies and more efficient healthcare services can deliver true value to patients and healthcare systems alike. These companies are developing solutions and tackling high unmet medical needs, lowering the pressures on healthcare budgets through the reduction of hospital admissions and symptom management.

#### **Broader E/S Characteristics:**

Before opening a new position in the Sub-Fund, the Investment Manager will have conducted research into the company, will usually have met with the management team on at least one occasion, and completed valuation assessments. Included in this process, and prior to management meetings, ESG data, if available from Sustainalytics will have been reviewed.

The Investment Manager relies on Principal Adverse Impact Data Solution from a leading third-party ESG data provider, Sustainalytics, to assess whether an SDG 3-aligned issuer is not causing significant harm to other sustainable (environmental or social) objectives and can be deemed a sustainable investment. From an environmental perspective, the Investment Manager will assess each issuers approach to greenhouse gas emissions, carbon intensity and toxic waste and emissions. From a social perspective, the Investment Manager assesses other social factors relevant to the broader healthcare industry, including the company's approach to labour management as well as product quality and safety. The Investment Manager assesses the governance practices of an issuer by evaluating the composition, independence and tenure of its board, remuneration structures and the effectiveness of the company's oversight.

#### **Exclusion approach:**

The Investment Manager retains data from third party data provider in order to analyze an issuer's exposure to activities excluded by the Sub-Fund, based on pre-defined thresholds. In order to qualify for initial investment, the issuer must not breach any of these exclusion criteria.

The Investment Manager maintains an exclusion list, updated monthly, to exclude investments in companies with serious and persistent failures to mitigate ESG risks resulting in a Controversy Score of 5. The watchlist of companies scoring in the bottom 20% on Sustainalytics ESG Ratings is updated quarterly. Adherence to the binding elements is continually monitored by the application of pre-trade restrictions and ongoing monitoring of the selected securities with regards to their compliance with the minimum controversy scores or minimum ESG rating or SDG 3 alignment scores.

#### **Monitoring of severe controversies:**

The Sub-Fund promotes the adherence with certain international norms and standards by excluding issuers that are (i) in violation with these norms and standards or (ii) that are involved in severe controversies (such controversies may be related to environmental, social and/or governance issues). Issuer's exposure to violations of these international norms or involvement in severe controversies is analyzed by the Investment Manager based on data from a third-party provider Sustainalytics. This data provider serves as a first source and is also used for the parametrization of pre- and post-trade checks.

The Investment Manager may, upon detailed review, disagree with their evaluation. Such reviews are analyzed by the internal risk management team. Additionally, the Investment Manager may not exclude the issuers if a positive outlook has been identified, for example through proactive response by the issuer, proportionate rectification measures already announced or taken, or through active ownership activities with reasonable promise of successful outcomes

### **Data Sources and Processing:**

---

The Investment Manager draws on multiple data sources to evaluate investments.

The alignment of companies within the healthcare investment universe with SDG 3 based on revenue, research and development and operation expenditure is evaluated based on data sourced from company financial reports and third-party data sources.

Third party data and research are used to evaluate a company's ESG profile, including both ESG Rating and Controversy scores as well as Principal Adverse Impacts analysis provided by the leading ratings provider Sustainalytics. Company website disclosures, corporate social responsibility and sustainability reports, semi-annual and annual Reports, regulatory filings, and news sources are also consulted for a fuller picture.

Where the Investment Manager wishes to obtain further relevant information, it will engage with the management teams of companies to further its understanding where necessary.

Data from third party sources are downloaded and processed either monthly or quarterly and Sub-Fund holdings are analyzed to ensure that portfolio E/S characteristics are within the prescribed limits.

The proportion of data that are estimated varies depending on data available to the third-party provider Sustainalytics. The Investment Manager does not estimate any data, but relies on Sustainalytics as its main source of ESG data.

### **Limitations of the Methodologies and Data:**

---

In assessing the eligibility of an issuer based on ESG research, there is a dependence upon information and data from third party ESG research data providers and internal analyses which may be based on certain assumptions or hypothesis that render it incomplete or inaccurate. As a result, there is a risk of inaccurately assessing a security or issuer. There is also a risk that the Investment Manager may not apply the relevant criteria of the ESG research correctly or that the financial product could have indirect exposure to issuers who do not meet the relevant criteria. This poses a significant methodological limit to the ESG strategy of the financial product.

Neither the financial product, nor the management company nor the investment manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness, or completeness of an assessment of ESG research and the correct execution of the ESG strategy.

In order to maintain confidence that social and environmental characteristics are met, the investment manager may also engage with investees in order to fill data gaps or may use complimentary data from additional providers or directly from investee disclosures.

### **Due Diligence:**

---

In order to qualify for initial investment, the investments aligned with the environmental and social characteristics must comply with the binding elements applied by the Sub-Fund. This compliance has to be ensured by the Investment Manager. For the elements that are in scope of the Sub-Fund's investment guidelines and subject to investment controls, the internal Investment Control unit has pre-trade checks mechanisms in place. The pre-trade checks allow portfolio managers to simulate trades and check each trade against restrictions, prior to placing orders, in order to prevent the occurrence of breaches. When submitting orders an automated check of the investment guidelines restrictions is performed, generating a warning to the portfolio managers, highlighting potential breaches that would materialize in case the orders would be executed.

### **Engagement Policies:**

---

The Investment Manager interacts routinely with company executives on ESG-related issues, including on governance practices that have been identified as potentially material to an investment as well as with portfolio companies that score in the bottom 20% on Sustainalytics ESG ratings within their peer group. Given the low level of ESG policy disclosure, particularly among the small and mid-cap healthcare companies, the Investment Manager will often encourage improvement and better disclosure of ESG practices.

Where the Investment Manager identifies a concern, for example, a controversy which materially negatively impacts the reputation of an organization, major product recalls, or concerns over the composition of the Board, then the appropriate level of escalation is determined. Engagement may occur through meetings/calls with the investor relations team or company executives, site visits, and action through formal voting at shareholder meetings.

The Investment Manager views the ultimate goal of engagement as generating sufficient information to better understand the investee companies, their governance structures, and their approach to ESG issues management. This is factored into the Investment Manager's overall investment assessment process, allowing for more informed voting and investment decisions on the company.

Another pillar of the strategy is proxy voting where the Investment Manager works with a proxy advisory firm and uses Sustainability Proxy Guidelines from ISS Shareholder Services as a guide for proxy-voting decisions. Non-routine proposals, including those involving ESG-related issues, may be given special attention, and are reviewed in detail. The Investment Manager strives to vote consistently in the best interests of shareholders and stakeholders and may on occasion diverge from recommendations provided by proxy voting advisors.

### **Designated Reference Benchmark:**

---

Not applicable. The Sub-Fund does not have a reference benchmark for the purpose of measuring the achievement of its ESG characteristics.

### **About Sectoral Asset Management**

---

Sectoral Asset Management was founded in 2000 and is exclusively focused on managing global healthcare portfolios. Sectoral continuously aims to achieve superior returns for our investors by concentrating on primary research.

Our investment philosophy is grounded in the belief that financial performance can go hand in hand with driving lasting

benefits for society through improved health and well-being.

Sectoral has one of the longest track records in managing biotech equities and provides investment management services to healthcare and biotech funds offered by partners in Europe and Asia. The firm is employee owned and registered with the SEC, AMF and the SFC.