

Patrimonial Medium

SFDR product category: Article 8

Summary

The fund aims to increase the value of your investment over the medium term through a combination of capital growth and income.

The fund mainly invests, through other funds, in equities and bonds from anywhere in the world, including emerging markets, while seeking a balanced approach.

The fund favours investments with a comparatively high ESG profile (ESG positive tilt) and excludes or restricts investments in certain sectors that have significant activities with adverse environmental or social impacts.

The fund does not have sustainable investment as its objective.

The ESG fund selection process aims to identify asset managers that:

- use ESG factors and considerations in their investment processes
- are transparent about their ESG analysis process, including stewardship, and how it interacts with financial aspects of the portfolio management

The fund uses a data- and analysis-based methodology to fully integrate ESG factors into the investment decision process.

No sustainable investment objective

This fund promotes E/S characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

Positive ESG tilt approach The investment manager favours investments in funds with a comparatively high ESG profile (SFDR article 8 and 9 funds) and seeks to lower environmental, social and governance (ESG) risks.

ESG-based exclusions The investment manager takes into consideration exclusions applied by the funds in the portfolio. These funds may exclude companies that are in severe breach of international social, labour and human rights norms, or exclude or restrict investments in certain sectors that have significant activities with adverse environmental or social impacts, such as tobacco and controversial weapons.

Investment strategy

Objective To increase the value of your investment over the medium term through a combination of capital growth and income.

Benchmark None.

Investment policy The fund mainly invests, through other funds, in equities and bonds from anywhere in the world, including emerging markets, while seeking a balanced approach.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for generating additional income or growth.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to adjust exposure to asset classes and geographic areas, and to select investments that appear to offer above-average growth prospects, particularly in relation to trends in financial markets.

Sustainability approach The investment manager integrates environmental, social and governance (ESG) criteria factors as a core element of its strategy. In particular, the investment manager assesses potential investments based on a proprietary ESG scoring method, their alignment with the UN's Sustainable Development Goals and, for funds in which it may invest, their exclusion or inclusion policies.

Fund base currency EUR.

Proportion of investments

	% of assets
Investments aligned with the fund's E/S characteristics	Min. 85%
Qualifying as sustainable investments	Min. 0%
- under the EU Taxonomy	—
- with a social objective	—
Not qualifying as sustainable investments but having other E/S characteristics	Min. 85%
Other investments¹	Max. 15%

¹ Includes derivatives and cash positions (which are not measured as to E/S characteristics) as well as securities of issuers that are neither aligned with the fund's E/S characteristics nor qualify as sustainable, but do meet the E/S safeguards of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Monitoring of environmental or social characteristics

The investment manager monitors ESG profiles of the funds it invests in. It may also use this information in deciding to begin, increase, decrease or end the fund's exposure to any securities or funds.

Specifically, any significant deterioration of a fund's ESG profile could lead to its removal from the approved fund list; this decision can be made at the analyst level without validation by the Fund Assessment Committee.

The investment manager regularly reviews the exclusion policy of funds in the portfolio as well as their exposure to controversy activities. Findings are discussed with fund managers which might lead to divesting if explanations do not meet the investment manager's criteria (divesting intervenes usually within six months after an unresolved issue).

► See also: *Methodologies*.

Methodologies

The ESG fund selection process aims to identify asset managers that:

- use ESG factors and considerations in their investment processes
- are transparent about their ESG analysis process, including stewardship, and how it interacts with financial aspects of the portfolio management

Key elements of the selection process include:

Universe definition The eligible investment universe is limited to article 8 and 9 funds that demonstrate a positive ESG profile based upon an proprietary methodology that includes the analysis of third-party ESG ratings and ESG labels.

Asset managers (or management companies) of these funds must also pledge to adhere to any major sustainability initiatives, such as the UN Principal Responsible Investing initiative.

Inclusion and exclusion screenings Funds in scope should ideally combine two types of screening:

- negative screening based on exclusion criteria and thresholds that filter out activities that are the most harmful or do not meet international norms such as the UN Global Compact
- positive screening or inclusion policies that use a best-in-class approach to the level of sustainability within a sector or sub-sector, or on the use of an integrated and systematic ESG materiality framework

These screenings are adapted to the type of asset class.

Other product-related considerations BIL Invest analysts may apply other filters such as the fund type, domicile and category, the investment style, available share classes, assets under management and track record.

Quantitative analysis Funds that have successfully passed the three first levels of the selection process go through a quantitative, score-weighted methodology that consolidates scores based on a series of ratios to assess financial performance. This methodology, which is reviewed on a regular basis, includes risk/return measurements.

Computations take into consideration different time periods.

Qualitative analysis BIL Invest analysts run a qualitative assessment of short-listed funds that includes a peer group comparison and is based on research on those funds' asset managers. This process is based on presentations, detailed information on performance attribution and holdings, and due diligence.

Before making a decision to invest, BIL Invest managers and analysts interview the fund's investment team to get information on:

- size of the organisation, shareholder structure, remuneration approach, key staff changes, degree of experience and specialisation, level of resources, and degree of interaction between ESG analysts, financial analysts and portfolio managers
- investment processes, including idea generation, valuations, security selection, portfolio construction and monitoring, stewardship and voting policy
- portfolio diversification and turnover, and performance attribution
- ESG analysis and monitoring process, materiality framework (if any) and its impact on, and integration with, portfolio construction
- risk management, coherence of process and tools, supervisory body and fund shareholder base

Proprietary scoring BIL Invest analysts use the above quantitative and qualitative input to establish a proprietary scorecard for each short-listed fund. These scorecards are reviewed regularly. The Fund Assessment Committee makes the final decision on which funds are approved for potential investments.

The fund also considers and monitors principal adverse impacts (PAIs) by aggregating PAI indicators in use by the funds in the portfolio. The PAIs in scope remains at the full discretion of the fund and may change over time. Information the fund's exposure to PAIs is available in the SICAV's annual report.

Data sources and processing

Data sources include:

- third-party ESG scoring, database and research
- fund issuers data and information
- interviews with fund managers
- BIL Invest analyst reports and proprietary research

Quality is maintained by comparing information from multiple sources, such as comparing fund issuer data with independent and internally gathered data, and reviewing data on an ongoing basis.

► See also: *Methodologies and Monitoring of environmental or social characteristics*.

Limitations of methodologies and data

Since ESG data is a comparatively new concept, there is little historical data available, and data methodologies as well as actual data are still being developed. In some cases, such as upstream carbon data that does not include double-counting, there is currently no reliable way to calculate or even estimate data.

Data provided by any source, in particular companies themselves, may be incomplete, biased or incorrect. Data comparisons can often identify such situations, but in some cases little data is available to make comparisons. In some cases, metrics that appear to be comparable may have been derived using non-comparable measurements. Any of these issues could leave the fund potentially vulnerable to data flaws.

► See also: *Data sources and processing*.

Due diligence

The investment manager evaluates and continually monitors both actual and potential investments using widely accepted standards and a variety of internal and external data sources, including major financial industry providers.

► See also: *Methodologies*.

Engagement policies

The fund does not have a formal engagement policy.

Designated reference benchmark

The fund does not use a benchmark to evaluate its overall ESG profile.

Terms to understand

Article 8 SFDR Under the Regulation (EU) 2019/2088 on sustainability-related disclosures for financial products, a financial product that promotes environmental or social characteristics but does not have a sustainable investment objective.

E/S Environmental and/or social.

ESG Environmental, social and governance.

ESG risk, sustainability risk An ESG event or trend that may bring reputational or financial harm to a corporate or sovereign issuer.

ESG score A measure of an issuer's exposure to ESG/sustainability risks, typically based on data and developed through the investment manager's analysis and scoring method.

EU Taxonomy The EU's official classification of economic activities that contribute to an environmental objective (such as climate change mitigation, water protection, circular economy, pollution prevention or biodiversity protection). In future the taxonomy will include activities with a social objective.

issuer A company, government, government agency, government-sponsored organisation, or supranational or public international entity that registers and sells securities.

reference benchmark An index or combination of indices used by the fund to attain or compare its E/S characteristics.

SFDR Regulation (EU) 2019/2088 on sustainability-related disclosures for financial products.

sustainable investment An investment in economic activities, undertaken by companies that follow good governance practices, that contribute to an E/S objective without significantly harming other E/S objectives.

UN Global Compact A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.