

ALMA PLATINUM IV MIDOCEAN ABSOLUTE RETURN CREDIT

SUMMARY

The Sub-Fund is classified as a product that promotes environmental and social characteristics according to Article 8 of the Regulation (EU) 2019/2088, however it does not have as its objective sustainable investment. The Investment Manager will invest a minimum of 50% of assets that meet the environmental and social characteristics. For the purpose of promoting these characteristics, the Investment Manager researches ESG characteristics through a qualitative and quantitative analysis and applies a sector exclusion list.

NO SUSTAINABLE INVESTMENT OBJECTIVE

This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE SUB-FUND

The environmental and or social characteristics of this Sub-Fund include:

Qualitative and Quantitative analysis:

An ESG analysis is conducted for all issuers and an investment memo is prepared, which contains summaries and ratings around each of environmental, social, and governance considerations relevant to the issuer. Sustainability risk and strengths are monitored on an ongoing basis by the investment teams, and ESG risk reports are circulated to investment teams on a monthly basis.

Such summaries and ratings are prepared on the basis of the reporting provided by MSCI's ESG Platform, a tool that provides ESG ratings for issuers, where available, as well as useful reporting around ESG risk by sector.

The summaries prepared by the Investment Manager systematically include, MSCI ESG and Carbon Emission Score ratings of the company and the sector and key issues identified; an analyst assessment and commentary regarding each of environmental, social and governance issues separately; identification and assessment of specific topical ESG considerations such as climate impacts, labor risk, cyber security risk, among other areas (which may be updated over time to reflect changing topical risks); and an internal ESG issuer and sector rating based on the analyst's assessment. This rating system is a useful tool that rates issuers in consideration of sector-specific and other risk areas. Those summaries and ratings are discussed during Investment Committee meetings.

In Investment Committee meetings, ESG risk and opportunities are brought to the attention of the Chief Investment Officer and the Portfolio Managers, who are tasked with ensuring that ESG is considered in the issuer approval process. To the extent a MSCI ESG rating is available for a given issuer, an MSCI ESG Report must be circulated to the Chief Investment Officer and to Portfolio Managers in advance of the relevant Investment Committee meeting. On at least an annual basis, these ESG concepts as well as the ESG risk and opportunities of a sampling of each analyst's issuers are discussed in one-on-one Analyst ESG Reviews. Additionally, on a quarterly basis, the ESG Officer is responsible for updating the Risk Committee on ESG developments and progress.

Sector exclusions:

The Investment Manager will not invest in the following sectors:

- 1) Cluster munitions
- 2) Controversial weapons
- 3) Retail firearms
- 4) Adult entertainment

Neither will it invest in companies who act in violation of human rights such as child labor and child pornography.

A reference benchmark has not been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

INVESTMENT STRATEGY

The Investment Manager will seek to identify long and short credit-driven investments in financial instruments of corporate issuers. The Investment Manager will apply relative value asset selection and fundamental credit analysis principles when evaluating investments.

The Sub-Fund mainly invests in U.S. dollar denominated securities of corporations based in the U.S. but may also invest a portion of its assets globally. Investments will be made in both investment grade and non-investment grade assets including distressed securities (which are not expected to exceed 10% of the Sub-Fund's Net Asset Value) with a core focus on crossover credit assets.

Derivative instruments (including both exchange-traded and over-the-counter derivatives, such as swaps, futures and options) may be used for investment and hedging purposes. By using such derivative instruments, the Sub-Fund itself can be economically leveraged and could therefore be subject to an accelerated increase or decrease of the Net Asset Value of the Sub-Fund (relative to the increase or decrease in value of the asset to which the derivative instruments relate). Derivatives are typically unfunded instruments. If the Sub-Fund is investing extensively using unfunded derivatives, a significant proportion of the assets of the Sub-Fund may be invested in cash, cash bonds, including government bonds and money market instruments.

The Investment Manager invests in long and short positions.

Good governance practices of investee companies is addressed through a review of different governance factors (such as management integrity, corporate structure or gender equality), engagement with the management and being an active shareholder. The Investment Manager team strives to vote each time it has the opportunity to do so. Voting decisions will be discussed among the Investment Management team in order to reflect the position which is – in the opinion of the Investment Management team – in the best interest of the shareholders of the fund taking into account not only financial perspectives, but also sustainability factors.

The investment team seeks to engage with issuer's management teams to identify, monitor, and manage ESG risk and opportunities.

Engagement is embedded in the investment process and conducted by credit analysts, and is prioritized based on size and duration of holdings, performance considerations, credit quality, degree of transparency, materiality of ESG risks and opportunities, recent downgrades, controversies or scandals that are presenting financial or reputational risk, and priority themes and trends, among other areas. Engagement may also be relevant in the underwriting process for new positions. These discussions generally consider ESG risk at the issuer, sector and geographic level.

The need to influence ESG-related practices and/or improve ESG disclosure is assessed through these engagement exercises and ESG-related gaps and/or goals are communicated to Management Teams. Progress against these gaps and/or goals are tracked by the Investment Teams.

PROPORTION OF INVESTMENTS

The minimum proportion of the investments used to attain the environmental and social characteristics promoted by the Fund is 50% of the net asset value.

Such exposure is reached through direct investment into target companies.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Sector exclusions:

Sector-based exclusions (as further detailed above) prevent investments into activities that are deemed to be inappropriate for the strategy.

ESG screening:

In addition to sector exclusions, the Investment Manager makes use of external ESG ratings provided by MSCI, and internal ratings produced by the investment team based on their own analysis. ESG considerations are discussed at investment committee meetings as part of the pre-investment screening process and ongoing review by the investment team to verify that portfolio positions are within the required ESG guidelines and supported by research is conducted. An ESG Committee meets quarterly to discuss any pertinent issues, and to the extent applicable, certain issues may be escalated to the Risk Committee for review. Beyond these ESG oriented processes, the Investment Manager has a thorough portfolio risk management process in place.

The binding elements are documented and monitored by the Investment Management team before any investment decision and are reviewed by the investment team as part of the ongoing monitoring process.

METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

On an ongoing basis the Investment Manager reviews the fundamental research carried out by the team and the justification of ESG considerations as a component of investment selection. The Investment Manager materialises such review through an internal ESG rating for each investment.

In order to measure attainment of the sector exclusions, the Investment Manager analyses the fund's holdings and whether or not they have breached the exclusions set out above.

DATA SOURCES AND PROCESSING

To attain ESG ratings for issuers, analysts source data from MSCI. Additionally, analysts are required to provide their own internal ESG ratings based on their own analysis to complement the MSCI ratings.

The Investment Manager continuously works to cultivate its relationship with MSCI, who has been a tremendous partner in providing ESG-related data around the majority of their issuers and their industries. Where applicable, they have engaged MSCI and issuer management teams around ratings changes to ensure the quality of data is up to date and reflects changes in the space.

Data is pulled by analysts directly from MSCI.

While a percentage of the issuers are not in the MSCI universe and as such do not receive an external ESG rating, all issuers are given an internal ESG rating provided by the Investment Manager's analysts.

LIMITATIONS TO METHODOLOGIES AND DATA

There are certainly data limitations as not all issuers are rated in the MSCI universe. To address this, the Investment Manager has required its analysts to provide both MSCI ratings as well as their own ratings based on their own analysis.

Due to the fact that regardless of exposure in MSCI, each issuer is rated, such limitations do not affect how ESG characteristics promoted by the financial product are met.

DUE DILIGENCE

An ESG analysis is conducted for all issuers and an investment memo is prepared, which contains summaries and ratings around each of environmental, social, and governance considerations relevant to the issuer. Sustainability risk and strengths are monitored on an ongoing basis by the investment teams, and ESG risk reports are circulated to investment teams on a monthly basis.

Such summaries and ratings are prepared on the basis of the reporting provided by MSCI's ESG Platform, a tool that provides ESG ratings for issuers, where available, as well as useful reporting around ESG risk by sector. This platform provides a comprehensive report as it relates to specific issuers and ESG reports as it relates to industries in the portfolio. The summaries prepared by the Investment Manager systematically include, MSCI ESG and Carbon Emission Score ratings of the company and the sector and key issues identified; an analyst assessment and commentary regarding each of environmental, social and governance issues separately; identification and assessment of specific topical ESG considerations such as climate impacts, labor risk, cyber security risk, among other areas (which may be updated over time to reflect changing topical risks); and an internal ESG issuer and sector rating based on the analyst's assessment. This rating system is a useful tool that rates issuers in consideration of sector-specific and other risk areas. Those summaries and ratings are discussed during Investment Committee meetings.

In addition, the Investment Manager maintains a Credit ESG Committee, made up of individuals from Portfolio Management, Compliance, Operations, Research, Human Resources, and Marketing/Investor Relations, that is tasked with a variety of sustainability-related objectives. The Credit ESG Committee meets on a monthly basis and has the following roles and objectives:

- implementation of enhancements to reporting and to investment memos;
- selection of ESG case studies;
- expansion of MSCI coverage areas, for example, into loans and a deeper coverage of private high yield issuers;
- implementation of LSTA (Loan Syndications and Trading Association) checklist and other changes to the diligence

process;

- response to investor requests; and
- discussion of new ESG themes and focus areas.

Sustainability risks are integrated within the investment process of the Sub-Fund as explained above. It is assessed that the sustainability risks that the Sub-Fund may be subject to are likely to have an immaterial impact on the value of its investments in the medium to long term due to the mitigating nature of the Sub-Funds' integration of sustainability factors.

The Investment Manager will not invest in the following sectors:

- Cluster munitions
- Controversial weapons
- Retail firearms
- Adult entertainment

Neither will it invest in companies who act in violation of human rights such as child labor and child pornography.

ENGAGEMENT POLICIES

Engagement is embedded in the investment process and conducted by credit analysts, and is prioritized based on size and duration of holdings, performance considerations, credit quality, degree of transparency, materiality of ESG risks and opportunities, recent downgrades, controversies or scandals that are presenting financial or reputational risk, and priority themes and trends, among other areas. Engagement may also be relevant in the underwriting process for new positions. These discussions generally consider ESG risk at the issuer, sector and geographic level.

The need to influence ESG-related practices and/or improve ESG disclosure is assessed through these engagement exercises and ESG-related gaps and/or goals are communicated to Management Teams. Progress against these gaps and/or goals are tracked by the Investment Teams.

To the extent material developments are uncovered in engagement discussions, these developments may be discussed with the Chief Investment Officer and Portfolio Managers at Investment Committee meetings, to ensure such developments are incorporated into investment decisions. To the extent necessary, these developments may be escalated to the Risk Committee.

DESIGNATED REFERENCE BENCHMARK

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product.

Last updated on 16 March 2023