

ANNEX II

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: Aescap Genetics

Legal entity identifier: 894500QH8OYTAUTITP32

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes	No
<input checked="" type="radio"/> <input type="radio"/>	<input type="radio"/> <input checked="" type="radio"/> X
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input checked="" type="checkbox"/> X 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 30% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> X with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments.

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



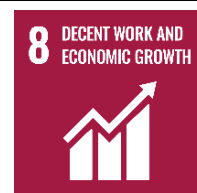
In addition to its financial aim to gain value by investing in publicly traded shares of biopharmaceutical companies and potentially also diagnostics and/or medical device companies, Aescap Genetics (the Fund) promotes a social characteristic. Companies that research, develop, or produce treatment/solutions for diseases with a high unmet medical need (HUMN) are the focus of the Fund's investment strategy.

The Fund considered the heterogeneity behind this notion and defined that these types of diseases (for example Alzheimer's Disease, Arthrosis, Diabetes, Multiple Sclerosis, Cancer, Parkinson's Disease) are characterized by: (inadequacy of) available treatments, severity of impact on the patient, and the impact on the health care

system in the geographies the company currently markets or plans to market or distribute its current or future product(s). This encompasses what an unmet medical need is in healthcare and biotechnology.

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

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

Social characteristics			
SDG	Target	Key Performance Indicator (KPI)	How is the impact being measured
	Ensure healthy lives and promote well-being for all at all ages	% of products on the market or in development targeting high unmet medical need	≥50% of products on the market or in development targets diseases with a high unmet medical need
	Achieve gender equality and empower all women and girls	Average ratio of female to male board members in investee companies	Number of female vs male identifying board members as reported by the portfolio company
	Increase sustained, inclusive and sustainable economic growth, full and productive employment and decent work	Percentage of portfolio companies with policies on the protection of whistle blowers	Percentage of the number of portfolio companies that have a whistle blower policy in place.

By measuring and monitoring the alignment of the portfolio and Fund activities to the focus points above, Aescap Genetics provides insight into how its social characteristic is achieved.

Alignment with SDG 3: Good Health and Wellbeing

Developing treatments for diseases with a high unmet medical need is the focus point of the Fund. These types of diseases and conditions, for example Alzheimer, Arthrosis, Diabetes, MS, Oncology, Parkinson are characterized by: (inadequacy of) available treatments, severity of impact on the patient and severity of impact on the health care system.

A company qualifies to contribute on this criterion if:

For a company with product(s) on the market that has been profitable in the past 3 years:

≥ 50% of the products it markets are aimed at treating diseases with a high unmet medical need

For an unprofitable company with product(s) on the market or for a company without product(s) on the market:

≥ 50% of its pipeline programs and products on the market are aimed at treating diseases with a high unmet medical need.

If a company qualifies, then the actual percentage of pipeline programs and/or products on the market addressing a high unmet medical need will be used in the calculation of how much of the fund AUM is contributing to this goal, proportionate to that company's weight in the portfolio.

If a company does not qualify, then it counts for 0% to the fund's contribution to the high unmet need goal.

In the above items, by product on the market, we mean a product marketed by the company or a product marketed by a partner/distributor from which the company derives any financial interest tied to sales (milestones payments, royalties, etc.)

In the above items, when we look at approved indication(s) of product(s), should there be difference between labels in different geographies/regulations, we take the indication with the broadest population approved to assess.

Alignment with SDG 5: Gender Equality

The biotechnology industry is heavily reliant on highly educated and skilled people and having the right team in place can mean the difference between success and failure of a treatment. In addition, the application of treatments across countries, ethnicities and genders requires a broader research focus than the sector has historically applied. Therefore, a biotech company should employ a diverse mix of employees who all bring their specific knowledge and insights.

By reporting on the number of female-identifying board members and engaging with portfolio companies to collect this information alongside other employee engagement and diversity information, the sector is encouraged to improve its hiring practices and ultimately benefit from having diverse teams.

Alignment with SDG 8: Decent Work and Economic Growth

The development process of medical treatments holds multiple risks such as product and research quality, safe and responsible clinical trials and strong relations with patients, employees, and other stakeholders. These form the foundation for all companies in the healthcare sector. Strong whistle blower policies and protection support a work culture of trust and high quality which leads to better and safer medical treatments as well as increased public trust in the sector.

By reporting on the level of whistle blower policies and engaging with portfolio companies to collect this information, the sector is encouraged to foster the best working conditions and the highest quality levels in their medical treatment development processes.

● **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?**

The objectives of the sustainable investments in the Fund are to research, develop or produce treatment for diseases with a high unmet medical need.

Developing medicines and other solutions for diseases where there is a high unmet medical need has a tremendous positive impact at various levels of our society. The first and most obvious is for patients affected by such diseases. The wide ranges of disease types and severity can impact people in many ways. Some of these diseases are eventually fatal, but the unmet medical need does not lie solely on mortality. In fact, patient's lives can be disrupted by conditions that impair the senses (e.g., blinding diseases, that can be congenital, age-related, or trauma related), affect walking and physical function abilities (e.g., muscle wasting diseases, not always fatal but always limiting), disrupt the integrity of the skin (e.g., skin scarring and scaling diseases), challenge the mental status of the patient (e.g., mood disorders), as well as in countless other ways. A person's health should not be limited to assessing whether that person is alive, but the assessment should focus on the patient's overall wellbeing and the function of each organ system, including mental health. By alleviating or even curing any of the conditions, the quality and length of life for patients improves dramatically.

Improving people's health by developing medicines and other solutions, or enabling their development, has impacts that go beyond patients and their health. If patients' health improves, it can enable them to resume working, enjoying their social lives, and reduce the stress on family and friends, leading to an immediate contribution to the function of society as well as a relief on the healthcare system that was supporting them before, leading to reduced public and private spending as well as to lowered consumption of resources that can impact the environment.

● **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?**

Aescap Genetics investigates the processes and policies of any potential investment on common environmental and social risks in the biotechnology sector as defined by the Sustainability Accounting Standards Board (SASB) and by the Principal Adverse Impact (PAI) indicators. If the investment does not report or is not deemed by the Fund to be improving in the SASB/PAI listed relevant risks, then such investment will not be deemed sustainable. Which risks are material to the Fund and its investments is outlined in detail in the Fund's prospectus. In addition, the Fund excludes potential investments with a history of poor performance on sector best practice that have insufficient policies or that has insufficient plans to improve in their social and environmental impact.

How have the indicators for adverse impacts on sustainability factors been taken into account? Specifically, the fund has identified the PAI indicators to be "very important" and "important", respectively based on their relevancy to the biotechnology sector and the specific areas where a company is most likely to do significant harm. Two of the

mandatory PAI indicators are not deemed relevant for the companies within the scope

of investment of the fund. The Fund's PAI statement, available on its website, contains a detailed explanation of the PAIs considered. If the Fund concludes that an investment is at risk of having a negative impact on more than 1 of the very important indicators or on 5 or more of the important indicators, then the investment may be doing significant harm and therefore cannot be classified as sustainable. It may still contribute to the fund's social characteristic, however.

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

Each analysis includes a scan for violations of OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights and for processes and compliance mechanisms that each investment needs to have. More broadly, the totality of the questions and risk factors taken into account in each analysis are aligned with the UNGC and OECD general principles : human rights (e.g. inclusion in clinical trials and access to medicine, diversity and inclusion), labour (e.g. employee recruitment, development and retention), environment (e.g. PAI indicators and animal welfare), and anticorruption (e.g. ethical marketing, business ethics).



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

- Yes, the Fund considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures regarding the Fund. For sustainable investments this means ensuring that the investments do no significant harm to any environmental or social objective. The Fund's PAI report, available on its website, contains a detailed explanation of the PAIs considered, collected, and reported on.

No

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.



What investment strategy does this financial product follow?

Aescap Genetics aims to gain value by investing in publicly traded shares of genetics biotech / life sciences companies. It invests in highly innovative companies that develop and market new genetics medical treatments such as gene, RNA and cell therapies. It can to a limited extent also invest in companies that develop and market medical genetics diagnostics.

The Fund has a focused portfolio, investing in approximately 20 companies with the potential to (more than) double their share price over a period of 4-5 years. It aims to make investments in companies globally, but most investments are likely to be made in companies located in Europe and Northern America given the innovation power in biotech in these markets.

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

- ***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?***
- An investment candidate:
 - Needs to be willing to communicate and/or share information regarding the relevant topics and risk factors for the fund ESG policy (e.g. SASB, PAI) AND
 - Cannot be responsible for a breach of human rights in the past 3 years, as stated in the UNGC principles and OECD Guidelines AND
 - Cannot be responsible for inadequate disclosure of defects of safety issues relating to one or more of its products in the past 3 years AND
 - Gains part of its revenue from or has part of its pipeline of products under development in products that relate to diseases with a high unmet medical need OR
 - Produces products or materials that enable improved treatment of such diseases. (note that these companies do not count towards the attainment of the social characteristic of the Fund)

- ***What is the policy to assess good governance practices of the investee companies?***
The intended investment's preparedness to deal with material governance risks is investigated based on the standards of the Sustainability Accounting Standards Board (SASB). Which governance risks are material to the fund and its investments is outlined in detail in the Fund's prospectus. If an intended investment is found to have a low average preparedness on any of the material governance risks investigated, the Fund may include the investment in its portfolio and start an engagement project to improve its preparedness provided that: the investment is otherwise aligned with the investment strategy of the Fund and the investment's board or management has indicated their willingness to participate in the engagement process. If, after three years, no significant improvement is achieved from the engagement project, the investment will be exited.

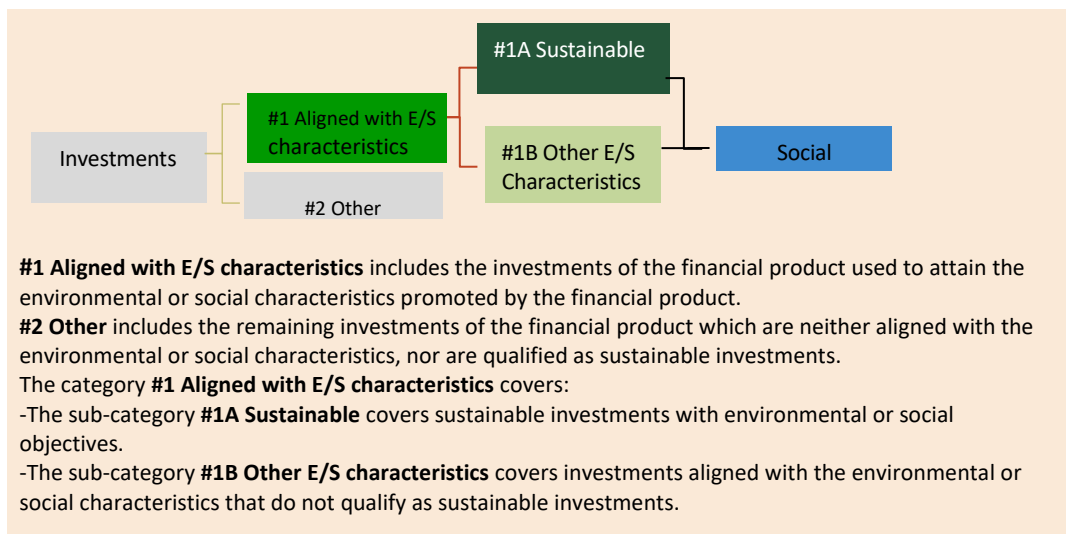
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

Aescap Genetics aims to select as much of its portfolio as possible to be aligned with its social characteristics. The Fund does this by investing in publicly traded shares of genetics biotech / life sciences companies globally that have a minimum of 50% of its revenue or 50% of their pipeline of products under development that relate to diseases with a high unmet medical need. The manager aims for a minimum of 30% of the Fund's NAV excluding cash to align with the social characteristics of the Fund.

Asset allocation describes the share of investments in specific assets.



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

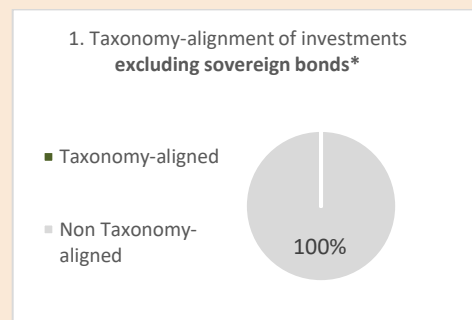
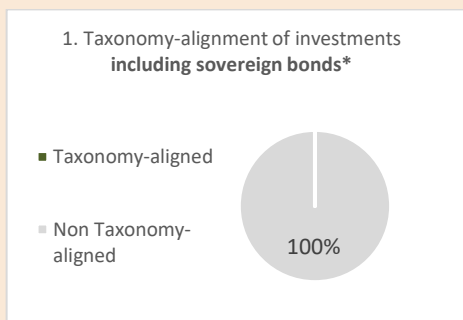
The Fund does not make use of derivatives except for warrants. Any Fund holdings potentially resulting from these warrants are subject to the same requirements to align with social characteristics of the Fund as its other holdings.



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

As the Fund promotes social characteristics, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

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

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

Yes:

In fossil gas In nuclear energy

No

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

● **What is the minimum share of investments in transitional and enabling activities?**
None



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

As the Fund promotes social characteristics, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.



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

The manager aims for a minimum of 30% of the Fund’s NAV excluding cash to align with the social characteristics of the Fund



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

An asset may be marked as ‘other’ for the following reasons:

- Cash: the Fund may hold cash freely available for investment or cash for portfolio management purposes.
- Borrowings: the Fund may temporarily borrow up to 10% of its Net Asset Value (NAV) for portfolio management purposes or to benefit from an investment opportunity.
- Non-aligned assets: holdings whose activities do not contribute to the social characteristics of the fund.

For non-aligned assets, at minimum a material ESG risk analysis based on the standards of the Sustainability Accounting Standards Board (SASB) is performed.



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?

There is no specific index designated as a reference benchmark to measure whether this financial product is aligned with the social characteristics that it promotes.



Where can I find more product specific information online?

More product-specific information can be found on the website of the [Fund](#) or the [Fund Manager](#)