

FFG European Impact Equities

A fund of FFG, SICAV • Category SFDR : Article 9 • LEI: 5493000DXNM19GSAZJ68

Date: 01/07/2023

Summary

The fund aims to increase the value of its investments over the long term while pursuing a sustainable investment objective.

Due to the manager's bottom-up approach to stock selection, the fund does not promote any particular environmental and/or social characteristics, but a combination of them.

The manager seeks to invest in companies that have a material and measurable impact on sustainability. In order to achieve this objective, the manager selects issuers that contribute directly or indirectly through their activities to the achievement of one or more of the Sustainable Development Goals (SDGs) defined by the United Nations.

It excludes or restricts investments in certain sectors that have significant activities with adverse environmental or social impacts.

Sustainable investment objective

This fund has as its objective sustainable investment.

“No significant harm” principle

The manager applies an internal model for monitoring principal adverse impacts and compliance with the principles of good governance, which enables the identification of potential significant adverse impacts of a sustainable investment on other sustainability objectives.

In particular, the manager excludes from its investment universe companies that present very severe controversies in terms of governance.

Main indicator for measuring impact on sustainability

The fund manager uses the following indicators to measure the achievement of the sustainable investment objective (calculated on all companies in the portfolio):

- % of investments on SDG

E/S characteristics

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Investment strategy

Objective(s) To achieve long-term capital appreciation of your investment, while pursuing a sustainable investment objective.

Benchmark(s) The Fund is managed without reference to an index.

Portfolio investments The fund invests primarily in equities of companies around the world, including emerging markets, whose products or services contribute to sustainable development objectives.

Derivatives and techniques The Fund may use derivatives to reduce portfolio management risks and costs, but not to achieve a higher return by increasing its investment exposure.

Strategy In actively managing the portfolio, the manager uses a fundamental and conviction approach to identify a relatively small number of quality companies with high potential for appreciation.

SUSTAINABILITY APPROACH The manager focuses its investments in environmentally and socially sustainable activities, favours issuers with a high environmental, social and governance (ESG) profile, and excludes those with a low ESG profile. It also excludes companies that do not comply with international human rights or labour standards, as well as those with significant exposure to sectors such as fossil fuels, tobacco, alcohol, gambling or civil or military weapons.

Base currency EUR

E/S methodologies

Investment in positive impact companies

The fund invests a minimum of 75% of its net assets in sustainable environmental or social assets. The manager therefore favours investment in companies with an ESG rating above a defined minimum and which contribute, directly or indirectly, to the achievement of the sustainable development objectives defined by the United Nations.

Restricted investment universe

The fund reduces its investment universe by 20% by excluding issuers with the lowest extra-financial ratings. These ratings are based on a combination of environmental, social and governance (ESG) factors such as carbon emissions, human capital development or board composition. This rating system is established by MSCI ESG Research, an external and independent service provider.

The fund also excludes companies generating more than 10% of their revenues from the following sectors : thermal coal (extraction and power generation) and oil (extraction, refining and power generation) ; gold mining ; weapons ; alcohol, tobacco or gambling.

Exclusions

The fund applies an exclusion policy based on :

- consideration of controversies including violations of international social, labour or human rights standards and conventions, such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises

- the exclusion of companies whose activities involve the manufacture, use or possession of controversial weapons, such as anti-personnel landmines, cluster munitions, biological and chemical weapons, depleted uranium

Active engagement

On a case-by-case basis, and in particular with a view to protect the interests of its shareholders and achieving its ESG objectives, the fund may engage with management team of the issuers and exercise its voting rights to influence its portfolio companies on material ESG issues.

Asset allocation

	% of assets
Sustainable investments	Min. 75%
- under the EU Taxonomy ¹	—
- with a social objective	Min 10%
- with an environmental objective	Min 10%
Other investments²	Max 25%

¹ Cannot yet be calculated due to the lack of issuer data and incomplete EU Taxonomy criteria.

² 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 E/S characteristics

The fund manager monitors ESG controversies and regularly reviews his analysis on the issuers in the portfolio with an eye to potential ESG issues and a focus on issuers with low ESG performance.

Data sources and processing

Data sources include: analyst reports, MSCI ESG research, issuer-provided data, data purchased from data providers, and data generated internally by fund management team.

Data is processed and analysed by external sources (such as MSCI and data providers) and internal sources.

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.

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.

Due diligence

The management team 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.

Engagement policies

► See E/S methodologies

Reference benchmark (ESG)

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

Terms to understand

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 team'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.