

# Periodic disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 and Article 5 of Regulation (EU) 2020/852

**Product name:** **Tabula Global High Yield Fallen Angels Paris-Aligned Climate UCITS ETF**

**Legal entity identifier:** **635400PH5EPE3XKVPT22**

**Reference period:** **21 June 2023 (launch date) to 30 June 2023 (end of financial year)**

## Sustainable investment objective

### 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, establishing a list of environmentally sustainable economic activities. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Did this financial product have a sustainable investment objective?

- Yes
- It made sustainable investments with an environmental objective: **99.7%**
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made sustainable investments with a social objective: \_\_\_%
- No
- It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of \_\_\_% of sustainable investments
- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective
- It promoted E/S characteristics, but did not make any sustainable investments

### Sustainability indicators

measure how the sustainable objectives of this financial product are attained.

**To what extent was the sustainable investment objective of this financial product met?** *(list the sustainable investment objective of this financial product, and describe how the sustainable investments contributed to the sustainable investment objective. For the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, indicate to which environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to the investment underlying the financial product contributed to. For the financial products referred to in Article 9(3) of Regulation (EU) 2019/2088, indicate how the objective of a reduction in carbon emissions was aligned with the Paris Agreement)*

The sustainable investment objective of the Sub-Fund was to reduce carbon emissions in global fallen angel allocations, in alignment with the Paris Agreement, and contribute to a range of broader environmental objectives. It achieved this by tracking the performance of the Bloomberg MSCI Global Corporate Fallen Angels Paris-Aligned Index. This is a reference benchmark meeting the criteria for an EU Paris-aligned Benchmark (PAB) described in regulation (EU) 2020/1818. The methodology for the reference benchmark is available at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixedincome-indices/#/ucits>

The Investment Manager is satisfied that the Sub-Fund met its sustainable investment objective during the reference period. The table below provides details of the indicators used for this assessment.

**Note:** The Sub-Fund was launched on 21 June 2023. This means year-on-year emissions reduction metrics (calculated from June to June) are not yet available.

### How did the sustainability indicators perform? And compared to previous periods?

| Indicator  | 2022/23 |
|--|---------|
| <b>Weighted average GHG emissions (M T Co2e)</b> |         |
| Sub-Fund   | 10.9    |
| Reference benchmark                              | 10.9    |

**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.

|  |                                       |       |
|--|---------------------------------------|-------|
| Broad market index   |                                       | 21.9  |
| <b>% reduction relative to broad market index (target 50%)</b>           |                                       |       |
| Sub-Fund   |                                       | 50.2% |
| Reference benchmark  |                                       | 50.2% |
| <b>Year-on-year weighted average GHG emissions reduction (target 7%)</b> |                                       |       |
| Sub-Fund   | Start of year (M T CO <sub>2</sub> e) | n/a   |
|  | End of year (M T CO <sub>2</sub> e)   | 10.9  |
|  | % reduction                           | n/a   |
| Reference benchmark  | Start of year (M T CO <sub>2</sub> e) | n/a   |
|  | End of year (M T CO <sub>2</sub> e)   | 10.9  |
|  | % reduction                           | n/a   |
| Broad market index   | Start of year (M T CO <sub>2</sub> e) | n/a   |
|  | End of year (M T CO <sub>2</sub> e)   | 21.9  |
|  | % reduction                           | n/a   |
| <b>% green revenues (target &gt; broad market index)</b>                 |                                       |       |
| Sub-Fund   |                                       | 4.2%  |
| Reference benchmark  |                                       | 4.2%  |
| Broad market index   |                                       | 3.0%  |

Data: Bloomberg/MSCI ESG. Average GHG emissions are as of the end of the relevant reference period (30 June). Broad market index is the Bloomberg Global Corporate Fallen Angels Index.

**How did the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

In addition to the reduction in GHG emissions described above, the Sub-Fund applied a number of screens designed to exclude certain harmful bond issuers. These screens were built into the methodology of the reference benchmark and applied by the benchmark provider. The table below shows the exposure to harmful issuers at the end of the reference period. However, the screens were applied monthly, when the reference benchmark was rebalanced, and the Investment Manager performed monthly checks to ensure that issuers excluded from the reference benchmark were also excluded from the Sub-Fund.

| Screen   | Target | Actual |
|--|--------|--------|
| Issuers involved with very severe ESG controversies  | 0%     | 0%     |
| Issuer involved with severe or very severe environmental controversies   | 0%     | 0%     |
| Issuers in violation of the UN Global Compact  | 0%     | 0%     |
| Issuers with fossil fuel revenues above thresholds in PAB rules  | 0%     | 0%     |
| Issuers with alcohol, tobacco, recreational cannabis, adult entertainment, controversial weapons, conventional weapons, nuclear weapons or civilian firearms (subject to certain revenue thresholds) | 0%     | 0%     |

**How were the indicators for adverse impacts on sustainability factors taken into account?**

- **GHG emissions (Principal Adverse Impact #1):** the Sub-Fund reduced its weighted average GHG emissions of the Sub-Fund by 50.2% relative to the broad global high yield fallen angel market. Note that, in accordance with the PAB rules, the Sub-Fund uses a different indicator of GHG emissions to those specified in the PAI metrics. Please refer to the Sub-Fund's PAI disclosures, available at [tabulagroup.com](http://tabulagroup.com), for the PAI metrics.
- **Exposure to companies active in the fossil fuel sector (Principal Adverse Impact #4):** the Sub-Fund excluded issuers with revenues from oil, gas, coal and energy intensive electricity above the thresholds specified in the PAB rules.
- **Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises (Principal Adverse Impact #10):** the Sub-Fund excluded issuers deemed in violation of the UN Global Compact Principles or involved with very severe ESG controversies, including violation of international norms such as the OECD Guidelines.
- **Significant environmental harm:** the Sub-Fund excluded issuers involved with severe or very severe environmental controversies, including those related to land use and biodiversity, toxic spills and releases, energy and climate change, water management, operational non-hazardous waste, the environmental impact of products and services, and management of supply chain environmental impact.

- **Exposure to controversial weapons (Principal Adverse Impact #14):** the Sub-Fund excluded issuers involved with controversial weapons, including chemical and biological weapons, landmines and cluster munitions.
- **Exposure to additional harmful business activities:** the Sub-Fund excluded issuers involved with alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, nuclear power, nuclear weapons, civilian firearms or recreational cannabis, subject to certain revenue thresholds.

Note that these indicators were built into the methodology of the reference benchmark and applied using data provided by MSCI. Please refer to the reference benchmark methodology for more information. The Investment Manager took the indicators into account by a) replicating the reference benchmark as far as possible and practical and b) ensuring that the same constraints were applied to the actual holdings of the Sub-Fund.

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

All holdings of the Sub-Fund were screened on a monthly basis using the MSCI ESG Controversy methodology, which is aligned with both the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The methodology covers a wide range of environmental, social and governance controversies, including but not limited to the following:

- **Environmental:** biodiversity and land use, energy and climate change, supply chain management, water stress, toxic emissions and waste, operational waste (non-hazardous)
- **Social:** human rights and community impact, labour rights and supply chains, customers
- **Governance:** bribery and fraud, controversial investments, governance structures

Bond issuers with a score of zero (very severe controversy) for any controversy were excluded.

Note that this screen is built into the methodology of the reference benchmark. Please refer to the reference benchmark methodology for more information. The Investment Manager took the indicators into account by a) replicating the reference benchmark as far as possible and practicable and b) ensuring that the same constraints were applied to the actual holdings of the Sub-Fund.

**How did this financial product consider principal adverse impacts on sustainability factors?**

The Sub-Fund considered the 14 mandatory PAI indicators plus one optional climate-related PAI indicator (Investments in companies without carbon emission reduction initiatives).

The following PAIs were formally considered within the reference benchmark methodology, using data provided by MSCI ESG:

1. GHG emissions (using weighted average emissions, as per PAB rules)
4. Exposure to companies active in the fossil fuel sector
10. Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises
14. Exposure to controversial weapons

The remaining PAIs were not incorporated in the reference benchmark methodology and therefore could not be formally considered in the day-to-day investment process. However, the Investment Manager monitored these PAIs on a quarterly basis using MSCI data and is currently assessing whether the quality and availability of data is sufficient to incorporate them into the reference benchmark methodology. Disclosures pursuant to Article 11(2) of Regulation (EU) 2019/2088 for 2023 will be available at <https://www.tabulaim.com/products/ie000jlgsv51/sustainability/>.

**What were the top investments of this financial product?**

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 30 June 2022 to 30 June 2023.

| Largest bond issuers           | Sector        | % Assets | Country        |
|--------------------------------|---------------|----------|----------------|
| SBB                            | Sweden        | 4.28%    | Financial      |
| Office Properties Income Trust | United States | 4.11%    | Financial      |
| Howmet Aerospace               | United States | 3.58%    | Industrial     |
| Firstenergy Corp               | United States | 3.42%    | Utilities      |
| Sands China Ltd                | United States | 3.11%    | Consumer       |
| Perigo Finance                 | United States | 3.02%    | Consumer       |
| Telecom Italia Capital SA      | Italy         | 2.85%    | Communications |
| Las Vegas Sands Corp.          | United States | 2.77%    | Consumer       |

|                             |                |       |            |
|-----------------------------|----------------|-------|------------|
| Newell Brands Inc           | United States  | 2.69% | Consumer   |
| Seagate Technology          | United States  | 2.54% | Technology |
| Nordstrom Inc               | United States  | 2.41% | Consumer   |
| Unicredit                   | Italy          | 2.26% | Financial  |
| Atos                        | France         | 2.15% | Technology |
| Marks & Spencer Ltd         | United Kingdom | 2.13% | Consumer   |
| Royal Caribbean Cruises Ltd | United States  | 2.01% | Consumer   |

Data: Tabula, assets as of 30 June 2023

**Asset allocation** describes the share of investments in specific assets.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

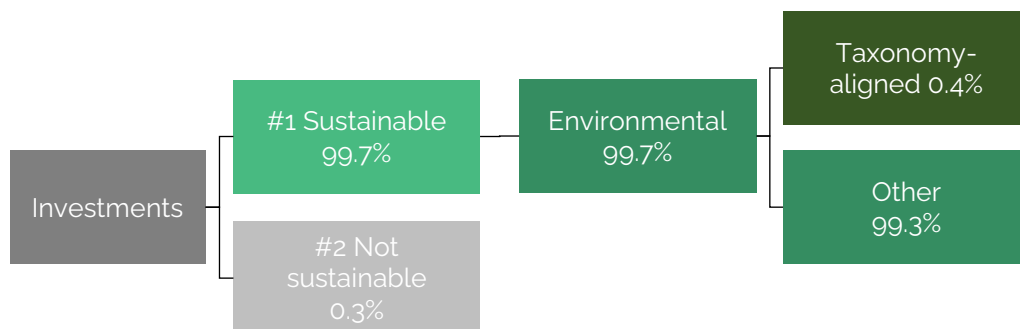
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective

**Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

### What was the proportion of sustainability-related assets?

The diagram shows the asset allocation of the Sub-Fund as of 30 June 2023. The percentage of assets aligned with the EU Taxonomy is based on Turnover. EU Taxonomy alignment data is sourced from MSCI ESG and is based on the most recent issuer data available, as of September 2023.

[ Include only relevant boxes, remove irrelevant ones for the financial product ]



### In which economic sectors were investments made?

| Sector      | % Assets |
|-------------|----------|
| Consumer    | 39.3%    |
| Financials  | 26.7%    |
| TMT         | 18.9%    |
| Industrials | 15.1%    |

Data: Tabula, assets as of 30 June 2023

**To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?** [include the section for financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 and include information in accordance with Article 62 of this regulation]

The Sub-Fund did not commit to making any sustainable investments with an environmental objective aligned with the EU Taxonomy. This is because alignment with the EU Taxonomy is not currently in the criteria for PABs and is therefore not incorporated in the reference benchmark methodology. However, in replicating the reference benchmark, the Sub-Fund did make a small percentage of investments aligned with the EU Taxonomy. As of 30 June 2023, the percentage alignments were 0.4% (Turnover), 0.5% (CapEx) and 0.4% (OpEx).

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?<sup>1</sup>

Yes [specify below, and details in the graphs of the box]

In fossil gas     In nuclear energy

No

The two graphs below show in green the percentage of investments that were 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

<sup>1</sup> 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 not significantly harm any EU Taxonomy objectives - 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.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

*include note only for financial products referred to in Article 5 of Regulation (EU) 2020/852*

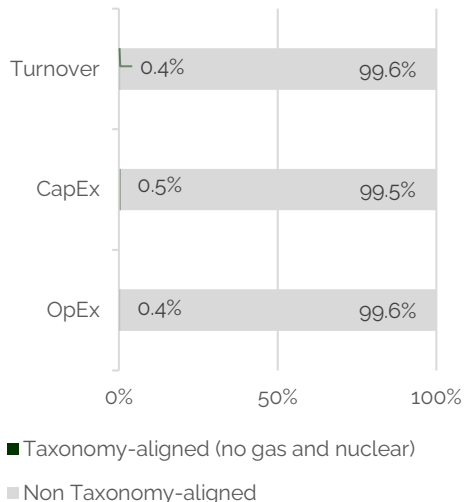
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

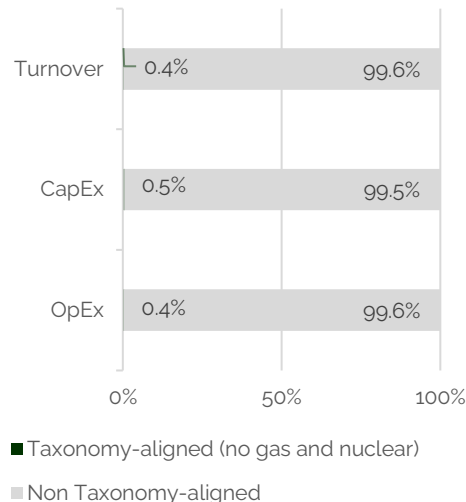
\* are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

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.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What was the share of investments in transitional and enabling activities? (include a breakdown of the proportions of investments during the reference period)**

% alignment based on Turnover

|                         |      |
|-------------------------|------|
| Transitional activities | 0.0% |
| Enabling activities     | 0.1% |

**How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

|          | End of current reference period (30 June 2023) | End of previous reference period (30 June 2022) |
|----------|--|---|
| Turnover | 0.4%   | n/a   |
| CapEx    | 0.5%   | n/a   |
| Opex     | 0.4%   | n/a   |

**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?\*** *include only for the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 where the financial product included investments with an environmental objective that invested in economic activities that are not environmentally sustainable economic activities and explain why the financial product invested in economic activities that were not taxonomy-aligned*

Over 90% of Sub-Fund assets were not aligned with the EU Taxonomy. Alignment with the EU Taxonomy is not currently in the criteria for PABs and is not incorporated in the reference benchmark methodology. As a result, to ensure that the fund closely tracks the reference benchmark, the Investment Manager does not currently commit to a specific minimum percentage alignment with the EU Taxonomy and any alignment is therefore coincidental.

**What actions have been taken to attain the sustainable investment objective during the reference period?** *list the actions taken within the period covered by the periodic report to attain the sustainable investment objective of the financial product, including shareholder engagement as referred to in Article 3g of Directive 2007/36/EC and any other engagement relating to the sustainable investment objective*

The Investment Manager undertook collaborative engagement activities consistent with the objectives of the Sub-Fund and to further the objectives of the Paris Agreement. During the reference period, the Investment Manager was an active member of both Climate Action 100+ and the Institutional Investors Group on Climate Change. Details of the group's progress in reducing the emissions of large corporations can be found at [climateaction100.org](https://climateaction100.org).