

---

# DISCLOSURES PURSUANT TO ARTICLE 10 OF REGULATION 2019/2088 ON SUSTAINABILITY- RELATED DISCLOSURE IN THE FINANCIAL SERVICES SECTOR (SFDR)

APPLICABLE TO THE SUB-FUND PCFS – MILTENBERG  
EMERGING RESPONSIBLE EQUITY FUND

## A) NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

## B) ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

PCFS – Miltenberg Emerging Responsible Equity Fund (“the Sub-Fund”) promotes primarily social characteristics through investments into listed companies that cater to the needs and well-being of consumers in developing countries. The Sub-Fund follows a thematic fundamental bottom-up approach and invests only in companies that directly address at least one of the 17 Sustainable Development Goals (“SDGs”) of the United Nations (“UN”). Given the use of negative screening, ESG integration, and engagement and stewardship as the main ESG tools, environmental and social characteristics promoted by this financial product are primarily qualitative.

Focus sectors of the Sub-Fund are Consumer Staples, Consumer Discretionary, Financials, Communication Services, Information Technology, and Health Care. Negative screens based on the IFC Exclusion List are employed to avoid investments into companies with activities in excluded sectors. Miltenberg Capital Ltd (“the investment manager”) further uses selected sovereign ESG criteria as an additional negative screen to exclude certain developing countries from the investment universe.

Engagement with investee companies is a key ESG technique employed by the investment manager. Engagement campaigns revolve around the publication of sustainability reports by investee companies, the quality of information and data included in such sustainability reports, and the implementation or improvement of environmental and/or social policies and practices at investee companies.

The Sustainable Investment Policy (“SIP”) of Miltenberg Capital Ltd, which is accessible on its website, informs the decision-making process at the investment manager when selecting investee companies for the Sub-Fund.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

## C) INVESTMENT STRATEGY

The investment objective of this financial product is to maximise the long-term financial return for investors through the investment into a concentrated portfolio of listed equity securities issued by consumer-oriented companies active in emerging and frontier markets. For cash management purposes, the Sub-Fund may invest at times in fixed income or money market UCITS within certain limits.

To attain the investment objective of the Sub-Fund, the investment manager uses a fundamental bottom-up investment process. Quantitative elements in the investment process include rigorous financial modelling and valuation of investee companies. As a value-oriented investment manager, Miltenberg Capital Ltd estimates the intrinsic value of investee companies and calculates the premium or discount to current market value based on this estimate. Examples for qualitative elements in the investment process include the quality of the management team and durable competitive advantages of the business.

Investee companies in which the Sub-Fund invests may promote, among other characteristics, environmental and/or social characteristics. Good governance practices at investee companies are a critical input in the research process when considering investments for the Sub-Fund.

Qualitative analysis of environmental and social characteristics of investee companies is of primary importance for the investment strategy of this financial product. Such qualitative analysis may include quantifiable elements such as time series analysis of certain ESG ratios.

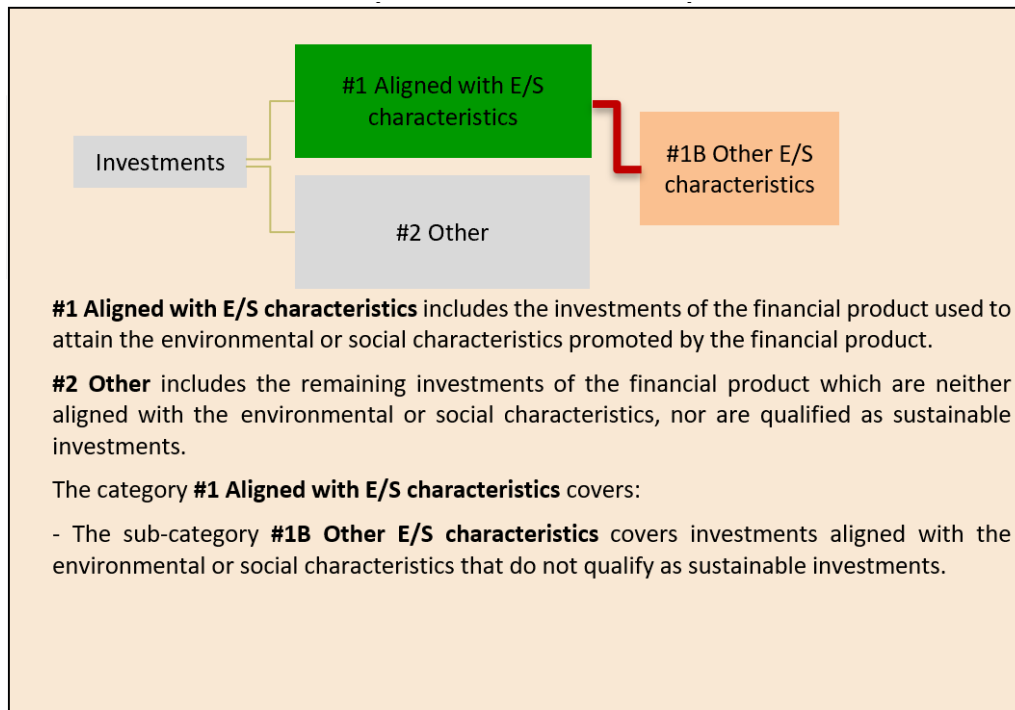
The binding elements of the investment strategy used to select investments to attain each of the environmental or social characteristics promoted by this financial product are as follows:

- Thematic: The Sub-Fund invests only in companies that address at least one of the 17 SDGs.
- Negative Screens: The Sub-Fund excludes certain sectors based on the IFC Exclusion List. The Sub-Fund further uses negative screens at the country level based on certain indicators, such as the Global Freedom Index.
- ESG Integration: The analysis of environmental, social and governance issues is integrated into traditional bottom-up financial analysis. ESG considerations may influence inputs used in financial models such as market share, cost of goods sold, growth rates, or the cost of capital. Selected ESG ratios are used alongside traditional financial ratios. The fundamental analysis of investee companies further integrates qualitative ESG aspects, for example the adherence of investee companies to international codes such as the UNGC principles as well as any violations of such codes.
- Engagement and Stewardship: Miltenberg Capital Ltd engages with management and the board of directors of investee companies on environmental and/or social issues. Such engagement could target a specific environmental or social issue as per a dedicated engagement plan or could be embedded in a broader discussion about the overall strategy or financial health of the business. The investment manager will actively vote proxies on behalf of the Sub-Fund with a target to vote 100% of proxies during any given calendar year.

The governance pillar is perhaps the most important of the three ESG pillars for the investment strategy of the Sub-Fund. Strong long-term financial returns as well as good environmental and social practices regularly stem from the adherence to best practices in corporate governance. Indicators for good governance at investee companies analysed by the investment manager include:

- Share of independent directors on the board of directors
- Share of female directors on the board of directors
- Tenure and turnover of directors and top executives
- Remuneration policies for top executives and directors
- Tenure of external auditors / partner responsible for the audit
- Voting patterns of minority shareholders at AGMs and EGMs

## D) PROPORTION OF INVESTMENTS



The minimum proportion of the investment of the financial product included in “#1B Other E/S characteristics” is 75%.

“#1B Other E/S characteristics” is defined as the percentage of the portfolio that targets at least one of the 17 SDGs.

The minimum proportion of the investment of the sub-fund used to attain the environmental and social characteristics promoted by the sub-fund is therefore 75 (seventy-five) per cent (%).

## E) MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The compliance with the Sustainable Investment Policy and sustainability-related characteristics of the sub-fund is twofold :

- The Investment Management team analyses the investment opportunities in the light of the Sustainable Investment Policy in place and makes investment decisions on that basis ensuring the eligibility on an ex-ante basis of the instruments. The Investment Management team applies its investment process and selects securities from the eligible universe according to the SIP, the investment policy of the Sub-Fund, and the characteristics defined above. The Investment Management team is responsible for the selection of investee companies and integrates several qualitative ESG factors and techniques in its fundamental research and analysis.
- The permanent Risk Management function of the Management Company independently controls the compliance of the investments on an ex-post basis. The Risk Management function represents the second line of defense.

In case of breach detection, the Risk Management function contacts the Investment Management team in due course as per the procedure in place and asks for a correction or explanation. Any proven breach is escalated to the Management Company, the Auditor, the Depository Bank and the Regulator as per the legal requirements in place.

ESG Sustainability indicators, if any, defined in the prospectus of Article 8 SFDR funds are monitored on an ongoing basis by Risk Management function.

## F) METHODOLOGIES

The Sub-Fund Investment policy is to invest only in investee companies that directly address at least one of the 17 SDGs.

The sub-fund applies negative screens and excludes certain countries and sectors from its investment universe. The International Finance Corporation (IFC) Exclusion List is employed to avoid investments into companies with activities in excluded sectors. Examples of excluded sectors are Tobacco, Weapons, and Gambling. The Investment Manager has established an SIP in order to monitor the environmental or social characteristics promoted by its investments. More detailed information on the approach towards country and sector exclusion can be found in the Sustainable Investment Policy of the Investment Manager under following link: <https://www.miltenbergcap.com/responsible-investing/>.

Miltenberg Capital Ltd analyses whether investee companies adhere to international codes and principles, particularly adherence to and violation of the UN Global Compact (“UNGC”) and the Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises. The investment manager may use additional indicators, such as the existence of a supplier audit policy at investee companies and the number of supplier audits carried out by investee companies during a given period.

To measure the attainment of the social characteristics promoted, the share of investment in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises, or without mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises, is calculated for the portfolio of the sub-fund.

Miltenberg Capital Ltd constantly screens external databases for any controversies at investee companies. To measure the attainment of the social characteristics promoted, the share of investment in investee companies that have been involved in violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises is calculated for the portfolio of the sub-fund.

The investment manager may also measure certain metrics for the environmental pillar, such as the weighted carbon intensity of the portfolio.

Miltenberg Capital Ltd is a signatory to the UN Principles for Responsible Investment (“the PRI”) and publishes its own sustainability report. This sustainability report includes information and data pertaining to the environmental, social, and governance characteristics promoted by this financial product.

Miltenberg Capital Ltd engages with management and the board of directors of investee companies on environmental and/or social issues. Such engagement could target a specific environmental or social issue as per a dedicated engagement plan or could be embedded in a broader discussion about the overall strategy or financial health of the business. The investment manager will actively vote proxies on behalf of the Sub-Fund with a target to vote 100% of proxies during any given calendar year.

## G) DATA SOURCES AND PROCESSING

The Investment Manager collects data from different sources in order to ensure that targeted investee companies address at least one of the 17 SDGs. Main sources are reports and presentations published by investee companies, such as annual audited financial reports, unaudited quarterly or half-yearly financial reports, investor relations presentations, and crucially annual sustainability reports. The Investment Manager is further using internet searches, external databases, as well as external sell-side and independent company and industry research for that purpose.

Moreover, Miltenberg Capital Ltd analyses whether investee companies adhere to international codes and principles, particularly adherence to and violation of the UN Global Compact (“UNGC”) and the Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises. The Investment Manager may, at his discretion, use additional indicators.

Controversies at investee companies are also screened on an ongoing basis.

The Risk Management function of the Management Company is collecting independently the data from external sources to perform their independent controls.

## H) LIMITATIONS TO METHODOLOGIES AND DATA

Several limitations might (co-)exist :

### Data Limitation :

ESG data availability, consistency and reliability are a real challenge. This is particularly the case in the emerging and frontier markets in which the sub-fund invests.

Even if disclosure standards and coverage are constantly improving, there might be a need to use estimates at some point in time if certain data or information is not available for all the investee companies of the Sub-Fund. The coverage ratio therefore has to be monitored when interpreting ESG indicators.

### Lack of Audited Data:

External audits of annual sustainability reports and other sustainability-related information published by listed companies are not required in most markets at this stage. This might entice issuers to publish erroneous data and information in such reports and makes the comparison across listed companies across various countries difficult.

### Interpretation :

As of today, there is no clear harmonized guidelines to provide aggregated disclosures at the portfolio level. It means that the market has to rely on provider’s methodology which might significantly differ from one to another, making hard to make comparison of figures.

The limitations presented above do not substantially affect the environmental or social characteristics as the Investment Manager is mitigating the risk through, diligence in the security selection process and through putting in place a strong SIP.

## I) DUE DILIGENCE

The due diligence performed on the investments of the Sub-Fund is carried out at the level of the Investment Management team as the first line of defense, and by the control of the Risk Management team as the second line of defense. The Risk Management function is fully independent from the Investment Management team.

Eligibility of the investments is controlled to ensure compliance with the Law, with the Investment Policy as per the issuing documents, with any internal limit set at the level of the Sub-Fund as well with the sustainability risk criteria defined by the Sub-Fund.

Please refer to the section f) «Monitoring of environmental or social characteristics» for more information.

## J) ENGAGEMENT POLICIES

The Sub-Fund is committed alongside the companies in which it invests at different levels.

The governance pillar is perhaps the most important of the three ESG pillars for the investment strategy of the sub-fund. Strong long-term financial returns as well as good environmental and social practices regularly stem from the adherence to best practices in corporate governance. Indicators for good governance at investee companies analysed by the investment manager include:

- Share of independent directors on the board of directors
- Share of female directors on the board of directors
- Tenure and turnover of directors and top executives
- Remuneration policies for top executives and directors
- Tenure of external auditors / partner responsible for the audit
- Voting patterns of minority shareholders at AGMs and EGMs

Miltenberg Capital Ltd engages with management and the board of directors of investee companies on environmental and/or social issues. Such engagement could target a specific environmental or social issue as per a dedicated engagement plan or could be embedded in a broader discussion about the overall strategy or financial health of the business. The investment manager will actively vote proxies on behalf of the sub-fund with a target to vote 100% of proxies during any given calendar year.