

Sustainability policy EValuation Capital Management

At this moment, EValuation Capital Management (the 'Fund Manager') manages the EV Smaller Companies Fund and the EV Micro Companies Growth Fund. The Fund Manager's basic principle is not to make long investments in companies that are active in business activities that are harmful to people and/or the environment and/or controversial. This includes companies that are active in the production and/or sale of tobacco, coal, cluster bombs, land mines, nuclear weapons and/or depleted uranium. In addition, the Fund Manager does not invest in companies that grossly violate human rights and/or systematically and significantly violate workers' rights (Appendix 1 contains the Fund Manager's exclusion list).

Investing with ESG aspects

Investing that takes into account Ecological, Social and Governance factors (ESG) is becoming increasingly important. There are several reasons for doing this; in addition to a financial return, it also generates a social return. This stimulates companies that invest in the wellbeing of people, the environment and society, but it also makes it more difficult for companies to obtain financing that, for example, have environmentally unfriendly activities or uphold inhumane practices. Companies that practice corporate social responsibility often seem more aware of risks and will therefore have better policies to prevent incidents. They are better prepared for the future.

When investing for the EV Micro Companies Growth Fund ('EVMCGF'), the Fund Manager takes into account ESG aspects and thereby wants to make a contribution to a more sustainable world. The EVMCGF's strategy stipulates that only those companies that are active in four megatrends are considered, namely:

- Connected world & Industry 4.0
- Smart Mobility
- Energy transition & Climate
- Healthcare & Wellbeing

These megatrends offer attractive long-term growth potential. These are also trends that can have a major positive impact on society and are visible in developments in technology, demography and ecology. Besides a financial return, it also generates a social return. In addition to the positive contribution to society, these companies are also less sensitive to the influence of the economic cycle due to their relatively strong growth potential.

The Fund Manager believes that we as investors also bear responsibility for achieving the Sustainable Development Goals ('SDG'), as established by the United Nations, and a better world. To achieve this goal, the EVMCGF tries to stimulate sustainable developments by investing in small listed companies, so-called micro-caps, that contribute to achieving these SDGs.

From all 17 SDG's, the Fund Manager has made a selection of those objectives that it considers essential in relation to the four megatrends that the EVMCGF focuses on with its investments.

The focus SDG's of the EVMCGF are:



For each megatrend, the Fund Manager preferably invests in those companies that demonstrably contribute to one or more of the selected SDG's. The way in which the trends take into account sustainability and the SDG's varies per trend. If you would like to know which specific SDG's we take into account for each trend, please refer to the prospectus of the EVMCGF.

The Fund Manager will contribute to the realization of these objectives by entering into discussions with the management of companies in which it invests and thereby generating impact. In order to be able to measure this impact now and in the future, the Fund Manager will use impact indicators. On the basis of these impact indicators, the Fund Manager can check whether the companies in which it invests indeed demonstrably contribute to one or more SDG's and also monitor their progress.

The Fund Manager is aware of the challenges of tomorrow and will inform its unit holders about the impact of the EVMCGF. Only by measuring the tangible impact of the investments can it be demonstrated that positive improvements for people and the environment are actually being generated. The EVMCGF is committed to report on its impact. However, the EVMCGF is also aware of today's limiting factor: the EVMCGF invests in small listed companies and for many of these small companies, the information available with regard to the SDG's is currently still relatively limited. For these small companies often no sustainability index is available (as yet), which the EVMCGF can apply. Where there is a lack of data, the EVMCGF will use, among other things, annual reports, available reports from analysts, company visits and discussions with the company's management to assess how and whether the company has contributed to the realization of the focus SDG's of the EVMCGF.

For the EV Smaller Companies Fund ('EVSCF'), the Fund Manager does not take into account the EU ESG criteria and does not look at the main adverse effects (Principal Adverse Effects) of investment decisions on sustainability factors. At present, it is not yet sufficiently clear how the detailed requirements from the regulations can be fulfilled for the EVSCF. The explicit incorporation of sustainability factors into the investment policy of this fund takes more time, partly because of the specific character of the EVSCF (long/short). The Fund Manager aims to have the EVSCF demonstrably promoting ESG aspects by the end of 2021.

Appendix 1: Exclusion list EValuation Capital Management

The Fund Manager's will not make long investments in companies that are active in the following areas.

1. Production and or sales of tobacco
2. Production or sales of controversial weapons: being cluster bombs, land mine or nuclear and biological weapons
3. Production or sale of coal
4. Pornography or prostitution
5. Companies that grossly violate human rights and/or systematically and significantly violate workers' rights. This includes forced labor or child labor. Forced labor is any work of service that is not performed voluntarily and that is enforced on an individual under threat of punishment or fine as defined by ILO conventions. Child labor means that individuals are not allowed to be employees when they are still 14 years old, as defined by the ILO Fundamental Human Rights Conventions.
6. Companies with products or activities that are illegal in relevant countries under applicable laws and regulations or under international conventions and agreements.