

ESG POLICY & STRATEGY

Mission

Alpha Investor Services Management (“AiSM”) manages some funds which comprise environmental, social and governance (“ESG”) factors in the investment process and strategy. AiSM aims to reach and maintain a high standing rating of funds’ portfolio in terms of environmental, social and governance policies. The basis for such strategy considers that investors can concomitantly reach a competitive financial return and make a positive impact on society and the environment.

The integration of ESG criteria relies on three pillars:

I. EXCLUSION

AiSM avoids investing in issuers which operate in sectors that AiSM considers unethical, not sustainable or harmful to the environment, people, or social relationships.

AiSM excludes from investable issuers those issuers with **significant** revenues exposures in the following sectors:

- Pornography;
- Weapons;
- Alcohol; and
- Tobacco.

The list is not exhaustive.

AiSM will rely on the exposure of the issuers to such sectors in terms of revenues. To assess the negative involvement in any of the above mentioned areas, both the direct and indirect involvement will be taken into account:

- Direct involvement: the issuer sells a product or delivers a service in a specific sector, and resulting revenues are significant in proportion to the total.
- Indirect involvement: The issuer invests itself in one or more firms which would be considered as having a direct exposure as per the previous paragraph.

Although AISM aims to avoid the above described exposures for its funds applying ESG criteria , AISM believes that setting a specific threshold for revenues exposure is not the best way to comply with the funds' investors' expectations and apply the exclusion goal; AISM will fulfill its due diligence on the target investment before determining that it is a real and significant exposure.

II. RESEARCH

AISM will identify, through internal due diligence, which are the best opportunities within the available and investable issuers. For the purpose of its due diligence AISM will take into consideration the following rules:

- **ESG rating.** AISM will use MSCI ESG Ratings to assess the opportunity to invest in an issuer. MSCI assigns a rating between AAA and CCC. AISM will invest at least 70% of the portfolio in issuers with a rating BBB or higher. The weighted average of the portfolio rating must be BBB or higher.
- **Controversies Flag.** According to the MSCI system, every issuer controversy will be analyzed and rated in a range Red-Orange-Yellow-Green, from more severe to no controversy status. The issuers will be flagged at the worst flag level of its controversies status.
Controversies are an important evidence and alert to investors regarding potential harmful events. AISM will exclude every issuer with a red flagged controversy status.
Specifically but not exhaustively, AISM will exclude those companies with severe status controversies related to:
 - Predatory Lending;
 - Human rights deficiencies;
 - Racial discrimination;
 - and Gender discrimination.

Governments are rated by MSCI, screening the policies and the public status with a similar system to private companies, although underlying criteria and factors are different. The rating system has the same range and levels. AISM will include government ratings in the above-exposed framework, as if they were private issuers.

AISM may also use other service providers.

III. DISCLOSURE

The entire activity of monitoring, due diligence and respect of the ESG policy, as described above, is enhanced by a system of alerts and updates delivered by external providers or advisors.

AISM aims to analyze the updates and take an investment decision within one month from their publication, in order to comply with the above criteria and constraints.

AISM accesses MSCI data. AISM commits itself to have a source of similar quality, if the MSCI data should cease to be available for any reason.

Voluntary Positive Impact

Previous criteria and limits create a constraining framework for the investable universe, but the fund manager will exercise its discretion to favor and align the portfolio with the Sustainable Development Goals listed by the United Nations. In particular:

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reducing Inequality
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life On Land
16. Peace, Justice, and Strong Institutions
17. Partnerships for the Goals.

ESG Reporting

With quarterly frequency, AISM will produce a report where the ESG profile of the fund will be displayed. In particular, the report will show:

- The weighted average ESG rating of the portfolio; The weight of not-covered issuers
- The weight of lower than BBB issuers
- The composition of controversies status (weight of green, yellow, orange, red and not covered issuers)

Disclaimer

Socially Responsible Investing is a qualitative and discretionary approach, and it must be considered within a general financial and economic investment process. We are committed to respecting the quantitative limits specified in this policy, but the overall approach goes beyond that. AISM is convinced that it is an enhancement, and it can bring added value to the world and its investors. Besides that, there is no guarantee that the criteria adopted and opinion expressed by the fund manager will be in line with those of a particular investor. Adopting the ESG criteria is not a guarantee of positive or better performance.

Information is gathered from sources available to investors and third-party reporting and analysis. Accuracy and completeness of data, analysis, and reporting cannot be guaranteed.

Some ESG academic studies and MSCI guidelines & methodologies, which AISM is aligned with, can be downloaded from our site. In particular:

[MSCI ESG Controversies and Global Norms Methodology](#)

[MSCI ESG Ratings Methodology](#)

[Business Involvement Screening Research Methodology](#)