

SFDR Article 8 (Sub-)Funds – Website Disclosures Sections

based on Articles 23 to 36 SFDR Delegated Regulation (EU) 2022/1288

Sustainability-related disclosures

Full name of the Article 8 (sub-) fund: FountainCap Greater China Select UCITS

Legal entity identifier: 635400R6CBP2U8JJW939

1. Summary

The FountainCap Greater China Select UCITS fund does not have a specific sustainable investment objective. However, it promotes environmental and social characteristics through its investment strategy.

Environmental or Social Characteristics of the Financial Product

The fund focuses on climate change-related aspects such as greenhouse gas emissions, resource efficiency, and waste reduction. It aims to maintain a portfolio with lower GHG emissions compared to the benchmark. Additionally, the fund evaluates the social performance of companies, focusing on occupational health and safety, supply chain management, and stakeholder engagement. It also supports sound corporate governance practices, including board independence, oversight of environmental and social issues, anti-corruption, and transparency.

Investment Strategy

The investment strategy involves identifying and investing in high-quality companies in China that can withstand market downturns and generate superior returns through a full market cycle. This strategy includes fundamental research, bottom-up stock picking, and long-term focused investing. The fund mainly invests in equity shares of companies domiciled in Greater China and typically holds no fewer than 35 stocks at any one time.

Proportion of Investments

The fund is permitted to allocate up to 100% of its investments in equities, with the option to maintain a cash position of up to 10%. A minimum of 50% of the equity investments will be aligned with environmental or social characteristics.

Monitoring of Environmental or Social Characteristics

The fund uses various sustainability indicators to measure the attainment of its environmental and social characteristics. These include the ESG score and rating provided by China-specialized ESG data provider Miotech, financed emissions

(tonnes CO2e/\$m Invested), and quarterly ESG reports comparing the portfolio and benchmark ESG scores, financed emissions, and engagement records.

Methodologies

The ESG integration process consists of identifying, monitoring, analyzing, evaluating, and engaging with companies on ESG issues. The fund uses the ESG Analytic Toolkit to facilitate the analysis and evaluation of ESG performance and engages with companies to encourage improvements in ESG disclosures and practices.

Data Sources and Processing

The fund relies on data from various sources, including Miotech and Bloomberg, to assess the ESG performance of its portfolio companies. The ESG Analytic Toolkit incorporates both quantitative and qualitative data to compare and benchmark companies against their peers and best practices.

Limitation to Methodologies and Data

The fund acknowledges that there may be limitations to the methodologies and data used in assessing ESG performance. These limitations are addressed through continuous monitoring and engagement with companies to improve their ESG disclosures and practices.

Due Diligence

At the pre-investment stage, the fund conducts ESG due diligence on potential investee companies to identify any material risks or opportunities. The ESG Specialist acts as an independent "gatekeeper" to assess the ESG performance of each proposed company before making an investment decision.

Engagement Policies

At the post-investment stage, the fund continues to monitor the ESG performance of its portfolio companies and engages with them on ESG issues, either directly or through proxy voting. The fund reports its ESG activities and outcomes to investors and other stakeholders on a regular basis.

Designated Reference Benchmark

The fund has not designated a specific reference index to achieve the environmental or social qualities it advocates for but aims to outperform the MSCI China All Shares Index on such qualities.

2. No sustainable investment objective

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

3. Environmental or social characteristics of the financial product

The Fund considers, including but not limited to, related to climate change, such as greenhouse gas emissions, as well as other aspects of environmental management, such as resource efficiency and waste reduction. Specifically, the Fund seeks to have a portfolio with GHG emissions lower than that of the Benchmark. The fund also evaluates the social performance of the companies it invests in, focusing on occupational health and safety, supply chain management, and stakeholder engagement. Additionally, the fund supports sound corporate governance practices, such as board independence, oversight of environmental and social issues, anti-corruption, and transparency. The Fund may consider incorporating additional ESG Characteristics that are not mentioned above by referencing SASB materiality mapping.

In addition, the Fund has not designated a specific reference index to achieve the environmental or social qualities it advocates for but aims to outperform MSCI China All Shares Index on such qualities.

4. Investment Strategy

The investment strategy of the FountainCap Greater China Select UCITS is designed to attain the environmental and social characteristics promoted by the financial product. The strategy focuses on identifying and investing in high-quality companies in China that can withstand market downturns and generate superior returns through a full market cycle. This is achieved through fundamental research, bottom-up stock picking, and long-term focused investing.

Fundamental research involves understanding the complexity of China's development, transformation, and growth characteristics, as well as conducting in-depth industry reviews and company analyses. Bottom-up stock picking involves analyzing trends, business cycles, and competitive dynamics, and narrowing down a list of companies for further due diligence. Long-term focused investing involves building positions with a target holding period of 3 - 5 years or longer, and avoiding frequent trading. The Fund will mainly invest in equity shares of companies domiciled in Greater China and will typically hold no fewer than 35 stocks at any one time.

The ESG integration process consists of four steps: identify, monitor, analyze and evaluate, and engage. These steps are aligned with the SASB Materiality Mapping, which provides a framework for identifying the most relevant ESG issues for each industry. The ESG Analytic Toolkit is a tool that we use to facilitate the analysis and evaluation of ESG performance of our portfolio companies. The toolkit incorporates both quantitative and qualitative data from various sources, including Miotech and Bloomberg, and enables us to compare and benchmark the companies against their peers and best practices.

At the pre-investment stage, we conduct an ESG due diligence on the potential investee companies to identify any material risks or opportunities. We also discuss the ESG issues with the analysts and the portfolio managers and incorporate them into our investment decision-making process. The ESG Specialist acts as an independent "gatekeeper" to assess the ESG performance of each proposed company before we make an investment decision. The ESG Specialist will use the ESG Analytic Toolkit and other sources to evaluate the ESG risks and opportunities of the company and provide a recommendation to the investment committee based on the ESG score and rating. The ESG Specialist will also review the ESG due diligence reports prepared by the analysts and ensure that they have adequately addressed the ESG issues relevant to the company and the sector. The ESG Specialist may have a differing view than the analyst post review that deems the investment proposal does not meet our ESG standards and expectations upon which the assessment will be shared with portfolio managers.

In our ESG integration process, the Investment Manager also considers governance as part of the overall analysis. To assess good governance practices of the investee companies, the following factors are commonly considered:

- Board independence
- Board diversity
- Shareholder rights
- Management compensation policy
- Business ethics

In addition, the Investment Manager engages with investee companies. The Investment Manager records all the responses, including those related to good governance practices, from the investee companies for monitoring purposes. The Investment Manager believes that engagement is an effective process to assess the good governance practices of the investee companies.

5. Proportion of investment

The Fund is permitted to allocate as much as 100% of its investments in equities, with the option to maintain a cash position of up to 10%. Minimum 50% of the equity investments will be aligned with environmental or social characteristics. A low portion of the Fund might contain assets which do not promote environmental or social characteristics. Examples of such financial instruments include derivatives, cash and deposits, as well as some investments that may temporarily lack environmental, social, or governance qualifications.

6. Monitoring of environmental or social characteristics

The environmental and social characteristics promoted by the financial product are monitored throughout its lifecycle using a comprehensive set of sustainability indicators. These indicators measure the attainment of the environmental or social characteristics and are reviewed regularly to ensure alignment with the product's objectives.

The ESG score and rating are provided by a China-specialized ESG data provider, Miotech. This provider offers up-to-date ESG data, helping to assess the environmental and social characteristics of investee companies effectively. The Fund targets to maintain the weighted average ESG score of the portfolio higher than the Benchmark. The portfolio ESG score is monitored and updated quarterly.

The ESG performance of the portfolio companies is continuously monitored using the Miotech platform and other sources to track any changes in their ESG scores and ratings, as well as any controversies or events that may affect their ESG profile. A quarterly analysis is conducted to compare the portfolio and benchmark ESG scores as well as financed emissions. If the Fund misses these targets, the portfolio will be rebalanced to align with the stated objectives.

7. Methodologies for environmental or social characteristics

The methodologies to measure how the social or environmental characteristics promoted by the financial product are met involve a combination of quantitative and qualitative assessments. These methodologies ensure that the financial product aligns with its stated environmental and social objectives throughout its lifecycle.

Firstly, the ESG score and rating provided by a China-specialized ESG data provider, Miotech, are used to assess the environmental and social characteristics of investee companies. The Fund aims to maintain the weighted average ESG score of the portfolio higher than the Benchmark, with the portfolio ESG score being monitored and updated quarterly.

Additionally, the Sustainability Accounting Standards Board (SASB) financial materiality are adopted to identify material ESG criteria during the ESG integration process. This helps in evaluating the relevance and impact of various ESG factors on the financial performance of the investee companies.

The financed emission (tonnes CO₂e/\$m Invested) of the portfolio is another key indicator used to measure the GHG emissions level. The Fund targets to maintain the portfolio financed emission level lower than the Benchmark. This indicator is crucial in assessing the environmental impact of the investments and ensuring that the Fund contributes to reducing carbon emissions.

The ESG performance of the portfolio companies is continuously monitored using the Miotech platform and other sources to track any changes in their ESG scores and ratings, as well as any controversies or events that may affect their ESG profile. A quarterly analysis is conducted to compare the portfolio and benchmark ESG scores as well as financed emissions. If the Fund misses these targets, the portfolio will be rebalanced to align with the stated objectives.

At the pre-investment stage, an ESG due diligence is conducted on potential investee companies to identify any material risks or opportunities. The ESG Specialist acts as an independent "gatekeeper" to assess the ESG performance of each proposed company before making an investment decision. The ESG Specialist uses the ESG Analytic Toolkit and other sources to evaluate the ESG risks and opportunities of the company and provides a recommendation to the investment committee based on the ESG score and rating.

At the post-investment stage, the ESG performance of the portfolio companies is monitored, and engagement with the companies on ESG issues is conducted either

directly or through proxy voting. This encourages companies to improve their ESG disclosures and practices. Regular reporting of ESG activities and outcomes is provided to investors and other stakeholders using the TCFD framework as a guideline.

8. Data sources and processing

The data sources used to attain each of the environmental or social characteristics promoted by the financial product include the ESG score and rating provided by a China-specialized ESG data provider, Miotech. This provider offers up-to-date ESG data, helping to assess the environmental and social characteristics of investee companies effectively. Additionally, the Sustainability Accounting Standards Board (SASB) financial materiality measures are adopted to identify material ESG criteria during the ESG integration process. To ensure data quality from data provider, the Investment Manager conducts annual due diligence on the data providers.

The ESG Specialist uses the ESG Analytic Toolkit and other sources to evaluate the ESG risks and opportunities of the company and provides a recommendation to the investment committee based on the ESG score and rating. The ESG Specialist also reviews the ESG due diligence reports prepared by the analysts to ensure that they have adequately addressed the ESG issues relevant to the company and the sector. Furthermore, the ESG performance of the portfolio companies is continuously monitored using the Miotech platform and other sources to track any changes in their ESG scores and ratings, as well as any controversies or events that may affect their ESG profile.

The Investment Manager prefers to avoid estimated data for the analysis. However, due to the limited disclosure data from the investee companies, the Investment Manager may rely on the estimated data from the data providers.

9. Limitations to methodologies and data

While the methodologies and data used to measure the attainment of environmental or social characteristics are robust, there are certain limitations that need to be acknowledged. These limitations, however, do not affect the overall effectiveness of the financial product in promoting its environmental or social characteristics.

One limitation is the reliance on data provided by external sources, such as the ESG score and rating from Miotech. Although Miotech is a specialized ESG data provider with a focus on the China market, there may be instances where the data is incomplete or not up-to-date. To mitigate this, the ESG Specialist acts as an independent "gatekeeper" to assess the ESG performance of each proposed company before making an investment decision. This ensures that any potential gaps in the data are identified and addressed.

Another limitation is the potential for discrepancies in the data due to differences in reporting standards and practices among investee companies. The Sustainability Accounting Standards Board (SASB) financial materiality measures are adopted to identify material ESG criteria during the ESG integration process. This helps in evaluating the relevance and impact of various ESG factors on the financial performance of the investee companies, ensuring that the data used is as accurate and relevant as possible.

10. Due diligence

Details of the due diligence carried out on the underlying assets of the Fund is set out in section 6 and 7 above.

11. Engagement policies

Active ownership is one of our fiduciary duties as an asset manager. Interacting with companies is a core part of FountainCap's research and investment process and ESG topics form part of the standard dialogue with company executives, such as 1-on-1 or group meetings, email correspondence or site visits. The research and investment team may also engage with companies specifically on ESG-related issues if any were identified during their research. Part of our ongoing interaction with company management teams, suppliers, customers, and/or other stakeholders is to ensure that the companies are managing ESG issues in line with best practices.

If an ESG issue has been identified and the management team does not have a clear plan to address the issue, we will explore other means to actively engage the company including but not limited to:

- Requesting ESG data disclosure
- Meeting with the board of directors/executives expressing our concerns with a specific agenda for improvement
- Organizing or participating in collective dialogues with other stakeholders/shareholders to amplify our concerns
- Engaging with third party research providers to gain better access to the company's ESG information

Post any engagement we will continue to monitor management's response in addressing the ESG issue(s) raised. If management does not have a clear plan to address the issue(s) and company's improvement cannot be identified, we will escalate and re-engage with the investee company to discuss any unresolved issue(s). If a solution cannot be found after several rounds of meetings with the investee company, we will re-evaluate our investment thesis on the company and may consider reducing or divesting our positions in the company completely. All engagement activities conducted by the investment team are recorded, particularly when ESG issues are involved.

12. Designated reference benchmark

The fund has not designated a specific reference index to achieve the environmental or social qualities it advocates for but aims to outperform the MSCI China All Shares Index on such qualities.