

Summary

The financial product described does not have a sustainable investment objective, although it promotes environmental and social characteristics in line with EU Taxonomy and UNPRI guidelines. The environmental characteristics include climate change mitigation, sustainable use of resources, pollution prevention, and biodiversity protection. Social characteristics encompass human rights, diversity, labor practices, and anti-corruption.

The fund aims to achieve attractive returns by investing in various credit securities in Europe and the US, with limited or no exposure to industries such as weapons, alcohol, tobacco, and fossil fuels. The AIFM evaluates governance practices and collaborates with UNPRI-compliant managers. The fund predominantly invests in CLOs and other financial products that meet the promoted characteristics.

The AIFM monitors investments continuously and takes appropriate measures to mitigate exposure if breaches occur. The methodologies rely on data from sources like Bloomberg, Moody's and meetings with managers, but limitations exist due to data availability for private companies and the frequency of updates.

Due diligence is conducted on managers and counterparties to ensure alignment with sustainability policies. While the fund cannot directly influence companies through voting, it attempts to influence underlying issuers through manager selection and dialogue.

No sustainable investment objective

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

Environmental or social characteristics of the financial product

The Fund promotes, inter alia, the environmental and social characteristics listed below in accordance with the EU Taxonomy and UNPRI.

Environmental

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Social

- Human rights
- Diversity and inclusion
- Good labour practices
- Anti-corruption

When possible, the AIFM also use its influence during the holding period to promote other sustainability factors, such as diversity, anti-corruption and respect for human rights.

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

Investment strategy

The Fund invests in different types of credit securities with compelling risk adjusted return characteristics. The investments have a long-term horizon and focus on a broad range of structures with various underlying credit

risks. Investments are mainly concentrated to the primary and secondary credit markets in Europe and US. The Fund is managed with the aim to achieve attractive returns regardless of market conditions.

The Fund aims to have limited or no exposure to the following industries:

- cluster bombs, person mines
- chemical and biological weapons
- nuclear weapons
- alcohol
- tobacco
- commercial gaming
- pornography
- fossil fuels (oil, gas, carbon)
- carbon
- uranium
- genetically modified organisms (GMO)

Through continuous dialogue with CLO managers the AIFM evaluates governance practices in the underlying companies. Furthermore, the AIFM only collaborates with managers that are UNPRI compliant.

Proportion of investments

The Fund invests predominantly in Collateralized Loan Obligations (CLOs), both in the primary and secondary market. From time to time the Fund also invests in products such as index, options, ABS, CLN, Corporate Bonds, CDS, synthetic CDOs and loans. All investments by the Fund shall meet the environmental or social characteristics promoted by the Fund. For further information, please refer to the Fund's Information Brochure, Appendix II.

Monitoring of environmental or social characteristics

The investments of the Fund are followed up monthly to review any amendments made in the portfolio. If changes in the portfolio would cause the investments to be in breach of the investment policy of the Fund, for example by having the portfolio including exposure to industries which are to be excluded, the AIFM shall contact the managers of the underlying assets to discuss the changes and shall, acting in the best interest of the Fund, take appropriate measures to mitigate the exposure.

Methodologies

The AIFM predominantly uses an include/exclude methodology to meet the social and environmental characteristics of the fund. Sectors that are excluded or limited in exposure are listed under "Investment Strategy".

Data sources and processing

The AIFM uses software as Bloomberg, Moodys and Intex in combination with continuous dialogue with managers to measure how the social and environmental characteristics of the portfolio are met. Data from aforementioned sources are inputted into the AIFM's proprietary tools in order to get an overview of the entire portfolio. Data collected includes information about industry sector and domicile for each of the underlying portfolio companies.

The quality of received data is ensured by comparing between several different systems and frequent dialogue with the managers of the underlying assets. In addition to the analysis conducted at the AIFM most of the managers have access to large analysis resources to ensure good data quality.

Limitations to methodologies and data

The main limitation is the availability of reliable data. A large proportion of the underlying portfolio companies are private and thus do not have the same information sharing requirements as listed companies. Furthermore, much of the data is only available to us on a monthly basis from our managers. Insufficient data may also lead to limitations in the include/exclude method.

Due diligence

The AIF manager carries out ongoing checks on managers and counterparties, as well as analysis of CLO documentation, to ensure compliance with the fund's sustainability policy.

Engagement strategies

Since Ymer does not invest directly in any equities, Ymer cannot affect or influence any companies via voting on general meetings etc. Ymer does however, to the extent possible, try to influence underlying investee issuers through our different managers.