



MEMNON FUND – MEMNON EUROPEAN FUND
TRANSPARENCY STATEMENT UNDER ARTICLE 10 OF THE
SUSTAINABLE FINANCE DISCLOSURE REGULATION (EU)
2019/2088 (“SFDR”)

January 2023

CONTENTS

1. SUMMARY	3
2. NO SUSTAINABLE INVESTMENT OBJECTIVE	4
3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT	5
4. INVESTMENT STRATEGY	6
5. PROPORTION OF INVESTMENTS	7
6. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS	8
7. METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS	9
8. DATA SOURCES AND PROCESSING	10
9. LIMITATIONS TO METHODOLOGIES AND DATA	11
10. DUE DILIGENCE	12
11. ENGAGEMENT POLICIES	13
12. DESIGNATED REFERENCE BENCHMARK	14
13. NO CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS	15

1. SUMMARY

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

The Sub-Fund promotes (i) environmental characteristics such as water withdrawal, water recycling, energy usage, percentage of renewable energy use, total waste, total CO2 equivalent emissions or VOC emissions as well as (ii) social characteristics such as number and turnover of employees at the issuer, average training hours, average employee compensation, % women in workforce, % women in management or % minorities in workforce.

To achieve its investment objective, this Sub-Fund will base its investments on fundamental research in the selection of Transferable Securities for long positions. The Sub-Fund will benefit from proprietary valuation models for each of its individual investments and the strategy will be reviewed frequently in light of discussions it may have with the management of the issuers of the Transferable Securities in which the Sub-Fund is invested or is contemplating to invest. The policy of the Sub-Fund is to maintain a concentrated portfolio of equities across a range of European countries and sectors subject to the investment restrictions set out in this Prospectus.

The scoring model is updated at least on a quarterly basis for all investments in the portfolio so that the minimum proportion of the investments of the Product used to attain the environmental or social characteristics promoted is maintained. The independent Risk Committee that meets on a monthly basis is in charge of reviewing the ESG and Sustainability assessment on a monthly basis.

The scoring model is built around the following four pillars:

- (1) Environment: Scoring based on data provided by MSCI;
- (2) Social: Scoring based on data provided by MSCI;
- (3) Governance: Scoring based on internal model of the Management Company completed by internal analysis and engagement; and
- (4) Controversies: Scoring based on data provided by MSCI.

Data for the internal scoring model on the attainment of the environmental and social characteristics at the level of the relevant investee companies are provided by MSCI which will be completed by the research and direct dialogue with the issuers by the Management Company and the Investment Advisor.

While all efforts are made to ensure that the ESG and Sustainability assessment is accurate, the scoring model relies on disclosures and information received by the relevant investee companies, which may be incomplete in relation to sustainability related data.

2. NO SUSTAINABLE INVESTMENT OBJECTIVE

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

3. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Sub-Fund promotes (i) environmental characteristics such as water withdrawal, water recycling, energy usage, percentage of renewable energy use, total waste, total CO2 equivalent emissions or VOC emissions as well as (ii) social characteristics such as number and turnover of employees at the issuer, average training hours, average employee compensation, % women in workforce, % women in management or % minorities in workforce.

Investee companies contained in the portfolio of the Sub-Fund will be subject to a thorough assessment on the aforementioned environmental and social characteristics which on the basis of an internal scoring model developed by Zadig Asset Management SA (the “Management Company”) and Zadig Asset Management LLP (the “Investment Advisor”).

4. INVESTMENT STRATEGY

To achieve its investment objective, this Sub-Fund will base its investments on fundamental research in the selection of Transferable Securities for long positions. The Sub-Fund will benefit from proprietary valuation models for each of its individual investments and the strategy will be reviewed frequently in light of discussions it may have with the management of the issuers of the Transferable Securities in which the Sub-Fund is invested or is contemplating to invest. The policy of the Sub-Fund is to maintain a concentrated portfolio of equities across a range of European countries and sectors subject to the investment restrictions set out in this Prospectus.

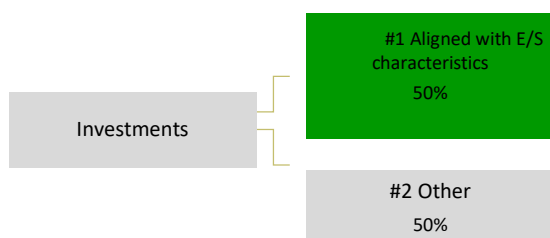
More than half of the portfolio of Memnon European Fund must be invested in securities from issuers having obtained a scoring in the internal model of the Management Company which is equal or higher than 5 according to the internal scoring model applied by the Management Company as advised by the Investment Advisor. For the avoidance of doubt the internal scoring model is binding on the Management Company and the Management Company cannot overrule the scoring by factors or considerations not contained in the model.

The assessment of Governance practices is a mix of:

- (i) An objective and data-driven assessment, with a focus on minority shareholders rights, diversity, board structure and attendance as well as business ethics, anti-competitive practices, tax transparency, corruption & Instability among other criteria. The Management Company and the Investment Advisor are relying on data from MCSI which are also scored in this regard.
- (ii) An experience-driven assessment of the governance standard where the Management Company with the support from the Investment Advisor is aiming to include their views on the management team and its track record, the quality of board members and the presence of large or majority shareholder and how these facts might influence the issuer's performance – in this context, the Management Company and the Investment Advisor are meeting with top management of issuers.

5. PROPORTION OF INVESTMENTS

More than half of the portfolio of Memnon European Fund must be invested in securities from issuers having obtained a scoring in the internal model of the Management Company which is equal or higher than 5. Consequently, the portfolio will be invested in securities under “#1 Aligned with E/S characteristics” and used to attain the environmental or social characteristics promoted by at least 50%. There will be no sustainable investments and the remainder of the portfolio will consist of investments which fall into the category “#2 Other”.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

6. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The scoring model is updated at least on a quarterly basis for all investments in the portfolio so that the minimum proportion of the investments of the Product used to attain the environmental or social characteristics promoted is maintained. The independent Risk Committee that meets on a monthly basis is in charge of reviewing the ESG and Sustainability assessment on a monthly basis.

7. METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The scoring model is built around the following four pillars:

- (1) Environment: Scoring based on data provided by MSCI;
- (2) Social: Scoring based on data provided by MSCI;
- (3) Governance: Scoring based on internal model of the Management Company completed by internal analysis and engagement; and
- (4) Controversies: Scoring based on data provided by MSCI.

The Management Company then applies different weights for each sector. For example, as industrial sectors have a higher weight for environment, the Management Company is focusing for service companies on social issues. The Management Company considers governance as a crucial component of any investment irrespective of the sector and therefore applies a constant 40% weight.

8. DATA SOURCES AND PROCESSING

Data for the internal scoring model on the attainment of the environmental and social characteristics at the level of the relevant investee companies are provided by MSCI which will be completed by the research and direct dialogue with the issuers by the Management Company and the Investment Advisor.

What are the distinctive internal functions used to monitor the collection and processing of the data that the portfolio management team are using? If you are using a third-party provider, how are you verifying the quality of the data they are providing? To what extent are you relying on estimated or out of date data?

9. LIMITATIONS TO METHODOLOGIES AND DATA

While all efforts are made to ensure that the ESG and Sustainability assessment is accurate, the scoring model relies on disclosures and information received by the relevant investee companies, which may be incomplete in relation to sustainability related data.

Since the data is based on ex-post data, it may not be indicative of the future environmental performance of the specified asset, however the relevant investment or asset will always have to meet the relevant set of sustainability indicators set out above in order for the Sub-Fund to continue to be invested in.

10. DUE DILIGENCE

To achieve its investment objective, this Sub-Fund will base its investments on fundamental research. The Sub-Fund will benefit from proprietary valuation models for each of its individual investments and the strategy will be reviewed frequently in light of discussions it may have with the management of the issuers of the Transferable Securities in which the Sub-Fund is invested or is contemplating to invest. These discussions include ESG and Sustainability as well as Controversies.

11. ENGAGEMENT POLICIES

See <https://www.zadigfunds.com/about/esg-sustainability/>

12. DESIGNATED REFERENCE BENCHMARK

There is not a specific index designated as a reference benchmark.

13. NO CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

While the Management Company takes into account sustainability-related factors and Sustainability Risks in its investment management activity, the Management Company does currently not evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to the Sub-Funds given the difficulties in obtaining the necessary information due to the investment strategy of the relevant Sub-Fund and the resources required to put in place the necessary processes. The Management Company will evaluate the situation on an on-going basis and may decide to consider principal adverse impacts on the basis of suitable data going forward.



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