

TreeTop World ESG Leaders Equity Index

Sustainability-related disclosures

Website disclosure for Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector (SFDR)

SUMMARY

TreeTop World ESG Leaders Equity Index ("the Subfund" or "the financial product") is a product promoting environmental and social characteristics (including good governance) ("ESG") within the meaning of Article 8 of the SFDR, and it does not have sustainable investment as an objective. It is a passively managed Subfund.

The objective of the Subfund is to replicate, in the context of passive management, as closely as possible, the performance of the MSCI ACWI ESG Leaders Index, whether its performance is positive or negative. The MSCI ACWI ESG Leaders Index ("the Index") is a stock index comprising securities in companies having the best ratings ("*Best-in-Class*" approach) in environmental, social and governance (ESG) matters among the companies making up the MSCI ACWI Index (the "Benchmark Index").

The Index is constructed by applying to the companies comprising the Benchmark Index a combination of exclusions of companies involved in activities subject to controversies (alcohol, gambling, tobacco and weapons) and a selection process of companies that are the most advanced in terms of ESG. The "*Best-in-Class*" approach is applied by the Index provider, MSCI.

The portfolio is composed of securities included in the Index with a direct exposure, but may also include other assets or invest in regional UCIs to ensure index replication (indirect exposure).

The Index is necessarily aligned with the promoted characteristics since the Index is built to include "*Best-In-Class*" securities in terms of environmental and/or social aspects of the Benchmark Index.

We can determine to what extent the environmental or social characteristics promoted by the subfund have been achieved by verifying the replication of the Index through the tracking error (see explanations below).

The companies in which the Index invests are analysed according to the ESG analysis methodology developed by MSCI. The effectiveness of the subfund's ESG methodology depends exclusively on the Index provider's methodology.

The due diligence conducted on the securities comprising the Index is carried out by the Index provider and the ESG rating of the securities is monitored by the Index provider.

The Index is composed of companies having the best "ESG" scores until all companies included in the Index represent at least 50% of the market capitalization of the region and the sector they belong to, but also takes into account any controversies.

More details on the above summary can be found here under.

NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental and social characteristics, and it does not have sustainable investment as an objective.

TreeTop World ESG Leaders Equity Index does not plan to invest in sustainable investments as defined by the SFDR and does not aim to invest in environmentally sustainable investments, as defined by the Taxonomy Regulation (EU Regulation 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending EU Regulation 2019/2088).

Indeed, the investments of the Subfund do not take into account the EU criteria for environmentally sustainable economic activities.

ENVIRONMENTAL AND SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The objective of the Subfund is to replicate, in the context of passive management, as closely as possible, the performance of the MSCI ACWI ESG Leaders Index, regardless of whether its performance is positive or negative. The MSCI ACWI ESG Leaders Index ("the Index") is stock index comprising securities in companies having the best ratings ("**Best-in-Class**" approach) in environmental, social and governance (ESG) matters among the companies making up the MSCI ACWI Index: an index representing mid and large-cap securities from 23 developed countries and 24 emerging countries (the "Benchmark Index").

INVESTMENT STRATEGY

The Index is constructed by applying to the companies comprising the Benchmark Index a combination of exclusions of companies involved in activities subject to controversies (alcohol, gambling, tobacco and weapons) and a selection process of companies that are the most advanced in terms of ESG. The "**Best-in-Class**" approach is applied by the Index provider, MSCI.

The "**Best-in-Class**" approach is based on an ESG score assigned by the Index provider to securities that are not excluded from the Benchmark Index.

The securities are selected according to their "ESG" score, with priority given to stocks with the highest score, until all securities selected represent at least 50% of the market capitalization of each region and sector included in the Benchmark Index.

Given the method of construction of the Index, it may include stocks with a relatively low "ESG" score if their inclusion in the Index is necessary so the Index represents 50% of the market capitalization of the regional and sectoral market taken into account in the Index.

For more details on the methodology used to construct the Index, see <https://www.msci.com/equity-fact-sheet-search>.

PROPORTION OF INVESTMENTS

The portfolio is composed of securities included in the Index with a direct exposure, but may also include assets other than the securities included in the Index (cash and derivatives used for the partial

synthetic replication of the Index or, in for AH, PH, IH and CH share classes, to hedge the currency risk) or invest in regional UCIs to ensure index replication (indirect exposure).

These other assets represent a limited portion of the portfolio.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Index is necessarily aligned with the promoted characteristics since the Index is built to include “*Best-In-Class*” securities in terms of environmental and/or social aspects of the Benchmark Index.

Since 26/01/2021, TreeTop World ESG Leaders Equity Index has continuously promoted environmental or social characteristics through the methodology of the index it replicates. Indeed, the MSCI ACWI ESG Leaders Index is a stock index comprising securities in companies having the best ratings (Best-in-Class approach) in environmental, social and governance (ESG) matters among the companies making up the MSCI ACWI Index. According to the index methodology available at www.msci.com, MSCI conducts quarterly reviews of the indices: existing constituents are removed from the MSCI ESG Leaders indices if they do not meet the eligibility criteria. Existing constituents that meet the eligibility criteria are retained in the index. The indices are also reviewed on an annual basis (in May) to incorporate updated data from MSCI ESG Research. At this time the eligible universe is updated and the composition of the index is reassessed.

At the Subfund level, the alignment is measured by the tracking error ratio giving indication of the performance gap between the subfund and the Index. During the period under review (01/04/2022 – 31/03/2023), the tracking error ratio was 1.01, which is a low level.

The portfolio may also include assets other than the securities included in the Index (cash and derivatives used for the partial synthetic replication of the Index or, in for AH, PH, IH and CH share classes, to hedge the currency risk). These assets represent a limited portion of the portfolio: during the period under review (01/04/2022 – 31/03/2023), they represented 3.1% of the portfolio, which is indeed a limited portion. Although the investment in these assets do not necessarily have environmental and social characteristics, the portion that they represent in relation to the portfolio is limited that these investments do not alter the environmental and social characteristics of the subfund as a whole. The performance of the Index is close to that of the subfund, with a very low tracking-error.

The financial product, represented by the A share class, posted a performance of -6.20% between 01/04/2022 and 31/03/2023, compared with the benchmark index, which returned -5.62%.

In addition, as indicated above, the subfund also invests in regional UCIs to ensure the replication of the index. Since these UCIs invest in securities included in the Index, investments in these UCIs have no effect on the environmental and social characteristics of the subfund.

METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

We can determine to what extent the environmental or social characteristics promoted by the subfund have been achieved by verifying the replication of the Index through the tracking error described above. The manager does not verify the ESG ratings awarded by MSCI to the various securities and does not verify the application of the methodology in the Index management.

DATA SOURCES AND PROCESSING

The companies in which the Index invests are analysed according to the ESG analysis methodology developed by MSCI for (i) the evaluation of the companies included in the Index, by awarding them an "ESG" score (based on a large number of criteria) (see MSCI ESG Ratings Methodology, <https://www.msci.com/esg-and-climate-methodologies>) and (ii) the Index construction in order to select "**Best-in-Class**" securities in environmental and/or social matters (see MSCI ESG index calculation method <https://www.msci.com/our-solutions/indexes/esg-indexes>).

LIMITATIONS TO METHODOLOGIES AND DATA

The effectiveness of the subfund's ESG methodology depends exclusively on the Index provider's methodology.

While the ESG process is designed to accurately evaluate issuers' ESG rating and sustainability risks, there is no guarantee that such techniques will identify all matters relevant to the assessment or ongoing investment due diligence. Similarly, although MSCI presumes that the data it uses from third parties and analysed according to their methodology is reliable and comprehensive, it is possible that such data will be impacted by inaccuracies or limitations that may be imperceptible.

DUE DILIGENCE

The due diligence conducted on the securities comprising the Index is carried out by the Index provider and the ESG rating of the securities is monitored by the Index provider.

ENGAGEMENT POLICIES

The Index is composed of companies having the best "ESG" scores until all companies included in the Index represent at least 50% of the market capitalization of the region and the sector they belong to.

The MSCI Index construction methodology also takes into account controversies that negatively affect the environmental, social or governance characteristics of the companies comprising the Index. The conclusions of this review are taken into account when revising the composition of the Index (revision conducted four times a year).

DESIGNATED REFERENCE BENCHMARK

The product seeks to replicate the MSCI ACWI ESG Leaders Index.

For more information related to environmental, social or governance aspects, please refer to TreeTop SICAV's prospectus on www.treetopam.com.

TreeTop World ESG Leaders Equity Index is a UCITS subfund of TreeTop SICAV, a SICAV under Belgian law.

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Information on 31st December 2023
