Responsible
INVESTMENT POLICY

As part of a global reflection on the impact of its investments, Chahine Capital has decided to adopt a responsible approach in the choice of its investments.

It is essential for us at Chahine Capital to align the interests of investors with the general interests of civil society. . We have therefore integrate ESG concerns into our investment processes, so that the notion of long-term investment is in line with respect for the future generations.

Chahine Capital is a UNPRI signatory since 2019 and is committed to its 6 principles.

LuxFLAG (Luxembourg Finance Labelling Agency) association granted the LuxFLAG ESG label to the following funds: Digital Stars Europe, Digital Stars Europe Ex-UK, Digital Stars Europe Smaller Companies and Digital Stars US Equities.

1. Governance

Chahine Capital's management committee, composed of the CEO, the CIO and the head of risk and compliance, defines the ESG policy. It is implemented by the investment team, integrated into the application of the quantitative models and applied to all investments in the "Digital Stars" portfolios. Its strict application is monitored daily by the risk management.

2. Exclusions

A – Norm-based exclusions

We exclude companies that manufacture or distribute anti-personnel mines from all of our funds according to the Ottawa Treaty (entered into force in 1999).

We exclude companies that manufacture or distribute cluster munitions from all of our funds in accordance with the Convention on Cluster Munitions (entered into force in 2010).

We exclude companies that do not comply with fundamental ethical standards (UN Global Compact), such as violation of individual rights, non-respect of human rights, major environmental damage, etc.

We exclude companies domiciled in controversial "Call to Action" jurisdictions (e.g. Iran and North Korea) identified by the Financial Action Task Force.

B – Sectors exclusions

We have decided to exclude certain sectors and practices from our entire range of funds, and not to invest in companies facing one of the following cases:

Weapons sector

- The company is active in the production, sales and distribution of non-conventional weapons. It involves cluster bombs, anti-personnel mines, biological, chemical or depleted uranium weapons, as well as white phosphorus and nuclear weapons;

- Production, sale or distribution of conventional weapons (war material) represents more than 5% of revenues;

Energy sector

- The revenue from coal mining activities (thermal coal, metallurgical coal, coke) exceeds 10% of total turnover or its production exceeds 20 million tons per year;

- The coal-fired electricity generation represents more than 10% of turnover, or the generation capacity exceeds 10,000 MW;

- Production, sale or distribution of nuclear-based power generation exceeds 5% of turnover. This includes uranium extraction, uranium concentration, refining, conversion and enrichment, the production of nuclear fuel structures, construction and use of nuclear reactors. It also includes treatment of spent nuclear fuel, nuclear decommissioning and radioactive waste management.

- If the sum of activities related to unconventional oil and gas, such as oil sands extraction, shale oil, shale gas and Artic drilling represents more than 5% of revenues;

Tobacco sector

- The production of traditional tobacco or related tobacco (such as e-cigarettes, new generation tobacco/nicotine products) exceeds 5% of sales;

- Tobacco sale or distribution represents more than 5% of total turnover;

Biodiversity

- The production of pesticides, palm oil or genetically modified organisms (GMOs) represents more than 5% of turnover;

Other sectors

- Income from activities related to:

• gambling exceeds 5% of sales;

• alcohol represents more than 20% of the turnover;

• non-medicinal drugs exceeds 5% of the turnover;

• adult entertainment (pornography) represents more than 5% of turnover.

C – ESG controversies monitoring and risk control

We have supplemented our existing daily-risk policy with a component related to ESG reputational risks. Indeed, business conduct risks related to human rights, labour, the environment and corruption can result in risks to a company's reputation and finances, and therefore in a risk for the final investor.

Thus, we exclude companies with a high level of ESG controversy (levels defined in our ESG Risk Control procedure, available on demand). We use the external RepRisk database for this purpose.

3. SRI voting policy

Chahine Capital has set up an SRI voting policy with ISS as a partner. We therefore vote at all shareholders' meetings of the companies held in the Digital Funds and apply by default the SRI voting recommendations provided by ISS research.

4. Engagement policy

As quantitative investment managers, access to data is crucial for Chahine Capital, in particular for our all-cap and smallcap funds. With that in mind, we are seeking to improve the availability of ESG data, especially for small and midcapitalisation companies. For stocks not covered by Sustainalytics and RepRisk databases, Chahine Capital seeks to approach these data providers and also companies concerned to encourage them to disclose the necessary information.

5. Reporting – Transparency

An ESG activity report is produced every quarter and contains:

- the list of excluded companies and the detailed reasons for their exclusion.

- the average RRI of each fund and each benchmark, for comparison. The RRI (RepRisk Index) is a quantitative measure that dynamically captures a company's reputational risk related to ESG issues.

- the distribution of RepRisk ratings of each fund and each benchmark, for comparison.

This report is available on our website at this page: https://www.chahinecapital.com/responsible-investment/?lang=en

A report on the exercise of voting rights is produced every quarter as well.
This report is also available on our website at this page: https://www.chahinecapital.com/responsibleinvestment/?lang=en