

Product Name : JKC Fund - La Française  
JKC Asia Equity

Legal entity identifier:  
549300QPF2E4I2OVKE96

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

## Environmental and/or social characteristics

**Sustainable Investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significant harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: N/A

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: N/A

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of N/A of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by this fund include but are not limited to, environmental track record (carbon emissions, pollution, waste management, energy efficiency, sustainable production practices), positive social objectives (gender diversity and equality, social inclusion, intellectual property protection, welfare and wellbeing, health and safety, fair labour practices, financial inclusion) and robust corporate governance practices (management quality, board independence, alignment of interests and board diversity). In addition, the fund intends to invest in companies that strive to mitigate climate change risks and capture related opportunities. The fund may also seek to promote other environmental and social characteristics not included in the list above.

Furthermore, the fund utilises negative screening exclusions, further detailed in the investment strategy below.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted are the following:

- The aggregated GHG intensity of the fund and GHG intensity of individual investee companies
- The share of investments having exposure to climate change/ carbon neutrality related sectors
- The share of investments having exposure to sectors described in the Exclusion Policy
- External ESG Ratings on the aggregated fund level and individual investee company level
- The percentage of investments in companies that are in severe breach of any of the ten principles of the UN Global Compact

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

NA

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

NA

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Indicators of negative impacts have been taken into account by fully implementing the ESG Integration Policy during the investment decision-making processes, which mainly includes:

- Negative Exclusion
- ESG Materiality Assessment
- Proxy Voting
- Active Engagement

The Investment Manager commits to report annually on the indicators considered and actions taken.

***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

NA

*The EU taxonomy establishes a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investment must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes, The Investment Manager commits to report annually on the indicators considered and actions taken. The focus will be made on indicators considered by the Investment Manager as relevant/material.

The following indicators are currently considered by the Investment Manager:

- GHG intensity of investee companies
- Violations of UN Global Compact principles or the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Board gender diversity
- Exposure to controversial weapons
- Excessive management remuneration

Additional indicators may be considered over time as data availability improves.

The Investment Manager aims to mitigate the adverse impacts of its investment decisions on sustainability factors by means of exclusion, engagement and proxy voting. The Investment Manager engages with portfolio companies for potential improvement on relevant Principle Adverse Impacts (PAIs) by taking into consideration the sector in which the investee company operates. If engagement is not successful in improving on PAIs, investments in these companies may be reduced or sold.

Investors should note that PAIs related data availability in emerging markets remains a challenge. Therefore, in the absence of self-reported data from investee companies, the Investment Manager may rely on modelled/estimated data, which may not fully reflect the reality.

No



## WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW ?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund is a long-only multi-cap fund focusing on bottom-up, proprietary stock picking of listed companies having their operations in the Asia ex Japan region.

Its investment process is based on extensive due diligence including on-the-ground inspections, direct access to management and solid desktop research. The fund is highly concentrated on high-conviction names with a long-term investment approach resulting in a low portfolio turnover.

Corporate governance and ESG have always been at the crux of the fund's investment strategy. The Investment Manager aims to identify exceptional companies with outstanding management teams, with a strong awareness of ESG and evolving in growing sectors, with the objective of keeping the investments for the long term while navigating investment cycles through position-sizing adjustments.

The fund targets to stay fully invested with a level of cash typically ranging from 3% to 10% depending upon market circumstances and portfolio movements.

**Exclusion Policy:**

To mitigate Environmental, Social and Governance risks, the Investment Manager excludes direct investments in companies which have exposure to the following sectors:

- Controversial weapons
- Tobacco
- Thermal coal

Specifically for thermal coal, the Investment Manager commits to the following policies:

- The fund does not make any new investment in any mining company that has more than 25% of its revenues derived from the extraction of thermal coal

- The fund does not make any new investment in any utility that derives more than 25% of its revenues from coal-fired power plants
- The fund gradually phases out existing exposure to such companies and exit entirely by the end of 2023

In addition to exclusions based on sectors and industries, portfolio companies have been also carefully screened to exclude those that operate in certain blacklisted countries with high money laundering and terrorist financing risks.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to attain each of the environmental characteristics promoted by this financial product are:

- ESG Integration - the Investment Manager is committed to systematically implementing its ESG Integration Policy, which also covers Materiality Analysis, ESG Performance Profiling, Governance Analysis and Active Engagement. Through the implementation of such policy, the Investment Manager aims to invest in companies with strong or improving ESG performance track records.
- Negative sectoral and regional screening - for sectoral exclusion, the Investment Manager is committed to implementing negative screening on controversial weapons, tobacco and thermal coal to mitigate environmental, social and governance risks. Besides exclusions based on sectors and industries, the Investment Manager excludes companies that are doing business with certain blacklisted countries. The Investment Manager is committed to not investing in companies that are in severe breach of any of the ten principles of the UN Global Compact.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

NA

***What is the policy to assess good governance practices of the investee companies?***

The fund aims to invest in companies of various market capitalisations that are of high quality and managed by outstanding management teams with excellent operational and governance track records.

Within our proprietary investment research process, we typically consider the following characteristics to comprehensively assess the governance practices of investee companies:

- Board composition, qualification and diversity
- Management of regulatory, market and other risks
- Management of material environmental, social and governance risks
- Protection of minority shareholder rights and interests
- Alignment of incentives for controlling shareholders, minority shareholders and management
- Labor practices
- Business ethics
- Connected transactions

The Investment Manager monitors investee companies' governance performance and uses both quantitative and qualitative assessments to measure improvement.

As part of our comprehensive approach to assess governance practices of the investee companies, the above-mentioned characteristics have also been systematically integrated into our *Proxy Voting Policy*.

**Good Governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

The invested portion of the fund will consist in an exposure of at least 80% in companies aligned with E&S characteristics promoted (#1B). The remaining portion (< 20%) will be made of (#2) "Other" investments.

### Asset Allocation

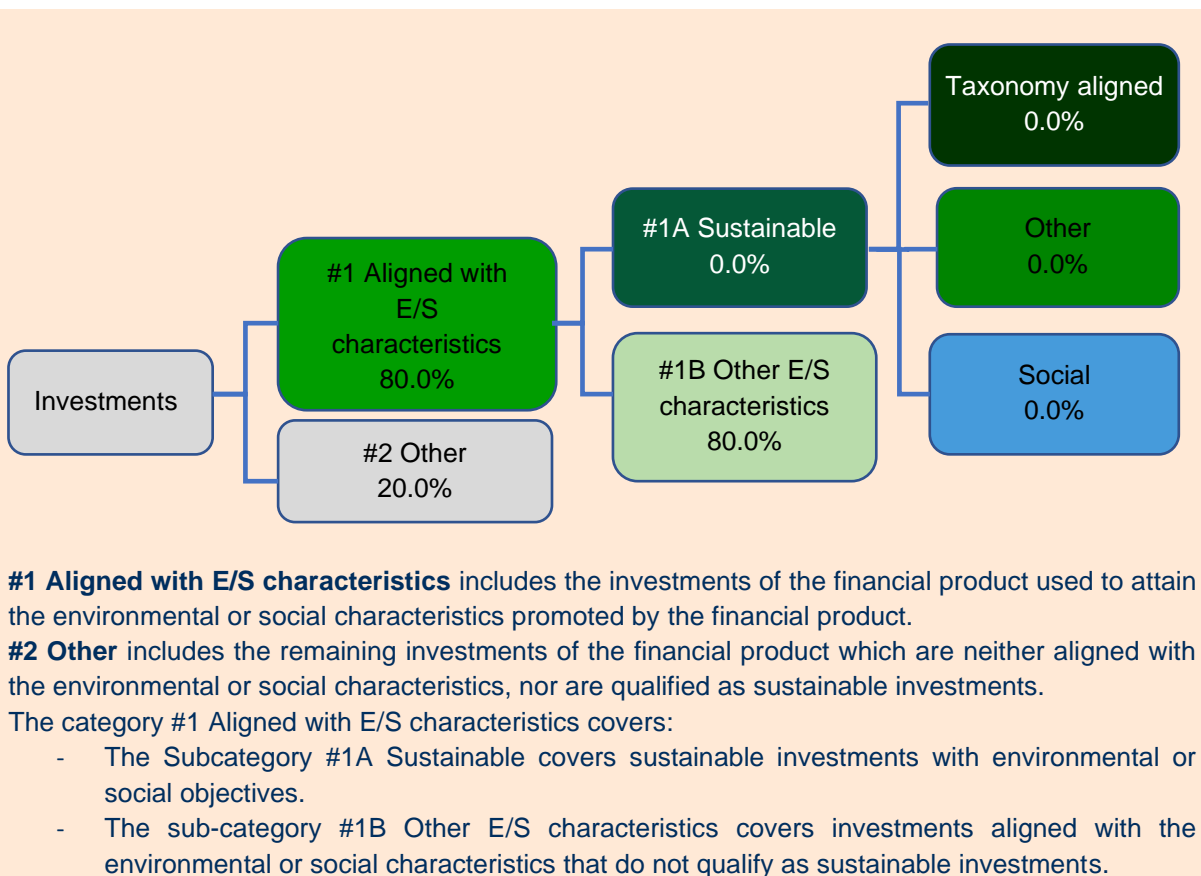
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

-**turnover** reflecting the share of revenue from green activities of investee companies

-**capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

-**operational expenditure** (OpEx) reflecting green operational activities of investee companies.



### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are only used as a temporary hedging instrument for efficient portfolio management.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the UE Taxonomy?

Yes

In fossil gas

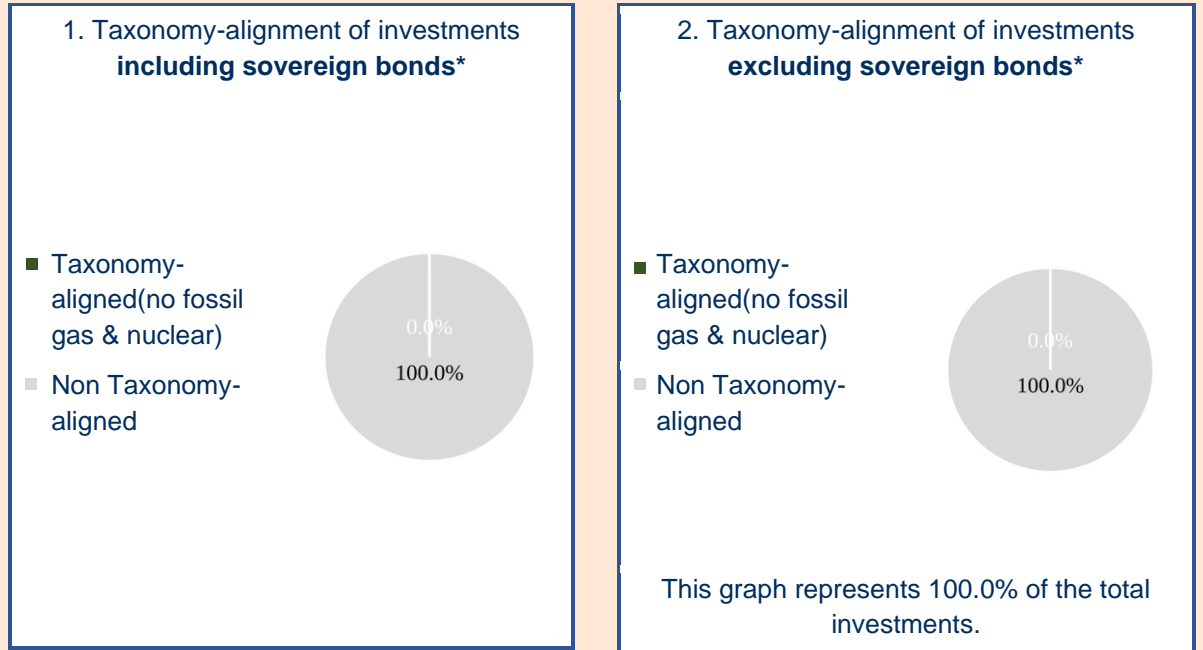
In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What is the minimum share of investments in transitional and enabling activities?**


NA

 What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0%.

 What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments is 0%.

 What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

“Other” investments include investments in companies that do not disclose enough data for the Investment Manager to form a substantiated opinion as to the alignment of environmental and social characteristics.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**



No, a reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

NA

***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

NA

***How does the designated index differ from a relevant broad market index?***

NA

***Where can the methodology used for the calculation of the designated index be found?***

NA

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote



**Where can I find more product specific information online?**

Legal documents are available on request and free of charge from the management company or on the website: [www.la-francaise.com](http://www.la-francaise.com). You can get them free of charge by requesting them from [serviceclient@la-francaise.com](mailto:serviceclient@la-francaise.com). Additional information is available from the Registered Products Customer Service Department via the following contact details: [serviceclient@la-francaise.com](mailto:serviceclient@la-francaise.com).