

ETICA SUSTAINABLE CONSERVATIVE ALLOCATION

Subfund of Multilabel SICAV

Sustainable Finance Disclosure Regulation - Website Product Disclosure

Note to prospective investors: This website disclosure has been made in accordance with the Article 10 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. The website product disclosures as set out in Commission delegated regulation (currently not numbered) with regard to regulatory technical standards specifying the content, methodologies and presentation of information in relation to sustainability indicators and the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, websites and periodic reports will be added latest at the effective date 1 January 2022.

The Subfund is an equity fund that aims to achieve a significant increase in the capital invested in accordance with social and environmental principles, with a long term time horizon and a high level of risk.

The Investment Manager undertakes to invest the Subfund's assets in financial instruments from issuers (companies and governments) which, at the time of investment, have an excellent profile of environmental, social and governance responsibility. To determine the level of responsibility of issuers, the Investment Manager may make use of information provided by specialized companies and internal analysis.

In identifying investments which allow the Subfunds to promote environmental or social characteristics, the Investment Manager adopts the following strategies:

negative screening, aimed at excluding all issuers that do not fulfil the internal ESG criteria set by the Investment Manager;

positive screening, which determines an overall ESG score for each issuer and which is aimed at selecting the issuers with the best ESG profile within their sector according to a "best-in-class" approach.

The issuers that pass the negative screening are analysed against specific and several ESG criteria and only such issuers with the highest ESG score are selected as part of the Subfunds' portfolio.

Specific insights are added to the analysis, taking into account the contingencies related to current events and further information concerning the dialogue activities with the issuers or the level of reputational risk on ESG issues. Finally, the assessment of potential issuers is complemented by a specific sustainability risk measure that is integrated in the analysis. In relation to government issuers, negative screening and positive screening are applied, establishing an entry threshold for selecting only such issuers with the highest ESG Score. Agencies are analysed on the basis of information such as the type of activity carried out, their shareholders and possible ESG controversies.

The selection of the issuers is carried out on the basis of data and information provided by companies specialized in the analysis of issuers' sustainability, according to a proprietary methodology, represented by the internationally registered trademark **ESG eticApproach®**.

The Investment Manager monitors compliance with the social and/or environmental characteristics on a regular basis through the periodical revaluation of the eligible investment universes for the Subfund (the "**Eligible Universes**"): when updating the Eligible Universes, the analysis process which is based mainly on exclusion indicators, evaluation indicators, assignment of an ESG score and application of the "best in class" strategy, is entirely revised. The data related to each issuer, therefore, are updated in the light of the improvements or worsening recorded by the analysed companies or governments which thus determine whether the relevant issuers shall remain or not in the Eligible Universe.

The investment activity of the Subfund is permitted exclusively with respect to the issuers belonging to the Eligible Universes: any other investment is not permitted.

The regular monitoring of the social and/or environmental characteristics promoted by the Subfunds is also ensured through regular dialogue activities with the relevant issuers.

The sustainability indicators used in the analysis process are periodically updated and published on the Investment Manager's website in their latest version approved by its board of directors on the proposal of its Ethics Committee.

Sustainability risks

The market value of underlying investments of the Subfund are subject to sustainability risks. The Subfunds are considered to be subject to low sustainability risk.

The Subfund employs a wide selection of different instruments and techniques in order to meet their investment objective. The sustainability risks will vary depending on the composition of the portfolio from time to time.

The Investment Manager integrates and manages sustainability risks by using a proprietary ESG risk measurement tool that relies on the concept of entropy, the metrics ESG Risk ("**R_ESG**"): because entropy is a measure of uncertainty, it is well suited for risk assessment. R_ESG represents the disorder and randomness due to the portfolio's configurations in risk classes based on the proprietary ESG score of each issuer in the portfolio. Sustainability risk increases if a Subfund invests primarily in classes with low scores and decreases when higher ranges are more populated.

The Investment Manager's Risk manager calculates the R_ESG on a monthly basis, the results of which are discussed every month at the Investment Manager's Investment Committee meeting.

The Investment Manager integrates sustainability risks into its investment decisions with respect to the Subfund by including an ESG filter in the construction process of the investible universe: based on the calculation of the above quoted R_ESG for a potential set of issuers, the ESG filter determines which firms have to be excluded if their contribution to the total R_ESG is above a specific pre-defined threshold.

This approach allows to monitor the portfolio's sustainability risk and, generally speaking, to maintain a stable level of sustainability risks to protect investors against risky jumps.

The Investment Manager assesses the impacts of sustainability risks on the returns of the Subfunds by calculating the YTD ESG Risk adjusted performances: the year-to-date performance of each Subfund is adjusted to its average R_ESG, in order to evaluate the Subfund's exposure to sustainability risks versus the realized returns.