

GRÁNIT JÖVŐKÉP ESG EQUITY DERIVATIVE FUND

SUSTAINABILITY-RELATED INFORMATION – SUMMARY

Gránit Jövőkép ESG Equity Derivative Fund is a financial product that promotes environmental characteristics and is characterised as an SFDR-8 fund.

No sustainable investment objective

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

Environmental or social characteristics of the financial product

The environmental characteristics this product promotes are the reduction of greenhouse gas (GHG) emissions, thereby also contributing to climate change mitigation and the transition to a circular economy environmental objectives. The companies the Fund invests in have all distinct characteristics that align with these environmental objectives.

Investment strategy

The Fund guarantees that its investments have the set out environmental characteristics through a seven-step screening process. All investments must pass each screening criteria in order to be eligible for selection. The portfolio managers must also regularly review whether the securities in the portfolio of the Fund still meet the screening criteria.

Furthermore, the governance practices of companies invested in are monitored as well, thus ensuring that it can be assessed whether good governance practices are followed.

Proportion of investments

The Fund builds its portfolio exclusively of stocks and exchange traded funds (ETFs) and the minimum necessary liquidity providing assets. Each asset in the Fund's portfolio must adhere to all seven screening criteria set out in the investment strategy of the Fund in order to make sure that they promote the environmental characteristics set out by the Fund.

Monitoring of environmental or social characteristics

The portfolio managers of the Fund continuously monitor and evaluate the environmental characteristics of the securities in the portfolio through sustainability indicators. The indicators assessed by the Fund are the total GHG emissions of the companies in the portfolio and the companies' GHG emissions relative to enterprise market value.

Methodologies

The portfolio managers regularly review the data points that were selected to monitor the level of environmental characteristics the assets in the Fund's portfolio demonstrate. Because the goal of the Fund is to provide to investors investment possibilities with environmental characteristics, if any stock in the portfolio's GHG emission rates do not show improvements for multiple review periods similar to the average of the other securities in the portfolio, the portfolio managers may readjust the weight of the security in the portfolio, or in extreme cases may remove it entirely.

Data sources and processing

Investment decision are based on data provided by Bloomberg. Bloomberg provides two distinct types of sustainability-related data: data reported by the companies in their sustainability reports, and data estimated by the data provider if the company did not provide the information itself. The amount of estimated data used in our investment decisions is expected to decrease significantly over following years as more and more companies will report the data necessary to make sustainable investments. The portfolio managers do not manipulate or change the data provided by the data provider in any way, the data is only evaluated in its original form.

Limitations to methodologies and data

The portfolio managers have no effect on whether the sustainability-related data reported by the companies is factual. However, the portfolio managers do monitor all the data used during the investment decision process, and may re-evaluate and adjust investments if the data changes.

Due Diligence

The portfolio managers follow every step of, and complete their due diligence based on the rules set out in the investment strategy of the Fund. Furthermore, the portfolio managers monitor the sustainability indicators of the securities in the portfolio. The portfolio managers must report on the status of the Fund's portfolio to the Investment Committee of Gránit at every Investment Committee hearing, or at least once every six months. The portfolio managers must demonstrate to the Investment Committee that the securities in the Fund's portfolio are all in accordance with the environmental characteristics set out by the Fund. Furthermore, the Hungarian National Bank oversees and regulates the work of Gránit Asset Management, including the portfolio management of the Fund.

Engagement policies

The Granit Asset Management exclusively undertakes short- and medium-term equity investments. Accordingly, investment decisions are influenced by developments in the securities markets. The Asset Management's objective is to achieve capital gains or returns for the funds and clients by selling shares at a price higher than the purchase price.

The Fund Manager limits its involvement to cases where it holds at least a 10% voting share on behalf of the managed funds and portfolios.

Designated reference benchmark

The benchmark of the Fund: 45% MSCI Europe Climate Change ESG Select Index + 45% MSCI USA Climate Change ESG Select Index + 10% RMAX Index (all indices denominated in HUF).

When selecting the benchmark of the Fund, particular care was taken to ensure that the benchmark promoted similar environmental characteristics as the Fund itself.