

Template 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

**Product name:** CRM U.S. Small Cap Opportunities UCITS  
**Legal entity identifier:** 5493001LKXNM6VYJXW88

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

- 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:** \_\_\_%

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 \_\_\_% 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 Investment Manager seeks to promote various ESG Factors by incorporating them into the overall investment management process, as detailed in its ESG policy (the "ESG Policy").

The Investment Manager will look to a variety of ESG Factors when assessing suitability of an investee company and will determine whether the company is suitable for investment:

- Environmental characteristics – the Investment Manager will consider the manner in which the investee company manages its environmental resources, including energy, water, waste and hazardous material when assessing the overall environmental impact of a potential investee

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly 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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



company. Environmental impacts from energy and water consumption or carbon emissions and other waste streams can create negative externalities which may present material risks to an investment, as they could impair the company's ability to operate sustainably or may materially change the company's intrinsic value. Companies pursuing strategies to decrease resource consumption such as water, energy or other natural resources, or reduce/ mitigate environmentally harmful by-products or waste streams such as carbon or hazardous waste may enhance the possibility for inclusion of such a company within the Fund's portfolio;

- Social characteristics - the Investment Manager may consider a variety of social characteristics, including but not limited to the manner in which the investee company manages its data security and customer privacy, compensation and benefits scheme, labor relations and product quality and safety when assessing the societal impact of a company, among other factors;
- Governance – the Investment Manager may consider whether the investee company follows good governance practices and as part of its assessment may consider the board composition, diversity, business ethics and corporate behaviour, compensation arrangements and alignment of same with good governance practices and overall supply chain management.

The Investment Manager believes that ESG Factors can materially impact a company's valuation, financial performance, and related risk/return and as such it may consider the above, in addition to other ESG Factors, when determining whether a potential investment is aligned with the overall objective of the Fund.

The Investment Manager may expand upon these ESG Factors from time to time.

The ESG Factors are considered by all analysts and portfolio managers as part of the bottom-up research and investment selection process. The Investment Manager's investment analysts evaluate, document, and integrate the relevant ESG Factors into their due diligence and investment theses of each potential investment (as described above). As part of this process, analysts and portfolio managers review certain company and industry specific ESG information and data, including both publicly available information as well as third party data, including but not restricted to certain ESG statistics and scoring metrics for investee companies across each financial industry (i.e. MSCI, Bloomberg, ISS, etc.) and assess potential risks or opportunities.

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

As part of the investment process, the Investment Manager considers a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Fund. These are listed below:

1. Negative screening

The Fund seeks to promote ESG Factors by implementing specific negative screening of companies linked to certain industries or controversial conduct. The Fund seeks to avoid investment in companies that have been identified by the Investment Manager as sufficiently involved in the operation of private prisons or the production of (i) firearms; (ii) cluster munitions; (iii) landmines; (iv) pornography; or (v) tobacco products.

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

## 2. MSCI ESG Ratings System

In addition to integrating the aforementioned screening and exclusion policies into the portfolio construction process, the Investment Manager promotes ESG Factors by utilising certain third party ESG metrics and data (i.e., the MSCI ESG Ratings system) to identify qualitative risks and opportunities of investee companies in its overall assessment. An MSCI ESG Rating ("**Rating**") is designed to measure a company's resilience to long-term, material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Investments with a Rating of BB or higher shall be deemed to align with the environmental and/or social characteristics promoted by the Fund.

A low Rating (B, CCC) may be indicated when a company appears to have a poor record on the ESG Factors, as described above, and/or exhibits a lack of regard for the sustainability and societal impact of climate change, corporate governance or diversity. Companies that have a low Rating typically are subject to the Investment Manager's engagement efforts with the investee company which are anticipated to result in a more positive outlook regarding the Rating, or form a conclusion that the Investment Manager believes the Rating is incorrect. Where the Investment Manager believes a Rating is incorrect based on the research findings of its analysts, the Investment Manager may engage with the investee company to encourage it to provide better disclosure or information designed to correct the ESG Factors leading to the incorrect score.

Effective January 1, 2023, CRM will also utilize certain third party screening services pertaining to the consideration of PAI indicators.

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Portfolio.

- ***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?***

N/A – the Portfolio does not commit to holding sustainable investments.

- ***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?***

N/A – the Portfolio does not commit to holding sustainable investments.

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

Effective January 1, 2023, CRM will utilize certain third party screening services pertaining to the consideration of PAI indicators. This includes, but is not limited to, consideration of principal adverse impacts on sustainability factors by calculating and monitoring, on a quarterly basis, the impact of such PAI indicators from Table 1 and additional indicators from Table 2 and 3 of Annex I of the SFDR Delegated Act. These indicators are disclosed on an annual basis per 30 June of each year in the annual report. For



investments in investee companies, the considered PAI indicators from Table 1 cover the categories: (i) GHG emissions; (ii) biodiversity; (iii) water; (iv) waste; and (v) social and employee matters. The additional indicators from Table 2 and 3 which are taken into consideration are: (i) investments in companies without water management policies (Table 2, number 7); and investments in companies without workplace accident prevention policies (Table 3, number 1). In case of investments in real estate assets, the considered PAI indicators for those investments cover the categories fossil fuels, energy efficiency and greenhouse gas emissions. The calculated PAIs are available in the annual report.

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

*The EU Taxonomy sets out 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 investments must also not significantly harm any environmental or social objectives.*

N/A – the Portfolio does not commit to holding sustainable investments.



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

Yes, please see below

No

Effective January 1, 2023, the Investment Manager will consider the following PAIs on sustainability factors across investments which promote environmental or social characteristics, namely: (i) GHG emissions; (ii) biodiversity; (iii) water; (iv) waste; (v) social and employee matters; (vi) investments in companies without water management policies; and (vii) investments in companies without workplace accident prevention policies.

See “How have the indicators for adverse impacts on sustainability factors been taken into account?” above for more details on how the PAIs are considered with respect to sustainable investments.

The PAIs that are taken into consideration are subject to there being adequate, reliable and verifiable data coverage for such indicators, and may evolve with improving data quality and availability. Where such data is not available the relevant PAI will not be considered until such as the data becomes available. The Investment Manager will keep the list of PAIs they consider under active review, as and when data availability and quality improves.

**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.

Consideration of the PAIs by the Investment Manager may be through a combination of:

- Monitoring the Fund, in particular where it falls below the quantitative and qualitative tolerance thresholds set for each Product Level PAI by the Manager;
- Stewardship and engagement with company management where the Fund falls below the quantitative and qualitative tolerance thresholds set for a Product Level PAI; and
- Application of the negative screening referenced above.

Reporting on consideration of PAIs will be available in an annex to the annual report of the Fund.



### **What investment strategy does this financial product follow?**

The Fund, under normal circumstances, invests its assets in equity and equity related securities of U.S. and non-U.S. companies that are publicly traded on a U.S. securities market.

Such equity related securities will include preferred stocks, convertible securities (including preferred stocks that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula).

The Fund shall be actively managed.

The Investment Manager utilizes a qualitative, fundamental bottom-up research process.

The Investment Manager follows a bottom-up approach to stock selection by focusing on a specific company rather than the industry in which that company operates or on the economy as a whole.

- ***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?***

ESG characteristics are considered at three different levels:

i. Integration of Third Party Data and Ratings

As outlined above, the Investment Manager utilises the MSCI ESG Ratings system in its assessment of qualitative risks and opportunities of investee companies.

By integrating the MSCI ESG Ratings system into the overall assessment of investee companies, there is a direct link between the Investment Manager's analysis of material ESG characteristics and portfolio construction activities across the Fund's strategy.

The Investment Manager may engage with companies with a poor Rating if the Investment Manager anticipates that such engagement will result in a more positive outlook regarding the Rating, or the Investment Manager believes the Rating is incorrect.

ii. Engagement:

As part of the investment management process, investment analysts monitor the ESG Factors and track third party ESG rating changes of the portfolio holdings to further evaluate the Fund's investment. Core to the Investment

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

Manager's active investment style, it engages with investee companies, often addressing material ESG Factors. Where investment analysts identify certain ESG Factors that investee companies could improve on, the Investment Manager may engage with those companies on an ongoing basis to promote ESG Factors.

The Investment Manager's ESG engagement efforts are focused on direct engagement with company management to understand ESG risks, opportunities, and assess good corporate governance practices of companies, among other things. As part of the direct engagement process, the Investment Manager may monitor certain objectives for the companies to attain.

In addition, constructive engagements may be undertaken with companies which have high impact controversies, or which have a poor Rating, in order to assess whether those ESG issues are being addressed adequately.

The Investment Manager firmly believes this engagement with companies can help create economic value, reduce equity risk, and promote positive sustainable corporate change. It is an important tool to identify and better understand a company's risk factors and performance. The Investment Manager also uses it to promote change, when necessary, which they believe will result in positive outcomes for shareholders and broader stakeholders. Direct engagement when paired with other inputs, typically creates a feedback loop that allows analysts in the investment team to evolve their ESG monitoring process and prioritise risks that are most relevant to a sector.

The Investment Manager may also escalate its engagement via proxy voting and possibly divestment in certain circumstances.

iii. ESG negative screening process

To ensure that the ESG Factors promoted by the Fund can be attained, the Fund will apply the ESG negative screening process referenced above.

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

N/A - the Fund does not commit to reducing the scope of investments.

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

Governance factors that the Investment Manager tracks may include: (i) board composition; (ii) diversity; (iii) business ethics and corporate behaviour; (iv) compensation arrangements; and (v) alignment of same with good governance practices and overall supply chain management.

Engagement with management is an important component of the Fund's investment process, and the Investment Manager may engage directly with management teams of companies through its ESG engagement approach. This approach is focused on direct engagement with company management to understand risks, opportunities and assess good corporate governance practices of investee companies, among other things. The Investment Manager views this direct engagement with companies as an important part of its investment process.

While the prioritisation assessment is ongoing, the timing of the engagement may be reactionary in certain cases, opportunistic in cases of industry events or pre-planned meetings, or proactive where time allows and without undue restrictions such as during quiet periods or M&A events that may prevent outreach actions. Ultimately, the Investment Manager aims to prioritise engagement that is

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

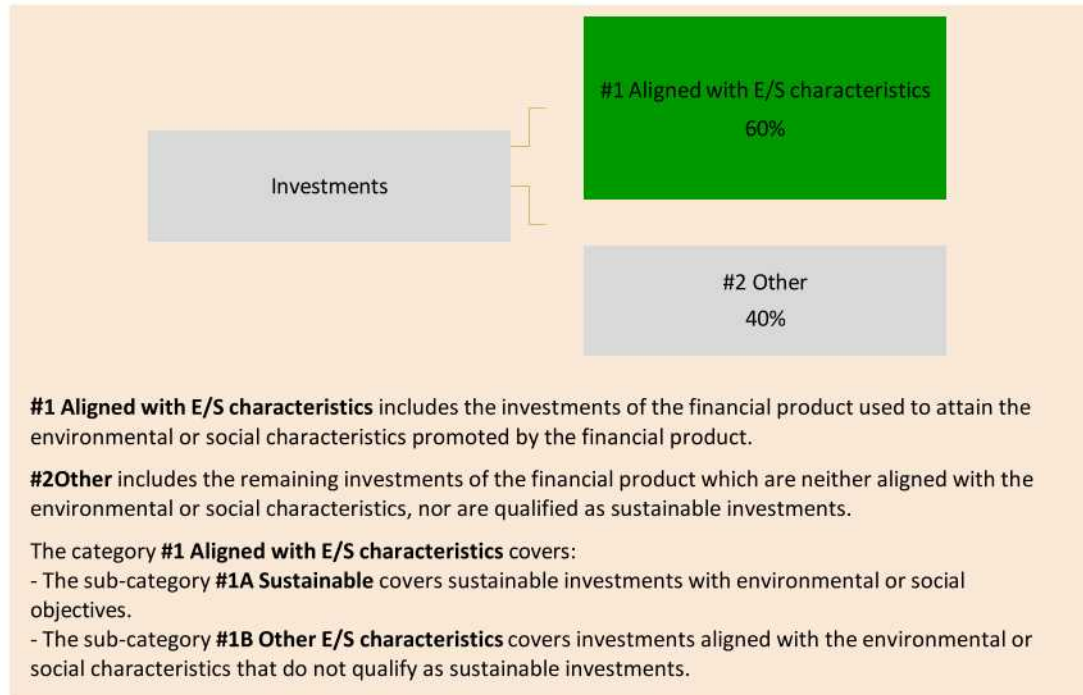


expected, based on the Investment Manager's subjective analysis, to have a high impact on the protection of and improvement to the value of the Fund, be it through the advancement of actionable disclosure, understanding of risks and risk management at a company, or through influence and action to mitigate risks (including sustainability risks) and take advantage of investment opportunities, among other factors.

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



**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.

The Fund aims to generally hold a minimum of 60% investments that are aligned with the environmental or social characteristics promoted by the Fund. **The Fund does not commit to holding any particular minimum or maximum percentages of sustainable investments.** The Fund aims to generally hold a maximum of 40% investments that are not aligned with the environmental or social characteristics promoted by the Fund and are not sustainable investments, and which fall into the "Other" section of the Fund (further details of which are set out below).

Please note that while the Investment Manager aims to achieve the minimum proportion asset allocation targets outlined above, these figures may fluctuate during the investment period and ultimately, as with any investment target, may not be attained.

The exact asset allocation of this Fund will be reported in the Fund's mandatory periodic report SFDR template, for the relevant reference period. This will be calculated based on the average of the four quarter ends.

The Investment Manager has calculated the proportion of environmentally and/or socially aligned investments in the Fund by reference to the proportion of companies in the Fund: i) that hold a Rating or a third party equivalent ESG rating, which meets the Ratings criteria outlined in "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?" above, that is used as part of the portfolio construction and investment management process of the Fund; and/or ii) with whom the Investment Manager has engaged directly. This calculation may rely on incomplete or inaccurate company or third party data.

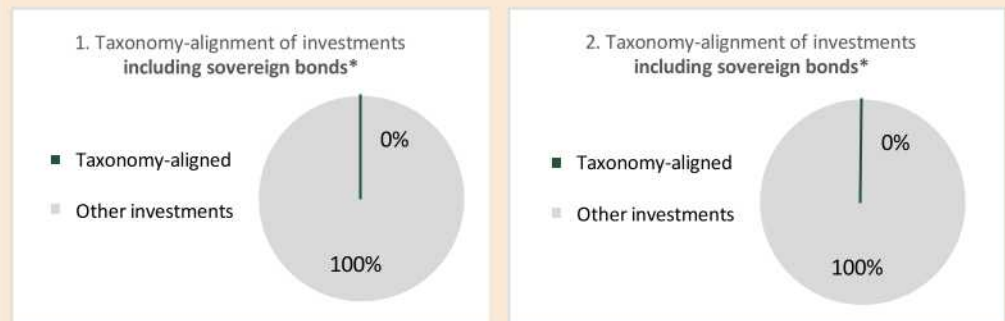
● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

As outlined above, the Fund does not currently use financial derivative instruments to promote environmental or social characteristics or otherwise.



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

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

0% - The Investment Manager is not committing that the Fund will invest in investments that qualify as environmentally sustainable for the purposes of the Taxonomy Regulation. As such, the minimum proportion of the Fund's investments that contribute to environmentally sustainable economic activities for the purposes of the Taxonomy Regulation will be 0%. It cannot be excluded that some of the Fund's holdings qualify as Taxonomy-aligned investments. Disclosures and reporting on Taxonomy alignment will develop as the EU framework evolves and data is made available by companies.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas

In nuclear energy

No

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

0%



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

The Fund does not commit to holding sustainable investments.

**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.

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





### What is the minimum share of socially sustainable investments?

The Fund does not commit to holding sustainable investments.



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

“Other” includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The “Other” section in the Fund is held for a number of reasons that the Investment Manager thinks will be beneficial to the Fund, such as, but not limited to, achieving risk management, and/or to ensure adequate liquidity, hedging and collateral cover.

As noted above, the Fund will be invested in compliance with ESG negative screening process, on a continuous basis. This ensures that investments made by the Fund seek to align with international environmental and social safeguards such as the PRI.

The Investment Manager believes that these policies assist in the prevention of investment in companies that most egregiously violate environmental and/or social minimum standards and assists the Fund in promoting its environmental and social characteristics.

The above steps ensure that environmental and social considerations are in place.



### 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.

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

N/A

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

N/A

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

N/A

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

N/A

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?

More product-specific information can be found on the website:

CRM UCITS Website: [www.CRMUCITS.com](http://www.CRMUCITS.com)

SFDR Website Disclosure: [www.CRMLLC.com/SFDR-2/](http://www.CRMLLC.com/SFDR-2/)