

Bridge Fund Management Limited

Integration of Sustainability Risks on Investment decision making process

Victory Sophus Funds

EU Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation ('SFDR') entered into force on 10 March 2021. The Regulation requires managers to better inform end-investors with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment, as applicable.

This document specifically addresses Article 3 of SFDR: "Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process."

Victory Sophus Emerging Markets Small Cap UCITS Fund

The management of sustainability risk forms part of the due diligence process implemented by the Investment Manager.

When assessing the sustainability risk associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition ("ESG Event").

Using both quantitative and qualitative processes, sustainability risk is identified, monitored and managed by the Investment Manager in the following manner:

- (i) Prior to acquiring investments on behalf of the Sub-Fund, the Investment Manager conducts fundamental analysis on each potential investment in order to allow it to assess the sustainability risk the company faces. The information gathered from the fundamental analysis conducted will be taken into account by the Investment Manager in deciding whether to acquire a holding in a company. Specialist external data providers may also be used if appropriate.
- (ii) During the life of the investment, sustainability risk is monitored by the Investment Manager through the review of data published by the company and other sources of data, such as specialist data providers, to determine whether the level of sustainability risk has changed since the initial assessment of the sustainability risk faced by the company, was conducted by the Investment Manager. This review is conducted on an on-going basis. Where the sustainability risk associated with a particular investment has increased since the initial investment, the Investment Manager may consider selling or reducing the Sub-Fund's exposure to the relevant investment or may engage directly with the company's management on the relevant risks, including sustainability risk.

While the Investment Manager considers sustainability risk in the investment decision-making process of the Sub-Fund, this does not mean that sustainability risk considerations are the sole or foremost considerations for investment decisions. The Investment Manager has determined that the sustainability risk (being the risk that the value of the Sub-Fund could be materially negatively impacted by an ESG Event) faced by the Sub-Fund is low.

This Sub-Fund does not have as its objective sustainable investment, nor does it promote environmental or social characteristics. As a result, the Sub-Fund does not fall within the scope of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment. The investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities

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As permitted under Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR") and in accordance with Article 7(2) of the SFDR, the Manager does not consider the adverse impacts of investment decisions on sustainability factors on the basis that it is not a financial market participant that is required to do so given that the Manager does not have on its balance sheet an average number of employees exceeding 500 during the financial year. The Manager may choose at a later date to publish and maintain on its website the consideration of principal adverse impacts of investment decisions on sustainability factors. The Manager will review its approach to considering the principal adverse impacts of investment decisions on sustainability factors under the SFDR once the regulatory technical standards come into effect.

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