

## SUPPLEMENT

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### **Lightrock Global Small-Cap Fund**

This Supplement contains information in relation to Lightrock Global Small-Cap Fund (the "Sub-Fund"), a sub-fund of Lightrock UCITS ICAV, an umbrella Irish Collective Asset-management Vehicle established under the laws of Ireland with segregated liability between Sub-Funds.

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**This Supplement forms part of, may not be distributed unless accompanied by the Prospectus of Lightrock UCITS ICAV dated 14 October 2024 (the "Prospectus") (other than to prior recipients of the Prospectus), and must be read in conjunction with, the Prospectus.**

**Capitalised terms used in this Supplement will have the meanings given to them below or in the Prospectus.**

14 October 2024

## GENERAL INFORMATION

### General

This Supplement sets out information in relation to the Shares and the Sub-Fund. You must also refer to the Prospectus which is separate to this document and describes the Sub-Fund and provides general information about offers of shares in the Sub-Fund. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

**Investment in the Sub-Fund carries substantial risk. There can be no assurance that the Sub-Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Sub-Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further under "Risk Factors").**

**If you are in any doubt about the contents of the Prospectus (including this Supplement) you should consult your professional advisers.**

**The Sub-Fund may invest in derivatives for efficient portfolio management purposes only (as further detailed in the Prospectus). As a result, as well as holding assets that may rise or fall with market values, the Sub-Fund may also hold positions that may rise as the market value falls and fall as the market value rises. Transactions in derivatives may leverage the Sub-Fund due to the leverage inherent in such instruments. This may result in a higher level of volatility than would be the case if the Sub-Fund did not invest in derivatives.**

### Suitability of Investment

An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Investors should note that there is a difference between the nature of a deposit and the nature of an investment in the Sub-Fund. The return on the Shares may be less than that of other securities of comparable maturity or less than interest rates available in the market and the principal invested in the Sub-Fund is capable of fluctuation. The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested.

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other adviser) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### Responsibility

The Directors (whose names appear under the heading "Directors" in the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

## Restrictions on Distribution

The distribution of the Prospectus (including this Supplement) and the offering of Shares may be restricted in certain jurisdictions. The information contained therein is for general guidance only, and it is the responsibility of any person or persons in possession of the Prospectus (and/or this Supplement) and wishing to make an application for Shares to inform themselves of and observe all applicable laws and regulations of any relevant jurisdiction. Such persons should also inform themselves of any applicable legal requirements, exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Prospectus (including this Supplement) does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it would be unlawful to make such an offer or solicitation.

The Prospectus (including this Supplement) has been prepared solely for the information of the person to whom it has been delivered and should not be reproduced or used for any other purpose.

Distribution of this Supplement is not authorised unless the recipient has also received the latest copy of the Prospectus.

## Profile of the Typical Investor

A typical investor has a long-term investment horizon and is prepared to accept a moderate degree of risk and volatility. This is not a guide to the future volatility of the Sub-Fund and may move over time.

## Subscription Price and Redemption Price

The Subscription Price and Redemption Price at which a Share is subscribed for or redeemed on a Subscription Day or a Redemption Day, as the case may be, is the Net Asset Value per Share on the relevant Subscription Day or Redemption Day, as adjusted in accordance with any applicable fees as described under the "Fees and Expenses" section and in accordance with the provisions of this section.

The Net Asset Value per Share differs on each Subscription Day and Redemption Day: (a) as the value of the Sub-Fund's assets increases or decreases over time; (b) as the fees and expenses in relation to the Sub-Fund accrue over time; and (c) due to dealing charges, taxes and other similar costs and spreads from buying and selling prices of the Sub-Fund's assets.

In the case of net subscriptions and/or net redemptions, the Net Asset Value per Class for subscription or redemption may be adjusted by adding or deducting a Dilution Adjustment (as determined by the Directors) in accordance with the relevant provisions in the Prospectus. The Dilution Adjustment will be calculated by reference to the costs of dealing in the underlying investments of the Sub-Fund, including any dealing spreads, commissions and transfer taxes. These costs can vary over time and, as a result, the amount of Dilution Adjustment will also vary over time. The price of each Class will be calculated separately but any Dilution Adjustment will affect the price of Shares of each Class in an identical manner. Where there is no dealing in the Sub-Fund or Class on the relevant Subscription Day or Redemption Day, the Subscription Price or the Redemption Price will be the unadjusted Net Asset Value per Share rounded to such number of decimal places as the Directors deem appropriate.

**Accordingly, you should note that the Net Asset Value per Share at any time may be less than the original value of your investment and you should be prepared to sustain a loss on your investment.**

## EU Sustainable Finance Disclosure Regulation

The Fund, in conjunction with the Manager, has categorised the Sub-Fund as an Article 8 fund under SFDR. This is a fund that promotes among other characteristics environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

## INVESTMENT OBJECTIVE, POLICY, STRATEGY AND RESTRICTIONS

### **Investment Objective**

The investment objective of the Sub-Fund is to generate positive returns, by outperforming the MSCI World Small Cap Index (“Benchmark”).

There is no guarantee that the investment objective will be achieved.

### **Investment Policy and Strategy**

The Manager will aim to achieve the investment objective by:

- investing in equities issued by smaller companies globally. The Manager will invest principally in companies that are, at the time of initial purchase, no larger by market capitalisation than the largest constituent of the Benchmark. Shareholders should be aware that the Sub-Fund is actively managed and not constrained by any index. Shareholders should also note that the Sub-Fund will not be managed in reference to the Benchmark, and may invest in securities not included in the Benchmark. Investment returns may deviate materially from the performance of the Benchmark;
- employing an investment strategy that combines the principles of long-term investing with responsible active ownership, which includes frequent engagement and periodic meetings with portfolio companies, on a range of topics including financial, strategy, operations, capital allocation, investor communication, ESG and impact related items;
- aiming to avoid permanent loss of capital through the selection of companies with resilient business models and strong balance sheets;
- integrating ESG and positive impact considerations as part of the investment process. The Manager believes the integration of ESG and impact considerations to be the most differentiating part of the strategy of the Sub-Fund;
- aiming to acquire a portfolio for the Sub-Fund of quality companies at attractive share prices with a view to retaining them for a long term period; and
- in normal market conditions, investing in equities of between 50 and 75 companies.

Using the above criteria, investments will be made on a ‘long-only’ basis and will be predominantly in equity securities. In this regard, the Manager takes a long-term view to the investments of the Sub-Fund and the intention is to hold investments over the medium to long term (i.e. on average 5 years or more).

The investment strategy of the Sub-Fund encompasses the following techniques:

- assessment of the management and leadership teams within investee companies to determine how such companies are managed. Governance related topics play a critical role as part of this assessment, including board/management quality and integrity, board structure (including tenure, diversity, independence), ownership and shareholder rights, remuneration, audit and financial reporting as well as stakeholder governance;
- assessment of “sustainability factors” (as defined in SFDR as any environmental, social, and employee matters, respect for human rights, anti-corruption and anti-bribery matters) to determine to what extent investee companies contribute to the environmental and social characteristics promoted by the Sub-Fund;
- assessment of balance sheets and whether or not investee companies, through prudent capital allocation, are able to invest on a long-term basis;
- assessment of whether or not investee companies are able to earn above average returns. Investee companies that can sustain high returns and that are able to reinvest capital at higher rates of return often deliver attractive compound growth for investors;
- engagement with portfolio companies, including on ESG topics (as outlined below) which are considered material in respect of the relevant portfolio company, is key to properly identify investment opportunities, manage investments and sustainability risks, and monitor investee companies. The need for such engagement may be triggered by, for example, a particular concern related to sustainability factors and poor migration of sustainability risks by a portfolio company; and

- a focus on investee companies that trade at a discount to their intrinsic value.

The Manager's philosophy during the investment selection phase focuses on: (i) transparency – ensuring that the research process is documented; (ii) long-term investment strategy; (iii) a focus on fundamentals – the basis of each analysis is in-house fundamental analysis and a conservative outlook is taken during the investment selection phase in keeping with the focus on long-term investments. Investee companies with speculative returns are excluded; (iv) ESG considerations are incorporated in each phase of the investment selection process as outlined above; and (v) a bottom-up fundamental research process is employed whereby the Manager selects the stocks of entities which demonstrate characteristics similar to those outlined above (strong management/leadership, above average returns, strong balance sheets and long-term investment philosophy).

The Sub-Fund promotes the following environmental and social characteristics as part of the investment strategy:

- climate change mitigation and climate change adaptation;
- protection and restoration of biodiversity and ecosystems;
- transition to a circular economy;
- decent work: such characteristics relate to people in their working lives or as workers, and build on the decent-work agenda by the International Labour Organization and its four pillars (employment creation, social protection, rights at work and social dialogue);
- adequate living standards and wellbeing for end-users: such characteristics relate to people in their role as end-users of certain products and services, which can either pose heightened health or safety risks or have the potential to help people to meet basic human needs (e.g. right to health, food, housing and education); and
- diversity, equality and inclusion: such characteristics would, for example, include gender diversity and equality.

Financial derivative instruments may be used for hedging purposes and for efficient portfolio management.

For the purposes of managing liquidity, the Sub-Fund may hold ancillary liquid assets. The Sub-Fund may hold bank deposits, money market instruments (including treasury bills, commercial paper and/or deposits) or money market funds for liquidity management purposes. In normal market conditions, investments in ancillary liquid assets, bank deposits, money market instruments or money market funds will not exceed 10% of the Net Asset Value.

### **Asset Types**

#### **Global equities**

The Sub-Fund will seek to gain exposure to global equity markets by investing in equity and equity-related securities, including common shares, preferred stock, American and global depositary receipts and securities that are listed, traded or dealt in on eligible markets. Warrants may be received passively as the result of a corporate action but the Manager will exercise or sell any warrants received by the Sub-Fund promptly and in accordance with the UCITS Rules.

#### **Currencies**

The Sub-Fund will have exposure to currencies through its cash holdings in different currencies and through its direct and indirect investment in equity securities (as detailed above). These securities may be denominated in the Base Currency or in other currencies. The currency exposure of the Sub-Fund may be adjusted through the use of currency derivatives such as futures and forwards on currencies (as detailed below).

#### **Cash**

The Sub-Fund may invest in cash and money market instruments including short-term deposits, cash and near-cash instruments (such as short-term commercial paper and certificates of deposits). Money market instruments and cash may be held both for investment purposes and for ancillary liquid purposes.

## CIS and Investment Funds

The Sub-Fund may invest, in aggregate, up to 10% of its Net Asset Value in eligible open-ended CIS (including eligible ETFs) which provide exposure to the asset classes listed in this investment policy. The Sub-Fund may also invest in aggregate up to 20% of its Net Asset Value in eligible closed-ended investment funds (including REITs) which qualify as Transferable Securities for the purposes of the UCITS Rules. The underlying CIS in which the Sub-Fund may invest will not contradict with the ESG focus of the Sub-Fund and will be subject to the same due diligence as other investments of the Sub-Fund, including ESG assessment.

## Derivatives

The Sub-Fund may invest in the derivatives set out below for efficient portfolio management purposes, to reduce risk, as a substitute for taking a direct position where it is more efficient than investing directly and/or to equitise cash balances pending investment of cash flows. The underlying instruments of the derivatives will be the asset classes detailed above.

*Futures and Forwards on currencies and short-term interest rates:* The Sub-Fund may use such derivatives to hedge exposure to foreign currency movement incurred by the Sub-Fund through investment in non-Base Currency instruments for investment purposes and to implement currency views and for Share Class hedging purposes to seek to hedge against declines in the values of one or more Classes of the Sub-Fund, as a result of changes in currency exchange rates as set out below.

*Warrants:* The Sub-Fund may receive warrants passively as a result of a corporate action but the Manager will exercise or sell warrants received by the Sub-Fund promptly and in accordance with the UCITS Rules. Warrants are long dated options where the price, performance and liquidity are linked to that of an underlying security, typically an equity.

The Sub-Fund will not utilise securities lending or repurchase and reverse repurchase agreements.

With the exception of any limits on investment disclosed above, the Sub-Fund will invest with no formal limitations on exposure to any specific country, sector or region including emerging markets, which includes countries or territories which are considered to be an emerging market by a reputable indices provider or supranational body, including but not limited to Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. Any exposure to Emerging Markets will not be in excess of 10% of Net Asset Value.

## ESG and Impact Considerations

### *Integration of sustainability risks into the investment decision making process for the Sub-Fund*

Pursuant to the SFDR, financial market participants are required to disclose the manner in which sustainability risks are integrated into the investment decision making process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Sub-Fund. For the purposes of the SFDR, "sustainability risk" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment, and hence on the Net Asset Value and the returns of the Sub-Fund. Sustainability risks can affect all known types of risk (for example, market risk, liquidity risk, counterparty risk and operational risk), and as a factor, contribute to the materiality of these risk types. As sustainability risks are incorporated into the investment process through exclusion, integration and engagement, the likely impacts of sustainability risks on the return of the Sub-Fund is expected to be medium to low.

A Sustainability Risks Policy (the "Policy") has been adopted by the Manager in respect of the Sub-Fund, which sets out how sustainability risks are integrated into the investment decision-making process with respect to the Sub-Fund. A summary description of the key features of the Policy is available at: [Lightrock - Sustainability Risks Policy](#).

Sustainability risk is fully taken into consideration as part of the investment process through (i) exclusion – companies violating international principles and conventions, such as the UN Global Compact, the UN Guiding Principles for Business and Human Rights, the UN Principles for Responsible Investment and the OECD Guidelines for Multinational Enterprises are excluded from the Sub-Fund's investment universe. The Sub-Fund also excludes companies involved in certain business practices as further described in the Appendix; (ii) integration – for each prospective investment, the Manager prepares a proprietary ESG analysis. As part of this analysis, sustainability risks and corresponding indicators that are considered to be material (for example, those which are sufficiently significant to have an impact on investment decisions, the value and performance of an investment and/or the performance of the Sub-Fund) will be taken into consideration and will be subject to further due diligence; (iii) engagement – the Manager will, as part of its ESG and impact expertise as described in the Prospectus, engage directly with portfolio companies on ESG topics in order to secure and enhance the safety and the long-term value of the relevant investments. Such engagement can include holding meetings, monitoring of portfolio companies and acting where it is determined that there is a particular ESG-related concern. The Manager retains ultimate decision making power in this regard and will determine whether or not to continue with a proposed investment in the relevant portfolio company, or in the event that the Sub-Fund is already invested in the portfolio company, decide to divest following such engagement; and (iv) voting – the Manager will determine how to exercise voting rights in the portfolio companies taking all of the factors above into consideration.

The Manager will carry out regular standardised ESG assessments and performance management, as well as assessing the likely impacts on investment returns with respect to sustainability risks in order to make a decision as to whether engagement with portfolio companies needs to take place.

The Sub-Fund is actively managed through an engaged ownership approach, with an aim to reduce portfolio risk while creating long-term value.

The Manager will prepare an ESG and impact report in respect of each investment or proposed investment, which will include all criteria which it considers necessary to assess the relevant investment from an ESG and impact perspective. If required, the Manager will seek further information and/or analysis in relation to the relevant investment until such time as the Manager considers that it has sufficient information to fully consider the relevant investment from an ESG and impact perspective, as part of the Manager's overall decision making process.

The sustainability-related disclosures required pursuant to the SFDR can be found in the Appendix.

### **Investment Restrictions**

Investors in particular must note the general investment restrictions set out under the heading "Investment Restrictions" in the Prospectus, which apply to the Sub-Fund.

### **Borrowing and Leverage**

The Sub-Fund may borrow up to 10% of its Net Asset Value provided that such borrowing is for a period of up to one month to cover a cash shortfall caused by mismatched settlement dates on purchase and sale transactions or on a temporary basis to finance redemptions. The assets of the Sub-Fund may be charged as security for any such borrowings. The Sub-Fund may acquire foreign currency by means of a back to back loan agreement(s). Foreign currency obtained in this manner is not classified as borrowing for the above mentioned 10% limit provided that the offsetting deposit (a) is denominated in the Base Currency; and (b) equals or exceeds the value of the foreign currency loan outstanding.

The Sub-Fund may not borrow for investment purposes.

Without prejudice to the powers of the Sub-Fund to invest in Transferable Securities, the Sub-Fund may not lend cash, or act as guarantor on behalf of third parties.

The Manager will use the commitment approach for the purpose of calculating global exposure in respect of the Sub-Fund.

The Sub-Fund may be leveraged up to 100% of Net Asset Value as a result of its investments and efficient portfolio management.

A risk management policy has been filed with the Central Bank which enables the accurate measurement, monitoring and management of the various risks associated with the use of financial derivative instruments. The Sub-Fund will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments. The Sub-Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank.



## SHARE CLASSES

The Classes of Shares available in the Sub-Fund are set out in the table below.

Investments in Shares shall be subject to the following Minimum Initial Investment and Minimum Additional Investment requirements which shall be determined by reference to the subscription price paid in respect of the Shares held in the relevant Class.

<b>Class</b>	<b>Currency of Denomination</b>	<b>Initial Offer Price</b>	<b>Minimum Initial Investment</b>	<b>Minimum Additional Investment</b>
Class R EUR	EUR	100	100	100
Class R CHF	CHF	100	100	100
Class R USD	USD	100	100	100
Class O EUR	EUR	100	100	100
Class O USD	USD	100	100	100
Class N EUR	EUR	100	100	100
Class S EUR	EUR	100	150,000,000	50,000
Class T EUR	EUR	100	250,000,000	50,000
Class I EUR	EUR	100	50,000	10,000
Class I USD	USD	100	50,000	10,000
Class I GBP	GBP	100	50,000	10,000
Class I CHF	CHF	100	50,000	10,000
Class J EUR	EUR	100	50,000	10,000
Class J USD	USD	100	50,000	10,000
Class E EUR	EUR	100	10,000	5,000

Subscriptions shall be made in the currency of the Class to be invested in.

Class R Shares are non-distributing Shares available to clients of certain distributors and to other investors at the discretion of the Manager.

Class O Shares are non-distributing Shares available to all investors.

Class N Shares are non-distributing Shares available to all investors for investments in the Sub-Fund in respect of which no fees or commissions (including any rebate of the distribution fee) is payable to any salesperson or other distributor (commonly referred to as “trailer fees”).

Class S Shares are non-distributing Shares that are only available to institutional investors who meet the Minimum Initial Investment requirement and meet other requirements established by the Manager. They are only available at the discretion of the Manager.

Class T Shares are non-distributing Shares that are only available to institutional investors who meet the Minimum Initial Investment requirement and meet other requirements established by the Manager. They are only available at the discretion of the Manager.

Class I Shares are non-distributing Shares that are only available to institutional investors.

Class J Shares are distributing Shares that are only available to institutional investors.

Class E Shares are non-distributing Shares and are only available to employees of the Lightrock group, and any and all employees of LGT Bank Ltd. and certain of its branches and affiliates.

## Distribution Policy

The Directors intend to declare a dividend in respect of the Class J Shares, and it is intended that dividends in respect of the Class J Shares will be declared on or about 31 May in each year. Please refer to the “Distribution Policy” section of the Prospectus for more information regarding the payment of dividends.

## SUBSCRIPTIONS

Shares are available for subscription on each Subscription Day at the relevant Subscription Price, and the initial offer period ("Initial Offer Period") has now closed. Each Business Day will be a Subscription Day.

A "Business Day" in respect of the Sub-Fund is any day (except Saturday or Sunday) on which retail banks are open for business in Dublin and such other days as the Directors may determine and notify in advance to Shareholders.

The Directors may from time to time close the Sub-Fund or any Class to new subscriptions on such basis and on such terms as they may in their absolute discretion determine.

### Subscription Price

The "Subscription Price" of a Share is the initial offer price (as detailed in the "Share Classes" section above) in respect of the Initial Offer Period and thereafter the Net Asset Value per Share of the relevant Class calculated in respect of the relevant Subscription Day.

### Procedure

Applicants for Shares, including Shareholders wishing to apply for additional Shares, must:

- (A) send their completed and executed Application Form to the Administrator so as to be received by the Administrator by 11.59 a.m. (Irish time) on the Business Day prior to the relevant Subscription Day; and
- (B) transfer cleared funds within two business days of the relevant Subscription Day.

If the Application Form and cleared funds are not received as described above, the application will be held over to the following Subscription Day and Shares will be issued at the relevant Subscription Price on that following Subscription Day, save in exceptional circumstances where the Directors may otherwise agree and provided that such application is received before the Valuation Point for the relevant Subscription Day.

"Valuation Point" means 10 a.m. (Irish time) on the relevant Subscription Day (or such other time as the Directors may determine), provided it is after the deadline for receipt of subscription requests outlined above.

Application Forms may be sent by facsimile, electronically or by post, as further detailed in the Application Form, subscription forms may be sent by facsimile, electronically (SWIFT) or by post or by such other method as the Fund or the Administrator may permit. The Fund and the Administrator reserve the right to require an original executed Application Forms to be submitted, generally or in any particular case.

Subscription monies must be paid into the bank account, as further detailed in the Application Form, and any interest on subscription monies will accrue to the Sub-Fund.

The Fund reserves the right to reject any application in whole or part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned without interest as soon as practicable at the risk and cost of the applicant to the account from which the monies were originally debited.

A written confirmation in the form of a contract note will be issued to successful applicants confirming acceptance of their application. Once applications have been received they are irrevocable.

Shares are deemed to be issued on the relevant Subscription Day. Fractions of Shares will, if necessary, be issued.

The Fund may, upon prior notification to and clearance by the Central Bank, create additional Classes. A separate portfolio of assets shall not be maintained for each Class.

Investors should note that as at the date of this Supplement only certain Classes may be available for purchase.

The Directors may decline to accept any application for Shares without giving any reason and may restrict the ownership of Shares by any person, firm or corporation in certain circumstances including, but not limited to, where such ownership would be in breach of any regulatory or legal requirement or might affect the tax status of the Fund, the Sub-Fund or the Manager or might result in the Fund, the Sub-Fund or the Manager suffering certain disadvantages which it might not otherwise suffer.

## REDEMPTIONS

Shareholders may redeem their Shares on any Redemption Day at the relevant Redemption Price.

Each Business Day is a Redemption Day.

### Redemption Price

The “Redemption Price” of a Share is the Net Asset Value per Share of the relevant Class as at the Valuation Point immediately preceding the relevant Redemption Day.

### Notice Period and Procedure

To redeem Shares, a Shareholder must send a completed and executed redemption request to be received by the Administrator by 11.59 a.m. (Irish time) on the relevant Business Day prior to the Redemption Day. If the redemption request is not received as described above, the redemption will be held over until the following Redemption Day and Shares will be redeemed at the relevant Redemption Price as at that following Redemption Day, save in exceptional circumstances where the Directors may otherwise agree and provided that such redemption request is received before the Valuation Point for the relevant Redemption Day.

“Valuation Point” means 10 a.m. (Irish time) on the relevant Redemption Day (or such other time as the Directors may determine), provided it is after the deadline for receipt of redemption requests outlined above.

Redemption requests may be sent by facsimile, electronically (SWIFT) or by post, as further detailed in the redemption request.

A redemption request, once given, is irrevocable except with the consent of the Directors (which may be withheld in their absolute discretion).

### Suspension

The Directors may declare a suspension of the determination of Net Asset Value and/or the redemption of Shares in certain circumstances as described under “Additional Information – Suspension of Net Asset Value and Dealings in Shares” in the Prospectus. No Shares will be redeemed during any such period of suspension.

### Settlement

Payment of redemption proceeds will be made within 10 Business Days of the relevant Redemption Day. Cash redemption proceeds will be paid in the currency in which the Shares are redeemed by direct transfer, at the Shareholder’s risk and cost, to the account from which the subscription monies for the Shares were originally debited (unless otherwise agreed by the Sub-Fund and the Administrator) and otherwise in accordance with instructions given by the redeeming Shareholder to the Administrator.

The Directors may reduce the redemption proceeds (including, for the avoidance of doubt, the proceeds of any compulsory redemption), and/or any other distribution payable to any Shareholder, in the circumstances described under the Prospectus.

If the Directors determine that special circumstances have arisen, which may include but are not limited to default or delay in payments to the Sub-Fund by other persons, the Sub-Fund may delay payment of redemption proceeds equal to the proportionate part of the net assets of the Sub-Fund represented by such sums that are affected by such circumstances or defer payment of the redemption proceeds if raising funds would, in the bona fide determination of the Directors, be unduly burdensome to the Sub-Fund.

Shareholders will generally be removed from the register of Shareholders prior to or upon redemption proceeds being paid. Insofar as investors remain as Shareholders until such time as the relevant Net Asset Value per Share has been calculated and the register of Shareholders is updated, investors will be treated as creditors for the redemption proceeds and any dividend which has been declared in respect of their Shares prior to the relevant Redemption Day, rather than Shareholders, from the relevant Redemption Day, and will rank accordingly in the priority of the Sub-Fund's creditors. Furthermore, during this period, investors will not have rights as a Shareholder, except the right to receive redemption proceeds and any dividend which has been declared in respect of their Shares prior to the relevant Redemption Day and, in particular, will not have the right to receive notice of, attend or vote at any meetings of the Sub-Fund and the Sub-Fund.

#### Compulsory Redemptions

The Sub-Fund has the right to compulsorily redeem all or part of the Shares held by or for the benefit of a Shareholder at any time without giving any reason.

Without limiting the above right, when the Directors become aware that (i) a Shareholder has become an Ineligible Applicant, (ii) a Shareholder is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, legal, pecuniary or material administrative disadvantages for the Sub-Fund or its Shareholders, (iii) a Shareholder has failed to provide any information or declaration required by the Directors and/or the Administrator within ten days of being requested to do so, the Directors may either direct that Shareholder to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold the relevant Shares, or compulsorily redeem the relevant Shares, (iv) a Shareholder is holding Shares less than such minimum number as the Directors may from time to time determine, the Directors may either direct that Shareholder to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold the relevant Shares, or compulsorily redeem the relevant Shares.

#### Dilution Adjustment

The "Dilution Adjustment" section of the Prospectus is applicable to the Sub-Fund. Please refer to this section of the Prospectus for further information.

## FEES AND EXPENSES

### Management Fee

The Manager is entitled to receive from the Sub-Fund a Management Fee of up to 1.81% of the Net Asset Value of the relevant Share Class. The Management Fee will accrue daily and be payable monthly in arrears in the Base Currency.

Notwithstanding anything to the contrary in the Prospectus, the Manager is responsible for discharging its own costs and the fees of the Administrator, the Depositary, auditing fees and sub-distribution support out of the Management Fee. Reasonable out-of-pocket expenses or separate fees (which will not exceed normal commercial rates) incurred or charged by the Manager, the Administrator or the Depositary relating to additional or ancillary services (for example, tax reporting and regulatory reporting fees) are included in the Management Fee.

### Share Class Specific Fees and Expenses

Class	Management Fee
Class R EUR	1.81%
Class R USD	1.81%
Class N EUR	1.00%
Class I EUR	0.91%
Class I USD	0.91%
Class I GBP	0.91%
Class J USD	0.91%
Class E	0.25%

### Dealing Fees

A Subscription Fee of up to 5% of the subscription amount may be charged in respect of the Class S and Class T Shares. A portion of the Subscription Fee will be payable to the Manager, and may be waived or rebated at the discretion of the Manager.

A Redemption Fee of up to 3% of the redemption amount may be charged in respect of any redemption of a Class S and Class T Share which has been in issuance for less than 5 years.

### Operating Expenses and Fees

Expenses paid by the Fund throughout the duration of the Fund, in addition to fees and expenses payable to the Manager, Administrator, the Depositary, the Secretary and any Paying Agent appointed by or on behalf of the Sub-Fund include but are not limited to brokerage and banking commissions and charges, ongoing legal and other professional advisory and consultancy fees, interest on borrowings, taxes and governmental expenses applicable to the Sub-Fund (including levies payable to the Central Bank), the Sub-Fund's pro-rata share of Directors' professional indemnity insurance, the costs of any amalgamation or restructuring of the Sub-Fund, the costs of winding up the Sub-Fund and the Sub-Fund's pro rata share of the costs of the winding up of the Fund, all other liabilities and contingent liabilities of the Sub-Fund of whatsoever kind in each case together with any applicable value added tax.

An estimated accrual for operating expenses of the Sub-Fund will be provided for in the calculation of the Net Asset Value of each Sub-Fund. Operating expenses and the fees and expenses of service providers which are payable by the Sub-Fund shall be borne in proportion to the Net Asset Value of the Sub-Fund or other methods, which will be fair and equitable to investors, or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to the Sub-Fund or a Class shall be borne solely by the Sub-Fund or relevant Class.

#### Maximum Level of Fees and Expenses

The maximum aggregate amount of fees, charges and expenses that will be borne (directly or indirectly) by Shareholders will depend on a number of factors including, without limitation, portfolio turnover, the level of any borrowings and the operational and organisational requirements of the Sub-Fund. The annual financial statements of the Sub-Fund will contain additional information regarding costs, fees, charges and expenses of the Sub-Fund.

This section under the heading "Fees and Expenses" should be read in conjunction with the section headed "Fees and Expenses" in the Prospectus.



## RISK FACTORS

Certain risks relating to the Shares are set out under the heading "Risk Factors" in the Prospectus. In particular, prospective investors and Shareholders should note the following risk factors outlined in the Prospectus:

*"Investing in Smaller Companies", "Risks associated with ESG investing", "Sustainability Risks" and "Equity Risk".*

The nature of the Sub-Fund's investments involves certain risks and the Sub-Fund utilises investment techniques (such as leverage and the use of derivatives) which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons which can assume the risk of losing their entire investment.

**THE DIRECTORS OF THE FUND AND THE MANAGER MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INVESTMENT STRATEGY. POTENTIAL INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS ON WHETHER AN INVESTMENT IN THE FUND IS SUITABLE FOR THEM, BASED ON THE INVESTMENT STRATEGY AS SET OUT HEREIN.**

## APPENDIX

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: Lightrock Global Small-Cap Fund

Legal entity identifier: 635400GLZLGMABMFAT30

## Environmental and/or social characteristics

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

Yes

No

- |  |  |
|--|--|
| <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____%</p> | <p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15% of sustainable investments</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p> |
|--|--|

**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.



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

The Sub-Fund promotes the following environmental characteristics:

- climate change mitigation and climate change adaptation;
- protection and restoration of biodiversity and ecosystems; and
- transition to a circular economy.

No specific reference benchmark has been designated for the purpose of attaining the above environmental characteristics. However, the Sub-Fund aims to contribute to achieving the climate goals as set out in the Paris Agreement. Accordingly, by 2030 the Sub-Fund aims to have a carbon intensity that is below the EU Climate Transition Benchmark pathway. This pathway assumes a carbon intensity of the Sub-Fund that is initially 30% lower than the MSCI World Small Cap Index in 2020, with the intention being a subsequent 7% annual reduction.

The Sub-Fund aims to achieve a carbon intensity that is below the EU Climate Transition Benchmark pathway through exclusion, integration and engagement. First of all, worst

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

performers with respect to climate change risks are excluded. The Sub-Fund excludes potential investments based on certain criteria. Among other exclusion criteria, which are described further in this Appendix, the following exclusion criteria are relevant in this respect:

- Companies that violate the United Nations Global Compact principles on the Environment;
- Companies deriving revenues from the production or distribution of thermal coal;
- Companies deriving revenues from the exploration, production, refining or distribution of (un)conventional oil and gas, except for those companies meeting the inclusion criteria (see the binding elements of the investment strategy as outlined below);
- Companies deriving revenues from facilitating the exploration, production, refining or distribution of (un)conventional oil and gas, except for those companies meeting the inclusion criteria (see the binding elements of the investment strategy as outlined below); and
- Companies involved in power generation from non-renewable energy sources.

Climate change risks, and carbon intensity in particular, are integrated in investment analysis and portfolio construction. A climate change risk scoring system will be utilised in respect of the Sub-Fund which has four pillars: measuring, target-setting, acting, and governing. Each company in the portfolio is scored according to this framework:

Measuring: assessing and mitigating a company's GHG risk requires proper measurement and disclosure of carbon emissions. Companies with measurement and disclosure practices that are deemed sub-standard will be engaged with. Emission reporting should cover a company's entire scope of operations. The aim is for GHG data that is assured by a third-party auditor.

Target-setting: once a company has determined its GHG footprint, the next step is setting clear and ambitious targets to reduce emissions, ideally commensurate with the Paris Goal of limiting global warming to 1.5°C above pre-industrial levels by 2050. Science-based targets are considered to be best practice; companies are encouraged to join the Science Based Targets initiative (SBTi). Emission reduction should substantially be achieved by operational initiatives, with CO<sub>2</sub> offsets only serving as a last resort.

Acting: companies are required to act on their ambitions. For example, GHG reduction targets should be underpinned by a concrete roadmap or strategy on how to achieve them. Companies that fail to act on their promises will be engaged with.

Governing: climate change is a highly important topic that should be properly governed within a company. Good governance and procedures to manage climate risks should be in place. Management incentives should reflect the company's promises on GHG emissions reduction. Companies without the proper climate change governance in place will be engaged with.

Each company in the portfolio is scored according to this framework. Low scores on each of the four pillars would trigger a direct company engagement. Companies that underperform from the perspective of climate change mitigation and adaptation will be the subject of engagement. A special focus will be on high impact sectors, as well as the top 50% contributors to the portfolio's weighted average carbon intensity. Engagement on climate change will also follow the four pillars of measuring, target-setting, acting, and governing.

The Sub-Fund will report on greenhouse gas emissions in-line with the disclosure as required by SFDR. In addition, on an annual basis, progress towards the Sub-Fund's intermediate decarbonization target will be reported. The Sub-Fund's weighted average carbon intensity and the top contributors to the weighted average carbon intensity will be disclosed on a quarterly basis.

The Sub-Fund promotes the following social characteristics:

- decent work: such characteristics relate to people in their working lives or as workers, and build on the decent-work agenda by the International Labour Organization and its four pillars (employment creation, social protection, rights at work and social dialogue);
- adequate living standards and wellbeing for end-users: such characteristics relate to people in their role as end-users of certain products and services, which can either pose heightened health or safety risks or have the potential to help people to meet basic human needs (e.g. right to health, food, housing and education); and
- Diversity, equality and inclusion: such characteristics would, for example, include gender diversity and equality.

No specific reference benchmark has been designated for the purpose of attaining the above social characteristics.

The Manager integrates sustainability risk into the investment process and the Manager, in its sole discretion, uses the information provided to select investments which promote the environmental and social characteristics adopted by the Sub-Fund.

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

- **GHG emission intensity:** The overall GHG emission intensity of the Sub-Fund is used as a metric to measure progress on the climate goals, as outlined above. GHG emission intensity for individual portfolio companies is used for portfolio construction and when engaging with portfolio companies in order to achieve the climate goals. The Manager engages with the most GHG emission intensive portfolio companies of the Sub-Fund. The Manager, in its sole discretion, may restrict or exclude portfolio companies which have a high GHG emission intensity;
- **GHG emissions** and **carbon footprint** are used for portfolio construction and when engaging with portfolio companies in order to achieve the climate goals;
- **Energy consumption intensity per high impact climate sector** is used for portfolio construction and when engaging with portfolio companies in order to achieve the climate goals; and
- **Activities negatively affecting biodiversity-sensitive areas** are taken into account when constructing the portfolio, as described in the Biodiversity Policy of the Manager. The main causes of biodiversity loss stem from human interaction with nature. Deforestation, urbanization and increasing prevalence of farming monoculture have changed the use of land, with detrimental effects on biodiversity. Over-fishing and offshore resource extraction continue to affect the health of oceans. Pollution and climate change are further causes of decreasing biodiversity. Companies with severe controversies related to biodiversity loss are excluded. Business activities that negatively affect biodiversity, such as unsustainable forestry and fishing practices, and activities associated with deforestation are excluded. Climate change presents perhaps the biggest risk factor to biodiversity and planetary health. In this light, investment in companies that have a material, adverse effect on climate change is avoided. In addition, activities that are considered to particularly affect biodiversity, such as precious metals mining, are excluded. Deforestation is considered as another main cause or accelerator of biodiversity loss and the investment in companies with unsustainable forestry practices or other activities that lead to deforestation are avoided. Biodiversity considerations are taken into account as part of the investment analysis and decision-making processes, recognizing the potential risks associated with biodiversity loss and potential opportunities of biodiversity risk mitigation. For each portfolio company, it is determined whether biodiversity is a material sustainability factor. Companies with activities negatively affecting biodiversity-sensitive areas (Principal Adverse Indicator 1.7) are included in this. The Sub-Fund will report on biodiversity through disclosing the share of investments in companies

without a policy to address deforestation in the Sub-Funds SFDR Annex 1 disclosure (Principal Adverse Indicator 2.15).

**Social characteristics:**

- **Violations of UNGC principles and OECD Guidelines for Multinational Enterprises** are used for exclusion;
- **Exposure to controversial weapons** is used for exclusion. See below for a more extended list of the Sub-Fund's exclusion criteria;
- **Board gender diversity** is used when engaging with portfolio companies and when exercising voting rights, as described in the Voting Policy of the Manager; and
- **The unadjusted gender pay gap** is used when engaging with portfolio companies.

Principal adverse impacts ("PAIs") indicators are considered to determine to what extent portfolio companies adversely affect the sustainability factors related to the environmental and social characteristics promoted by the Sub-Fund. In addition to the 14 mandatory PAI indicators under the SFDR Annex 1 statement, the Sub-Fund considers several additional PAI indicators. The Sub-Fund considers the following additional climate and other environment-related indicators: 1) the share of investments in companies without carbon emission reduction initiatives; 2) the share of investments in companies without a policy to address deforestation; 3) the share of investments in entities without a human rights policy, and; 4) the number of identified cases of severe human rights issues and incidents.

The Sub-Fund seeks to mitigate the negative effect of the PAI indicators through either exclusion, integration, engagement or voting.

An external vendor (Sustainalytics) is used to provide information on PAI indicators on an individual holding level. Overall portfolio and entity-level PAI information is prepared by aggregating the individual holding data. Measurement is conducted on at least a quarterly basis, with annual reporting.

Besides using the PAI indicators to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund, the Manager applies ESG exclusion criteria and integrates ESG considerations as part of the investment process. For more details on ESG exclusion and integration, please refer to the binding elements of the investment strategy as outlined below.

● **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?**

The Manager intends to partially make sustainable investments. The environmental (E) and social (S) objectives of the sustainable investments are the following:

- Climate change mitigation and climate change adaptation (E);
- Protection of biodiversity and ecosystems (E);
- Transition to a circular economy (E); and
- Access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in least developed countries (S).

Revenues related to an environmental objective aligned with the Taxonomy are included in the proportion of sustainable investments. Furthermore, sustainable investments comprise of companies active in certain specified environmental and social activities. In line with industry practice, a minimum threshold of 20% of revenues is applied to determine if a portfolio company is a sustainable investment.

The following activities are included:

- Environmental activities: focused on climate change mitigation and energy efficiency, pollution prevention and waste minimization, sustainable management of water, forestry and land resources;
- Social activities: access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in least developed countries.

● **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?**

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

The Manager takes into account the PAI indicators mentioned above (see the section entitled “What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product”) to demonstrate that an investment qualifies as a sustainable investment and does not cause significant harm to any environmental or social sustainable investment objectives. The Manager considers all 14 mandatory PAIs plus the four additional impact indicators outlined in the above for this purpose.

Any potential portfolio company must meet the financial and ESG criteria prior to entering the Sub-Fund’s investable universe. The Manager intends to avoid companies involved in significant controversies (for example controversies including the violation of global norms related to human rights, labour, the environment and corruption). Companies violating international principles and conventions, such as the United Nations (“UN”) Global Compact, the UN Guiding Principles for Business and Human Rights, the UN Principles for Responsible Investment and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, are excluded from the investible universe. Sustainable investments must meet the Do No Significant Harm assessment. All portfolio holdings, including the sustainable investments, must pass the Good Corporate Governance assessment.

On an annual basis, the portfolio holdings are screened to determine to what extent these holdings remain in compliance with the global norms described above. The Sub-Fund makes use of third-party ESG research providers

**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.

(Sustainalytics and Bloomberg) to assess the level and materiality of controversies. The Sub-Fund excludes companies that are in breach of or are on the watchlist for United Nations Global Compact compliance. Furthermore, significant controversies are identified as category 4-5 (on a scale of 1-5, with 5 being the most severe type of controversy).

Furthermore, the Manager excludes companies involved in certain business practices (see below for the exclusion criteria).

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

Companies violating international principles and conventions, such as the UN Global Compact, the UN Guiding Principles for Business and Human Rights, the UN Principles for Responsible Investment and the OECD Guidelines for Multinational Enterprises, are excluded from the investible universe.

*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.*



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

Yes

The Manager considers principal adverse impacts on sustainability factors to determine to what extent investee companies contribute to the environmental and social characteristics promoted by the Sub-Fund. The Manager takes into account the PAI indicators mentioned above when integrating sustainability risk as part of its investment process.

Information on principal adverse impacts on sustainability factors will be disclosed in the Sub-Fund’s annual report.

No



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

The Manager pursues an investment strategy that combines the principles of long-term investing with responsible active ownership. As part of its investment strategy, the Manager will promote environmental and/or social characteristics, as outlined above.

The investment strategy of the Sub-Fund encompasses the following techniques:

- assessment of the management and leadership teams within investee

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

- companies to determine how such companies are managed;
- assessment of whether or not investee companies are able to earn above average returns. Investee companies that can sustain high returns and that are able to reinvest capital at higher rates of return often deliver attractive compound growth for investors;
- assessment of balance sheets and whether or not investee companies, through strong returns, are able to invest on a long-term basis; and
- a focus on investee companies that trade at a discount to their intrinsic value.

The Manager's philosophy during the investment selection phase focuses on: (i) transparency – ensuring that the research process is documented; (ii) long-term investment strategy; (iii) a focus on fundamentals – the basis of each analysis is in-house fundamental analysis and a conservative outlook is taken during the investment selection phase in keeping with the focus on long-term investments. Investee companies with speculative returns are excluded; (iv) ESG considerations are incorporated in each phase of the investment selection process as outlined above; and (v) a bottom-up fundamental research process is employed whereby the Manager selects the stocks of entities which demonstrate characteristics similar to those outlined above (strong management/leadership, above average returns, strong balance sheets and long-term investment philosophy).

For more details, please refer to the binding elements of the investment strategy, as outlined below.

As part of its investment strategy, the Manager aims to promote environmental and/or social characteristics, as outlined above. ESG considerations are integrated as part of the investment process, which involves exclusion, integration and engagement activities. For more details, please refer to the binding elements of the investment strategy, as outlined below.

● ***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 the environmental or social characteristics promoted by the Sub-Fund involve exclusion, integration and engagement (including voting).

**ESG Exclusion:** Any potential investee company must meet the financial and ESG criteria prior to entering the Sub-Fund's investable universe.

The Manager will avoid companies involved in significant controversies that violate global norms related to human rights, labour, the environment and corruption. Companies violating international principles and conventions, such as the UN Global Compact, the UN Guiding Principles for Business and Human Rights, the UN Principles for Responsible Investment and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, are excluded from the investible universe.

The Manager excludes companies involved in the following business practices:

- Adult entertainment: companies deriving more than 5% of their revenues from the production or distribution of pornography and related services;
- Alcohol: companies deriving more than 5% of their revenues from production of or trade in alcoholic beverages (excluding beer and wine);
- Animal welfare: companies conducting animal testing for non-pharmaceutical products, unless legally required. Government regulations in many countries legally require toxicity testing on animals as a condition for the sale of certain pesticides, industrial chemicals, drugs, medical devices, and consumer products. The purpose of such testing is to determine likely toxicity and the degree of anticipated human or environmental exposure. Where such legal requirements are in place, the Manager chooses not to exclude the company

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



- on the basis of animal testing. The Manager screens for animal testing in the ESG due diligence phase and, if the practice occurs, determines whether the practice is legally required, and what the materiality and scope of the practice is. The Manager is of the view that companies engaging in animal-testing where this can be legally avoided should be excluded from the investible universe;
- Asbestos: companies deriving more than 5% of their revenues from production of or trade in or use of unbounded asbestos fibres;
  - Cannabis: companies deriving more than 5% of their revenues from the production or distribution of thermal coal;
  - Coal: companies deriving more than 5% of their revenues from the production or distribution of thermal coal;
  - Forestry (unsustainable): companies deriving more than 5% of their revenues from the production of or trade in wood or other forestry products other than from sustainably managed forests;
  - Fishing (unsustainable): companies deriving more than 5% of their revenues from unsustainable fishing methods (e.g., blast fishing and drift net fishing using nets in excess of 2.5km long), and marine and coastal fishing products such as large-scale pelagic drift net fishing, harmful activities to marine biodiversity and habitats;
  - Gambling: companies deriving more than 5% of their revenues from gambling products and services;
  - Nuclear: companies deriving more than 5% of their revenues from production or trade in radioactive materials, excluding the purchase of medical equipment, quality control equipment, or any equipment where the radioactive source is considered trivial and/or adequately shielded, and companies deriving more than 5% of their revenues revenue from the production of nuclear energy;
  - Oil & Gas:
    - o Conventional Oil & Gas: companies deriving more than 5% of their revenues from the exploration, production, refining or distribution of conventional oil and gas, except for those companies meeting all of the inclusion criteria (see below). Also, companies deriving more than 50% of their revenues from facilitating the mentioned activities are excluded.
    - o Unconventional Oil and Gas: companies deriving more than 5% of their revenues from the exploration and production of unconventional oil and gas (tar sands, shale oil and gas, arctic oil and gas). Also, companies deriving more than 50% of their revenues from facilitating the mentioned activities are excluded.
  - Pesticides (banned): companies deriving more than 5% of their revenues from production or trade in pesticides subject to international phase outs or bans;
  - Pharmaceuticals (banned): companies deriving more than 5% of their revenues from production or trade in pharmaceuticals subject to international phase outs or bans.
  - Power generation: companies involved in power generation from non-renewable energy sources;
  - Tobacco: companies deriving more than 5% of their revenues from the production, distribution or sale of tobacco products; and
  - Weaponry: Companies deriving more than 5% of their revenues from the production or distribution of conventional weapons and related products / services. Also, companies involved in the production or distribution of controversial weaponry (e.g. anti-personnel landmines, biological weapons, chemical weapons, cluster ammunition, nuclear weapons) and related services, are excluded.

#### Inclusion criteria for conventional Oil & Gas

Companies that meet each of the following criteria, are not excluded:

- The company has a GHG reduction target in-line with the Paris Agreement goal of limiting global warming to 1.5°C above pre-industrial average (e.g., a long-term net zero carbon target);
- The company will derive meaningful revenues from products or services contributing to decarbonisation in the mid-term, with the expectation that by

- 2030 at least 15% of revenues will be derived from products or services contributing to decarbonisation; and
- The company should commit to this and have a reasonable capital allocation strategy to get there.

**ESG Integration:** For each new investment, the Manager prepares a proprietary ESG analysis. As part of that analysis, sustainability risks and corresponding indicators (indicators which assists with the determination as to whether a new investment adversely effects the sustainability factors) that are material will be taken into consideration and will be subject to further due diligence. This due diligence analysis is periodically reviewed. Companies with low scores on the sustainability indicators will either be avoided or, to the extent the Manager identifies room for sufficient improvement, will be subject to engagement (see below). The proprietary ESG score is ranked from 1 (high risk) to 5 (low risk). The Manager is guided by the ESG analysis undertaken and has the sole discretion to select the companies it deems appropriate for investment in the Sub-Fund. The Manager will not invest in companies with a score of either 1 or 2, and will establish an engagement plan for companies with a score of 3 in order to improve the score to 4 or higher. For this purpose, milestones will be set.

During the holding period, the Manager periodically reviews the ESG due diligence and monitors progress on the implementation of action plans and ongoing compliance with the Sub-Fund's ESG requirements.

For each investment, the Manager aims to carry out regular standardised ESG assessments and performance measurement. These assessments culminate in periodic reports which include quantitative and qualitative reporting of ESG practices, work and performance, and impact performance of investments. Such reporting will include aggregate-level ESG data relating to the investments of the relevant Sub-Fund, such as the weighted average carbon intensity, 3rd party ESG ratings, portfolio company-level data and qualitative ESG analysis, impact key performance indicators and progress towards engagement targets.

**Engagement (incl. voting):** The Manager pursues an investment strategy that combines the principles of long-term investing with responsible active ownership. Engagement with portfolio companies, including on ESG topics, is key for the Manager to properly identify investment opportunities, manage investments and sustainability risks, and monitor investee companies. The Manager uses this information when selecting investments with the appropriate environmental and social characteristics. The Manager will, as part of its ESG and impact role as described in the Prospectus, engage directly with portfolio companies on ESG topics in order to secure and enhance the safety and the long-term value of the relevant investments. Such engagement can include holding meetings, monitoring of portfolio companies and acting where it is determined that there is a particular ESG-related concern. The Manager will then determine whether or not to continue with a proposed investment in the relevant portfolio company, or in the event that the Sub-Fund is already invested in the portfolio company, decide to divest.

Insufficient progress on the engagement front can result in divesting or avoiding the portfolio company.

Based on the philosophy of active and responsible ownership, the Manager will exercise its voting rights to act in the best interest of the Sub-Fund and the Shareholders. When exercising voting rights, the Manager will take into account the guidelines as outlined in the voting policy of the Sub-Fund, which is formulated by the Manager. More information on the voting policy as well as voting summaries can be found here: [www.lightrock.com/strategies/globalsmallcaps](http://www.lightrock.com/strategies/globalsmallcaps).

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

Not applicable. The Sub-Fund does not commit to a minimum rate to reduce the scope of investments considered prior to the application of the investment strategy.

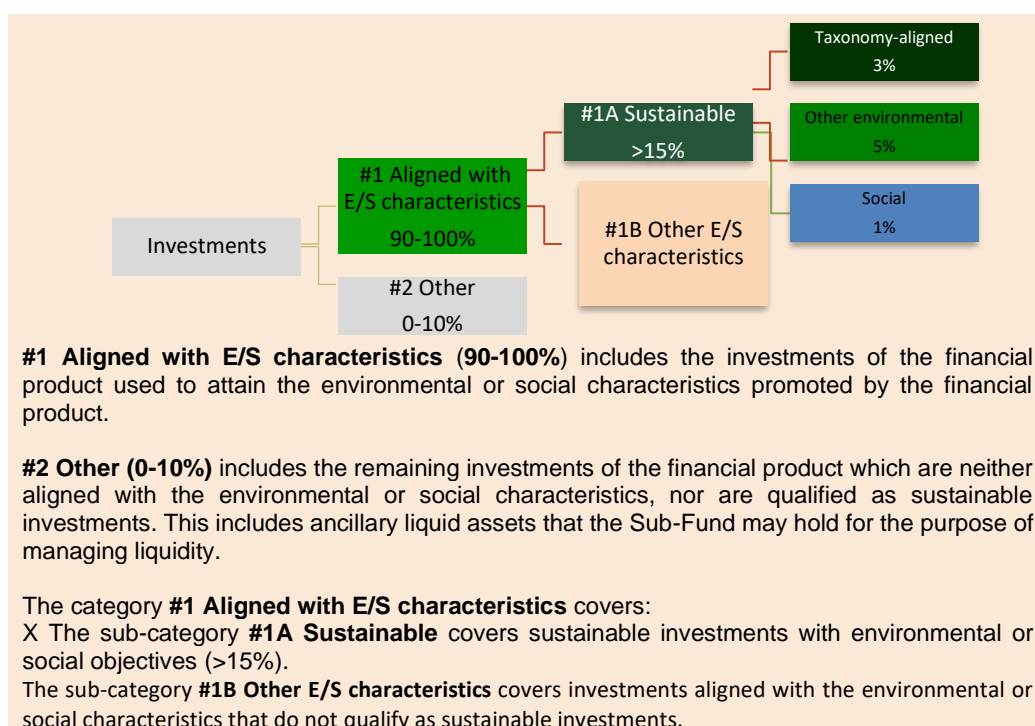
● **What is the policy to assess good governance practices of the investee companies?**

For each new investment, the Manager prepares an extensive ESG analysis, which is periodically reviewed. As part of the due diligence analysis, the Manager assesses to what extent the portfolio companies meet good governance practices. Aspects included in this due diligence relate to management structures, employee relations, remuneration of staff and tax compliance. Based on this due diligence, the Manager may identify room for improvement in terms of corporate governance, which will then be a topic for engagement. Insufficient progress on the engagement front can result in the Manager divesting or avoiding the company.



**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.

As a starting condition, sustainable investments must meet the Sub-Fund’s Do No Significant Harm criteria (see exclusion criteria above) and pass the assessment on good governance.

Revenues related to an environmental objective aligned with the Taxonomy are included in the proportion of sustainable investments. For this purpose, the Manager prepares an assessment for each portfolio company, either based on actual data provided by the portfolio company or based on its own assessment.

Furthermore, sustainable investments comprise of companies active in certain specified environmental and social activities (see below for the activities included). A minimum threshold of 20% of revenues is applied to determine if a portfolio company is a sustainable investment. For this purpose, the Manager prepares an assessment for each portfolio company, either based on actual data provided by the portfolio company or based on its own assessment.

- Environmental activities included: focused on climate change mitigation and energy efficiency, pollution prevention and waste minimization, sustainable management of water, forestry and land resources; and
  - Social activities included: access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in least developed countries.
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

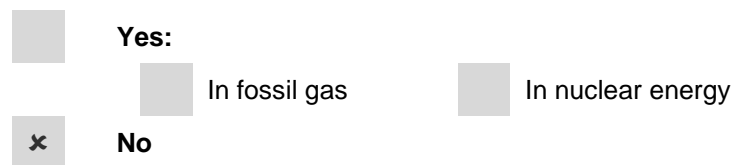
Not applicable. The Sub-Fund does not use derivatives to attain the Environmental or Social characteristics promoted.



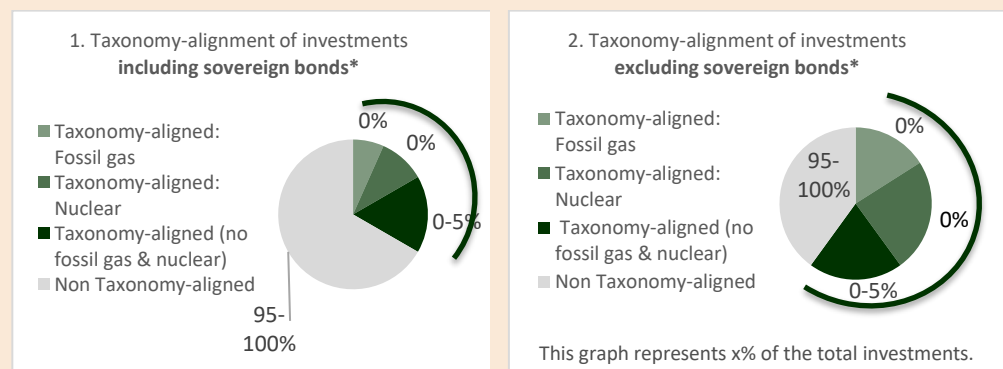
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund aims for the total sustainable investments to be above the minimum commitment (>15%). The Sub-Fund aims for a minimum of 3% invested in sustainable investments with an environmental objective aligned with the Taxonomy. The actual proportion will be disclosed in the periodic report. For the purpose of this, the Manager prepares an assessment for each portfolio company, which is based on a combination of actual data provided by portfolio companies and third party data. Only revenues related to an environmental objective aligned with the Taxonomy are included in the proportion of this category. Compliance of the Sub-Fund's intended proportion of Taxonomy-aligned investments will not be subject to an assurance provided by one or more auditors or other third party review.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply 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.

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

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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.

0%. The Sub-Fund does not intend to have a minimum share of investments in transitional and enabling activities.



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

The Sub-Fund aims for the total sustainable investments to be above the minimum commitment (>15%). The Sub-Fund aims for a minimum of 5% invested in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The actual proportion will be disclosed in the periodic report.

This category of sustainable investments comprises of activities with an environmental objective that are not aligned with the Taxonomy, but relate to energy efficiency, pollution prevention and waste minimization, sustainable management of water, forestry and land resources. A minimum threshold of 20% of revenues is applied to determine if a company is a sustainable investment. For the purpose of this, the Manager prepares an assessment for each portfolio company, which is based on a combination of actual data provided by portfolio companies and third party data, and this assessment is then considered by the Manager.



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

The Sub-Fund aims for the total sustainable investments to be above the minimum commitment (>15%). The Sub-Fund aims for a minimum of 1% invested in socially sustainable investments. The actual proportion will be disclosed in the periodic report.

This category of sustainable investments with a social objective comprises of activities related to access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in the least developed countries. A minimum threshold of 20% of revenues is applied to determine if a company is a sustainable investment. For the purpose of this, the Manager prepares an assessment for each portfolio company, which is based on a combination of actual data provided by portfolio companies and third party data, and this assessment is then considered by the Manager in determining whether or not to proceed.



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

The “#2 Other” category includes investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. This includes cash and money market instruments including short-term deposits, cash and near-cash instruments (such as short-term commercial paper and certificates of deposits) that the Sub-Fund may hold for the purpose of managing liquidity. There are no minimum environmental or social safeguards for these investments.



### **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 specific index has been designated as a reference benchmark to determine the environmental or social characteristics that it promotes.

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

Not applicable.

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.



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

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

More product specific information can be found on the website:  
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