

Sustainability Report (Article 29 LEC)

Metori Capital Management*

30th June 2023

Introduction

Metori Capital Management (hereinafter “Metori”) is a pure-play systematic and quantitative asset manager.

Metori was founded in 2016 by a group of seasoned professionals from Lyxor Asset Management (Société Générale Group). The company brings together a team of experts in capital markets, portfolio management and IT infrastructure.

We combine ideas from academic research with empirical data analysis in order to implement strategies which have sound statistical and economical foundations. Our belief is that this scientific approach allows to uncover market complexities in order to generate performance for our clients.

Our investment model is referred as the Epsilon Investment program (or “Epsilon”), an alpha-seeking, long and short strategy, which invests in future contracts across multiple regions and asset classes. It aims to provide investors with a large opportunity set arising from global markets trends, with no asset class or geographical bias.

General approach

Acting in a socially responsible and ethical manner has been made one of Metori’s core values since the launch of the company. We are strong supporters of responsible investing and believe that we can have an impact both through how we act as a firm and through the investments we make for our clients. Metori’s commitment with the responsible investment, includes the following guiding principles:

- Invest while measuring ESG scores;

*Portfolio management company approved by the AMF under the GP N. 17000002 as of 06/02/2017 SAS with a share capital of 772.131 € - RCS Paris B 823 656 541 Registered Office: 9 rue de la Paix, 75002, Paris.

- Invest while considering the risks and opportunities identified in the non-financial analysis of financial products; and
- Support the development of sustainable financial markets and the long-term market stability as a whole.

In-house resources

Metori considers that while long-term performances can be well measured, ESG criteria are more difficult to evaluate. ESG considerations can be subdivided indeed into hundreds of sub-criteria which make many reluctant to boil it down to a single measure. Yet, as a fiduciary, it is important to appreciate the trade-off between long-term performance potential and ESG “efficiency” or “risk.” For that very reason, the business of ESG notations as boomed in the past years.

Our view is that the industry needs a proper framework for ESG sufficiently general to cover real-life institutional multi-asset portfolios, including several asset classes, derivatives, leveraged long and short positions.

In this light, we have developed our own methodology for ESG Scoring calculation, and moreover we have created an internal ESG Scoring calculation tool. In this tool, we expose a possible way forward which we use as a basis to rate the UCITS version of Epsilon. In our methodology :

- First, we discuss the available sources of issuer ESG scores.
- Second, we tackle the issue of transforming those issuer scores into portfolio scores.
- Finally, we address the consistency issue across asset classes. At each stage, we highlight the particular choices that we have made.

When it comes to sources of information, several companies have specialized into providing ESG scores for corporation and states. To name a few, MSCI, Sustainalytics or the UN Sustainable Development Goal (sdg) are widely accepted references on the matter. Their span is large and their methodology disclosure satisfactory. We cannot claim to have compared the soundness of their methodology and leave this task to others. Based on global reputation, on the span of issuer rated as well as the accessibility of the data. we have retained Sustainalytics as our ESG score provider for corporation and states. Sustainalytics’s methodology can be found at (“Sustainalytics ESG Risk Rating” 2020).

ESG engagement at entity-governance level

Metori has established the following corporate engagements to continue our commitment to conduct business in a socially responsible and ethical manner:

- Metori will be transparent with respect to its progress on ESG research and implementation solutions;
- Metori will provide detailed reporting of ESG measures;
- Metori has introduced the promotion of the ESG integration in its processes while taking into account the sustainability risks as one of its remuneration criteria;
- Metori will perform a continuous watch on ESG best practices and embrace research and education on the topic;
- Metori will support and promote responsible investment within the investment industry (clients, peers, industry forums . . .);
- Metori will ensure it allocates sufficient time and resources to meet the above objectives and to aid our clients in their understanding of ESG-based investing.

Among other corporate engagements, Metori is a signatory of the United Nation Principles for Responsible Investment (“UNPRI”). The UNPRI are a pledge made by some institutional investors that their fiduciary responsibility should include Environmental, Social and Governance (“ESG”) considerations.

Prevention of discrimination and harassment

As part of our Code of Ethics, Metori encourages its employees to prevent any form of discrimination, harassment, bias, and prejudice against our staff or any other individuals who conduct business or intent to conduct business with Metori. In particular, employees must:

- Promote fair treatment of candidates in the recruitment process, basing their decision on objective criteria, ensure equal opportunities, and define reward conditions in an equitable manner;
- Reject all forms of discrimination, bullying or harassment against other employees, clients or any person with a relationship to METORI based on factors such as: race, color, origin or ancestry, ethnic origin, creed, religion, age, sex, gender, maternity, marital status, sexual orientation or disability; and
- Not engage in sexual harassment which is defined as any behavior of a sexual nature that affects the dignity of an individual, which is considered as unwanted, unacceptable, inappropriate, and offensive to the recipient, and that creates an intimidating, hostile, unstable or offensive work environment.

Approach to taking ESG quality criteria into account when managing risks

Voting Policy

Our investment universe is exclusively composed of futures on stock indices (no single-stock futures), interest rates, currencies and commodities traded on the largest regulated global futures exchange markets. It does not comprise any single stocks nor corporate bonds. A traditional ESG investment approach based on screening, exclusions lists or active ownership (voting rights) is therefore not relevant.

Principal Adverse Impacts (PAI)

Metori does not currently consider the Principal Adverse Impacts of its investment process on “sustainability factors” as defined in SFDR. The Epsilon Program is an alpha-seeking, long and short strategy, which invests in future contracts across multiple regions and asset classes. Sustainability factors are listed as environmental, social, and employee matters, as well as matters relating to human rights, anti-corruption, and anti-bribery. Metori considers none of the instruments within our multi-asset investment universe have any Principal Adverse Impacts (PAI) on such factors.

Continuous improvement and corrective measures

Our responsible investment policy is reviewed on an ad-hoc basis (e.g. new product launch) and at least annually by Metori’s Executive Committee to ensure that we meet industry standards. We are committed to continue integrating the sustainability factors in our entity.

Metori Capital Management

Address 9 rue de la Paix, 75002 - Paris, France

Telephone +33 (0) 1 83 75 00 60

Email info@metori.com

www.metori.com