

## **SUSTAINABILITY REPORT**

### **Article 29 of the Energy-Climate Law (LEC 29)**

#### **About Metori Capital Management**

Metori Capital Management (“Metori”) is a quantitative fund manager headquartered in Paris. Our company brings together seasoned professionals in capital markets, mathematics, IT engineering and quantitative investing.

Metori was founded in late 2016 with the objective to generate investment performance with a scientific approach. Our company represents the continuation of many years of research and development in quantitative investing.

**Independent:** we are an independent business, privately owned by the founding partners, whose interests are strongly aligned with those of our investors. Our company combines institutional standards with the agility of an entrepreneurial firm, fostering a common culture of intellectual curiosity, creative research, and innovation.

**Pure player:** we are specialists in quantitative investment in liquid markets. Our R&D aims at continuously improving our investment model, on an on-going basis. We focus our resources on targeting a top-tier performance in our category.

**Technology oriented:** technology is at the heart of our investment process. It increases efficiency in research, fund management and trading execution. With the appropriate infrastructure, successful ideas can be nurtured and applied. Our cloud-based infrastructure allows for the seamless integration of innovative research with an actionable day-to-day investment process.

#### **ESG philosophy**

The Epsilon Investment program is an alpha-seeking, long and short strategy, which invests in Futures 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.

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.

While long-term performance can be well measured, ESG criteria are more difficult to quantify. 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.”

With this backdrop, 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.

Metori has published a paper “ESG risk rating of alternative portfolios” in which we propose a methodology to derive an ESG risk rating for any alternative portfolio, taking into account the complexity of alternative investment portfolios (long and short exposures, leverage, multiple asset classes): [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3721898](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3721898)

## **Corporate Engagements**

Nicolas GAUSSEL, CEO and Co-CIO, is the owner of the ESG process with the following role and responsibilities:

- Ensuring regulatory compliance
- ESG monitoring and reporting
- Embedding sustainability into processes and decision making

The following corporate engagements have been established to support 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 transversal processes while considering the sustainability risks as one of its remunerations 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.

In line with regulatory requirements and Metori’s internal code of conduct, we have implemented strict internal procedures on how to conduct our business in terms of equal treatment of investors, alignment of interests or handling conflicts.

Metori is also mindful of its environmental impact in every possible way, ranging from travel policies to the choice of providers and business partners.

Metori upholds a strong commitment to ESG principles as outlined in our Code of Ethics, which is signed by all employees. Additionally, we provide mandatory ESG training for all staff to ensure a shared understanding and implementation of ESG business practices.

## **ESG policy controls**

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.

The controls around responsible investments are structured as follows:

**First line:** The ESG process owner shall ensure the proper formalization of the ESG regulatory compliance, monitoring and reporting. As well as pursuing the inclusion of the ESG principles into Metori's processes and decision making.

**Second line:** The RCCI or its delegate ensures that Metori respects the principles established in the present procedure:

- ESG Regulatory compliance; and
- ESG monitoring and reporting.

## Memberships

Metori is a signatory to the UNPRI since November 15, 2017: <https://www.unpri.org/signatory-directory/metori-capital-management/2410.article>

UNPRI signatories work together to implement six core principles of responsible investment. For more information, please visit: <https://www.unpri.org/pri/pri-2021-24-strategy>

## ESG Risk integration

To support the development of sustainable financial markets and to best integrate the ESG risk to our investment style, Metori has developed an internal ESG Scoring calculation tool.

Moreover, we consider that our investments should at a minimum have no material impact on market prices:

- We choose to trade on markets and instruments which provide the largest liquidity. Practically speaking, we impose hard liquidity limits on all futures from our investment universe. We have hard limits on the below two metrics which are monitored at instrument level daily:
  - Ratio between positions held and the open interest; and
  - Ratio between positions held and the average traded daily volume.
- Execution is largely performed through algorithms provided by our brokers. These algorithms leverage a variety of data such as liquidity or traded volume, thus helping us to avoid affecting market prices with our trades.

It is also worth mentioning that we strictly abide by limits imposed by regulators such as the U.S. Commodity Futures Trading Commission ("CFTC") to prevent excessive speculation and sudden fluctuations or unwarranted changes in prices.

## Exclusion/Inclusion 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.

### **Consideration of Principle 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.

### **Reporting**

Metori has created an interactive ESG reporting which is made available to investors upon request.

Real life institutional portfolios are a mix of multi-asset class long, short and leveraged positions. We believe that this complexity shall not prevent the financial industry to measure the ESG impact of such portfolios. This is why we have developed a comprehensive methodology to aggregate individual ESG score for a large class of complex strategies.

The objective of this ESG report is to outline the practical implementation of this methodology for the UCITS version of the Epsilon strategy.

A reporting tool has been developed along those lines and is available upon request. We see this as a necessary first step to properly tie up the trade-off between our ESG responsibility and our fiduciary responsibility to deliver long term performances.

### **Inclusion and diversity**

Metori is not a large company. Our recruitment process is driven by the genuine need for skilled individuals who align with our values and contribute to the growth of the firm. We are committed to adhering to the French regulations, which prohibit the collection of ethnic-based statistics and discrimination.

Our hiring practices are strictly meritocratic, and we embrace the principles of equality, ensuring that gender, ethnicity, sexual orientation, and other personal characteristics are never factors in our decision making.

We strive to implement best practices in terms of inclusion and diversity, aiming to nurture a team that draws strength from the individual talents and experiences each member brings to our organization.