Marketing Material
For Professional Investors Only

RAM Stable Climate Equities Article 9:

The Investment Strategy

Q2/2023

Leave the herd behind.

ram ai

Philosophy

Strategy Objective: Investment for a Sustainable Future.

The RAM Stable Climate Global Equities strategy was established in 2020 in response to the Intergovernmental Panel on Climate Change (IPCC) report, with the aim to help fight climate change by investing in companies across sectors that lead in its mitigation and adaptation. The strategy is classified as an Article 9 under the Sustainable Finance Disclosure Regulation (SFDR).

Strategy Profile

Article 9 SFDR

Reduced Carbon Emissions*

Launched in July 2020

Close to 100M USD AUM

120+ positions

* The aim is to achieve a GHG emissions intensity (Scope 1, 2 and 3) on the portfolio that is at least 1/3 lower than a capitalisation-weighted global developed markets equity portfolio.

Investment Manager

Founded in 2007

UN PRI since 2014

Geneva-based

2 bn EUR AUM

40+ employees

A Tailored Approach for Climate Positivity.

The strategy uses a systematic and bottom-up approach to invest in companies with emission reduction targets and relatively low greenhouse gas (GHG) emission intensities (Scope 1 and 2) for their sector, and active in sectors that promote climate change mitigation or adaptation. With the help of RAM AI's Machine Learning models, it identifies sustainable investment opportunities in firms with high alpha expectations that demonstrate low carbon operations or provide climate solutions. The portfolio is fine-tuned to optimise alpha while reducing volatility.

Strategy Recipe

Systematic bottom-up approach + Decarbonisation & climate solutions + Deep Learning based alpha prediction + Reduced volatility & broad diversification

Investment Process

Data Analysis

Our investment process at RAM AI is rooted in deep and comprehensive data analysis methods. For each potential investment, our models integrate over **500 proprietary alpha inputs** derived from market data, financial statements, sentiment, positioning and sustainability metrics. This scrutiny extends to both structured and unstructured data, sourced from a variety of providers; ensuring a thorough, multifaceted evaluation of every sustainable investment opportunity.

1. Investable Universe.

a. Ethical and Sustainable Criteria.

The strategy uses a systematic approach to invest in liquid stocks within the global developed universe. The investable universe is constructed using a sustainability process that includes:

- Norms and Values-based Exclusions
- Good Governance Assessment
- Do Not Significantly Harm (DNSH)

b. Decarbonisation Criteria.

Approach 1: Operations-based decarbonisation:

This approach targets companies across sectors that are dedicated to undertaking an ecological transition of their operations. This is assessed based on their:

- forward-looking initiatives to reduce GHG emissions on an absolute level
- historical emission intensity levels

Approach 2: Product-driven decarbonisation:

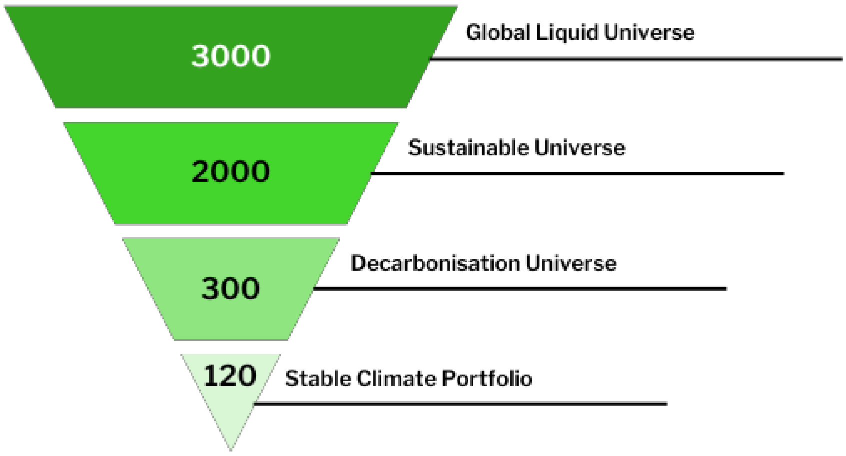
This approach invests in companies with at least 50% of revenues aligned with the EU Taxonomy, demonstrating active involvement in climate change mitigation or adaptation. The overall strategy is committed to reach a minimum taxonomy alignment of 5%.

2. AI-Driven Selection: Leveraging Deep Learning for Enhanced Returns and Risk Management.

For each candidate identified during the Sustainable Selection step, RAM AI's proprietary Deep Learning platform leverages hundreds of inputs to predict alpha, employing custom Artificial Neural Network architectures. Only companies demonstrating the highest return potential are retained for inclusion in the final portfolio.

To further enhance performance, our proprietary optimisation process is employed to maximise the overall portfolio's alpha, generating optimal trades and position scaling for each stock, while simultaneously incorporating risk management measures. By imposing a reduced volatility profile, integrating ESG constraints and minimising trading costs and market impact, the portfolio is fine-tuned to target an optimal balance between returns and risk management.

Number of companies remaining after each stage of the process:



3. Active Ownership: Streamlined Active Ownership via AI Technologies.

We employ Broadridge's platform for systematic voting, reinforcing our shareholder influence, and also partake in collective engagement initiatives such as the Carbon Disclosure Project (CDP) and Climate Action 100+, urging companies to enhance their environmental disclosures and reduce emissions.

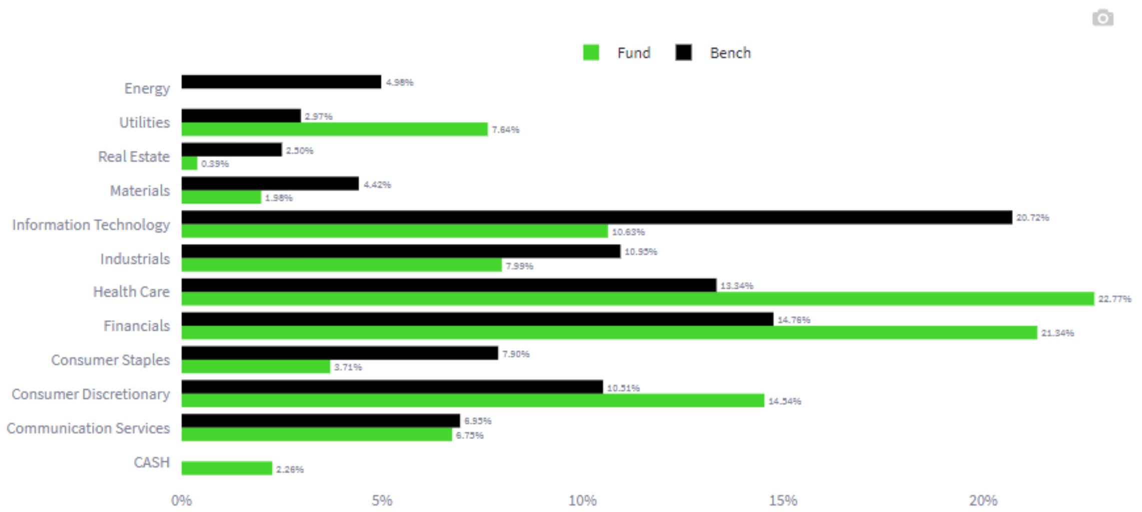
Our direct engagement strategy relies on AI technologies; we use News Flow data and our proprietary ESG2RISK platform, to identify potential controversies. This data-driven approach ensures targeted and efficient engagement for sustainable investing.

Portfolio Breakdown: A Diversified Sustainable Investment Approach

Most Article 9 strategies offer concentrated allocation in low emitting sectors, while our strategy aims to keep a high level of diversification across sectors through:

- **Balanced Decarbonisation Approaches:** We focus on both operation-based and product-driven decarbonisation, recognising their joint role in achieving a sustainable future.
- **Diversified Factor Biases Exposure:** We maintain exposure to all market cap segments to ensure a broad investment spectrum. In addition, our Machine Learning based alpha prediction and optimisation approach leads to diversification in factor exposure, resulting in a balanced and resilient portfolio with attractive valuation and a low volatility profile.
- **Broad Sectoral Representation:** We invest across all sectors except fossil fuels, ensuring sectoral diversification.

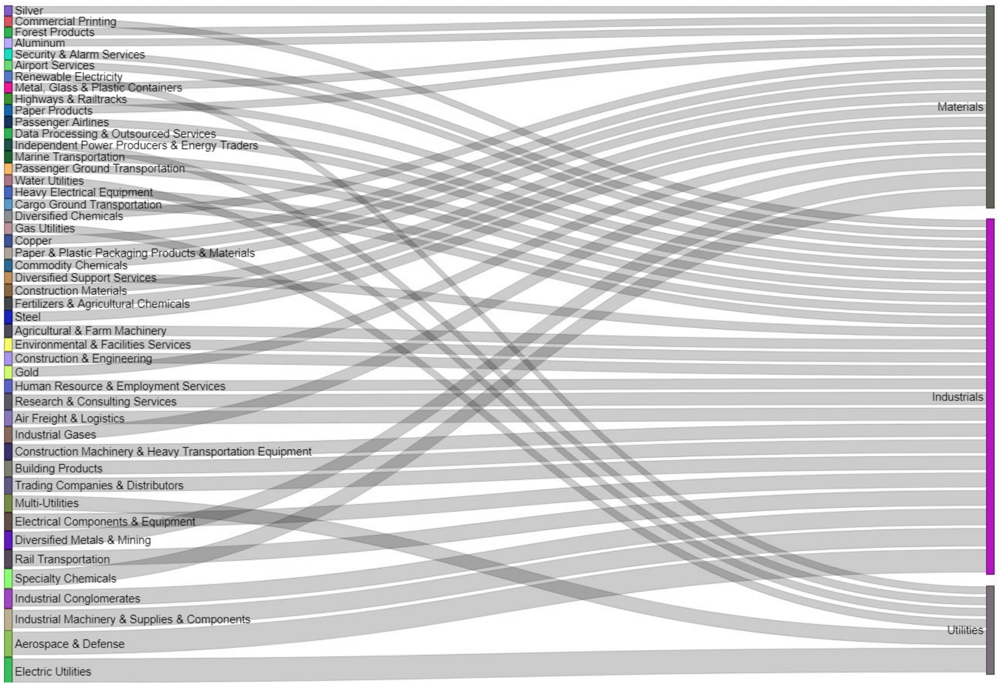
Sector Breakdown



Source: RAM AI, as of 31.05.2023

Looking more closely at the high emitting sector shows that passive investors maintain an allocation with a number of sub-industries, not discriminating against the long-term negative impact of certain investments.

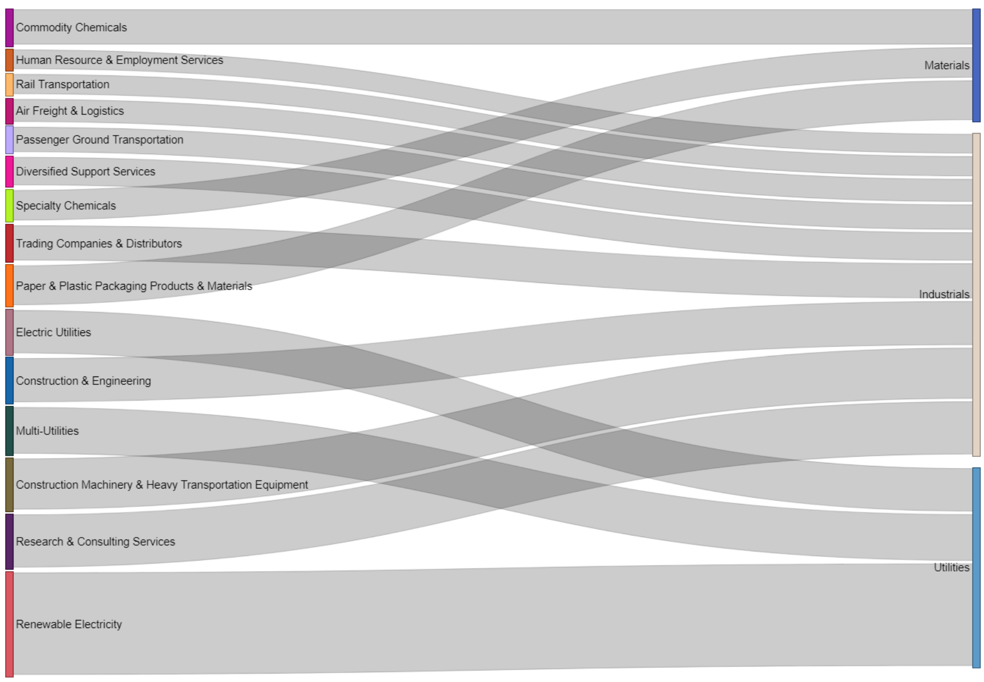
MSCI World's Allocation to High Emitting Sectors



Source: RAM AI, as of 31.05.2023

The Stable Climate strategy meticulously assesses investments within high-emission sectors. It concentrates on EU taxonomy aligned firms, and on companies that demonstrate a strong commitment to sustainable transitions, maintain emission levels below their sector average, and are not significantly harmful on an absolute basis. Except for the fossil fuel industry, this approach allows us to remain inclusive of all sectors, prioritising those companies that are actively striving for sustainability.

Stable Climate Equities Strategy's Allocation to High Emitting Sectors



Source: RAM AI, as of 31.05.2023

Glossary

SFDR ARTICLE 9

Deciphering the Requirements and Implications of Article 9 Funds for Sustainable Investments

SFDR Article 9 sets stringent requirements for funds to qualify as sustainable investments, with exceptions permitted only for hedging or liquidity purposes. These requirements stipulate that investments must:

1. Contribute to an environmental or social objective, thereby promoting sustainability.
2. Ensure the investment doesn't cause significant harm to any environmental or social objective, preserving the integrity of sustainable goals.
3. Mandate that investee companies adhere to good governance practices, underlining the importance of ethical and effective management in sustainable investments.

EU TAXONOMY

A Framework for Defining Sustainable Economic Activities

The EU Taxonomy is a classification system devised by the European Union. It serves as a guide to identify environmentally sustainable economic activities. This system sets a benchmark for sustainability, focusing on activities that significantly contribute to climate change mitigation or adaptation while ensuring they don't harm other environmental objectives and adhere to minimum social safeguards.

DNSH

Understanding the 'No Significant Harm' Rule in Sustainable Practices

'Do Not Significantly Harm' (DNSH) is a principle embedded in the EU's sustainability regulations. It's built upon the concept of Principal Adverse Impacts (PAIs) on sustainability factors. The DNSH principle requires that any activity contributing to an environmental or social objective should not significantly harm any other sustainability factors. This principle ensures a holistic approach to sustainability, promoting actions that are beneficial or, at the very least, not detrimental to any sustainability objective.

GOOD GOVERNANCE ASSESSMENTS

Ensuring Compliance with Sustainable Finance Disclosure Regulation (SFDR)

Under the SFDR regulation, funds and strategies marketed in the European Union are required to adhere to good governance practices for investment consideration. This emphasis on good governance is a precondition for investment and is a crucial part of the due diligence process for Article 8 or Article 9 products under SFDR. Good governance, in this context, entails a standard of governance reflecting industry norms and practices with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

CLIMATE CHANGE MITIGATION VS ADAPTATION

Navigating Dual Strategies: Lowering Emissions and Adapting to Climate Shifts

- Mitigation involves efforts to reduce or prevent the emission of greenhouse gases, targeting the root cause of climate change. This is achieved by investing in companies actively committed to lowering their carbon footprint, such as those with science-based targets for reducing emissions, or those developing renewable energy solutions.
- Adaptation involves adjusting to actual or expected future climate change impacts. This means investing in companies that are developing innovative solutions to cope with climate change effects, for instance, those improving infrastructure resilience or those involved in climate-smart agriculture.

The fund understands that both strategies are crucial for a sustainable future, providing a comprehensive response to the climate crisis by addressing its causes and managing its impacts.

Disclaimer

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Some shares in the Sub-Fund may apply a performance fee. Please refer to the section “Fees and Charges” and to the “Glossary” in this document for further details. Leverage intensifies the risk of potential increased losses or returns. RAM Active Investments may decide to terminate the marketing arrangement in place in any given country in accordance with Article 93a of Directive 2009/65/EC. Changes in exchange rates may cause the NAV per share in the investor's base currency to fluctuate. Particular attention is paid to the contents of this document but no guarantee, warranty or representation, express or implied, is given to the accuracy, correctness or completeness thereof. Prior to any transaction, clients should check whether it is suited to their personal situation, and analyse the specific risks incurred, especially financial, legal and tax risks, and consult professional advisers if necessary. Please refer to the Key Investor Information Document and prospectus with special attention to the risk warnings before investing. For further information on ESG, please refer to https://www.ram-ai.com/en/regulatory-information and the relevant Sub-Fund webpage. The prospectus, constitutive documents and financial reports are available in English and French while KIIDs are available in the relevant local languages. These documents can be obtained, free of charge, from the SICAVs' and Management Company's head office and www.ram-ai.com, its representative and distributor in Switzerland, RAM Active Investments S.A. and the relevant local representatives in the distribution countries. A summary of Investors' rights is available on: https://www.ram-ai.com/en/regulatory-information Issued in Switzerland by RAM Active Investments S.A. which is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA). Issued in the European Union and the EEA by the authorised and regulated Management Company, RAM Active Investments (Europe) S.A., 51 av. John F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg. The source of the above-mentioned information (except if stated otherwise) is RAM Active Investments and the date of reference is the date of this document.

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