Carbon-Adjusted Return: A New Metric for Evaluating the Carbon Intensity of Fund Performance.

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We believe that for those allocating capital to Article 9 funds – vehicles explicitly targeting sustainable investments under the Sustainable Finance Disclosure Regulation (SFDR) – the importance of measuring their carbon footprint is becoming a key element. One metric we would encourage investors to consider is the Carbon Intensity Adjusted Return, which provides valuable information on what carbon intensity is necessary for a fund to generate its return.

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Definition of Carbon Intensity Adjusted Return

We measure the carbon intensity of return with the following formula:

$$Carbon\ Intensity\ Adjusted\ Return = \frac{(5\ Years\ Annualised\ Return)}{(GHG\ Intensity\ (Scope\ 1 + 2 + 3))}$$

Here, we examine the Greenhouse Gas (GHG) Intensity (Scope 1+2+3), as this metric is generally broadly available and largely independent of fund size. However, we could also use metrics based on total carbon emissions adjusted for Assets Under Management (AUM) over different return periods.

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High carbon intensity within a portfolio can indicate exposure to companies facing potentially declining future revenues, heightened regulatory risks, rising operational costs, and impaired asset values in a carbon-constrained world. We began exploring this risk perspective in our ESG2Risk: A Deep Learning Framework from ESG News to Stock Volatility Prediction (2020) and AI for ESG Integration: Training Machines to Predict Sustainable Alpha (2023) papers.

Many investors in Article 9 funds have net-zero targets and aim to combine financial returns with a positive environmental impact. Therefore, monitoring fund carbon emissions through the lens of carbon intensity and historic returns offers a complementary assessment of how a fund manager generates returns.

This analysis is interesting as a significant divergence exists across the landscape of Article 9 Global Equity funds regarding the carbon intensity asset managers are willing to accept to achieve their performance. This stands in sharp contrast to volatility, where fund managers show much greater alignment on what constitutes an acceptable balance between risk and return.
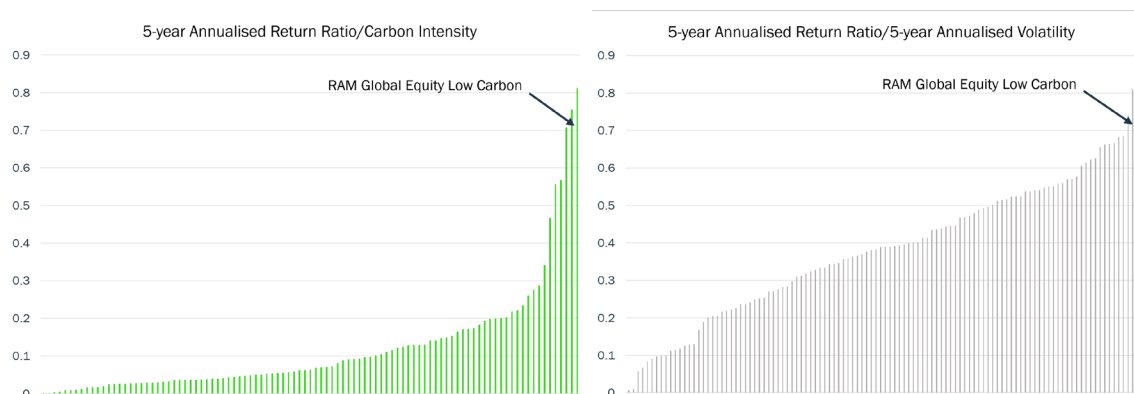
Source: Quantalys, Climate and Sustainability-focused Global Equity peer group [99 names]. Statistics in EUR, data as of 18th July 2025.
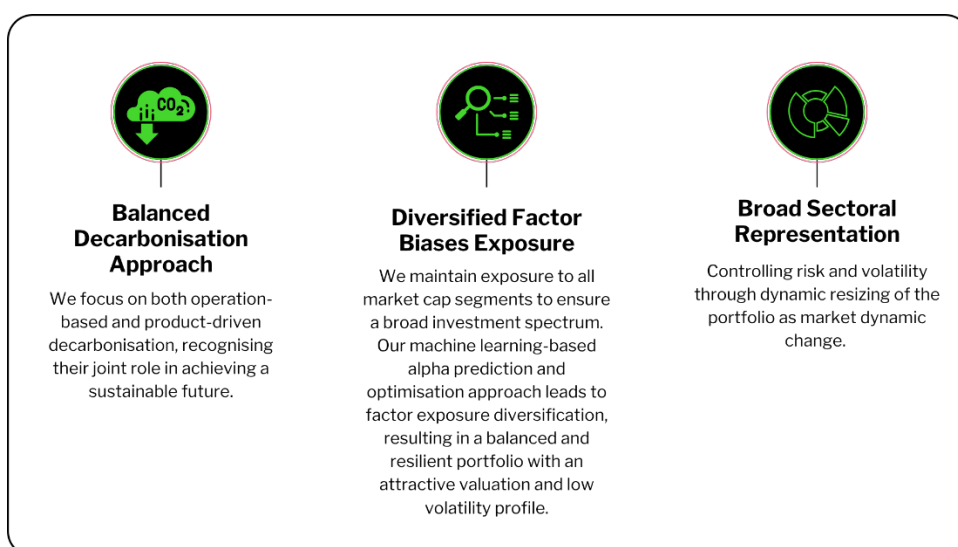
● RAM Global Equity Low Carbon Fund

The RAM Global Equity Low Carbon Fund celebrated its fifth anniversary in July, marking five years of strong performance delivered with a significantly lower level of Scope 1+2+3 emissions than the vast majority of its peers. This achievement is particularly notable given that low emissions in many Article 9 strategies are often associated with higher allocations to traditionally low-emitting sectors, whereas the RAM Global Equity Low Carbon Fund maintains a high level of sector diversification.

SFDR Art. 9 Global Equity Universe- Return per Carbon Intensity (Scope 1,2,3)
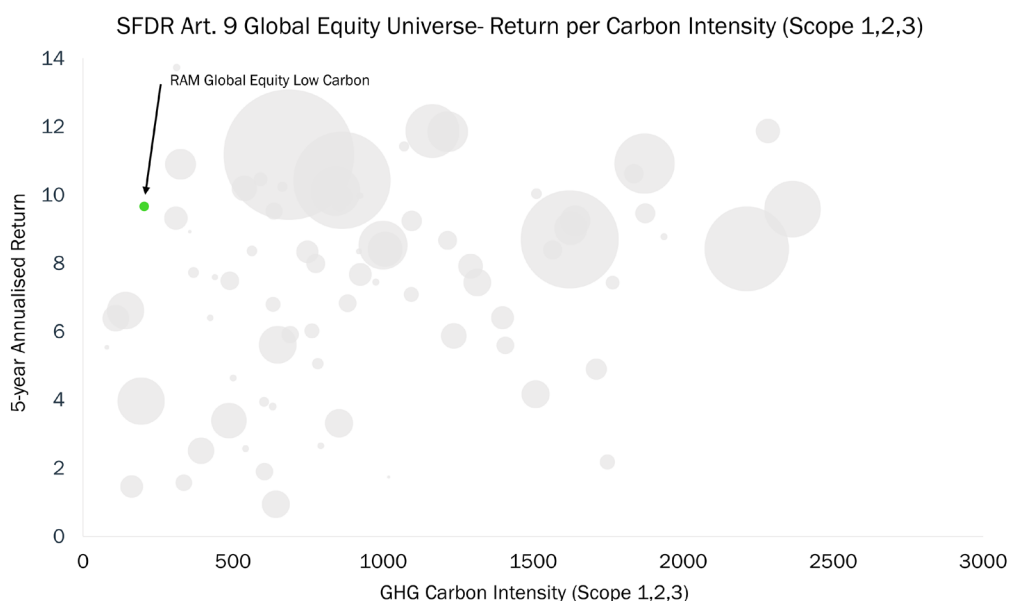
Source: Quantalys, Climate and Sustainability-focused Global Equity peer group [99 names]. The size of chart bubbles is in proportion to fund size. Performance Statistics in EUR, data as of 18th July 2025.

This consistent performance, combined with its low carbon footprint, has been achieved through a deliberate and robust investment philosophy:

Balanced Decarbonisation Approach

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. Our machine learning-based alpha prediction and optimisation approach leads to factor exposure diversification, resulting in a balanced and resilient portfolio with an attractive valuation and low volatility profile.

Broad Sectoral Representation

Controlling risk and volatility through dynamic resizing of the portfolio as market dynamic change.

Consult the factsheet for more information about the fund

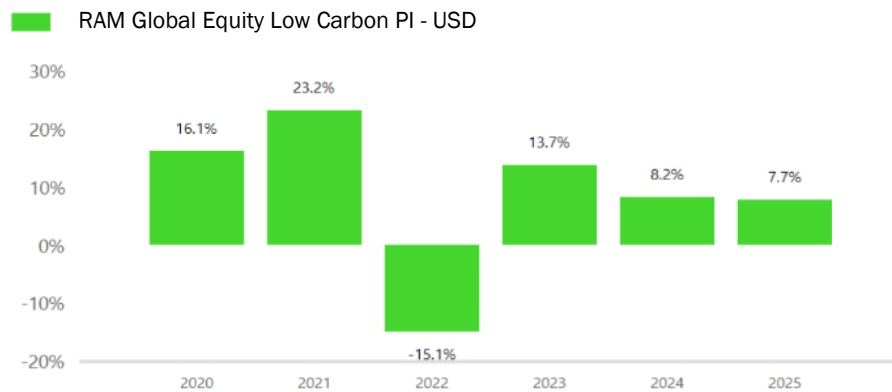## Cumulative Performance Since Share Class Inception (net of fees)

Past performance is not a reliable indicator of future results

— RAM Global Equity Low Carbon PI - USD
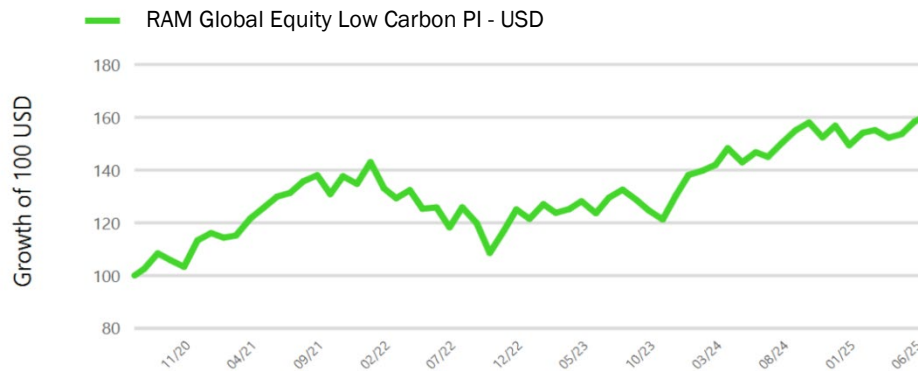
Calendar Year Performance (net of fees)

Past performance is not a reliable indicator of future results

■ RAM Global Equity Low Carbon PI - USD

Source: RAM AI, as of June 2025, share class PI USD net of fees (LU2153419689).

Disclaimer

Important Information:

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