

Website disclosures pursuant to Article 10 of Regulation (EU) 2019/2088 and Articles 25 to 36 of Commission Delegated Regulation (EU) 2022/1288

Product Name: Aeronautics Fund- sub-fund “AFD-A” or “Sub-Fund A”

a) Summary

a) No sustainable investment objective:

This financial product promotes environmental and social characteristics, specifically the shift to a circular economy, but does not have a sustainable investment objective.

b) Environmental or social characteristics of the financial product:

The Fund will support the shift to a circular economy by investing in and refurbishing aeronautic equipment that has completed its initial use. This involves activities like reuse, repair, upcycling, remanufacturing, and decommissioning. All of this, following the Aircraft Fleet Recycling Association (AFRA)'s best management practices.

c) Investment Strategy:

The Fund's strategy aims to achieve superior medium to long-term capital growth by acquiring commercial aircraft, airframes, engines, and spare parts. These assets will be repaired, leased, or sold globally, and eventually dismantled and recycled at the end of their lifecycle. Additionally, the Fund may pursue its objectives by investing in both listed and unlisted vehicles.

This process includes four main steps:

1. Repair and maintenance of the asset
2. Monitoring of KPIs
3. Exclusion List
4. Decommissioning and recycling

The Investment Manager highlights that selecting assets using proprietary ESG scoring or exclusion lists depends partly on third-party data. The absence of standardized ESG definitions in the EU complicates comparison of ESG strategies. Data limitations, hidden defects, and scarce public information make ESG integration in aircraft equipment challenging. Additionally, dismantling and recycling processes can vary and face unforeseen challenges, potentially causing negative environmental impacts.

d) Proportion of investments:

The Fund expects to allocate at least 51% of its capital to investments that promote the environmental and social characteristics identified.

e) Monitoring of environmental or social characteristics:

The Fund collects sustainability indicators annually, based on guidelines from the Aircraft Fleet Recycling Association (AFRA), specifically their Recycling Practice Guide and Minimum Standards, as well as their Disassembly Practice Guide and Minimum Standards. These indicators are:

- Number of parts reused (#)
- Recyclability rate (%)

f) Methodologies:

The aforementioned KPIs follow a specific methodology, taken from specific guidelines of the Aircraft Fleet Recycling Association (AFRA), namely its Recycling Practice Guide and Minimum Standards, as well as its Disassembly Practice Guide and Minimum Standards.

g) Data sources and processing: The information to be reported is collected directly from the Fund and based on its regular activity, which is intended to be as true and fair as possible. This data is collected by the Fund's specific manager, which is an entirely internal process. Furthermore, the data processed by the Fund is based on actual and not estimated information.

h) Limitations to methodologies and data: Limitations to the methodologies and data referred to in the above sections include, but are not limited to:

- a. limited capacity to measure or report from normal activity of the Fund,
- b. different reporting periods and group perimeters,
- c. human error in the provision of data,
- d. human error from data collection is done via email and Excel

i) Due diligence: During due diligence, the Fund ensures good governance and minimizes risks through two main processes:

First, a Know Your Customer (KYC) check is done pre-investment to confirm the seller's legal compliance. Second, it verifies that companies involved are not operating in countries under EU and US sanctions, both before investment and after leasing the assets.

j) Engagement policies: The Fund implements the KYC process and the Exclusion List both during pre-investment and at the time of asset leasing or sale. These processes ensure companies comply with the law and verify that transactions do not involve entities on the EU and US sanctions list.

k) Designated reference benchmark: No benchmark has been designated to achieve the environmental and social characteristics promoted by the Fund.

b) No sustainable investment objective

This financial product promotes environmental and social characteristics, specifically the shift to a circular economy, but does not have a sustainable investment objective.

c) Environmental and social characteristics of the financial product

The Fund, by investing in aeronautic equipment that has completed its initial use, and subsequently refurbishing and repairing it to prolong its functionality, will support the shift to a circular economy.

This will be achieved through a variety of activities such as reuse, reparability, upgradability, design for longevity, repurposing, disassembly, remanufacturing, and sharing products.

All of this, in accordance with the Aircraft Fleet Recycling Association (AFRA)'s recycling best management practices (BMPs) for managing used aircraft parts and assemblies. Both the Fund and the Investment Manager are AFRA members.

d) Investment Strategy

The Fund's investment strategy involves achieve above average medium to long term capital appreciation through the purchase of commercial aircraft and/or airframes and/or engines, and/or spare parts, the repair, the lease and/or the sale of these assets worldwide, dismantling and recycling the assets once they reach the end of their useful life. Furthermore, the Fund may also achieve its objective by investing into any listed or unlisted vehicles.

This process includes four main steps:

1. **Repair and maintenance of the asset:** With the goal of refurbishing and repairing it to extend its functionality.
2. **Monitoring of KPIs:** To measure the progress and promotion of the characteristics promoted.
3. **Exclusion List:** Based on it the Fund will only buy and lease its assets to companies that operate in countries which are not under sanctions according to EU and US lists.
4. **Decommissioning and recycling:** After the asset's lease or useful life concludes, it is returned to the Fund for dismantling and recycling.

Furthermore, it is important to note that the Investment Manager notes that selecting assets based on proprietary ESG scoring or exclusion lists relies partly on third-party data. The lack of standardized ESG and sustainability definitions at the EU level leads to varying approaches among managers, making it challenging to compare ESG strategies. Additionally, data limitations pose obstacles for integrating ESG, particularly in aircraft equipment. Hidden defects and the scarcity of public data require the Investment Manager to use different techniques to incorporate ESG information. Additionally, the dismantling and recycling processes can vary and face unforeseen challenges, potentially causing negative environmental impacts.

e) Proportion of Investments

The Fund expects to allocate at least 51% of its capital to investments that promote the environmental and social characteristics identified.

f) Monitoring of environmental or social characteristics

The Fund will annually measure a set of indicators to evaluate and track progress on promoted environmental and social characteristics.

These indicators align with best market practices and are based on guidelines from the Aircraft Fleet Recycling Association (AFRA), specifically their Recycling Practice Guide and Minimum Standards, as well as their Disassembly Practice Guide and Minimum Standards.

In order to achieve this promotion of the circular economy, two particular KPIs will be measured:

- Number of parts reused (#)
- Recyclability rate (%)

The Fund expects, by measuring these indicators, to monitor and review the contribution of its investments to the circular economy.

g) Methodologies

As mentioned above, these indicators are intended to conform to best market standards and are taken from guidelines of the Aircraft Fleet Recycling Association (AFRA), namely its Recycling Practice Guide and Minimum Standards, as well as its Disassembly Practice Guide and Minimum Standards.

Therefore, the methodology indicated in these documents has been followed, as follows:

1. Number of parts reused, the formula:

Number of parts reused = Total Number of parts intended to be returned to the market^A

A: May consist of:

- Parts intended to be sold as AR
- Parts already tagged (i.e. Inspected)
- Parts already or intended to be sent to a repair station/AMO to be overhauled, repair, etc.
- Combination of all the above

2. Recyclability rate, the formula:

$$\frac{\text{Total Recycled mass output}^{\text{B}}}{\text{Input mass}^{\text{C}}} \times 100$$

B: Consisting of all materials that were recycled (see definitions in the BMP of Recycled Material, and Recycling).

C: May consist of the totals of the mass sent to or received by the recycling facility. Alternatively, the published empty weight of the aircraft may be used.

h) Data sources and processing

1. **Data sources:** the data is collected directly from the fund from general information collected on the basis of regular activity.
2. **Data quality:** the Fund shall endeavour to ensure that the information reported is in accordance with the true and fair view.
3. **Data processing:** the information will be collected by the controller responsible for its processing and management, all of this will be carried out internally by the Fund.
4. **Data estimation:** estimation of data is avoided to the extent possible. Aeronautics is based on actual and not estimated data, with the limitations mentioned below.

i) Limitations to methodologies and data

Limitations to the methodologies and data referred to in the above sections include, but are not limited to:

- limited capacity to measure or report from the Fund normal activity, inherent to the type of strategy that the Fund follows,
- different reporting periods and group perimeters,
- human error in the provision of data,
- human error from data collection done via email and Excel

The Fund expects to improve data quality and minimise the limitations mentioned above as data collection processes are improved.

j) Due Diligence

During the due diligence phase, the Fund follows two main processes in order to ensure good governance practices in its activities and to minimise related risks.

The first process is the Know Your Customer (KYC) one and is conducted in the pre-investment phase to confirm that the seller is not involved in any illegal activities that might jeopardize the investment.

The second process involves verifying that the companies selling and leasing the assets do not operate in countries subject to EU and US sanctions. This verification is conducted both before the investment and after the asset has been leased.

Through these due diligence procedures, the Fund aims to ensure that the investment complies with the minimum requirements and seeks to minimise risks that are not specifically inherent to the type of investments the Fund carries out.

k) Engagement Policies

As the Fund strategy is centred around the purchase of assets, the labour of engagement is carried out in the purchase and in the leasing and sale of asset.

The Fund engages with the two processes mentioned above: the KYC process and the Exclusion List. In this particular case, these processes take place both at the time of pre-investment and when the leasing or sale of the asset takes place.

In the pre-investment phase, both processes are carried out to ensure that companies do not fall into any irregular situations related to the law. At the stage of leasing or sale of the asset, an exclusion list check will be made to ensure that the lease or sale does not take place on the EU and US sanctions list.

l) Designated reference benchmark

The Fund has not designated a reference benchmark.