Investment Manager.

Each CLO the Sub-Fund will invest in will typically be exposed to over a hundred issuers, hence the Sub-Fund will be ultimately exposed to a few hundreds of borrowers. Thus, the Sub-Fund will indirectly finance (i) a large number of corporate issuers that (ii) will be selected by another party (the CLO Manager).

In this context, the Sub-Fund's investment process will combine a) fundamental security analysis, b) extra-financial analysis and c) dynamic allocation across high grade rating categories.

a) Fundamental security analysis

Quantitative analysis (structural, cash-flow modelling, sensitivity analysis, portfolio stratification and valuation and pricing/relative value) supports our security and market qualitative and fundamental analyses (portfolio, manager and legal considerations).

Critical to this quantitative analysis are our proprietary CLO analysis model, which enable us to

(i) compare CLO deals and tranches through an analysis of multiple deal and credit metrics,

(ii) determine the capital resilience of a particular tranche by calculating the breakpoint default rate (% of portfolio defaults before $1 loss), and

(iii) derive projected cash flows based our base case and stress case scenario, incorporating expected default rates in the portfolio, loss severity upon default, prepayments, reinvestment rates etc.

Individual securities are purchased to fill these criteria subject to availability/pricing/relative value/risk characteristics.

The principals and portfolio management team of the Investment Manager also have long and established relationships with key participants in the primary and secondary market for CLOs, including arrangers, managers, traders and research providers. These relationships are expected to support the effective sourcing of investment opportunities.

The Investment Manager will also review comparable CLOs to ensure the CLO that is being evaluated offers attractive relative value.

b) Extra-financial analysis

The Sub-Fund promotes environmental and/or social characteristics within the meaning of article 8 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector, by taking into account "Environmental, Social and Governance" (ESG) criteria in its investment process.

The Sub-Fund's extra-financial analysis will be articulated as follows:

1) Best in Class approach

The Investment Manager employs a Best in Class approach to select the CLOs that are managed by Managers that have a rigorous and comprehensive approach to apply ESG driven investment criteria, guaranteeing a proper ESG selection of the underlying portfolios. Selection will include a due diligence by the Investment Manager on their ESG teams and process and will include quantitative and qualitative criteria. A specific ESG comitee composed of the portfolio managers and the Head of Risk and ESG Management at the Investment Manager will maintain the list of authorized CLO managers.

2) Exclusion policy

The Investment Manager applies an exclusion policy by investing in deals that specifically exclude in their offering circulars issuers that are investing their collateral in Loans issued by companies involved in the Controversial Sectors. The assessment of the level of involvement in each activity is based on percentage of revenue. The thresholds are:

- Any involvement in Controversial weapons
- 50% for Prostitution and adult entertainment
- 50% for tobacco producing companies, suppliers or distributors
- 50% for Thermal coal mining

3) ESG score

ESG Score for each CLO is based on the number of ESG prohibition in its rules and the strength of these restrictions, as undertaken in its offering circular. The Sub-Fund uses ESG scores provided by specialized company Dealscribe.

In addition to its own exclusion policy, the Sub-Fund will invest in deals with minimum ESG scores. This minimum threshold is deemed to increase during the life of the Sub-Fund as ESG criteria selection improves in the CLO industry.

The Investment Manager will apply an ESG score to each CLO in which the Sub-Fund invests or is about to invest and, additionally, maintain during the life of the Sub-Fund a satisfactory weighted average consolidated ESG score i.e. a score that corresponds to a CLO that would be in the 1st quartile of the European CLO universe at the time of investment.

4) Engagement policy

Every month, the Investment Manager will screen the issuers representing more than 1% of its consolidated collateral portfolio. Each name will be analyzed to identify any company being involved in one or more recent very severe controversies under the MSCI nomenclature (red flag).

The Investment Manager will subsequently engage with the CLO Manager(s) that owns the flagged name and discuss their potential options. Potentially non satisfactory development may result in the disposal of the position in the Sub-Fund, for the best interest of the shareholders.

c) Dynamic allocation

The Investment Manager seeks to optimise total return through asset allocation and active portfolio management while taking into consideration price risk, default risk, sustainability risk and other possible risks. To that end, the investment team determines an optimal allocation across rating categories, duration, deal vintages, collateral manager style and experience and CLO characteristics, including ESG characteristics.

Taxonomy Regulation

The Sub-Fund promotes environmental characteristics within the meaning of article 6 of the Taxonomy Regulation.
The Taxonomy Regulation aims to identify economic activities which qualify as environmentally sustainable (the "Eligible Activities").

The Taxonomy Regulation identifies such activities according to their contribution to six environmental objectives:
- Climate change mitigation;
- Climate change adaptation;
- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

An economic activity shall qualify as environmentally sustainable where that economic activity contributes substantially to one or more of the six environmental objectives, does not significantly harm any of the environmental objectives ("do not significantly harm" or "DNSH" principle) and is carried out in compliance with the minimum safeguards laid down in Article 18 of Taxonomy Regulation. The "do no significant harm" principle applies only to those investments underlying the Sub-Fund that take into account the European Union criteria for environmentally sustainable economic activities.

The Management Company is targeting to provide investors with the proportion of investments in Eligible Activities, which could represent a non-significant part of the portfolio. As from the full availability of the data and finalization of the relevant calculation methodologies, the description of how and to what extent the investments underlying the Sub-Fund are made in Eligible Activities will be made available to investors. This proportion, as well as information relating to the proportion of enabling and transitional activities, are included in Part III of this Prospectus named Part III – Pre-contractual disclosures for the financial products referred to in Article 8, paragraphs 1, 2 and 2a and in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and respectively Article 6, first paragraph and Article 5, first paragraph, of Regulation (EU) 2020/852.

For any questions relating to the Taxonomy Regulation, please contact the Management Company at the following email address: www.sgpwm.societegenerale.com
The Management Company draws the attention of investors to the fact that the investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Leverage

The Sub-Fund will not use any leverage.

Benchmark

The Sub-Fund is actively managed without reference to a benchmark.