

A&P Selective Investment Fund S.C.A., SICAV-RAIF, Selective European Transportation Equipment Fund ("SETEF")

Summary

The Fund has (E) environmental and (S) social characteristics and promotes investment into sustainable transportation equipment (through Special Purpose Vehicles) which follow good governance practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation ("SFDR") and articles 6, 5, 9 and 10 of the Taxonomy Regulation.

Sustainable Investment Objective

The Fund promotes Environmental and Social characteristics but does not have sustainable investment as its objective.

Environmental or social characteristics of the financial product

The Fund promotes Environmental and Social characteristics such as a substantial contribution to climate change mitigation by increasing clean or climate neutral mobility.

Investment strategy

The Fund will acquire new and used freight rail wagons and river barges to be operated predominantly on the European railway network and predominantly on the Inland Waterways (IWW) respectively.

The Fund's strategy is twofold (1) to capitalise on the large procurement gap by contributing to the renewal of the European freight wagon, river barges fleets and other transport equipment that operate in Europe if opportunities arise; and (2) to support the decarbonisation of the EU economic flows by developing the cleanest form of transportation in accordance with the advice given by the ESG Advisor on the basis of its ESG Policy.

Proportion of investments

The strategy is weighted towards acquiring new standard investments and river barges suitable for operation on all the main European rivers. The Fund use its best efforts to maintain throughout the Deployment Period such asset allocation between new equipment (target 60%) and second-hand equipment (target 40%). Acquisition of non-standard investments shall be subject to the prior unanimous consent of all investors.

The Fund will have a minimum proportion of 97% of sustainable investments (1) with an environmental objective in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation and, (2) with a social objective.

Monitoring of environmental or social characteristics

The Fund will rely on its ESG policy, and compliance with integration of sustainability risks in the Manager's investment decision making process is monitored by the risk function of the Manager throughout the life of the fund.

Methodologies

The ESG Policy implemented by the General Partner and the Investment Advisor consists of rigorously applying the United Nations-supported Principles for Responsible Investment (UN PRI). The General Partner and Investment Advisor will follow the PRI transparency requirements and reporting framework. They will regularly assess and report about its investment strategies to ensure compliance with the ESG policy and PRI guidelines. Sustainable investments shall (1) comply with internationally recognised standards and certifications as well as local laws and international conventions; (2) provide substantive, measurable, positive benefits to people and the environment; (3) operate transparently and be able to measure progress against ESG initiatives. This includes fight against corruption, respect for human rights and fight against discrimination.

The ESG policy adopted by the Investment Advisor can be found under <https://www.advisorsandpartners.co.uk> In evaluating financial incentive and conflict of interest, the Manager will rely on a Remuneration policy and a Conflict of Interest policy adopted by the Manager, which can be found under <https://quilvestcapitalam.com/regulatory-information/>

Data Sources and processing

The sustainability indicators will result from the completion of the underlying project or capital expenditure programme made by the Fund.

(a) Sustainability indicator with environmental impact

- Greenhouse gas emission (GHG) savings estimates in kt CO₂-eq/a;
- Noise reduction from new rail freight equipment complying with new TSI noise standards;
- Steel and metal scrap, recycling of old equipment and waste management.

(b) Sustainability indicator with societal impact

- Safety improvement of rail freight and river transportation;
- Congestion reduction of cities.

Limitations to methodologies and data

While the Manager takes into account sustainability risks and sustainability factors in its investment management activity, the Manager does not currently consistently evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to the relevant Sub-Fund given the difficulties in obtaining the necessary information due to the investment strategy of a relevant Compartment and resources required to put in place the necessary processes.

Due Diligence

Each investment shall, as part of the due diligence process, assess any potential adverse impact on local communities and on the environment that may be associated with the SPV and the underlying project or capital expenditure programme.

Before the Fund invests in any SPV, the Fund shall, (i) assess and categorise the environmental and social risks and impacts associated with the investment, (ii) verify compliance with the E&S Requirements, (iii) use their best efforts to obtain a contractual obligation with the SPV that it will comply with the E&S Requirements, (iv) ensure that each SPV has put in place a grievance mechanism or equivalent commensurate to the nature of the activities, and (v) agree on a corrective action plan in the case the SPV, or the underlying project do not comply with the E&S Requirements.

Engagement of policies

The Fund will implement an Environmental and Social Management System (“ESMS”) for the identification, assessment, management, monitoring and supervision of the environmental and social risks and opportunities related to the Fund’s investments.

Designated reference benchmark

No specific index as a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.