

**Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

Product name: : The Lending Smart Fund 1

Legal entity identifier: 69500KLE4R97XPOWL81

## Environmental and/or social characteristics

**Did this financial product have a sustainable investment objective?**

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

The Fund systematically promoted environmental, social, and governance criteria corresponding to the material challenges for lending platforms. A total of 51 different ESG indicators are used in the evaluation and extra-financial analysis of the business finance platforms. To attain each of the environmental or social characteristics promoted by the Fund, Smart Lenders AM, the AIFM of the Fund, applied an exclusion policy, and maintained a constructive dialogue with the platforms.

The exclusion policy was based on two pillars:

- A sectoral exclusion policy in line with its ESG commitments and objectives, excluding the financing of projects or companies in a pre-defined list of sectors. As such, the exclusion list was transmitted to the lending platforms. An ex-post control was carried out by the management team after any investment.
- A normative exclusion policy. Smart Lenders AM refused to invest in projects led by companies that contravene the principles of the UN Global Compact or companies that specifically contravene the United Nations' guiding principles on

business and human rights and the conventions of the International Labour Organisation.

ESG themes are weighted differently in the extra-financial analysis based on the relevance to the Fund:

- Governance theme (30%): share of women on the Executive Committee, existence of a sustainable development and/or CSR referent, integration of social criteria in purchasing/subcontracting practices.
- Environmental theme (10%): formalisation of a long-term environmental strategy, existence of an environmental management system, greenhouse gas emissions for scopes 1 (direct emissions) and 2 (indirect emissions linked to energy) (ton CO2 eq.).
- Social theme (30%): job turnover rate, share of women in the management workforce, share of the workforce having an annual individual assessment interview.
- Project selection (30%): Integration of social, governance, and environmental criteria in the selection of proposed projects (SME).

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

Smart Lenders AM considered that a platform with a minimum global score of 50 met the ESG requirements necessary for investment. The objective was to work with partner platforms to increase this score with each annual update of the ESG questionnaire. These scores were used by Smart Lenders AM to demonstrate the level of commitment to ESG objectives that each partner platform reported and aggregated in the Sustainability Reporting report that is published annually.

The table below shows the thematic scores applied to the four platforms in 2023.

#	Sector	Scoring 2023				
		Governance	Social	Environment	Project Selection	Global
Platform 1	Revenue Based Financing	100	89	86	100	69
Platform 2	Education	100	62	85	99	87
Platform 3	Video Games	60	49	0	66	53
Platform 4	Financial Leasing	100	74	100	68	83

The following table shows the quarterly weighted average global score for the portfolio based on the asset allocation during 2023.

	Weighted Scoring Q1	Weighted Scoring Q2	Weighted Scoring Q3	Weighted Scoring Q4
2023	70	71	69	66

Based on outstanding amount at the end of each quarter, excluding cash.

● **...and compared to previous periods?**

Given that the fund has been launched in March 2022, the fund's scoring corresponds to the rating of the only platform invested (ramp-up period):

	Weighted Scoring Q1	Weighted Scoring Q2	Weighted Scoring Q3	Weighted Scoring Q4
2022	-	69	69	69

Based on outstanding amount at the end of each quarter, excluding cash.

**What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The fund did not set any quantitative sustainable investment objectives due to the nature of the underlying assets. However, social and governance characteristics accounted for a combined 60% of the criteria used when calculating extra-financial rating assigned to each investment.

**How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The fund did not have any sustainable investment objective due to the nature of the underlying assets, therefore this is not applicable.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

The fund did not have an indicator for adverse impact available due to the lack of sustainable investment objectives.

*Were sustainable investments aligned with the OECD Guidelines for multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

All the fund's investments were aligned with the UN Guiding Principles on Business and Human Rights as the fund manager, Smart Lenders AM, is a signatory participant of the UN Global Compact.



**How did this financial product consider principal adverse impacts on sustainability factors?**

The Fund did not consider Principal Adverse Impacts (PAI) due to the nature of the underlying assets.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **01/01/2023 – 31/12/2023.**

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035.



## What were the top investments of this financial product?

Largest Investments	Sector	% Assets				Country
		Q1 (%)	Q2 (%)	Q3 (%)	Q4 (%)	
1	Revenue Based Financing	90%	88%	61%	41%	France
2	Education	10%	12%	14%	17%	Spain, UK
3	Video Games	-	-	21%	38%	UK
4	Financial Leasing	-	-	4%	4%	UK

Based on outstanding amount, excluding cash, at the end of each quarter.

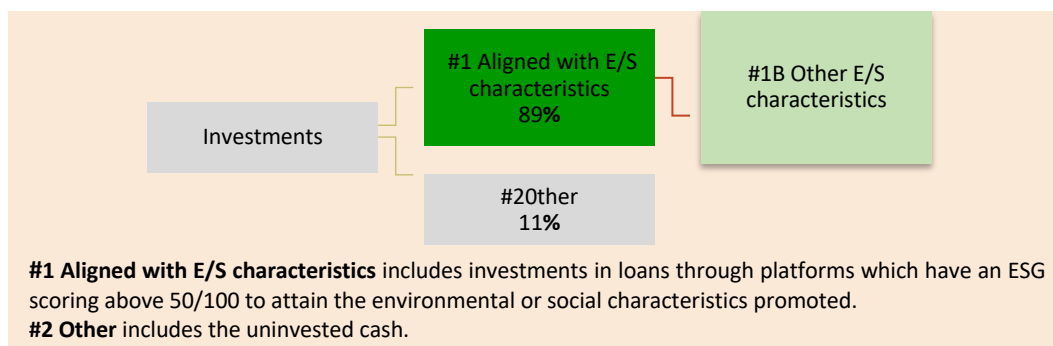


## What was the proportion of sustainability-related investments?

0% (zero per cent) as there were no sustainable investments in the Fund.

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



### In which economic sectors were the investments made?

With regards to the SMB portfolio, please see below the SMB portfolio split by sector as of the end of each quarter :

Sector	Q1	Q2	Q3	Q4
Information and communication	44%	42%	33%	16%
Commerce; automobile and motorcycle repair	33%	27%	19%	14%
Education	10%	12%	14%	17%
Specialized, scientific and technical activities	5%	5%	4%	2%
#N/A (german loans)	2%	9%	7%	14%
Manufacturing	2%	1%	0%	0%
Construction	1%	0%	0%	0%
Accommodation and catering	1%	0%	0%	0%
Real estate activities	1%	1%	0%	0%
Human health and social work	0%	0%	0%	0%
Agriculture, forestry and fisheries	0%	0%	0%	0%
Financial and insurance activities	0%	0%	0%	0%
Administrative and support services activities	0%	1%	22%	38%
Transportation & warehousing	0%	0%	0%	0%
Other service activities	0%	0%	0%	0%

Based on outstanding amount at the end of each quarter, excluding cash.



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable due to the nature of the underlying assets.

### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup> ?

Yes :

In fossil gas

In nuclear energy

No

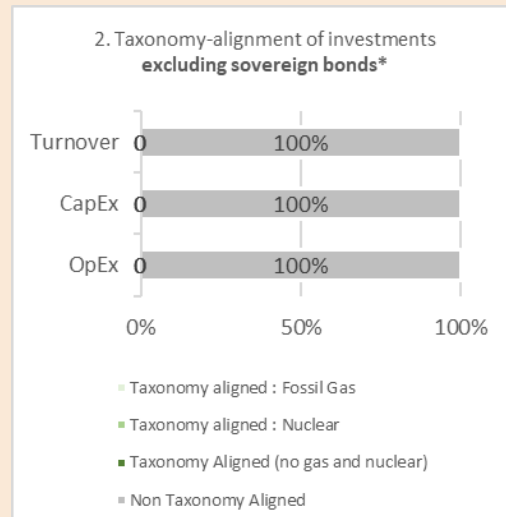
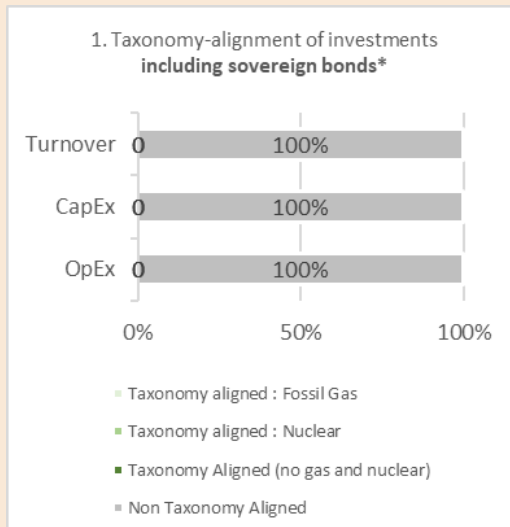
The Fund systematically excludes sectors and subsectors of the economy that derive revenues from exploration, mining, extraction, production, processing, storage, transportation, and refining of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council.

For nuclear energy, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds. This graph represents 100% of the total investments.



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### ● What was the share of investments made in transitional and enabling activities?

0% (zero per cent) of the Fund's Assets, provided that the Fund did not make such investments.

### ● How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

0% (zero per cent) as the Fund did not make any commitment to invest in sustainable investments within the meaning of SFDR.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.

- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.

- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



### What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

0% (zero per cent) as the Fund did not make any commitment to invest in sustainable investments within the meaning of SFDR.



### What was the share of socially sustainable investments?

0% (zero per cent) as the Fund did not make any commitment to invest in sustainable investments within the meaning of SFDR.



### What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Investments included under “#2 Other characteristics” were uninvested cash.



### What actions have been taken to meet the environmental and/or social characteristics during the reference period?

To attain each of the environmental or social characteristics promoted by the Fund, Smart Lenders AM, the AIFM of the Fund, applied an exclusion policy, and maintained a constructive dialogue with the platforms.

The exclusion policy was based on two pillars:

- A **sectoral exclusion policy** in line with its ESG commitments and objectives, excluding the financing of projects or companies in a pre-defined list of sectors. As such, the exclusion list was transmitted to the lending platforms. An ex-post control was carried out by the management team after any investment.
- A **normative exclusion policy**. Smart Lenders AM refused to invest in projects led by companies that contravene the principles of the UN Global Compact or companies that specifically contravene the United Nations' guiding principles on business and human rights and the conventions of the International Labour Organisation.

As such, during the due diligence phase, platforms were subject to a controversy analysis. Smart Lenders AM refused to sign agreements with platforms that were subject to severe controversies. In addition, to ensure that minimum social and environmental guarantees were respected, Smart Lenders AM set up an annual monitoring of the controversies of its partner platforms. In case of identified controversies, a dialogue was initiated with these platforms to implement solutions. In the event where a controversy was identified and subsequently not addressed by the platforms, Smart Lenders AM ceased investing with these platforms.

The positive selection and dialogue consisted in a bottom-up approach to construct the ESG questionnaires. Thus, each indicator was scored according to a logic linked to the nature of the indicator and with regards to regulations, standards, and market trends.

The strategy deployed by the Fund aimed to select the most mature platforms in terms of ESG. For that purpose, lending platforms were evaluated during the due diligence process. In addition, Smart Lenders AM put in place an annual monitoring process of the extra-financial performance of the participatory financing platforms to measure their progress in improving their environmental, social, and governance practices. The ESG assessments of the platforms were used for dialogue with the platforms. The latter were thus made aware of the need to set up an internal system for evaluating companies and projects that include ESG criteria and to improve their ESG practices.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



**How did this financial product perform compared to the reference benchmark?**

Not applicable due to the nature of the underlying assets.

***How does the reference benchmark differ from a broad market index?***

Not applicable due to the nature of the underlying assets.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable due to the nature of the underlying assets.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable due to the nature of the underlying assets.

- ***How did this financial product perform compared with the broad market index?***

Not applicable due to the nature of the underlying assets.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.