

PARUS FINANCE

Parus Fund PLC

Summary

The Fund promotes Environmental/Social (E/S) characteristics, but does not have as its objective sustainable investment. It aims to have a portfolio that results in a lower environmental footprint, not investing in companies with questionable corporate governance or poor moral practices and excluding companies that derive the majority of their revenue from illegal or nuclear weapons, adult entertainment, manufacturing of tobacco products or thermal coal, achieved by active management and integrating sustainability criteria into the investment process. Equities in which the fund invests will be in line with the environmental and social characteristics promoted. The promoted characteristics are monitored and determined from various quantitative and qualitative methods, including but not limited to carbon intensity analysis, a proprietary scoring model, and ESG questionnaires. A range of third party data providers are utilised and relied upon, though the existence and reliability of such data is a limitation. The due diligence is conducted at pre investment stage and on an ongoing basis. The fund looks to engage with its investee companies with the use of ESG questionnaires, and is able to participate in proxy voting. No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted.

No sustainable investment objective

The Fund promotes Environmental/Social (E/S) characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Fund promotes the following Environmental/Social (E/S) characteristics:

1. The Fund aims to have a portfolio that results in a lower environmental footprint than the investable universe, as measured by carbon intensity.
2. The Fund does not invest in companies with questionable corporate governance or poor moral practices.
3. The Fund does not invest in companies that derive the majority of their revenue from illegal or nuclear weapons, adult entertainment, manufacturing of tobacco products or thermal coal.

Investment strategy

The Fund is actively managed and promotes environmental and/or social characteristics by integrating sustainability criteria into the portfolio construction process.

Proportion of investments

The Company invests at least 50% of its portfolio in equities. The long equity portfolio of the Company will be in line with the environmental and social characteristics that it promotes. The remaining portion

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of assets may be in cash equivalents or short positions that are not used to attain the environmental and social characteristics. The Company does not commit to making any sustainable investments.

Monitoring of environmental or social characteristics

The following sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by the Fund:

1. The Fund portfolio having a lower environmental footprint than the investable universe, as measured by carbon intensity.
2. The Fund not investing in companies with questionable corporate governance or poor moral practices.
3. The Fund not investing in companies that derive the majority of their revenues, greater than 50%, from illegal or nuclear weapons, adult entertainment, manufacturing of tobacco products or thermal coal.

Methodologies

The Investment Manager monitors the carbon intensity data at the level of each investee company and the Fund's overall portfolio as against the investable universe. The environment is a critical element of the ESG research and monitoring this metric ensures that the investment process leads to positive, demonstrable and independent outcomes which can be monitored over time.

The Investment Manager aims to ensure that the Fund's investee companies follow good governance practices. The Investment Manager engages directly with the investee companies in relation to their ESG policies including where the relevant information may not be readily available through external data providers and to give a more qualitative view on the company's commitment to ESG by issuing a periodic questionnaire to the Fund's investee companies. The questionnaire is also a tool to promote ESG disclosure and improvement of policies. The Investment Manager also utilises the Fund's voting rights as a tool to encourage investee companies to follow good governance practices.

The Investment Manager uses an internal proprietary model to assess the Sustainability Factors as they apply to potential investee companies which includes an analysis of and periodic internal reporting on a company's disclosure, trends and comparisons to peers from company-reported metrics and integrates the assessment of potential investee companies by multiple third party specialist solutions. The model tracks a company's behaviour and progress from an ESG perspective. Low scoring companies can be flagged for further research, to identify the reason for this and to help the Investment Manager decide if it is comfortable for the fund to hold the position. The fundamental nature of the Investment Manager's research process leads to a deep understanding of a company's business, the products and services it provides, as well as its corporate culture. This also results in an understanding of the qualitative outlook of a company's Sustainability Risk and the impact of ESG events on a company.

Alongside the data elements of the investment process, the qualitative part of the research process and questionnaires issued to the investee companies allow the Investment Manager to understand how companies perform on such factors.

The combination of the proprietary scoring model, third party rankings, carbon intensity data and questionnaires result in ongoing monitoring of a range of criteria at an individual investment and portfolio level. This allows for development over time and for any issues to be highlighted, considered and addressed.

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Data sources and processing

The Investment Manager uses various data sources to attain the environmental and social characteristics promoted. It currently uses data directly reported by investee companies, Sustainalytics (for Carbon Intensity data), Bloomberg (for raw data inputs into the proprietary model) and MSCI, RobecoSam and CDP (for third party inputs).

Using a wide range of sources ensures data quality. Providers are reviewed regularly, and alternative providers are explored for comparison.

Data comes in different forms. Some data is received directly via Bloomberg terminal, subscription data is received from the provider in the form of xls files and other data is accessed directly from websites containing the information or linking to reports.

The Investment Manager does not estimate data. Some of the data providers do use estimated data within their own product, such as Sustainalytics that provide an estimated carbon intensity where data is unavailable.

Limitations to methodologies and data

The methods used to achieve the environmental and social characteristics promoted rely on both qualitative and quantitative analysis, where the data element is very important in the underlying process. Limitations come from the fact that we are still at an early stage of companies reporting appropriate data in a complete and consistent manner, such that sometimes data does not exist or cannot be relied upon. This is something that is considered within the broad analysis and built into the quantitative methods.

These limitations are managed by the variety of data sources used throughout the analysis. Engagement policies give investee companies the ability to clarify or elaborate on topics which may not be clear from just looking at the data. The qualitative part of the analysis and deep understanding of the investee companies gives additional comfort, giving context to the raw data.

Due Diligence

The Investment Manager conducts due diligence at the pre investment stage as well as on an ongoing basis. On a monthly basis the Carbon Intensity of the portfolio is compared to the universe of data, select third party scores and changes are also monitored. On a quarterly basis the proprietary scoring model is updated. These elements are reported internally to the Investment Team and Compliance. The Investment Manager assesses the corporate governance and exposure to any excluded sectors as part of its ongoing qualitative analysis.

Engagement policies

The Investment Manager issues an annual questionnaire to each of the investee companies, which includes a range of questions, including questions on the company's ESG policy and efforts. This assists in cases where the information may not be readily available through external data providers and gives a more qualitative view on the company's commitment to ESG matters. If an issue is identified from the questionnaire, this would give the Investment Manager reason to follow up with the company. The questionnaire is also a tool used to promote ESG disclosure and the improvement of ESG policies. The Investment Manager is also able to proxy vote in respect of the investee companies, through an online proxy service.

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Designated reference benchmark for product that promote environmental or social characteristics website section

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product.

Parus ICAV – Global Opportunities Fund

Summary

The Fund promotes Environmental/Social (E/S) characteristics, but does not have as its objective sustainable investment. It aims to have a portfolio that results in a lower environmental footprint, not investing in companies with questionable corporate governance or poor moral practices and excluding companies that derive the majority of their revenue from illegal or nuclear weapons, adult entertainment, manufacturing of tobacco products or thermal coal, achieved by active management and integrating sustainability criteria into the investment process. Equities in which the fund invests will be in line with the environmental and social characteristics promoted. The promoted characteristics are monitored and determined from various quantitative and qualitative methods, including but not limited to carbon intensity analysis, a proprietary scoring model, and ESG questionnaires. A range of third party data providers are utilised and relied upon, though the existence and reliability of such data is a limitation. The due diligence is conducted at pre investment stage and on an ongoing basis. The fund looks to engage with its investee companies with the use of ESG questionnaires, and is able to participate in proxy voting. No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted.

No sustainable investment objective

The Fund promotes Environmental/Social (E/S) characteristics, but does not have as its objective sustainable investment

Environmental or social characteristics of the financial product

The Fund promotes the following Environmental/Social (E/S) characteristics:

1. The Fund aims to have a portfolio that results in a lower environmental footprint than the investable universe, as measured by carbon intensity.
2. The Fund does not invest in companies with questionable corporate governance or poor moral practices.
3. The Fund does not invest in companies that derive the majority of their revenue from illegal or nuclear weapons, adult entertainment, manufacturing of tobacco products or thermal coal.

Investment strategy

The Fund is actively managed and promotes environmental and/or social characteristics by integrating sustainability criteria into the portfolio construction process.

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Proportion of investments

The Fund invests at least 70% of its portfolio in equities. The equities invested in by the Fund will be in line with the environmental and social characteristics that it promotes. The remaining portion of assets may be in cash equivalents that are not used to attain the environmental and social characteristics. The Fund does not commit to making any sustainable investments.

Monitoring of environmental or social characteristics

The following sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by the Fund:

1. The Fund portfolio having a lower environmental footprint than the investable universe, as measured by carbon intensity.
2. The Fund not investing in companies with questionable corporate governance or poor moral practices.
3. The Fund not investing in companies that derive the majority of their revenues, greater than 50%, from illegal or nuclear weapons, adult entertainment, manufacturing of tobacco products or thermal coal.

Methodologies

The Investment Manager monitors the carbon intensity data at the level of each investee company and the Fund's overall portfolio as against the investable universe. The environment is a critical element of the ESG research and monitoring this metric ensures that the investment process leads to positive, demonstrable and independent outcomes which can be monitored over time.

The Investment Manager aims to ensure that the Fund's investee companies follow good governance practices. The Investment Manager engages directly with the investee companies in relation to their ESG policies including where the relevant information may not be readily available through external data providers and to give a more qualitative view on the company's commitment to ESG by issuing a periodic questionnaire to the Fund's investee companies. The questionnaire is also a tool to promote ESG disclosure and improvement of policies. The Investment Manager also utilises the Fund's voting rights as a tool to encourage investee companies to follow good governance practices.

The Investment Manager uses an internal proprietary model to assess the Sustainability Factors as they apply to potential investee companies which includes an analysis of and periodic internal reporting on a company's disclosure, trends and comparisons to peers from company-reported metrics and integrates the assessment of potential investee companies by multiple third party specialist solutions. The model tracks a company's behaviour and progress from an ESG perspective. Low scoring companies can be flagged for further research, to identify the reason for this and to help the Investment Manager decide if it is comfortable for the fund to hold the position. The fundamental nature of the Investment Manager's research process leads to a deep understanding of a company's business, the products and services it provides, as well as its corporate culture. This also results in an understanding of the qualitative outlook of a company's Sustainability Risk and the impact of ESG events on a company.

Alongside the data elements of the investment process, the qualitative part of the research process and questionnaires issued to the investee companies allow the Investment Manager to understand how companies perform on such factors.

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The combination of the proprietary scoring model, third party rankings, carbon intensity data and questionnaires result in ongoing monitoring of a range of criteria at an individual investment and portfolio level. This allows for development over time and for any issues to be highlighted, considered and addressed.

Data sources and processing

The Investment Manager uses various data sources to attain the environmental and social characteristics promoted. It currently uses data directly reported by investee companies, Sustainalytics (for Carbon Intensity data), Bloomberg (for raw data inputs into the proprietary model) and MSCI, RobecoSam and CDP (for third party inputs).

Using a wide range of sources ensures data quality. Providers are reviewed regularly and alternative providers are explored for comparison.

Data comes in different forms. Some data is received directly via Bloomberg terminal, subscription data is received from the provider in the form of xls files and other data is accessed directly from websites containing the information or linking to reports. The Investment Manager does not estimate data. Some of the data providers do use estimated data within their own product, such as Sustainalytics that provide an estimated carbon intensity where data is unavailable.

Limitations to methodologies and data

The methods used to achieve the environmental and social characteristics promoted rely on both qualitative and quantitative analysis, where the data element is very important in the underlying process. Limitations come from the fact that we are still at an early stage of companies reporting appropriate data in a complete and consistent manner, such that sometimes data does not exist or cannot be relied upon. This is something that is considered within the broad analysis and built into the quantitative methods.

These limitations are managed by the variety of data sources used throughout the analysis. Engagement policies give investee companies the ability to clarify or elaborate on topics which may not be clear from just looking at the data. The qualitative part of the analysis and deep understanding of the investee companies gives additional comfort, giving context to the raw data.

Due Diligence

The Investment Manager conducts due diligence at the pre investment stage as well as on an ongoing basis. On a monthly basis the Carbon Intensity of the portfolio is compared to the universe of data, select third party scores and changes are also monitored. On a quarterly basis the proprietary scoring model is updated. These elements are reported internally to the Investment Team and Compliance. The Investment Manager assesses the corporate governance and exposure to any excluded sectors as part of its ongoing qualitative analysis.

Engagement policies

The Investment Manager issues an annual questionnaire to each of the investee companies, which includes a range of questions, including questions on the company's ESG policy and efforts. This assists in cases where the information may not be readily available through external data providers and

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gives a more qualitative view on the company's commitment to ESG matters. If an issue is identified from the questionnaire, this would give the Investment Manager reason to follow up with the company. The questionnaire is also a tool used to promote ESG disclosure and the improvement of ESG policies. The Investment Manager is also able to proxy vote in respect of the investee companies, through an online proxy service.

Designated reference benchmark for product that promote environmental or social characteristics website section

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product.

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Parus Finance (UK) Limited

Article 8

The Funds (Parus Fund PLC, InRIS Parus Fund and Parus Global Opportunities Fund) have been categorised as Article 8 fund under the SFDR, i.e. a fund that promotes environmental and/or social characteristics provided that the companies in which the investments are made follow good governance practices.

Sustainability Criteria

The Investment Manager seeks to achieve a positive environmental, social and governance ("ESG") outcome through the application of sustainability criteria to the Fund's portfolio.

The Funds aim to have a portfolio that results in a lower environmental footprint than the investable universe, as measured by carbon intensity, whilst avoiding companies with questionable corporate governance or poor moral practices, as further described below. In addition, the Funds do not invest in companies that derive the majority of their revenues from illegal or nuclear weapons, adult entertainment, manufacturing of tobacco products or thermal coal.

The Investment Manager monitors the carbon intensity data at the level of each investee company and the Fund's overall portfolio as against the investable universe. The environment is a critical element of the ESG research and monitoring this metric ensures that the investment process leads to positive, demonstrable and independent outcomes which can be monitored over time.

The Investment Manager aims to ensure that the Fund's investee companies follow good governance practices. The Investment Manager engages directly with the investee companies in relation to their ESG policies including where the relevant information may not be readily available through external data providers and to give a more qualitative view on the company's commitment to ESG by issuing a periodic questionnaire to the Fund's investee companies. The questionnaire is also a tool to promote ESG disclosure and improvement of policies. The Investment Manager also utilises the Fund's voting rights as a tool to encourage investee companies to follow good governance practices.

Information on integration of sustainability risks in investment decision making

The Investment Manager has developed an ESG policy (available at www.parusfinance.com), to which it adheres, covering its principles, processes and initiatives. The Investment Manager uses an internal proprietary model to assess the Sustainability Factors as they apply to potential investee companies which includes an analysis of and periodic internal reporting on a company's disclosure, trends and comparisons to peers from company-reported metrics and integrates the assessment of potential investee companies by multiple third party specialist solutions. The model tracks a company's behaviour and progress from an ESG perspective. Low scoring companies can be flagged for further research, to identify the reason for this and to help the Investment Manager decide if it is comfortable holding the position. The fundamental nature of the Investment Manager's research process leads to a deep understanding of a company's business, the products and services it provides, as well as its corporate culture. This also results in an understanding of the qualitative outlook of a company's Sustainability Risk and the impact of ESG events on a company.

Alongside the data elements of the investment process, the qualitative part of the research process and questionnaires issued to the investee companies allow the Investment Manager to understand how companies perform on such factors.

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The combination of the proprietary scoring model, third party rankings, carbon intensity data and questionnaires result in an ongoing monitoring of a range of criteria at an individual investment and portfolio level. This allows for development over time and for any issues to be highlighted, considered and addressed.

Although the materialisation of a Sustainability Risk could potentially have a negative impact on the value of the Fund's Investments, the Investment Manager has determined that the likely impact on the returns of the Fund arising from Sustainability Risk is not significant. This is due to the comfort in the ESG practices of the investee companies achieved through the aforementioned research process carried out by the Investment Manager. The Investment Manager's assessment of Sustainability Risk is based on the information available to the Investment Manager and there can be no guarantee that the actual impact of the Sustainability Risk will not be significant.

Principal adverse sustainability impacts statement

This firm does not consider the adverse impacts of investment decisions on sustainability factors. Whilst the Investment Manager considers a broad range of quantitative environmental, social and governance factors in its investment decisions as described, at this point in time, Parus does not believe that there is the availability of sufficient reliable data to fully consider Principle Adverse Impact Indicators.

The firm continues to review this statement and evaluate whether it will consider principal adverse impacts of its investment decisions on sustainability factors.

EU Taxonomy

While the Funds promote environmental and social characteristics within the meaning of Article 8 of the SFDR, they do not currently commit to investing in "sustainable investments" within the meaning of the SFDR. Accordingly, the alignment of the Fund's portfolio with the EU criteria for environmentally sustainable economic activities, as contained in the Taxonomy Regulation, is not calculated.