



February 2024

SFDR Report for Value Squared - The Responsible Investment House

Introduction: This comprehensive SFDR report has been meticulously prepared to fulfill the highest standards of transparency and disclosure as mandated by the Sustainable Finance Disclosure Regulation (SFDR). Value Squared - The Responsible Investment House proudly presents its commitment to responsible and sustainable investing, showcasing the integration of environmental, social, and governance (ESG) factors into its investment practices. This report is based on information available up to February 1, 2024.

Company Overview: Value Squared - The Responsible Investment House is a distinguished investment management firm with a steadfast focus on responsible and sustainable investing. Our organization is unwavering in its dedication to integrating financial success with societal and environmental betterment. Our investment decisions are underpinned by a comprehensive analysis of ESG factors, which underscores our commitment to driving positive change.

SFDR Requirements and Tasks:

1. Entity-Level Disclosure:

- *Approach to Sustainability Integration:* At Value Squared, sustainability risks and factors are seamlessly integrated into our investment process. Our approach involves rigorous research, data-driven analysis, and collaboration across our teams. ESG considerations are not only a priority but a fundamental aspect of our investment strategy.
- *ESG Integration in Investment Process:* ESG factors are embedded in every stage of our investment process, from asset selection and portfolio construction to ongoing monitoring. Our proprietary ESG assessment framework allows us to evaluate potential investments based on their ESG performance, alignment with sustainability goals, and long-term viability.
- *Commitment to Sustainability:* Value Squared is wholeheartedly committed to promoting responsible investing principles. We view

sustainability as integral to long-term financial success and are dedicated to addressing global challenges through our investment decisions.

2. Product-Level Disclosures:

- *Categorization and Objectives:* We have categorized our investment products in line with SFDR's Article 8, and Article 9. These categories reflect varying degrees of sustainability focus and alignment with environmental and social objectives.
- *Product Sustainability Objectives:* Each investment product has ESG and sustainability objectives, ranging from addressing the SDG's (Article 9) to promoting sustainable business practices in industries (Article 8). These objectives guide our investment strategies and contribute to the achievement of broader ESG goals.
- *Environmental and Social Characteristics:* Our investment products exhibit environmental or social characteristics that reinforce their sustainability focus. These characteristics are communicated to investors to foster informed decision-making.

3. Adverse Sustainability Impact Statement:

- *Assessment and Disclosure:* Value Squared diligently assesses potential adverse impacts of our investment decisions on sustainability factors. Our comprehensive framework evaluates key sustainability indicators such as carbon emissions, water usage, and human rights implications.
- *Principal Adverse Impacts:* Through constant analysis, we can identify potential adverse impacts within our portfolios. This allows us to monitor and report on these and work diligently to minimize and mitigate when needed.

4. Remuneration Policies:

- *Alignment with Sustainability:* Our remuneration policies are thoughtfully aligned with sustainability integration. Key performance indicators



include ESG criteria, ensuring that our investment professionals are incentivized to drive positive ESG outcomes alongside financial success.

5. **Periodic Reporting:**

- *ESG Reports:* Value Squared is committed to delivering comprehensive monthly ESG reports to our investors. These reports detail our progress in integrating ESG factors, achieving sustainability objectives, and managing adverse impacts. We believe that regular and transparent reporting enhances accountability and fosters investor trust.

6. **Investment Approach:**

- ***Methodology and Analysis:*** Our investment approach involves a multi-dimensional analysis that incorporates both quantitative and qualitative data. We leverage a combination of third-party ESG ratings, industry-specific sustainability metrics, and internal research to evaluate companies' performance across ESG categories. We assess factors such as carbon emissions, labor practices, board diversity, and supply chain management. Our proprietary ESG scoring system assigns weights to different factors based on their materiality to each industry.
- ***Risk and Opportunity Evaluation:*** Sustainability risks and opportunities are evaluated through a systematic process. For instance, when considering investments in the energy sector, we assess the potential impact of regulatory changes on carbon pricing and renewable energy adoption. We also evaluate the long-term viability of companies by analyzing their ability to adapt to changing consumer preferences and regulatory environments.

7. **Product Categorization:**

- *List of Investment Products:* Our investment product range includes: The Global Equity Fund, The NA Impact Fund, Ayalon Value2 Mutual Fund, Managed Portfolio and IRA.
- *Categorization Rationale:* Both the Global Equity Fund and The NA Impact Fund are categorized as Article 9 products due to their primary

objective of addressing the SDG's through maintaining a very high minimum of companies deriving revenues from products and services contributing towards their realization. The Ayalon Value2 Mutual Fund, Managed Portfolios and IRA all fall under Article 8 as it promotes companies with robust ESG performance, best in class, across various sectors.

8. Sustainability Objectives

- All our products are 100% Fossil free and as such aim to battle climate change. Moreover, our companies are assessed in regards to their commitment, ability and performance to transitioning to a low carbon economy. It is no wonder then, that our carbon footprint, in all our products, are substantially lower than our related benchmark.

9. Adverse Impact Assessment

- **Assessment Methodology:** Our adverse impact assessment methodology involves analyzing various indicators related to sustainability, including carbon emissions, water consumption, waste generation, and human rights violations. We evaluate the potential negative consequences of our investment decisions on these indicators using quantitative data and qualitative assessments. Furthermore, we evaluate 24/7, the controversies our holdings are involved in, and we withdraw when needed
- **Data and Reporting:** Our assessment identified that certain investments within our portfolio have a potential adverse impact on carbon emissions due to the nature of their operations. We are in the process of enhancing our carbon footprint measurement and reporting capabilities. Our ESG reports will include detailed information on the carbon intensity of our investments, our strategies to reduce carbon emissions, and our progress in mitigating adverse impacts over time.

Conclusion: Value Squared - The Responsible Investment House stands resolute in its commitment to transparency, accountability, and responsible investing. This



comprehensive SFDR report represents our unwavering dedication to integrating ESG factors into our investment practices, fostering sustainable growth, and contributing to a better world. Our efforts not only reflect compliance with SFDR but also our belief that financial success is inseparable from positive societal and environmental impact.