ETHICAL CAPITAL OPPORTUNITY ADVISORS
NEWSLETTER — Q3 2021

30 September 2021

FUND PERFORMANCE SUMMARY — Q3 2021

PROTEA UCITS II – ECO ADVISORS ESG ABSOLUTE RETURN FUND	MTD	QTD	YTD	Since Inception
F Class EUR (net of fees)	-1.73%	0.19%	-1.75%	2.89%
F Class GBP (net of fees)	-1.69%	0.32%	-1.36%	4.44%
F Class USD (net of fees)	-1.66%	0.35%	-1.23%	0.61%
P Class EUR (net of fees)	-1.73%	0.19%	-1.74%	0.48%

Monthly Performance (1yr)	Oct	Nov	Dec	Jan 2021	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
F Class EUR (net of fees)	-1.18%	0.16%	-1.04%	-0.53%	-2.58%	1.31%	-0.24%	0.02%	0.12%	1.24%	0.70%	-1.73%
F Class GBP (net of fees)	-1.14%	0.20%	-1.00%	-0.48%	-2.54%	1.36%	-0.20%	0.07%	0.15%	1.29%	0.74%	-1.69%

Inception dates: F Class EUR and F Class GBP - July 8th, 2019
F Class USD - Oct 1st, 2019. P Class EUR - Jan 6th, 2020
Performance is shown net of all fees. Source: ECO Advisors, FundPartner Solutions Europe (SA)

ESG Portfolio Metrics

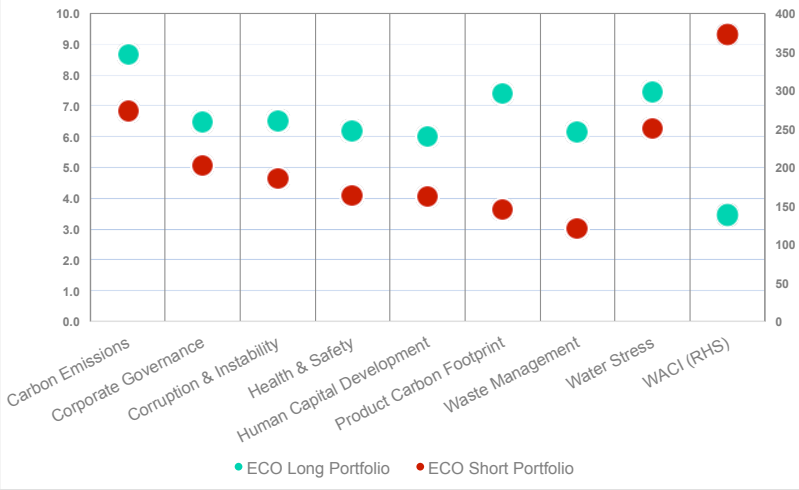


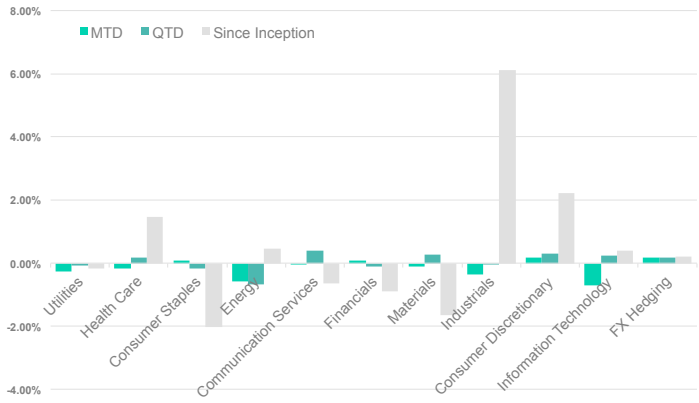
Chart illustrates weighted average score of selected MSCI ESG key issue scores for both our long and short portfolios (LHS). WACI measures portfolio weighted average CO2 emissions <metric tonnes, scope 1&2> per $1m of revenue (RHS). Source: ECO Advisors, MSCI, Refinitiv

Gross Performance Summary

PROTEA UCITS II – ECO ADVISORS ESG ABSOLUTE RETURN	MTD	QTD	YTD	Since Inception
Gross Return	-1.65%	0.55%	-0.92%	5.48%
Long Contribution	-2.67%	0.16%	10.11%	25.87%
Short Contribution	0.83%	0.21%	-11.34%	-20.61%
FX Hedging	0.19%	0.19%	0.31%	0.22%

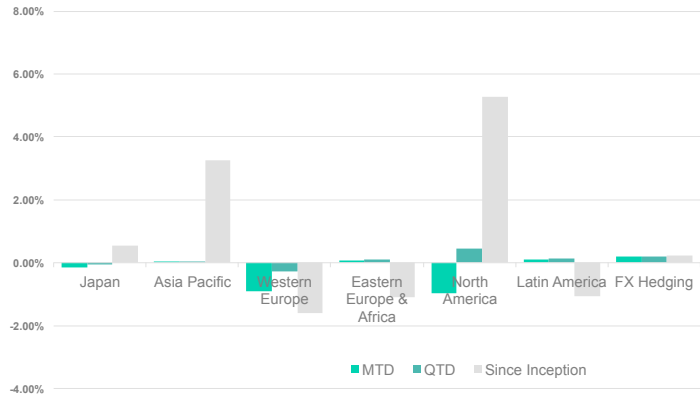
The above figures are gross estimates of the fund's performance. Components may not sum due to compounding and rounding effects. Source: ECO Advisors

Gross Performance Attribution - Sectors



The above figures are estimates, gross of fees. Source: ECO Advisors

Gross Performance Attribution - Regions



The above figures are estimates, gross of fees. Source: ECO Advisors

PERFORMANCE & ATTRIBUTION SUMMARY

The Fund made a small gain over the quarter (GBP F class +0.32%, EUR F class +0.19%, USD F class +0.35%). On a gross sector basis, Consumer Discretionary (+30bps) and Communication Services (+41bps) contributed, whilst Energy (-67bps) detracted. On a regional basis, North America (+50bps) and Latin America (+15bps) contributed, whilst Western Europe (-29bps) detracted. The long book contributed ca. +20bps, whilst the short book contributed ca. +20bps. The cumulative contribution of risk factor exposures such as sector, style, country and residual beta was flat over the quarter, whilst ESG selection contributed slightly (+40bps).

Global equity market gains moderated in the quarter with the MSCI World TR Index $ ending roughly flat. Continued strength in corporate earnings and the ongoing Covid-19 economic rebound were tempered by increasing central bank hawkishness amidst rising inflationary pressures, worries about the moderation of global growth momentum and ever increasing supply chain and input cost pressures.

After falling sharply early in the quarter, US 10 year sovereign bond yields ended largely unchanged, as investors weighed the slowing growth environment and the expectation that current inflationary pressures were transitory, against the potential persistence of underlying inflationary pressures in commodities and global supply chains.

Amidst a more uncertain economic environment, the Fund posted a mixed quarter, with a number of different ESG related factors posing both headwinds and tailwinds to the strategy at different times during the quarter. In the first half of the quarter, the Fund benefitted from the ongoing regulatory clampdown in China, with a number of names in the short portfolio coming under pressure as the Chinese government continued its regulatory crackdown in areas such as digital commerce, private education and video gaming. 'S' pillar issues have been central to the crackdown, with the authorities citing negative social impacts, mis-selling of products and data security as drivers behind their actions. While it could be argued that actions against certain companies have potentially been political in nature, very real antitrust and social concerns do appear to have been a significant factor in recent regulatory actions.

On the flip side, in September, the ongoing outperformance of some of the most fossil fuel dependent 'dark brown' names in the Energy and Utilities sectors became a severe headwind for our ESG stock selection. Fuelled by some unprecedented gains in energy prices, especially coal and natural gas, a number of names in our short portfolio detracted as the surge in energy prices dominated other longer run dynamics. The surge in natural gas prices has focussed attention on the use of gas as an alternative energy source, and we discuss some of the ramifications of natural gas extraction in the ESG research section of this newsletter. On the other hand, the recent underperformance of the clean technology and renewable energy sector, with some understandable exceptions, has been surprisingly divorced from the surge in Energy prices. Needless to say, there is an increasing disconnect between the recent fortunes of some of the highest polluting companies in the Energy and Utility sectors and the looming climate related challenges to their business models.

2021 Top Vs. Bottom Decile Performance by Carbon Intensity

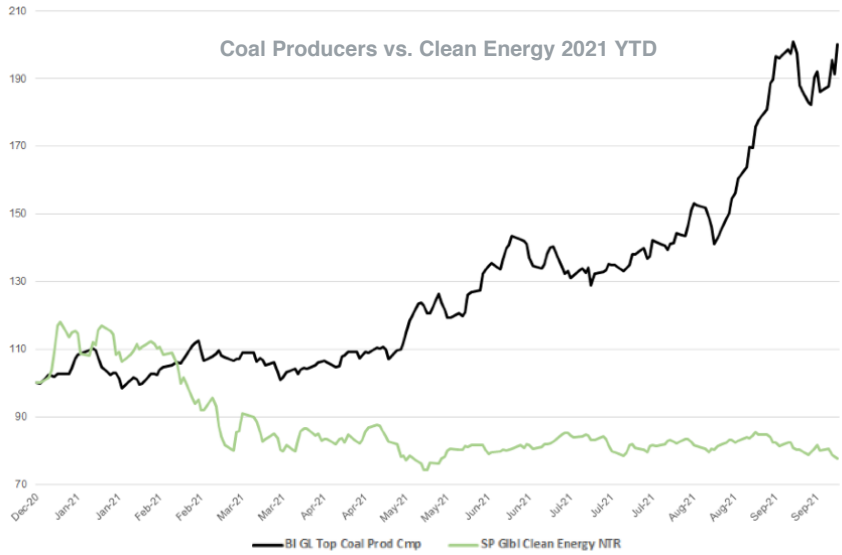
*Universe & GICS Sectors**

Industrials	-11.6% H1	*-13.3% YTD*
Materials	-10% H1	*-19.9% YTD*
Utilities	-16.5% H1	***-31.6% YTD***
Energy	-9.6% H1	***-25.9% YTD***
Universe	-8.5% H1	*-10.9% YTD*

2021 EU ETS Carbon Emissions Futures Performance

+75% H1 | *+84% YTD*

Source: ICE (Intercontinental Exchange), Dec21 Futures daily close prices, ECO Advisors



** ECO methodology: we examined the historical performance of equally weighted top/bottom decile long/short portfolios ranked by carbon intensity (CO2 metric tonnes Scope 1+2 per $1mm revenue) from a global investable universe of ca. 5000 listed equities, and performed attribution analysis on the long/short positions. For avoidance of doubt, "top" decile consists of the most efficient, lowest carbon intensity companies, while "bottom" decile represents companies with the highest levels of carbon intensity. We also conducted this exercise creating long/short deciles within GICS Level 1 sectors, and found significant relative underperformance (local currency returns) of low carbon intensity names within Industrials (-13.3%), Materials (-19.9%), Utilities (-31.6%) and Energy (-25.9%) as of Q3 2021 YTD. Source: ECO Advisors, Bloomberg*

Another disconnect that surprised us in Q3 was the continued outperformance of high carbon intensity companies within sectors such as Materials and Industrials. We believe increasing input cost pressures should benefit lower carbon intensity companies (vs. high carbon intensity peers) within such sectors, and would not be surprised to see this manifest in upcoming earning seasons. We publish in the data appendix the Fund's long, short and net carbon risk exposures. Overall, the Fund has a significant net short carbon intensity risk exposure across a range of sectors, with the overall short book 2.6x more carbon intensive than the long book (see Data Appendix for details).

OUTLOOK & POSITIONING We discussed in the Q2 newsletter the Fund's positioning with its low factor risk profile, albeit with mild net positive exposures towards higher and more stable profitability and higher RoE companies. This proved to be a mild tailwind in July and August, although this reversed in September as lower quality (and often low ESG) names, particularly in the Energy sector outperformed significantly.

Looking ahead, the inflationary environment, supply chain and input cost dynamics as well as central bank tapering have introduced a high degree of uncertainty into equity markets. The prospect of more persistent inflation has also re-ignited the possibility of outperformance of value stocks across certain sectors, despite a potential slowdown in growth and stimulus removal. As we engage in our portfolio rebalancing, we are paying particular attention to minimise residual exposure to value risk factors, whilst maintaining our core exposures to carbon intensity and other ESG metrics such as supply chain management which should prove to be important factors to help companies navigate the upcoming environment.

The performance of companies with poor ESG profiles on the short side has been a source of frustration and has been the major driver behind the Fund's negative return so far this year. However, as we saw with the recent regulatory crackdown in China, catalysts for the manifestation of underlying ESG risks, particularly in previously 'high flying' companies are hard to time, however, can have severe consequences for shareholders once they do emerge.

LONG PORTFOLIO - SIGNIFICANT MOVERS

> WEST PHARMACEUTICAL SERVICES (+21%) rallied after announcing a solid earnings report which saw EPS beat expectations. Revenue increased +37% YOY to $724 million, in part due to packaging for Covid-19 vaccines. In recent quarters, West Pharmaceuticals has seen strong sales for its high-value products including medical product packaging. The company's ESG profile leads peers, notably in governance and product quality risk management.

> ASOS (-39%) The UK online fashion retailer dropped sharply on July 15th after sales growth showed signs of moderating. The company said that growth had been "more muted" in the previous three weeks after sales rose 21% in the past four months. Management cited an unseasonably cool and wet British summer as well as changing coronavirus travel rules affecting customers' ability to plan their wardrobe. The company also faced higher shipping costs due to global freight capacity shortages.

SHORT PORTFOLIO - SIGNIFICANT MOVERS

> ALIBABA (-35%) declined -35% over the quarter as the company adjusted its business in a number of areas in face of intense regulatory pressure. Whilst political motivations are cited as the catalyst, it is clear that Chinese authorities are pursuing a range of policies around antitrust, employment rights and financial regulation which negatively impact Alibaba's existing businesses. For example, it was reported that Chinese regulators are seeking to break up Ant Group's Alipay, the payments app in which Alibaba has a stake. Under pressure from regulators, the company also announced that it would invest $15.5 bn before 2025 in a Fund to support China's pursuit of common prosperity.

> COMSTOCK RESOURCES (+55%) The US oil exploration and production company rallied +55% over the quarter on the back of a large spike in the price of natural gas. We see Comstock as an industry laggard in a number of key areas of ESG including carbon emissions, corporate governance and executive pay.

CLIMATE SCIENCE "CODE RED"

In our last newsletter, we discussed an emerging international convergence of important climate regulation trends, which will have significant implications for investors going forwards. A global regulatory consensus to tackle climate change will mean both investment risks and opportunities; "E leadership" is likely to be a source of competitive advantage globally, rather than a moral "nice to have". We expect the strengthening of international environmental regulatory trends to have a long term transformative effect on company behaviour, market pricing, and investment decision making in the months and years ahead.

In this section, we examine the new landmark Intergovernmental Panel on Climate Change (IPCC) report released in August 2021, and how the IPCC conclusions provide strong scientific and political support to drive the regulatory convergence and evolution needed to combat the serious implications of climate change. The long-awaited report is the sixth assessment of its kind since the panel was formed in 1988, and is considered to be the "11th hour report" – the last report that has a chance of affecting change before it is too late.[1] In this latest report, scientists unanimously and unequivocally confirm human-caused climate change, and that human activities have affected all the major climate system components, not just the atmosphere. Changes to the ocean, including warming, more frequent marine heatwaves, ocean acidification, and reduced oxygen levels have been clearly linked to human influence. These changes affect both ocean ecosystems and the people that rely on them, and they will continue throughout at least the rest of this century.

In the report, the IPCC considered five possible futures. Under the most optimistic scenario, carbon emissions will fall to zero during the next few decades, and new technologies will be invented to suck tens of billions of tons of CO2 from the air. Even in this case, average global temperatures are expected to increase by 1.6°C by 2040. Under a more likely scenario, the world will warm by 2.0°C by 2040, and by almost 3.0°C by the end of the century, and in a plausible scenario temperatures will rise by 3.6°C by around 2090. The last time global surface temperature was sustained at or above 2.5°C higher than 1850 – 1900 levels was over 3 million years ago.[2]

Essentially, a 1.5°C increase in global temperatures is expected by 2040 at the latest in all emissions reduction scenarios. To put this into perspective, when we talk about 1.5°C of warming, we are talking about the increase in the global average temperature. This means that some areas, such as the poles, are warming much faster than others, and spikes and heat waves will go much, much higher than just 1.5°C. Temperature increases above 1.5°C means that heat extremes will reach critical tolerance thresholds for agriculture and health. We have already seen the devastating effects of heatwaves in Greece, Turkey, and Canada this year.[3] [4] Rising temperatures are also already affecting rainfall patterns, and are projected to further intensify the global water cycle, including its variability, global monsoon precipitation, and the severity of wet and dry events. In high latitudes precipitation is likely to increase, while it is projected to decrease over large parts of the subtropics. We have already observed extreme flooding events this year in New York, Germany, Belgium and China[5], and the projections in this report suggest such events will become even more likely.

Other expected effects of a 1.5°C increase in global temperatures include:

- 1.7bn more people will experience severe heat waves at least once every five years
- Sea rise of 10cm, contributing to more frequent and severe coastal flooding
- Up to several hundred million more people will become exposed to climate-related risks and poverty
- The coral reefs that support marine environments around the world could decline as much as 99%
- Global fishery catches could decline by another 1.5m tons. Fisheries and aquaculture are important to global food security but are already facing increasing risks from ocean warming and acidification
- Water scarcity and precipitation deficits in some regions, while more intense rainfall and flooding in other regions
- Reductions in projected food availability (reductions in yields of maize, rice, wheat, and potentially other cereal crops).[6]

According to the IPCC, to have a 50/50 chance of halting warming at around 1.5°C, the finite amount of CO2 we can emit is about 500bn tons. At current levels of carbon-dioxide emissions this "carbon budget" will be completely used up within 12 years.[7]

For decades, about half of the CO2 that human activities have emitted into the atmosphere has been taken up by natural carbon sinks in vegetation, soils and oceans. However, the proportion of CO2 emissions taken up by land and ocean gets smaller in scenarios with higher cumulative CO2 emissions, meaning nature's capacity to absorb our emissions is also declining.[8] Many changes due to past and future greenhouse gas emissions will be irreversible for centuries, if not thousands of years, especially changes in the ocean, ice sheets and global sea level. All hope is not lost, however.

For the very low GHG emissions scenario, it is more likely than not that global surface temperature would temporarily overshoot 1.5°C by no more than 0.1°C before declining back to below 1.5°C toward the end of the 21st century. This would require scenario one, which involves carbon emissions falling to zero in the next few decades combined with CO2 removal.[9] While asset management alone cannot "solve" the GHG crisis, the critical role for investors cannot be denied, and the compelling impetus for "E" focused investing will only grow. We believe the asset management community needs to recognize the "Code Red for Humanity", and adapt investment processes accordingly.

METHANE -- A DEVELOPING GHG CONCERN One greenhouse gas that has gained more attention recently is methane. Natural gas is often referred to as a "transition" fuel, as natural gas emits less carbon dioxide than coal and provides a similar function for energy generation. However, we believe it is mistaken to call natural gas "clean".[10] Methane comprises about 95% of natural gas, and, after CO2, is the second most significant greenhouse gas. Methane is 80x as effective at trapping heat than CO2 in a 20-year period, as such it is a much more powerful heat trapper than CO2.[11] However, it only lasts in the atmosphere for about a decade. By contrast, CO2 lingers for hundreds, or even thousands, of years.[12] About a quarter of man-made global warming is estimated to be caused by methane, largely through leaks in coal, oil and gas production, as well as from agricultural processes.[13] Recent technological development means new satellites, infrared cameras, and 3-dimensional portraits can now pick up on methane emissions leaks, which were previously invisible.[14] [15] At the moment, more than 300m tons of methane are emitted every year as a consequence of human activity, and the rate is growing. The International Energy Agency (IEA) estimates that each year the world's coal mines release roughly 40m tonnes of methane that was once trapped in the coal being extracted.[16] Additionally, between a fifth and a third of all methane emissions is contributed by leaks in the oil and gas industry.[17] As a result, methane concentrations are now more than 2.5x what they were before the Industrial Revolution, and are rising faster than allowed for in all but the most pessimistic climate projections.[18]

Methane leaks are a much bigger contributor of methane emissions than originally thought. A study published in Science in 2018 measured leaks from a third of America's natural-gas supply chain and oil-production sites. Extrapolating from this sample, the team estimated that some 13m tonnes of methane escaped from these facilities each year, approximately 60% more than the EPA's official figures.[19] The Environmental Defense Fund, which has commissioned flights to monitor methane over Texas oil and gas fields, confirmed this finding.[20] Earlier this year, 120 cases of methane leakage and venting from oil and gas infrastructure were found in seven European countries.[21] In August 2021 methane plumes were found in the Midwest of the U.S., leaking from the natural gas pipeline infrastructure of Energy Transfer LP (n.b., a position in our short book).[22] A representative for the company said that they did not have information on how much methane was released in the leak. Similarly, representatives from TC Energy Corp and Gazprom have declined to disclose any information about their own methane leaks when asked.[23] [24]

The Climate and Clean Air Coalition estimates that halving anthropogenic methane emissions over the next 30 years could shave 0.18°C off the average global temperature in 2050.[25] If this is the "decisive decade" to take action, then a methane strategy has to be at the centre of any policy for tackling global warming. Experts say the fossil fuel industry has the biggest potential to cut methane emissions this decade by mending leaky pipelines or gas storage facilities. Specific mitigation approaches, such as EPA recommended practices for clearing gas out of pipe segments, can curb emissions by up to 90%, according to a 2016 report from consultancy M.J. Bradley & Associates.[26] [27]

ESG Research Spotlight:
POLITICS, REGULATION AND INVESTMENT: RESPONSES TO THE IPCC REPORT

It is likely that the IPCC report will help reduce political barriers to more decisive action for regulators. Acknowledging the impact of climate change provides politicians the rationale needed for taking urgent action.

China appears to accept the conclusions of the IPCC report, which has significant implications for investors, as policy and regulation will more likely be in alignment with the need to dramatically reduce emissions in order to mitigate the most serious consequences of climate change. A new report by the China Meteorological Administration, released days before the IPCC report, has found that China has been 'significantly affected' by climate change, and seen an 'obviously higher' warming rate than the global average and increasing extreme weather.[28] The paper came after more than 300 people died in Henan province in severe flooding triggered by rainstorms described as "once in a thousand years".[29] Following the IPCC report, China's Ministry of Foreign Affairs has said that the global community should have

"full confidence" in the nation's climate actions.[30] In September 2021 President Xi Jinping announced that China will cease funding coal projects abroad and will "step up support for other developing countries in developing green and low-carbon energy".[31] This is a monumental announcement as China has been funding coal projects in countries like Indonesia and Vietnam under a massive infrastructure project known as the Belt and Road initiative since 2013.

While covering the IPCC report, a state-run Chinese newspaper said that China and the U.S. are "the world's two largest CO2 emitters", adding that the two countries "should join hands in limiting warming and tackling [the] challenge together".[32] This further confirms China's commitment to working with the U.S. to reduce emissions, which was discussed in our last newsletter.

Until recently, methane policy in the **U.S.** has been unclear. Currently, companies can legally release methane into the atmosphere for maintenance, shutdown, start-ups and for emergencies, said Sharon Wilson, senior field advocate for the nonprofit Earthworks.[33] In 2020 President Trump repealed regulations on monitoring and plugging methane leaks introduced by President Obama. On the campaign trail, President Biden promised to undo this reversal, but faced heavy pressure from environmental lobby groups to go further by setting a target of reducing emissions by as much as 65% by 2025.[34] In September 2021 the U.S. and **EU** made a joint pledge to reduce human-caused methane emissions by at least 30 percent by 2030. They are also calling on more than two dozen countries to join the pledge. These include big methane emitters like China, Russia, India, Brazil and Saudi Arabia, as well as others including Norway, Qatar, Britain, New Zealand and South Africa.[35] [36] The trend is clear: methane is about to become a more material ESG risk for companies that are not effectively managing their methane emissions.

In the **UK**, the IPCC report is likely to accelerate plans in the UK for investment in renewables infrastructure, reinforced by the UK's chairmanship of COP 26 in November. The UK Climate Change Committee has already advised the Government that their commitments will need to be stepped up in order to reduce the UK's inevitable contribution to climate change. Infrastructure will play a key role in this transformation. UK cabinet minister and president-designate of the COP 26 conference Alok Sharma has stated that "rich countries" must end coal use by 2030. The meeting must be the one to "consign coal power to history, with countries committing to end the use of coal power at home and to stop financing coal abroad," he added.[37] Despite the increase in demand and higher coal prices in 2021, from a scientific, political and regulatory standpoint, we believe stranded asset risk is continuing to increase. Similarly in the EU, the European Parliament and member states are negotiating a raft of European Commission proposals to align climate policies with a goal of cutting emissions by 55% on 1990 levels this decade.[38]

In 2017, research conducted by the Sustainability Accounting Standards Board found that climate change "is likely to have material financial impacts on companies in 72 out of 79 industries, representing 93 percent of the U.S. equity market, or $27.5 trillion.[39] Going forward not only do we expect investors to take regulatory risks around carbon emissions more seriously, but also methane emissions and leaks and potential regulatory response as a material risk issue -- certainly for companies in the oil and gas industry. More details on upcoming climate regulations in China, the EU, the UK, and the U.S. are available in our last quarterly newsletter.

ESG LEADER *(LONG)*:

Baker Hughes

An American international industrial service company. They are one of the world's largest oil field services companies; they provide the oil and gas industry with products and services for oil drilling, formation evaluation, completion, production and reservoir consulting.

- ✔ Clear carbon emission reduction targets
- ✔ 100% renewable power targets achieved
- ✔ Efforts to capture GHG emissions
- ✔ CDP disclosure

ESG LAGGARD *(SHORT)*:

ENERGY TRANSFER

An American diversified midstream energy company engaged in natural gas and propane pipeline transport.

- ✖ Involved in controversial Dakota Access Pipeline
- ✖ Uncaptured methane leaks
- ✖ No methane policy or monitoring
- ✖ No CDP disclosure

In light of the IPCC report underlining the consequences and implications of climate change, we profiled our ESG long and short positions on how aware of, and prepared for, they are for climate change and transition risks:

Using Refintiv ESG metrics, we see that 75% of the companies in our long book are aware climate change represents commercial risks and/or opportunities, and have developed, or are developing, new products and services to overcome the threats of climate change to their existing business model. This is in contrast to 53% of companies in our short book. We have also found that 72% of companies in our long book have set clear targets on reductions in emissions in land, air or water from business operations, as opposed to only 38% in our short book.

Energy Efficiency Policy	Long	Short
Are there various forms of processes/mechanisms/ procedures to improve energy use in operation efficiently? System or a set of formal documented processes for efficient use of energy and driving continuous improvement?	91%	66%
Renewable Energy Use	**Long**	**Short**
Renewable energy produced/purchased for its own use only? Waste that is converted to energy and is used by the company for their own use?	72%	48%
Target Emissions	**Long**	**Short**
Has the company set targets or objectives to be achieved on emission reduction? Are the short-term or long-term reduction target to be achieved on emissions to land, air or water from business operations?	72%	38%
Targets Energy Efficiency	**Long**	**Short**
Has the company set targets or objectives to be achieved on energy efficiency? Are the short-term or long-term reduction target to be achieved on efficiently using the energy from business operations?	42%	22%

Source: Refintiv ESG, ECO Advisors. Analysis as at Sep 30 2021

FOOTNOTES

[1] The Sixth Assessment Report. Climate Change 2021: The Physical Science Basis." Intergovernmental Panel on Climate Change, 2021.

[2] "The Sixth Assessment Report. Climate Change 2021: The Physical Science Basis." Intergovernmental Panel on Climate Change, 2021 p. 17.

[3] https://edition.cnn.com/2021/08/04/europe/southern-europe-extreme-weather-intl/index.html

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[5] https://www.theweek.co.uk/news/environment/953574/worlds-most-extreme-weather-events-2021

[6] https://www.ipcc.ch/sr15/

[7] https://earthsky.org/earth/the-2021-ipcc-report-what-you-need-to-know/#:~:text=We%20also%20know%2C%20for%20a,billion%20tons%20of%20carbon%20dioxide

[8] "The Sixth Assessment Report. Climate Change 2021: The Physical Science Basis." *Intergovernmental Panel on Climate Change*, 2021

[9] "The Sixth Assessment Report. Climate Change 2021: The Physical Science Basis." *Intergovernmental Panel on Climate Change*, 2021, p. 18

[10] https://www.vox.com/22613532/climate-change-methane-emissions

[11] https://www.nationalgeographic.com/environment/article/methane

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[21] https://www.climatechangenews.com/2021/06/24/infrared-images-show-regulated-methane-crisis-across-europe/

[22] https://www.bloomberg.com/news/articles/2021-09-02/methane-plumes-detected-near-energy-transfer-s-natural-gas-pipeline

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GICS Sector Exposure	Long	Short	Net	Gross	Long Portfolio WACI	Short Portfolio WACI	Net Portfolio WACI
Communication Services	6.0%	-4.5%	1.6%	10.5%	2.0	-0.7	1.3
Consumer Discretionary	14.4%	-14.4%	0.0%	28.8%	7.5	-7.8	-0.3
Consumer Staples	5.8%	-3.7%	2.0%	9.5%	7.0	-2.9	4.1
Energy	3.0%	-4.3%	-1.3%	7.3%	15.2	-19.4	-4.2
Financials	10.8%	-10.3%	0.5%	21.1%	0.5	-4.5	-4.0
Health Care	8.8%	-8.5%	0.3%	17.3%	2.0	-1.9	0.2
Industrials	15.5%	-10.4%	5.1%	25.9%	9.9	-27.6	-17.7
Information Technology	10.3%	-5.9%	4.3%	16.2%	4.1	-4.9	-0.8
Materials	9.6%	-8.3%	1.3%	17.9%	44.9	-129.4	-84.5
Utilities	4.6%	-2.7%	2.0%	7.3%	28.6	-65.8	-37.2
TOTAL	**88.8%**	**-73.0%**	**15.8%**	**161.9%**	**121.7**	**-264.9**	**-143.1**

	Long Portfolio	Short Portfolio
Normalised WACI*	137	362.6

Annual Carbon Emissions *(mt)*	Long Portfolio	Short Portfolio	Net
Scope 1 & 2	1,175,660	(2,898,086)	(1,722,426)

Figures represent weighted average annual emissions, where weights are current portfolio long and short weights.

Regional Exposures	Long	Short	Net	Gross
Japan	9.3%	-8.2%	1.1%	17.5%
Asia Pacific	9.3%	-6.6%	2.7%	15.9%
Western Europe	23.5%	-10.5%	13.0%	34.0%
Eastern Europe & Africa	1.0%	-0.8%	0.2%	1.8%
North America	45.1%	-45.0%	0.1%	90.1%
Latin America	0.6%	-2.0%	-1.4%	2.5%
TOTAL	**88.8%**	**-73.0%**	**15.8%**	**161.9%**

Key Portfolio Metrics	Long	Short
No. of positions	118	149
Largest position size	1.2%	-1.0%
Top 10 positions weight	11.0%	-8.3%

Source: Bloomberg, MSCI & ECO Advisors

Strategy Valuation Metrics *(Weighted Average)*	Long	Short
P/E *(1FY)*	17.7	22.4
P/B	2.4	1.9
Net Debt / EBITDA	1.2	1.6
Dividend Yield	2.1%	2.7%
Free Cash Flow Yield	5.5%	3.0%
Return on Equity	13%	6%
Beta Adj Exposure *(vs. MSCI World)*	0.07	
Ann. volatility *(ex-ante)*	3.4%	
1 day VAR *(99% monte carlo)*	-0.57%	
1 month VAR *(99% monte carlo)*	-2.7%	

Note: Strategy valuation metrics are weighted averages, and not all metrics are necessarily comparable across companies in different sectors. Outliers can have a material impact on aggregate statistics.

WACI measures Portfolio weighted average CO2 emissions <metric tonnes, scope 1&2> per $1m of sales revenue.
Portfolio net WACI exposures calculated as set out in AIMA paper Short Selling and Responsible Investment - 2019
* Normalised to 100%

Data as of September 30 2021. Source: ECO Advisors, MSCI, Refinitiv

KEY FUND INFORMATION

TERMS	PROTEA UCITS II - ECO ADVISORS ESG ABSOLUTE RETURN FUND
Management Fee (M) share class	1.1% management fee
Performance Fee (P) share class	0.60% mgt. fee, 15% perf. fee (HWM + rate hurdle)
Founder's (F) share class	0.60% management fee (in perpetuity)
Administration and other fees	0.39%
Investor liquidity	Daily
Share class currencies	EUR, GBP, CHF, SEK, USD
Domicile	Luxembourg
Launch date	July 8th, 2019
Vehicle	Protea UCITS II SICAV
Distribution type	Accumulation
SERVICE PROVIDERS	
Administrator	FundPartner Solutions (Europe) S.A.
UCITS management company	FundPartner Solutions (Europe) S.A.
Depositary	Pictet & Cie (Europe) S.A.
Prime brokers	JP Morgan, Goldman Sachs

SHARE CLASS	ISIN	HEDGED
F Class EUR	LU2002381171	n/a
F Class GBP	LU2002381254	Yes
F Class USD	LU2002381502	Yes
P Class EUR	LU2002382492	n/a
M Class EUR	LU2002381684	n/a
M Class GBP	LU2002381767	Yes
M Class CHF	LU2002382062	Yes

OTHER INFORMATION	
Corporate engagement	ESG driven voting & engagement for longs
Fund AUM (EUR)	€158.1m as of September 30th, 2021
ESG long book exclusion policy	Tobacco, weapons, adult entertainment, gambling, thermal coal, tar sands, arctic drilling, UNGC violations
Morningstar category	Alt - Market Neutral - Equity
SFDR category	Article 8

German, UK, Austrian, Belgian tax reporting available upon request.

The Key Investor Information Document and Prospectus are available at www.ecoadvisors.eu and investors should read these documents prior to investing. F Class shares are open for subscriptions from existing F Class investors only. P & M Class shares are open to subscription from new investors.

For further information, please contact ECO Advisors:
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PRI Principles for Responsible Investment

LUXFLAG ESG Label

UKSIF UK Sustainable Investment and Finance Association

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