(a) Summary

Japan Small Cap II Fund ("Sub-Fund") promotes environmental or social characteristics, as provided for under paragraph 1 of Article 8 of Regulation (EU) 2019/2088, by applying Investment Manager's environmental, social and governance ("ESG") scoring process and investing in the proposed investments only when the average ESG Score, weighted with market capitalization, of the whole portfolio of the Sub-Fund exceed the ESG Scoring Threshold, which means the average ESG Score, weighted with market capitalization, of the Russel Nomura Small Cap Index ("Russel Nomura Small Cap") components. The ESG Score is issued by the Investment Manager to an issuer of securities on which the Investment Manager conducts research based on the ESG Scoring Process, whereby the Investment Manager issues a score to each issuer of stocks.

(b) No sustainable investment objective

The Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

(c) Environmental or social characteristics of the financial product

The Sub-Fund promotes environmental or social characteristics by applying environmental, social and governance ("ESG") scoring process ("ESG Scoring Process"), which evaluates an issuer's ESG performance against the ESG criteria based on the ESG Materiality. The "ESG Materiality" is identified by the investment Manager as important sustainability challenges in promoting value improvement and sustainable growth of investees and, namely; (i) Climate Change, (ii) Natural Capital, (iii) Pollution &Waste, (iv) Environmental Opportunities, (v) Human Rights & Community, (vi) Human Capital, (vii) Security & Liability, (viii) Social Opportunities, (ix) Behaviour, (x) Structure, (xi) Stability & Justice, and (xii) Governance Improvement.

(d) Investment strategy

The Sub-Fund promotes environmental or social characteristics by applying Investment Manager's ESG Scoring Process, which evaluates an issuer's ESG performance against the ESG criteria, and investing in the proposed investments only when the average ESG Score, weighted with market capitalization, of the whole portfolio of the Sub-Fund exceed the ESG Scoring Threshold. The "ESG Scoring Threshold" means the average ESG Score, weighted with market capitalization, of the Russel Nomura Small Cap components.

(e) Proportion of investments

As a result of the Investment strategy referred to in point(d), at least 50% weight of portfolio have the issuers whose ESG score is higher than that of reference index.

(f) Monitoring of environmental or social characteristics

The average ESG Score, weighted with market capitalization, of the whole portfolio of the Sub-Fund is reviewed by the Investment Manager's internal committee at least quarterly.

(g) Methodologies

The Sustainability Indicator used to measure the attainment of the environmental or social characteristics promoted by the Sub-Fund is the Sub-Fund's weighted average ESG Score relative to that of the Russel Nomura Small Cap. "ESG Score" means the score issued by the Investment Manager to an issuer of securities on which the Investment Manager conducts research based on the ESG Scoring Process, whereby the Investment Manager issues a score to each issuer of stocks.

ESG Scoring Process

The Sub-Fund will assess the environmental, social and governance practices of issuers through the application of the ESG Scoring Process, which involves scoring each issuer on its current level of performance and the quality of each issuer's policies and initiatives designed to improve those practices. The environmental, social and governance criteria that each issuer is assessed against are summarised under "ESG Materiality" below. In addition, the Investment Manager will assess issuers adherence to good governance practices, including in relation to sound management structures, employee relations, staff remuneration and tax compliance through the application of the ESG Scoring Process.

ESG Materiality

The ESG Scoring Process is informed by and based on the following ESG materiality:

Environment	**Social**	**Governance**
Climate Change Vulnerability	Human Rights & Community Risks	Corporate Behaviour
Natural Capital Risks	Human Capital Risks	Governance Structure
Pollution & Waste Risks	Security & Liability Risks	Fair and Stable Business Conduct
Environmental Opportunities	Social Opportunities	Governance Improvement

The ESG Scores are given to each issuer on a scale of 1 – 5 (very poor to very good), based on (i) the issuer's historical and current performance in terms of the issuer's risk and opportunity management on the "Environmental" and "Social" materiality as set out in the table above and (ii) the governance structure to implement the risk and opportunity management. Such process of which is subject to change in need.

(h) Data sources and processing

The scoring methodology used by the Investment Manager is based on the combination of MSCI ESG Rating Methodology, rating methodology adopted by other ESG rating providers and scoring methodology developed by the Investment Manager as outlined below. Where available, the initial data used in the ESG Scoring Process is predominantly sourced from MSCI. If the data is not available from MSCI, the Investment Manager's analysts collect the relevant information based on the disclosures in the issuer's policy documents, company reports, sustainability reports, media sources, and data sources from ESG data provider other than MSCI Inc. (together with the data sourced from MSCI, "raw data").

In addition, the Investment Manager's analysts seek information through direct engagement with company management.

Based on the information collected through the process explained above, the ESG Score for an issuer is determined by taking the following steps (as applicable):

(i) Issuing the provisional ESG score for the issuer based on the raw data.

(ii) Where the data sourced from MSCI is used as the raw data, adjusting the provisional ESG score for an issuer based on the public information that has not yet been taken into account by MSCI.

(iii) Adjusting the provisional ESG score based on the result of Investment Manager's engagement with the company management of the issuer (e.g., if the company management commits to actively address certain ESG materiality as a result of the Investment Manager's engagement activities, the Investment Manager will override the scores for the relevant ESG materiality upwards).

(iv) Adjusting the allocation of weights per ESG materiality set by MSCI. In general, MSCI sets the ESG materiality weights at the GICS Sub-Industry level (8-digit) based on each industry's relative external impact and the time horizon associated with each risk. However, there are cases where the ESG materiality and their weights allocated at the industry level do not fit in with the individual company's business model and structure. As such, the ESG materiality weights are adjusted based on a qualitative consideration taking into account the individual business model/structure and findings of the direct engagement with the company management of the issuer.

(v) Making reasonable adjustment to the provisional ESG score based on the qualitative evaluation of management of ESG issues. The qualitative evaluation is made through the analysts' research of the issuer and engagement with the company management of the issuer.

The Investment Manager recognises that the raw data provided by third parties partially rely on their estimation and finally issue the ESG Score to each issuer of securities through the qualitative process without estimations. The ESG Scoring Process is applied at the pre-investment stage and the scores are formally reviewed at least quarterly.

(i) Limitations to methodologies and data

The ESG Scoring Process and the relevant data depend on the quality of data and information provided by the issuers and third parties. There can be no guarantee that data provided by the issuers or third parties is complete and accurate. The Investment Manager adjusts and finally issues the ESG Scores based on the qualitative approach so that such limitations do not affect the Sub-Fund promotes the environmental or social characteristics.

(j) Due diligence

The ESG Scoring Process and the ESG Scores are monitored and reviewed by the Investment Manager's delegated committee periodically as well as the board of directors appropriately. The effectiveness of the internal control system is assessed by the internal and external auditors.

(k) Engagement policies

The Investment Manager, as a responsible asset manager, recognises the importance of active engagement with the investee companies. The Investment Manager will regularly engage with the management of the investee company management with the aim to improve the medium-to-long term value and the overall market value of the company, and generate excess returns for the Sub-Fund. The engagement is conducted considering the issues (including ESG-related issues) for each company that may affect the company's medium-to-long term growth as specified by the Investment Manager. The engagement may be carried out through one-to-one regular conversation between the investee company and the Investment Manager, or if appropriate, together with other stakeholders of the investee company. In the case where an enhanced engagement is required, the Investment Manager may take more proactive action, such as voting for removal of board members of the investee companies, voting against the investee company led resolutions, communicating with the competent authority regulating the business of the investee company or initiating the statement of Climate Action 100+, in addition to the frequent communication with the investee company.

(l) Designated reference benchmark

The Sub-Fund does not refer to any designated index specifically aligned with the environmental or social characteristics that it promotes.