

# CAPITAL FOUR

**Disclosure Statement**  
**on transparency of the promotion of environmental or social characteristics**  
**issued jointly by**  
**Capital Four AIFM A/S, Capital Four Management Fondsmæglerselskab A/S, Capital Four CLO**  
**Management K/S and Capital Four CLO Management II K/S**  
**("Capital Four")**

## Sustainability-related disclosures

This Disclosure Statement has been prepared for the purpose of meeting the disclosure requirements in Article 10(1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR").

In accordance with Article 10(1) of SFDR, this section provides information in relation to the Capital Four funds which have been classified as Article 8 for the purposes of SFDR. This Disclosure Statement is not intended as a substitute for the more detailed information contained in the fund documentation and / or other client disclosures.

#	Product	Article 10 SFDR Disclosure
1	Capital Four's Multi-Asset Credit Strategy (applicable to portfolios in the strategy that promotes environmental characteristics)	<p><b>No sustainable investment objective</b></p> <p>This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.</p> <p><b>Environmental or social characteristics of the financial product</b></p> <p>The Product promotes environmental characteristics as the Product will be invested such that the weighted average carbon intensity ("WACI") of the portfolio is, depending on the specific Product, minimum 15 or 20 percent lower than the WACI of the ESG benchmark (the "ESG Benchmark"), where the ESG Benchmark for a Product is either equal to the financial performance benchmark of the Product, a composite benchmark partially constructed by Capital Four or a Capital Four constructed benchmark. This is referred to as the "WACI Performance Threshold". As a result of the WACI Performance Threshold, if the WACI of the ESG Benchmark moves down, the WACI of the portfolio has to be reduced. Similarly, if the WACI of the ESG Benchmark goes up, the WACI of the portfolio can increase accordingly.</p> <p>It should be noted that at any given time the carbon intensity of individual investments within the portfolio may be higher than the WACI of the ESG Benchmark provided that the WACI Performance Threshold is met at portfolio level.</p> <p>The ESG Benchmark has been designated for the purpose of attaining the environmental characteristic of the portfolio.</p> <p><b>Investment strategy</b></p> <p>The portfolio is invested in accordance with the WACI Performance Threshold, which is binding on the investment strategy.</p> <p>To attain the environmental characteristics of the portfolio, Capital Four reviews the carbon intensity ("CI") for each potential investment and / or re-balancing and assesses how the investment and / or re-balancing would contribute to the WACI of the entire portfolio. The threshold for CI is set through the WACI</p>

		<p>Performance Threshold of the portfolio, and an investment and / or re-balancing which does not facilitate compliance with the WACI Performance Threshold will be excluded. The CI assessment is a mandatory process embedded in the investment decision-making processes, and impacts whether an investment and / or re-balancing is made.</p> <p>A breach of the WACI Performance Threshold may nevertheless occur as a result of (but not limited to) matters such as new CI data on investee companies / issuers, a change in value of investee companies, a change in the foreign exchange rate if a company is valued in a currency different from the base currency of the portfolio, a change in the composition of the ESG Benchmark and / or a change in the WACI of the ESG Benchmark. If a breach is identified, Capital Four will act to ensure the portfolio is brought back into compliance with the WACI Performance Threshold (for example by rebalancing and / or divesting assets from the portfolio).</p>
2	<p>Capital Four’s Senior Loan Strategy (applicable to portfolios in the strategy that promotes environmental characteristics)</p>	<p><b>No sustainable investment objective</b></p> <p>This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.</p> <p><b>Environmental or social characteristics of the financial product</b></p> <p>The Product promotes environmental characteristics as the Product will be invested such that the weighted average carbon intensity (“<b>WACI</b>”) of the portfolio is minimum 10 percent lower than the WACI of the ESG benchmark (the “<b>ESG Benchmark</b>”), where the ESG Benchmark for a Product is either equal to the financial performance benchmark of the Product, a composite benchmark partially constructed by Capital Four or a Capital Four constructed benchmark. This is referred to as the “<b>WACI Performance Threshold</b>”. As a result of the WACI Performance Threshold, if the WACI of the ESG Benchmark moves down, the WACI of the portfolio has to be reduced. Similarly, if the WACI of the ESG Benchmark goes up, the WACI of the portfolio can increase accordingly. It should be noted that at any given time the carbon intensity of individual investments within the portfolio may be higher than the WACI of the ESG Benchmark provided that the WACI Performance Threshold is met at portfolio level.</p> <p>The ESG Benchmark has been designated for the purpose of attaining the environmental characteristic of the portfolio.</p> <p><b>Investment strategy</b></p> <p>The portfolio is invested in accordance with the WACI Performance Threshold, which is binding on the investment strategy.</p> <p>To attain the environmental characteristics of the portfolio, Capital Four reviews the carbon intensity (“<b>CI</b>”) for each potential investment and / or re-balancing and assesses how the investment and / or re-balancing would contribute to the WACI of the entire portfolio. The threshold for CI is set through the WACI Performance Threshold of the portfolio, and an investment and / or re-balancing which does not facilitate compliance with the WACI Performance Threshold will be excluded. The CI assessment is a mandatory process embedded in the investment decision-making processes, and impacts whether an investment and / or re-balancing is made.</p> <p>A breach of the WACI Performance Threshold may nevertheless occur as a result of (but not limited to) matters such as new CI data on investee companies / issuers, a change in value of investee companies, a change in the foreign</p>

		<p>exchange rate if a company is valued in a currency different from the base currency of the portfolio, a change in the composition of the ESG Benchmark and / or a change in the WACI of the ESG Benchmark. If a breach is identified, Capital Four will act to ensure the portfolio is brought back into compliance with the WACI Performance Threshold (for example by rebalancing and / or divesting assets from the portfolio).</p>
3	<p>Capital Four’s High Yield Bonds Strategy (applicable to portfolios in the strategy that promotes environmental characteristics)</p>	<p><b>No sustainable investment objective</b></p> <p>This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.</p> <p><b>Environmental or social characteristics of the financial product</b></p> <p>The Product promotes environmental characteristics as the Product will be invested such that the weighted average carbon intensity (“<b>WACI</b>”) of the portfolio is minimum 15 percent lower than the WACI of the ESG benchmark (the “<b>ESG Benchmark</b>”), where the ESG Benchmark for a Product is either equal to the financial performance benchmark of the Product, a composite benchmark partially constructed by Capital Four or a Capital Four constructed benchmark. This is referred to as the “<b>WACI Performance Threshold</b>”. As a result of the WACI Performance Threshold, if the WACI of the ESG Benchmark moves down, the WACI of the portfolio has to be reduced. Similarly, if the WACI of the ESG Benchmark goes up, the WACI of the portfolio can increase accordingly. It should be noted that at any given time the carbon intensity of individual investments within the portfolio may be higher than the WACI of the ESG Benchmark provided that the WACI Performance Threshold is met at portfolio level.</p> <p>The ESG Benchmark has been designated for the purpose of attaining the environmental characteristic of the portfolio.</p> <p><b>Investment strategy</b></p> <p>The portfolio is invested in accordance with the WACI Performance Threshold, which is binding on the investment strategy.</p> <p>To attain the environmental characteristics of the portfolio, Capital Four reviews the carbon intensity (“<b>CI</b>”) for each potential investment and / or re-balancing and assesses how the investment and / or re-balancing would contribute to the WACI of the entire portfolio. The threshold for CI is set through the WACI Performance Threshold of the portfolio, and an investment and / or re-balancing which does not facilitate compliance with the WACI Performance Threshold will be excluded. The CI assessment is a mandatory process embedded in the investment decision-making processes, and impacts whether an investment and / or re-balancing is made.</p> <p>A breach of the WACI Performance Threshold may nevertheless occur as a result of (but not limited to) matters such as new CI data on investee companies / issuers, a change in value of investee companies, a change in the foreign exchange rate if a company is valued in a currency different from the base currency of the portfolio, a change in the composition of the ESG Benchmark and / or a change in the WACI of the ESG Benchmark. If a breach is identified, Capital Four will act to ensure the portfolio is brought back into compliance with</p>

		the WACI Performance Threshold (for example by rebalancing and / or divesting assets from the portfolio).
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**Further Information**

This Disclosure Statement is issued for information purposes only and is subject to change without notice.

This Disclosure Statement is not intended as investment advice and is not an offer or a recommendation about managing or investing assets and should not be used as the basis for any investment decision.

Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value.