



Navat Master Fund – Responsible Investment

The Sustainable Finance Disclosure Regulation (“SFDR”) comes into force on the 10th of March 2021, investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities. The classification of the Funds as an Article 6 Fund means that the Fund does not promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of SFDR or have sustainable investment as their objective in a way that meets the specific criteria contained in Article 9 of SFDR.

The Fund does within its investment process focus on the impact of Environmental, Social and Governance factors on investments believing that it is a fiduciary obligation to incorporate any material driver or risk factor into analysis. The Fund evaluates all companies on a case by case and principals basis (rather than employing a rules based approach). Prior to investing the Fund is careful to weigh ESG risk factors and does not invest in businesses that the Fund consider to be bad actors (especially with regards to Corporate Governance, relationship with employees and relationship with customers). The Fund believes that businesses that benefit all stakeholders are likely to generate superior fundamental performance over time. However, the Fund does not believe it makes sense to exclude businesses that are currently not best in class from its investment universe when improving performance is seen (with regards to stakeholder relationships) or where the fund as a shareholder may be able to positively impact the businesses performance. The Fund only invests in thematic ideas where the investment process considers the theme novel, material and underappreciated. Since inception the Fund has made a number of investments that reflect ESG themes (alternative mobility, recycling) and that met the Fund’s thematic investing requirements. With short investments, the Fund would have additional conviction in situations where a company is seen as a bad actor from an ESG perspective, in addition to investment belief that the market’s expectations are overly optimistic. Consequently, the Fund has a number of red flags that are looked for (especially with regards to corporate governance, relationship with employees and relationship with customers) when analysing potential short ideas.

Accordingly, the Fund does not deem Sustainability Risks to be relevant and does not integrate Sustainability Risks into all its investment decisions due to the investment strategy of the Fund. Accordingly, the Investment Manager does not expect that Sustainability Risks will materially impact the expected risk or return characteristics of the Fund.