

Governance memorandum

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1 INTRODUCTION

Arvestar Asset Management NV/SA is a management company of undertakings for collective investment fulfilling the conditions of Directive 2009/65/EC ("**UCITS**") under Belgian law (the "**Company**") that performs UCITS management tasks in Belgium, as defined in Article 3, 22° of the Belgian law of 3 August 2012 relating to undertakings for collective investment fulfilling the conditions of Directive 2009/65/EC and undertakings for investment in debt securities (hereinafter the "**UCI Act**").

The Company is a joint venture between Argenta Asset Management SA ("**AAM**") and Degroof Petercam Asset Management NV/SA ("**DPAM**").

AAM is a UCITS management company under Luxembourg law dedicated to the management and central administration of UCITS of the Argenta Group.

AAM is a 100% subsidiary of Argenta Spaarbank NV and is part of the Argenta Group. The structure of the Argenta Group is as follows:



DPAM is an AICB and UCITS management company whose activities include (i) fund marketing and management, (ii) discretionary asset management on behalf of institutional clients, and (iii) administrative management and legal and operational monitoring of the funds under management.

DPAM is the result of the merger between the Belgian management companies Petercam Institutional Asset Management NV and Degroof Fund Management Company NV on 4 January 2016. DPAM is a 100% subsidiary of Bank Degroof Petercam NV and is part of the Degroof Petercam Group.

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

ARVESTAR

2 GOVERNANCE MEMORANDUM

The present memorandum is mainly based on the obligations set out in the UCI Act.

3 THE MANAGEMENT OF THE COMPANY

3.1 Composition of the Board of Directors

The Board of Directors of the Company consists of four Directors. Two Directors are appointed from candidates nominated by AAM, including the Chairman, who has a casting vote. Two Directors are appointed from candidates nominated by DPAM. The Directors are all natural persons. Two Directors, including one Director nominated by AAM and one Director nominated by DPAM, are members of the Executive Committee. Accordingly, there will be two executive Directors and two non-executive Directors.

The identity of the Directors, as well as of any person who succeeds them in their positions, is immediately reported to the Financial Services and Markets Authority ("**FSMA**").

In accordance with Article 199 of the UCI Act, Directors possess the professional reliability and appropriate expertise required for the performance of their duties. Specifically, Directors must have demonstrable experience in the field of fund management at a sufficiently high level, having both responsibility and autonomy.

Directorships may not exceed six years. However, reappointment is possible.

Without prejudice to its duties under the law, the Board of Directors has the following responsibilities:

- Determine general policy as well as strategic issues;
- Oversight of Executive Committee and effective leadership;
- Representation of the Company within its jurisdiction;
- Determine the Company's "risk appetite" and define risk management principles;
- Annual review of the Company's capital requirements.

In principle, the Board meets four times a year. The chairman may also convene the meeting ad hoc at any time. Minutes are kept of Board meetings. The functioning of the Board of Directors is further set out in the Company's Articles of Association and internal regulations.

3.2 Executive Committee

The Executive Committee assumes the effective operational management of the Company and holds all the powers of Management not reserved to the Board of Directors by law, the shareholders' agreement entered into between DPAM and AAM or the Articles of Association.

The Executive Committee aims to manage the Company in accordance with the principle of corporate governance. For the purposes of this governance memorandum, corporate governance is defined as "the objective of properly managing and controlling a company on the basis of a set of rules and behaviours". Corporate Governance includes putting the Company's objectives first, establishing effective governance and internal control, recognising and taking due account of the interests of all the Company's constituents and conducting the business in accordance with the principles of sound and prudent management, in compliance with applicable legal and regulatory provisions. The Executive Committee acts as a collegial body.

The effective operational management of the Company is thus assumed by an Executive Committee within the meaning of Section 210 of the UCI Act, to which are delegated all the powers of Management not reserved to the Board of Directors under the Act.

Without prejudice to the scope of the duties thus assigned to it, the Executive Committee's responsibilities include the following:

- The implementation of the general policy and strategy determined by the Board of Directors;
- Representing the Company within its jurisdiction;
- Determining strategic constraints in relation to the management of the Funds under management. The strategic constraints are as follows:
 - Defining the investment universe (including the integration of ESG constraints);
 - Determining the benchmark and permissible margin of tolerance;
 - Determine the authorised active risk budget;
 - Oversee the investment committee;
 - Oversee the asset management performed by DPAM;
 - Making risk management decisions consistent with the intended investment policy;
 - The operational functioning of the Company, through the direction and deployment of necessary resources;

ARVESTAR

- Monitoring outsourced functions;
 - Installing adequate mechanisms of internal control (i.e. compliance, internal audit and risk management);
 - Ensure that the Company has the required technical infrastructure as well as the required personnel to discharge its duties.
- In the event of significant changes that may have an impact on the management or operation of the Company, take the necessary measures to provide or ensure adequate operational functioning.

The Executive Committee consists of at least two members, who are natural persons and are also Directors of the Company. The identity of these persons, as well as of any person succeeding them in their positions, is immediately reported to the FSMA.

The specific duties, composition and operation of the Executive Committee are further set out in the Company's Articles of Association and Internal Regulations.

3.3 Specialised committees

The Executive Committee has established the following specialised committees in its midst:

- Investment Committee
- Risk & Quality Committee
- Pricing and Valuation Committee

In accordance with Article 199 of the UCI Act, the members of the aforementioned committees have the professional reliability and appropriate expertise required for the performance of their duties.

3.3.1 Investment Committee

The Investment Committee makes recommendations to the Executive Committee. Tactical asset allocation and any required actions in the investment portfolios.

The committee also oversees DPAM's implementation of the investment strategy.

The investment committee is composed of the following members:

- CEO - chairman;
- Expert investment strategy Argenta Spaarbank NV;

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

ARVESTAR

- Two asset management experts, one appointed by AAM and one appointed by DPAM;
- *Ad hoc* additional members associated with AAM/DPAM may be invited by the chairman to participate.

The investment committee formulates recommendations in the following areas:

- Establishing, periodically reviewing and adjusting the investment policy;
- Tactical allocation and the maximum active risk budget of the investment portfolios;
- On a monthly basis, the investment committee discusses various macroeconomic topics (the Company will procure the necessary macro research to ensure that the investment committee has a thorough knowledge of macroeconomic factors) and decides on a central macro scenario based on forecasts (inflation, currency, economic growth, interest rates, etc.) for the relevant geographical regions;
- In addition, the investment committee makes forecasts on financial markets. The forecast on the equity market may take into account geographical differences and style (dividends, small-caps, large-caps, quality versus growth). The strategy for fixed-income markets is determined with regard to the different market segments: government bonds, corporate bonds, high yield bonds and emerging market bonds;
- Based on the 3 analyses (the central macro scenario, equity markets, bond markets), a recommendation is made regarding the asset allocation and the maximum active risk budget.
- In the context of the oversight duties described below, the investment committee may formulate recommendations regarding required actions (called "Instructions" as set out in the DPAM FMA) that DPAM should take (if approved by the Executive Committee) in relation to investment portfolios.

The investment committee's supervisory duties include:

- Oversee DPAM, to whom management and portfolio construction were entrusted, to ensure that these tasks are carried out within agreed objectives and guidelines;
- Discussing the portfolio review, transaction report, performance report and performance attribution report;
- Monitoring the performance of the funds in accordance with the investment policy;
- Providing input on asset management: discussing recent, tactical movements in the investment portfolios, discussing the current positioning of the investment portfolio taking into account recent market conditions; and

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

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- Discuss any required actions in the portfolios.

When discussing topics related to the committee's supervisory duties, DPAM's asset management expert may be asked not to attend the meeting (or part of it) related to that topic;

Decisions within the investment committee will be made by consensus.

The Investment Committee meets on a monthly basis, and more frequently if required by circumstances. The investment committee will keep minutes of meetings and provide monthly reports to the Executive Committee. The investment committee will communicate closely with experienced specialists within AAM and DPAM and may seek advice from internal staff.

3.3.2 Risk & Quality Committee

The Company has established a Risk & Quality committee that makes recommendations to the Executive Committee on risk and quality management.

The Risk & Quality committee meets monthly. Ad hoc meetings are always possible.

The Risk & Quality Committee is composed of the following members:

- CRO - chairman;
- CEO
- Risk & ESG Officer
- Finance and Administration Officer
- Compliance Officer

Ad hoc, additional members associated with AAM/DPAM may be invited by the chairman to participate such as risk managers and portfolio managers. However, these representatives only have an advisory role.

The Risk & Quality committee discusses the funds' activities with a particular focus on investment policy compliance and non-financial risk management including the operational impact of significant strategic decisions.

Pricing & Valuation committee

The Company has established a Pricing and Valuation committee that makes recommendations to the Executive Committee regarding valuations.

The Pricing and Valuation committee is composed of the following members:

- CRO - chairman;

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

ARVESTAR

- Risk & ESG Officer;
- Compliance Officer
- Finance and Administration Officer;
- *Ad hoc* additional members associated with AAM/DPAM may be invited by the chairman to participate.

Besides its permanent members, the Pricing & Valuation Committee can also invite external participants on an *ad hoc basis*.

The Pricing & Valuation Committee:

- Oversees the valuation of financial instruments;
- Ensures that appropriate and consistent procedures are in place so that an appropriate and independent valuation of assets can be carried out;
- Provides monitoring of the parameters applicable to the swing pricing mechanism for Argenta DP's sub-funds;
- Detects "stale prices" (i.e. valuations that do not change over a period of time) and, if necessary, defines the most relevant pricing source.

The Pricing Committee meets on a monthly basis. Ad hoc meetings are always possible.

3.3.3 No audit committee and remuneration committee at Company level

The Company has not set up an audit committee as it is exempt from this obligation on the basis of article 167, §2 of the Royal Decree of 25 February 2017 on certain public alternative collective investment undertakings and their management companies and article 10, §2 of the Royal Decree of 12 November 2012 on management companies of collective investment undertakings meeting the conditions of Directive 2009/65/EC¹. The internal audit function is observed at the level of the Argenta Group and delegated to the Argenta Group's Internal Audit Directorate. The internal audit function reports to the Executive Committee and to the Board of Directors of the Company.

¹A management company (of collective investment undertakings) that meets at least two of the following three criteria is exempt from the requirement to set up an audit committee:

- a) Average number of employees during the relevant financial year of less than 250.
- b) Balance sheet total of less than or equal to €43,000,000; c) annual net turnover of less than or equal to €50,000,000.

ARVESTAR

Under Article 43 of the UCI Act, the Company is also not required to establish a remuneration committee as it is not significant in terms of the size or scope of the funds it manages, its internal organisation and the nature, scope and complexity of its activities.

3.4 Provisions on key officers within the Argenta Group

The Argenta key officers charter covers, among other things, the following aspects:

- The inclusion of the members of Arvestar's Executive Board in the 'Key Officers Category 2' category
- The inclusion of Arvestar's Compliance Officer in the 'Key Officers Category 2' category
- The organisation of the assessment process

Regarding the assessment process, the Chairman of Arvestar's Board of Directors periodically evaluates the performance of the Board of Directors as a collective body including the complementarity of the individual members of the Board.

4 EXTERNAL MANDATES

The Directors of the Company, the members of the Executive Committee of the Company, as well as all other persons who, under any denomination or in any capacity whatsoever, participate in the Board or the management of the Company, whether or not representing the Company, may hold mandates as Director or manager in, or participate in the Board or the management of, a commercial company or a company with a commercial form, an enterprise with another Belgian or foreign legal form, or a Belgian or foreign public institution with industrial, commercial or financial activities, under the conditions laid down in the Company's internal cumulation rules.

The Company notifies the FSMA without delay of the functions performed outside the Company by the persons referred to above with a view to monitoring compliance with the provisions provided for in the Company's internal cumulation rules and the applicable regulations.

The Company's internal cumulation rules aim to:

- avoid that persons participating in the effective management of the Company, due to the exercise of those functions, are no longer sufficiently available to observe such management;
- avoid conflicts of interest at the Company, as well as risks associated with the exercise of those functions, especially in terms of insider transactions;

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

ARVESTAR

- ensure appropriate disclosure of those functions.

The mandate holders of a company appointed on the nomination of the Company must be persons who participate in the effective management of the Company or persons it appoints.

The Directors who do not participate in the effective management of the Company may not be Directors of a company in which the Company has a shareholding, unless they do not participate in the day-to-day management of that company.

The persons participating in the effective management of the Company may not exercise a mandate involving participation in the daily management, except in a company as referred to in Article 89(1) of Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, with which the Company has close links, in a collective investment undertaking regulated by articles of association, in a patrimony company in which they or their relatives, in the normal management of their assets, hold a significant interest or in a company of which they are the sole managers and whose business is limited to providing management services to the aforementioned companies or to that of a patrimony company.

5 RISK MANAGEMENT FUNCTION

5.1 Permanent risk management function

There is a permanent risk management function within the Company, headed by the director of risk and compliance (CRO), who is a member of the Executive Committee and the Board of Directors of the Company.

The Chief Risk Officer reports functionally to the independent control functions of the Argenta Group (led by the Chief Risk Officer).

The risk management function has a central role within the Company and intervenes in several areas:

- Analysis of new products and prospectuses;
- Evaluating risk profiles and implementing a risk framework that evaluates these risks;
- Reporting of risks to relevant stakeholders;
- Monitoring performance of external partners to identify and remedy operational risks (STP rate; late settlement; etc.);
- Define corrective actions if weaknesses in the processes are identified.

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

More specifically, the risk management function is responsible for:

- Establish and monitor risk management procedures within the framework defined by the Executive Board;
- Monitor compliance with risk management procedures as well as risk limits;
- Advising the Board of Directors of the UCITS or the Executive Committee of the management company of the Funds under management on defining the risk profile of each Fund;
- Report to the Board of Directors of the management company and the Funds regarding:
 - Coherence of risks and validated risk profile;
 - Adhering to the risk framework;
 - The appropriateness and efficiency of the risk management methods used;
 - Report to the Executive Committee the results of their analyses;
 - Conduct stress tests via simulations of normal and extreme market conditions;
 - Determining risk profiles.

5.2 Independent control functions

The risk management function, the compliance function and the internal audit function are independent control functions within the Company, separate from portfolio management. This separation should allow these functions to act in complete independence.

The analyses, reports and decisions of the risk management function are based on independent data, mainly based on the official net asset value, subject to appropriate monitoring. The risk management function operates operationally independently of the management function.

The risk management and compliance function is subject to the independent and adequate supervision of the audit function, delegated to the Argenta Group, which handles all aspects of the risk management and compliance function on the basis of a multi-year plan. The internal audit function ensures that the analyses and decisions of the risk management and compliance function are the result of an independent process.

Finally, the Company applies a conflict-of-interest policy appropriate to the nature, complexity and nature of its activities.

ARVESTAR

The measures described above make it possible to avoid any conflict of interest and ensure the independent exercise of the risk management function.

5.3 Continuous monitoring

The risk management policy is monitored periodically. In this view, the Company analyses annually:

- The adequacy and efficiency of the risk management policy and related procedures and techniques;
- Adherence to risk management policies and related procedures and techniques;
- The adequacy and efficiency of measures taken to correct any weaknesses in risk management;
- The performance of the risk management function;
- The adequacy and efficiency of the measures ensuring the functional and hierarchical separation of the risk management function.

The Executive Committee believes that an annual review is consistent with the principle of proportionality and the size and complexity of the activities.

Risk management systems are reviewed in case of:

- Material changes are in risk management procedures;
- Internal or external factors necessitate revision;
- Material changes in the investment policy of the Funds under management.

The review of risk management is the responsibility of the Executive Committee.

The results of the analysis are discussed at the Board of Directors at least once a year. In case changes to the process need to be implemented, this will be done according to a timeline proposed by the risk management function and validated by the Board of Directors. Should the risk management procedure change significantly, this will be communicated to the FSMA.

ARVESTAR

6 Organisation of internal control

The Board of Directors and the Executive Committee are responsible for implementing an adequate Internal Control System. The Internal Control Framework aims to achieve - with reasonable assurance - the following objectives with the application of the three eyes defence principle:

- Organisation of activities within clearly defined objectives
- Resources are used economically and efficiently.
- Risks are identified, adequately managed and reported.
- Financial and management information is fair and reliable.
- The company is in compliance with laws, regulations and internal policy notes

An assessment of the quality of the Internal Control System takes place once a year.

The Management Company maintains an overview of all policies and procedures applicable to Arvestar's activities. This overview is submitted to the Board of Directors at least annually. The overview indicates which policy notes must be validated by the Board of Directors because of their impact on the company's activities and the organisation of appropriate internal control.

The Board also validates the annual Internal Control and Evaluation Report that provides a detailed description of the organisation of internal control and the result of the implemented controls. This document is posted on the Arvestar SharePoint.

7 Organisation in the field of AML

In accordance with Article 9 of the Act of 18 September 2017 on the prevention of money laundering and the financing of terrorism and on restricting the use of cash, Arvestar has opted for a two-tier structure.

7.1 Senior executive responsible for AML

Arvestar has assigned this role to the Executive Director, CRO who is responsible for risk management and compliance risk management. The role and duties are listed below:

- Ensure that the company has appropriate procedures and internal control measures in place, taking into account its size and the risks associated with its activity(ies), and that periodic reports are prepared in this regard;
- As part of the appointment of the AMLCO, assess whether there is a need within the company for a separate AMLCO (to be distinguished from the senior manager) and for

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

ARVESTAR

an AML/FT team to support the AMLCO. Employees within this team should have the necessary AML/FT knowledge and experience;

- Communicate information to effective management (or for the executive committee) on the operation of the AMLCO, contacts with FSMA and CTIF-CFI, and AML/FT risks identified within the entity.
- Ensuring that the AMLCO:
 - has access to all information necessary/useful in the performance of his/her duties and is provided with all necessary means to do so;
 - Informed about deficiencies revealed as a result of an internal control or external audit.
- Be the main point of contact of the AMLCO.
- Checking whether effective leadership (or the executive committee) effectively considers the concerns identified by the AMLCO, or it justifies why it does not do so.

7.2 Nature and duties of the AMLCO function

The AMLCO function at Arvestar was entrusted to the Compliance Officer. The decision to perform the AMLCO function in parallel with other functions within the company is justified by:

- The application of the proportionality principle in particular due to the nature, size and complexity of the Management Company's activities;
- The extent to which Arvestar is exposed to AML/FT risks.

The appointed AMLCO should have sufficient authority to propose on his own initiative all necessary and appropriate measures to implement an appropriate and efficient AML/FT policy.

The duties of the AMLCO are set out in the Compliance Charter and include the following aspects:

- Drafting and updating the framework on risk assessment;
- Drafting, updating and verifying the concrete application of policies, procedures, processes;
- Intervention in client acceptance (KYC);
- Continuous monitoring (Monitoring);
- Reporting to the governing body;
- Reporting suspicious transactions (KYT);
- Training and awareness-raising;

8 Charters, policies and procedures

In accordance with legislation, Arvestar has appropriate documentation of charters, policies and procedures to ensure effective management and business continuity of the Management Company.

Arvestar Asset Management NV

Rue Guimard 19, 1040 Brussels, Belgium | VAT BE 0700 529 248 | RPR Brussels
Governance memorandum_2024.04.15

ARVESTAR

This documentation is regularly updated. The periodicity of the updating of the documentation is governed 'a minima' by the criteria laid down for all entities in the addendum to the Argenta Group Governance Memorandum. These are listed below in abridged form and limited to the documentation relevant to Arvestar.

- The overarching governance memorandum is updated annually.
- For charters of independent control functions, the need for a review should be considered at least every three years.
- Policies should be reviewed at least annually. Updates based on a change in the regulatory framework or on significant changes in the strategy shall take place as soon as possible.
Policies are reviewed at least every three years.
- For procedures/work instructions, a review is carried out at least annually to determine whether a revision is needed due to changes in the regulatory framework or in the event of significant changes to the policy line of which the procedure is a translation.
Procedures are reviewed at least every three years.

From the standpoint of business continuity and/or corporate governance, the Effective Management may decide to update certain documents annually and consequently be more stringent than the Argenta Group criteria.

Charters, policies and procedures are kept on the Arvestar SharePoint. The global overview of the documentation is continuously updated, indicating the documents to be validated by the Board of Directors.

9 Product Approval and Review Process (PARP)

The objective of the PARP process is to (re)evaluate at regular intervals that the Arvestar funds:

- Conform to MiFiD II and PRIIPS Target Market requirements in line with the expectations and predetermined investment criteria of the end investors.
To this end, a Target Market report for each individual investment fund is submitted annually to the Board of Directors of the respective fund;
- Compliance with the risk tolerance as laid down in the various risk profiles for the management of financial and non-financial risks.
To this end, quarterly monitoring of the risk indicators is carried out with reporting to the Executive Committee, the Board of Directors and the Argenta Group Risk Committee.
- Compliance with ESMA requirements regarding the quantification and transparent identification of all costs by demonstrating that they are consistent with the investment

ARVESTAR

objectives and risk/return profile of the investment funds. This evaluation is carried out annually and submitted to the Boards of Directors of the funds. This evaluation aims to demonstrate that the cost structure minimises the risk of 'undue costs'. To this end, each cost category is evaluated on the criteria 'interest of the end investor', long-term sustainability of the cost structure and comparison of the cost structure with that of the peer group.

The PARP process is also applied in case of significant changes or exceptional transactions that may impact the Company's operating model or governance.

10 Communication to the FSMA

The Executive Directors shall promptly inform the Supervisor of any material failures (including ICT-related incidents) with a potential impact on the continuity of the Company and the risk profile of the Management Company and of the funds whose management was entrusted to the Company.