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Tabula EUR IG Bond Paris-aligned Climate UCITS ETF

Quarterly review

April 2023

Highlights

- The **Tabula Euro IG Bond Paris-aligned Climate UCITS ETF** now has over two years of track record and delivers exposure with greenhouse gas (GHG) emissions 51% lower than the broad Euro IG market
- In Q1 2023 the ETF returned +1.62%, modestly outperforming its index (SOLESPAB) which returned +1.60%
- The ETF is classified as Article 9 under SFDR and considers Principal Adverse Impacts. Interim data for Q1 2023 is provided in this document, and formal reporting for 2022 will be published in June.
- Tabula continues to engage on climate issues via Climate Action 100+ and the Institutional Investors Group on Climate Change

Sustainable finance and climate news

IPCC warns of unprecedented changes resulting from human-induced global warming

In March 2023, the IPCC released a report warning of unprecedented changes to the Earth's climate due to human-induced global warming of 1.1 degrees Celsius. The report highlighted the need for urgent adaptation measures and systemwide transformations to secure a net-zero, climate-resilient future. On 20 November 2022, the COP27 agreement emphasised private sector accountability and launched the new International Organisation for Standardisation Net Zero Guidelines. These guidelines provide companies with guidance on setting and meeting climate targets that are authentic, measurable, and sustainable, and that companies can only claim to reach net zero emissions after taking all possible actions to reduce carbon emissions.

EU clarifies SFDR classification of Paris-aligned Benchmarks

The European Commission has published its much-awaited Q&A in response to questions put forward by the European Supervisory Authorities (ESA) last September. Importantly, the commission made clear that "under Article 9 of SFDR, products tracking Paris-Aligned Benchmarks or Climate Transition Benchmarks, often based on portfolios of shares or bonds of companies, are deemed to make sustainable investments." The Tabula Euro IG Bond Paris-aligned Climate UCITS ETF and the Tabula EUR HY Bond Paris-Aligned Climate UCITS ETF have been classified as SFDR Article 9 since inception. Separately, the Q&A clarifies that under the SFDR, asset managers have the discretion to interpret sustainable investments and measure them at the company level. Therefore, financial market participants must carry out their own evaluation for each investment and disclose their underlying assumptions.

Climate Action 100+ Launches Net Zero Company Benchmark 2.0 to Evaluate Paris Agreement Alignment

In March 2023, Climate Action 100+ launched the latest version of its Net Zero Company Benchmark, known as Benchmark 2.0. This is the third iteration of the tool and evaluates companies' alignment with the Paris Agreement goals using public and self-disclosed data. The framework contains two types of indicators: Disclosure Framework Indicators and Alignment Assessments. Enhancements have been made following a public consultation, and a comprehensive overview of all changes can be viewed on the Climate Action 100+ website. Specific changes include evaluating emissions reductions, alignment with 1.5°C pathways, and net-zero transition planning. The benchmark is an assessment tool and not a database itself.

ETF overview

Index	Solactive ISS Paris Aligned Select Euro Corporate Bond Index
AUM (31 March 2023)	EUR 213.3 million
Share classes	EUR Accumulating, SEK-hedged Accumulating
Tickers	TABC GY, COOL IM, COOLX IX
Exchanges	Xetra, Borsa Italiana, BX Swiss, CBOE
Ongoing charge	0.25% p.a. (0.30% p.a. for SEK-hedged)
SFDR Classification	Article 9

Tabula EUR IG Bond Paris-aligned Climate UCITS ETF

The Tabula EUR IG Bond Paris-aligned Climate UCITS ETF is designed to provide Paris-aligned exposure to European investment grade corporate bonds, with greenhouse gas (GHG) emissions 50% lower than the broad Euro IG market, and annual reduction of 7%. It aims to track the Solactive ISS Paris Aligned Select Euro Corporate Bond Index (SOLESPAB), which meets the criteria for an EU Paris-Aligned Benchmark (PAB). The index excludes issuers in violation of social norms (including the UNGC), involved with controversial weapons or tobacco, causing significant environmental harm, or with revenues from oil, gas, coal and energy intensive electricity above certain thresholds.

Climate metrics

	Weighted average GHG emissions (Tonnes CO2e)	GHG emissions reduction vs parent index	YOY GHG emissions reduction
Fund (after fees)	27.0M	54.5%	-
SOLESPAB Index	27.5M	53.6%	7.7%
Parent index	59.2M	n/a	-

Data: Solactive, ISS. 31 March 2023. GHG emissions represent gross scope 1, 2 and 3 greenhouse gas emissions. Parent index is the Solactive Euro IG Corporate Index. YoY GHG emissions reduction is as of the most recent semi-annual reduction in January 2023.

Performance

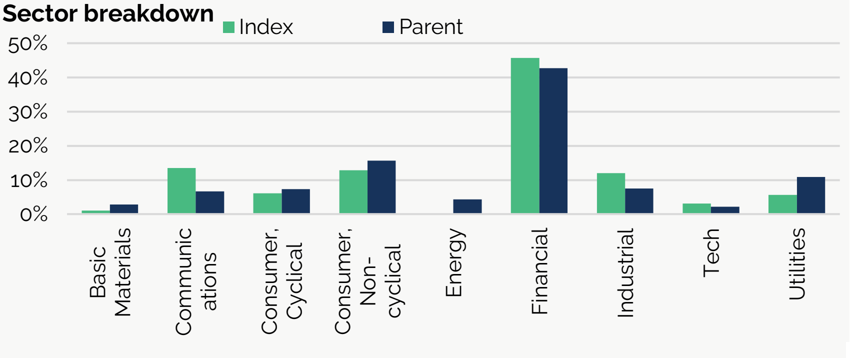
	3m	1y	3y (ann.)	5y (ann.)
Fund (after fees)	1.4%	-7.4%	n/a	n/a
SOLESPAB Index	1.5%	-7.0%	-1.2%	-1.1%
Parent index	1.6%	-7.7%	-1.8%	-1.3%

Data: Solactive, 31 March 2023. Performance is simulated by Solactive. **Past performance (actual or simulated) is not a reliable indicator of future returns.**

Composition

As of 31 March 2023, the index consisted of 354 bonds from 154 issuers, compared with around 3200 bonds from around 660 issuers in the parent index. Both index and ETF are underweight in utilities and industrials relative to the broader market and have no exposure to the Energy sector. This is primarily due to the fossil fuel exclusions applied as part of the rules for EU Paris-Aligned Benchmarks.

Sector breakdown



Data: Solactive, 31 March 2023

Although the ETF and SOLESPAB Index target emissions reductions at the portfolio level, it is still useful to monitor the climate strategies of individual issuers. Only two of the largest issuers in the index are target companies for Climate Action 100+, and both have set science-based targets for emissions reduction.

Top 10 issuers in SOLESPAB Index

Issuer	Index weight	SBTi	CA100+ target
Credit Mutuel	2.96%		
BNP Paribas SA	2.75%	Committed	
HeidelbergCement AG	2.63%	Target	YES
Mercedes-Benz Group AG	2.41%	Target	YES
Orange SA	2.06%	Target	
ING Groep NV	1.85%	Committed	
Verizon Communications Inc	1.81%	Target	
Banco Santander SA	1.79%		
Credit Agricole Group	1.78%	Committed	
AT&T Inc	1.78%	Target	

Data: Solactive/MSCI/SBTi/CA100+, 31 March 2023

TABULA

Principal Adverse Impacts

The table shows the principal adverse impacts of the ETF, based on composition as of 31 March 2023 and data as of 4 April 2023. It includes the 14 mandatory indicators specified in SFDR, plus two optional indicators. All data is sourced from MSCI. Note that this quarterly update is for information only and is not part of Tabula's formal regulatory reporting. Tabula will publish a consolidated statement on the fund's 2022 principal adverse impacts by 30 June 2023. Also note that 1) data availability for some metrics is currently very limited and 2) methodologies for some metrics are not defined, which may impact the ability to compare across products.

Indicator	Metric	Coverage	Impact
1. GHG emissions (Tonnes CO2e)	Scope 1 GHG emissions	87%[1]	22,457
	Scope 2 GHG emissions	87%[1]	2,958
	Scope 3 GHG emissions	87%[1]	33,635
	Total GHG emissions	87%[1]	59,051
2. Carbon footprint (Tonnes per €M invested)		87%[1]	277
3. GHG intensity of investee companies (Tonnes per €M revenue)		100%	635
4. Exposure to companies active in the fossil fuel sector (share of investments)		0%[2]	n/a
5. Share of non-renewable energy consumption and production (% of total energy)		88%	71.8%
6. Energy consumption intensity per high impact climate sector (GwH per €M revenue)	Agriculture, forestry & fishing	n/a	No exposure
	Mining & quarrying	n/a	No exposure
	Manufacturing	100%	0.83
	Electricity, gas, steam and air conditioning supply	64%	0.70
	Water supply, sewerage, waste management and remediation activities	n/a	No exposure
	Construction	100%	0.23
	Wholesale & retail trade; repair of motor vehicles & motorcycles	71%	0.89
	Transportation & storage	100%	0.43
	Real estate activities	100%	0.60
7. Activities negatively affecting biodiversity-sensitive areas (share of investments)		0%[2]	n/a
8. Emissions to water (tonnes per €M invested)		0%	n/a
9. Hazardous waste and radioactive waste (tonnes per €M invested)		32%	24.27
10. Violations of UNGC principles and OECD Guidelines for Multinational Enterprises (share of investments)		100%	12.45%
11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises (share of investments)		77%	23.6%
12. Unadjusted gender pay gap (weighted average)		24%	18.0%
13. Board gender diversity (weighted average % of female board members)		100%	40.6%
14. Exposure to controversial weapons (share of investments)		100%	0.0%
Additional environmental: Investments in companies without carbon emission reduction initiatives		99%	37.0%
Additional social: Number of identified cases of severe human rights issues and incidents (weighted average)		99%	0

[1] *This calculation requires enterprise values, which are not available for some fixed income issuers. The ETF and index are calculated using gross weighted average emissions, in line with the Paris Aligned Benchmark rules for fixed income indices.* [2] *Few issuers actively disclose involvement and MSCI therefore cannot confirm that involvement is zero. However, note that the ETF excludes issuers involved with fossil fuels (using the revenue thresholds specified in the PAB rules) or causing significant environmental harm.*

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