

## **LONGCHAMP ASSET MANAGEMENT AND DALTON INVESTMENTS TOGETHER ANNOUNCE THE TRANSITION TO ARTICLE 8 OF THE SFDR REGULATION FOR THEIR FOUR JOINT VENTURE FUNDS**

*Paris, France and Santa Monica, California, USA, 13 June 2022*

**Longchamp Asset Management, in partnership with Dalton Investments, announces the transition to Article 8 of the Sustainable Finance Disclosure Regulation (“SFDR Regulation, known as Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability-related disclosures in the financial services sector) of the [Lafayette Dalton Asia Pacific UCITS Fund](#), the [Longchamp Dalton Japan Long Only UCITS Fund](#), the [Longchamp Dalton India UCITS Fund](#) and the [Longchamp Dalton Global Emerging Markets UCITS Fund](#).**

Dalton Investments (“Dalton”) utilizes a value investment approach that seeks to invest in companies with sound, sustainable businesses, operated by management teams whose interests are aligned with shareholders. The Dalton team has embedded ESG into the four mantras of its overall investment philosophy and portfolio construction process, specifically: 1) invest in good businesses, 2) seek a margin of safety, 3) focus on alignment of interests between management and shareholders, and 4) identify companies that have proven strong track records of reinvesting capital (e.g., share buy-back, dividends, CAPEX).

Dalton first published its Sustainable Investment Policy in March 2018 and has since updated to reflect enhancements to its process. Dalton became a signatory of the United Nations PRI in December 2019 as well as an active member of Climate Action 100+ in August 2020. Dalton’s strong focus on ESG was further formalized after the appointment of Craig Mercer as Chief Research Officer and Head of ESG in early 2020.

Dalton’s holistic ESG approach capitalizes on its own systems and research with an ultimate aim to develop an accurate understanding and assessment of a portfolio company’s ESG practices and protect client’s capital. While Dalton uses Refinitiv’s Asset4 and MSCI ESG research data, it conducts its own internal research to arrive at independent ratings. This proprietary analysis aims to supplement potential gaps in data and to address some of the material pitfalls of vendor data, notably placing greater overall emphasis on corporate governance and removing exclusive reliance on third-party vendors. In addition, in taking its role as a steward of investor capital seriously, where gaps exist in company disclosures, Dalton actively engages with portfolio companies to improve transparency and to develop a more thorough understanding of a company’s practices in the context of global best practice, while assessing the potential materiality of the risk associated with these policies to the company’s earnings.

When evaluating individual investment opportunities, Dalton considers environmental and social factors (at industry or company specific level), in the assessment of the strength of individual businesses and the risks associated with them. In respect of the environmental factors, Dalton conducts its own due diligence and leverage external third-party data to appreciate a company’s policies towards managing emissions, energy usage and waste management. In respect of the social factors, Dalton evaluates areas such as a company’s talent management and retention of employees and policies surrounding health, and safety, and working practices.

Based on Dalton’s qualitative assessment of a company’s practices, upon completion of the review, Dalton assigns a rating of “A”, “B”, “C” or “D”: (i) “A” being high-quality practices, (ii) “B” being moderate-quality practices, (iii) “C” being low-quality practices, and (iv) “D” whereby an investment in the company is prohibited.

In addition, Dalton applies exclusionary screening similar to the World Bank Group's International Finance Corporation Exclusion List. Companies screened include those that engage in the production of weapons, liquor, tobacco products, non-medical radioactive products, production of asbestos, or any product or activity deemed illegal under host country laws or international conventions, and exposure is limited in companies that produce thermal coal or that derive oil from oil sands extraction.

David Armstrong, Chief Executive Officer at Longchamp Asset Management, commented: *"The transition to Article 8 of the SFDR Regulation formalizes the work on the Sub-Funds' portfolios that Dalton has been doing for a while now. It also supports its historical expertise and differentiated investment philosophy, of which our clients have always been supportive."*

Dalton's Chief Executive Officer and President, Sarah Alfandari, added: *"We are delighted to move our funds to Article 8 status. With ESG sitting as a vital part of our investment process, the move is a natural progression for our business."* Dalton's Head of ESG, Craig Mercer, also noted: *"ESG is another tool we use to create value for our clients. We believe that good ESG policy and practice is not only good for the planet, but essential in generating returns in Asian and emerging markets."*

For more information, please visit the Websites of Longchamp Asset Management or Dalton, or contact Longchamp Asset Management at [ir@longchamp-am.com](mailto:ir@longchamp-am.com).

Dalton has committed to publishing the ESG policy at <https://www.daltoninvestments.com/our-firm/sustainable-investment-policy/> and the exclusion list on both the Longchamp and Dalton Websites and to ensuring that they are reviewed on an ongoing basis.

As a reminder, the Lafayette Asia Pacific UCITS Fund is a sub-fund of the Lafayette ICAV, where Waystone Fund Management (IE) acts as the Management Company, Dalton Investments, Inc. as the Investment Manager, and Longchamp Asset Management as the Distributor.

The Longchamp Dalton Japan Long Only UCITS Fund, Longchamp Dalton India UCITS Fund and Longchamp Dalton Global Emerging Markets UCITS Fund are Sub-Funds of the Longchamp SICAV where Longchamp Asset Management acts as the Investment Manager and Dalton Investments, Inc. as the Delegated Investment Manager.