MASTER OF SCIENCE IN
FINANCE

MASTERS FINAL WORK
PROJECT

INVESTMENT POLICY STATEMENT:
NORDLIGHT GESTÃO DE ATIVOS

CRISTÓVÃO GUERREIRO MARQUES

JUNE 2026

Lisbon School of Economics & Management
Universidade de Lisboa

MASTER OF SCIENCE IN FINANCE

MASTERS FINAL WORK

PROJECT

INVESTMENT POLICY STATEMENT: NORDLIGHT GESTÃO DE ATIVOS

CRISTÓVÃO GUERREIRO MARQUES

SUPERVISOR:
PAULO MARTINS SILVA

JUNE 2026

Abstract

This Investment Policy Statement (IPS) establishes the investment framework for the proposed NLGA Multi-assets Europe ESG Fund, developed as part of a feasibility study for the establishment of NordLight Gestão de Ativos. The Fund has the mission of delivering long-term risk-adjusted returns while fulfilling its fiduciary duty to safeguard investor capital and promote responsible investing. As a UCITS-compliant vehicle, categorized under Article 8 of the SFDR Regulation, the Fund seeks to align financial performance with ESG considerations.

To achieve optimal portfolio performance, the IPS employs the Mean-Variance Theory and the variance-covariance matrix was estimated through a multifactor model, resulting in a portfolio with an expected annual return of 12.23% and expected volatility of 7.47%. After considering the 5% liquidity cushion allocated to 1-year German Bonds, the Fund presents an expected annual return of 11.71% and expected volatility of 7.09%. Key constraints include the exclusion of controversial sectors, adherence to ESG best-in-class criteria, the avoidance of leverage, the 5/10/40 diversification rule and bounds of 5% to 25% for each individual sector. The Fund has low tolerance for excessive losses and tracking error, targeting a maximum drawdown of 20% and a maximum tracking error of 5% relative to the considered benchmark. The maximum allowed SRI level is 4 out of 7, effectively defining a cap of 20% for the Fund's annualized volatility. The strategic investment approach is based on a long-term Strategic Asset Allocation (SAA), defined in the context of the Fund's performance targets and its responsibility to manage capital efficiently across market cycles.

The IPS incorporates Value at Risk (VaR), Expected Shortfall, a Stress Test and Monte Carlo simulation to better evaluate potential downside risk, tail risk and expected performance.

JEL Classification: C6; G11

Keywords: Asset Management; Portfolio Theory; IPS; Institutional Investors

Resumo

Esta Investment Policy Statement (IPS) estabelece o framework de investimento para o proposto NLGA Multi-assets Europe ESG Fund, desenvolvido no âmbito de um estudo de viabilidade para a constituição da NordLight Gestão de Ativos. O Fundo tem como missão gerar retornos ajustados ao risco de longo prazo, cumprindo o seu dever fiduciário de proteger o capital dos investidores e promover o investimento responsável. Enquanto veículo UCITS, classificado pelo Artigo 8 do Regulamento SFDR, o Fundo procura alinhar o desempenho financeiro com considerações ESG.

Para alcançar um desempenho ótimo da carteira, a IPS aplica a Mean-Variance Theory e a variance-covariance matrix foi estimada através de um modelo multifatorial, resultando numa carteira com uma rendibilidade anual esperada de 12,23% e uma volatilidade esperada de 7,47%. Após considerar a cushion de liquidez de 5% alocada a Obrigações Alemãs a 1 ano, o Fundo apresenta uma rendibilidade anual esperada de 11,71% e uma volatilidade esperada de 7,09%. As principais restrições incluem a exclusão de setores controversos, a aplicação de critérios ESG best-in-class, a proibição de alavancagem, a regra de diversificação 5/10/40 e limites de 5% a 25% para cada setor individual. O Fundo apresenta uma baixa tolerância a perdas excessivas e tracking error, visando um drawdown máximo de 20% e um tracking error máximo de 5% relativamente ao benchmark considerado. O nível máximo permitido para o SRI é de 4 em 7, o que define efetivamente um limite máximo de 20% para a volatilidade anualizada do Fundo. A abordagem estratégica de investimento assenta numa Strategic Asset Allocation (SAA) de longo prazo, definida no contexto dos objetivos de desempenho do Fundo e da sua responsabilidade de gerir capital de forma eficiente ao longo dos ciclos de mercado.

A IPS incorpora Value at Risk (VaR), Expected Shortfall, um Stress Test e simulação de Monte Carlo para melhor avaliar o downside risk, o risco de cauda e o desempenho esperado.

Classificação JEL: C6; G11

Palavras-Chave: Gestão de Ativos; Teoria da Carteira; IPS; Investidores Institucionais

Acknowledgements

The end of a chapter, and what a chapter it has been.

First of all, I would like to thank my parents and my sister for being my greatest source of inspiration and support. Throughout this journey, you were always by my side, even when we were half the country away, giving me the strength, confidence, and motivation I needed to keep going. Your love, patience, and belief in me have meant more than I can put into words. I am truly grateful to have you as my foundation.

To my uncle, aunt, grandparents, and cousins, thank you for being the family closest to me throughout these past five years. I am deeply grateful for all the meals, conversations, the football games with my uncle and all the moments we shared.

To my girlfriend Francisca, who I am grateful to have met during this Master's journey, thank you for being such an important part of this chapter. You were there through the stressful moments, the doubts, and the long days, supporting me with patience, care and encouragement. Sharing this phase with you made it even more meaningful, and I am deeply thankful for your presence in my life.

To my friends from Algarve, thank you for always being there, even if we don't get the time we used to get together. Thank you for the "jantaradas de polvo" during the summer. Thank you Gui, for sharing the time in ISEG with me since day one. Thank you Miguel, for all the random walks in Lisbon and Paris.

To all my friends from ISEG who have been with me since my Bachelor's, thank you for being part of the journey since the beginning, for the challenges we faced and all the good moments that will always be the face of this chapter.

It has been a demanding, challenging, and unforgettable journey. As this chapter comes to an end, I feel grateful for everyone who has been part of it, and excited for everything that is yet to come.

Abbreviations

AUM – Assets Under Management

CMVM – Comissão do Mercado de Valores Mobiliários

CIO – Chief Investment Officer

CVaR – Conditional Value at Risk

ECB – European Central Bank

ES – Expected Shortfall

ESG – Environmental, Social and Governance

EU – European Union

ETF – Exchange-Traded Fund

FED – Federal Reserve

GDP – Gross Domestic Product

HICP – Harmonised Index of Consumer Prices

HICPX – Harmonised Index of Consumer Prices excluding energy and food

IOS – Investment Opportunity Set

IPS – Investment Policy Statement

MSCI – Morgan Stanley Capital International

NAV – Net Asset Value

NLGA – NordLight Gestão de Ativos

OAD – Option-Adjusted Duration

P/E – Price-to-Earnings

ROE – Return on Equity

RGA – Regulamento de Gestão de Ativos

SAA – Strategic Asset Allocation

SFDR – Sustainable Finance Disclosure Regulation

SGOIC – Sociedade Gestora de Organismos de Investimento Coletivo

SRI – Summary Risk Indicator

UCITS – Undertakings for Collective Investment in Transferable Securities

US – United States

VaR – Value at Risk

Table of Contents

List of Figures

List of Tables

Executive Summary

The scope and purpose of this Investment Policy Statement (IPS) is to guide the investment strategy for the NLGA Multi-assets Europe ESG Fund, developed as part of a feasibility study for the establishment of NordLight Gestão de Ativos. The objective is to create a Fund that aligns with the rules of the SFDR Regulation (Article 8), focusing on risk-adjusted returns, while considering ESG aspects.

In terms of governance, NLGA's management team is composed of the Chief Investment Officer (CIO), the Active Manager and the Investment Committee. These actors are responsible for implementing the IPS, while ensuring compliance with investment policies, internal procedures and external regulations. Meeting and evaluation sessions will be held quarterly, while the IPS will be reviewed annually.

The Investment Return and Risk objective of the Fund is to beat the synthetically constructed benchmark at least 50% of the time, while keeping the tracking error below 5%, a maximum drawdown of 20% and a maximum SRI level of 4 out of 7. Relevant constraints include the 5/10/40 rule, bounds of 5% to 25% for each individual sector, the exclusion of controversial sectors, adherence to ESG best-in-class criteria, the avoidance of leverage, and a minimum allocation of 5% of the Fund's NAV to the liquidity cushion.

The benchmark is composed of a combination (defined by the asset allocation) of the STOXX Europe 600 ESG+ Index (CH0462361806), the Bloomberg MSCI Euro Corporate ESG Sustainability SRI Index (I35570EU) and the Bloomberg Commodity Index (BCOM), reflecting the Fund's exposure to European equities, European investment-grade corporate bonds and commodities. The SAA of the risky portfolio is composed of 39% large-cap equities, 40% investment-grade corporate bonds, 15% gold and 6% broad commodities. After the final optimization process, the risky portfolio is composed of 39% equities, 39% investment-grade corporate bonds, 15% gold and 7% broad commodities.

The Risk Management framework contemplates Value at Risk (VaR), Expected Shortfall, Monte Carlo simulation and a Stress Test. The main risks monitored are market risk, liquidity risk, operational risk, credit risk, interest-rate risk, currency risk and sustainability risk.

1 Scope and Purpose

This Investment Policy Statement (IPS) sets out the governance and strategic framework for the proposed NLGA Multi-assets Europe ESG Fund, developed as part of a feasibility study for the establishment of NordLight Gestão de Ativos – Sociedade Gestora de Organismos de Investimento Coletivo (SGOIC), SA.

Within this study, NordLight is considered a proposed Portuguese asset management company to be headquartered in Lisbon. The analysis assumes the creation of a new SGOIC intended to enter the Portuguese asset management market and to launch the NLGA Multi-assets Europe ESG Fund as its first investment product. For the purposes of this feasibility study, the Fund is assumed to launch with initial investor subscriptions totalling 100,000,000 euros, which constitute the Fund's initial Assets Under Management (AUM). Accordingly, all references to NordLight's governance, regulatory status and operating structure should be understood as assumptions underlying the proposed establishment of the management company and the launch of the Fund, rather than as descriptions of an existing entity.

The Fund's objective is to provide long-term risk-adjusted returns, consistent with the risks associated with investing in equities, bonds and alternative assets.

This IPS applies exclusively to the proposed NLGA Multi-assets Europe ESG Fund and does not apply or extend to any other current or future investment products that NordLight may offer.

2 Governance

The structure of the NLGA Multi-assets Europe ESG Fund is composed of three bodies:

1. **The Chief Investment Officer (CIO)**: Responsible for overseeing policy implementation, reviewing the IPS and monitoring the Fund's Active Manager performance.
2. **The Investment Committee**: Responsible for implementing the investment policy of the Fund, defining the overall strategic direction and ensuring that the Fund is aligned with the regulatory framework, such as Portugal's RGA regulations. It also is responsible for the review and monitoring process, approving the IPS, reviewing it and recommending changes, as well as monitoring the performance.
3. **The Active Manager**: Responsible for the execution of the investment strategy, in line with the IPS, as well as, with the Fund's ESG positioning as an Article 8 of the SFDR Regulation, Feature 2 of the CFA Institute's ESG Fund Classification.

The IPS is subject to an annual review. The CIO is responsible for proposing changes, if necessary, and said changes shall be approved by the Investment Committee. Any material changes in the capital base or regulatory environment may trigger an extraordinary review.

The CIO also has the responsibility of ensuring compliance with risk controls and exposure limits, defined by the Fund's risk management framework, while the Active Manager must perform an ongoing monitoring of the Fund's risk profile and present a monthly Risk Management Report to the Investment Committee, after CIO approval.

The CIO and the Investment Committee shall perform a quarterly monitoring process of the Active Manager's performance, against the predefined benchmark.

3 Risk Profiling

3.1 Investment Objectives

The NLGA Multi-assets Europe ESG Fund is designed for Non-professional and Professional Investors with a moderate risk tolerance and has the overall objective of providing its unitholders with a portfolio aiming to maximize their long-term risk-adjusted returns, aligned with the risk associated with investing in risky assets, such as European equities, IG corporate bonds, gold and broad commodities. As an actively managed Fund, the NLGA Multi-assets Europe ESG Fund shall seek to generate excess returns relative to its benchmark over time. The Fund offers a broad diversified exposure to large-cap companies (through equities and corporate bonds) across multiple European countries that meet defined environmental, social, and governance (ESG) criteria, as well as commodity exposure through gold and broad commodities ETFs. The Fund will focus exclusively on stocks, bonds and ETFs and will avoid investments that lack granular information necessary to correctly assess risk and return, as well as issuers engaged in controversial activities or sectors, including Alcohol, Gambling, Tobacco, Nuclear Weapons, Conventional Weapons, Controversial Weapons, Civilian Firearms, among others.

The importance of ESG and associated disclosures has been growing in importance, for the companies, as well as for investors (in equity and corporate bonds). The report “Rate the Raters 2023” from Brock, Nelson and Brackley (2023), states that 57% of the companies surveyed indicate that their top motivation for engaging with ESG raters is growing investor demand, highlighting the increasing importance of ESG metrics in investment decisions.

Several research papers have studied the impact of ESG ratings on stock performance, following different models. The paper “Impact of ESG Risk on Portfolio Optimization and Returns: An Analysis Using the Markowitz Model” from Jia, S. (2024), presents that companies with lower ESG risks can lead to more efficient and potentially lucrative investment opportunities. The article “Does ESG Impact Really Enhance Portfolio Profitability?” from Cesarone, Martino and Alessandra Carleo (2022), discovered that, between 2014 and 2020, there was a link between profitability and sustainability. This supports that sustainable investing not only meets ethical standards but can also deliver competitive returns while mitigating risk, making it an attractive option for investors.

The Fund’s performance will reflect changes in the market value of its underlying assets, namely equity-price movements for the equity allocation, commodity-price movements for the gold and broad commodities allocations, and changes in interest rates and in the credit quality of the selected issuers for the corporate bond allocation.

3.2 Return Requirements

The performance of the NLGA Multi-assets Europe ESG Fund shall be reviewed during the NordLight Gestão de Ativos – SGOIC, SA Investment Committee, every quarter. As an actively managed Fund, performance shall be assessed relative to the previously established benchmark and to two peer groups of comparable funds. A local peer group shall be composed of actively managed funds available in the Portuguese market, reflecting the Fund’s direct competitive environment. In addition, a broader peer group shall be constructed from the Morningstar top-rated fund universe and shall include leading actively managed funds with similar investment characteristics, namely comparable asset-class exposure, investment focus, risk profile and ESG integration features. Both the benchmarks and peer groups must be approved by the Investment Committee and the Chief Investment Officer and subsequent changes in these decisions should also be approved by the same bodies.

The Fund’s Active Manager will consider a customized benchmark, derived from a weighted average of various benchmarks, according to the asset class allocation. Regarding the investment portion in equities, the considered benchmark will be the **STOXX Europe 600 ESG+ index (CH0462361806)**. It is an ESG tilted equity index, based on the STOXX Europe 600 index, aiming to reduce reputational and idiosyncratic risks, by excluding companies whose revenue derives substantially from controversial industries. For the bonds portion, the considered benchmark will be the **Bloomberg MSCI Euro Corporate ESG Sustainability SRI Index (I35570EU)**, a fixed-rate, investment-grade, EUR-denominated corporate bond index, based on the Bloomberg Euro Aggregate Corporate Index and applies additional sector and ESG criteria for security eligibility. For commodities, we will consider the **Bloomberg Commodity Index (BCOM)**, a leading commodities benchmark, which provides a broad-based exposure to commodities, using 24 of the most traded commodities (including gold) futures contracts across six sectors.

Other than the benchmarks described, the Fund's performance will also be assessed against comparable funds available in the Portuguese market. Given the Fund's multi-asset structure, peer analysis will be conducted separately for the equity and fixed-income allocations. For the equity allocation, the relevant local peers are Caixa Ações Europa Socialmente Responsável, IMGA European Equities and BPI Impacto Clima Ações, with 36 million euros, 54 million euros and 40 million euros under management, respectively. Among these, Caixa Ações Europa Socialmente Responsável and BPI Impacto Clima Ações constitute the closest comparators, given their ESG focus, whereas IMGA European Equities provides a broader reference for European equity exposure. For the fixed-income allocation, the relevant local peers are Caixa Obrigações Longo Prazo, IMGA Rendimento Mais and BPI Impacto Clima Obrigações, with 13 million euros, 73 million euros and 21 million euros under management, respectively. Among these, BPI Impacto Clima Obrigações constitutes the closest comparator, given its ESG profile and fixed-income mandate, whereas Caixa Obrigações Longo Prazo and IMGA Rendimento Mais provide less direct comparability due to their focus on government bonds and subordinated debt, respectively.

In addition, the NLGA Multi-assets Europe ESG Fund will be compared against a broader peer group selected from the Morningstar universe. For the equity allocation, the selected peers are BNP Paribas Funds Sustainable Europe Multi-Factor Equity and SEB Europe Equity Fund, with 31 million euros and 663 million euros under management, respectively. Both are 5-star Morningstar-rated Article 8 European equity funds and present a 5 out of 5 ESG score according to Morningstar. For the corporate bond allocation, the selected peers are BlueBay Investment Grade Bond Fund and Schroder International Selection Fund Sustainable EURO Credit, with 2,821 million euros and 1,988 million euros under management, respectively. The first is a 4-star, while the second is a 5-star Morningstar-rated fund. Both are Article 8 European corporate bond funds, focusing on investment-grade bonds.

The NLGA Multi-assets Europe ESG Fund return objective is to achieve returns that exceed those of the approved benchmarks, at least, 50% of the time, reflecting the Fund's commitment to maximize returns and deliver value through active management. The considered return is net of all ongoing charges of 2% management fees.

3.3 Risk Tolerance and Requirements

The Fund's overall risk tolerance is moderate, supported by a diversified multi-asset opportunity set and daily liquidity, implemented through active and dynamic asset allocation in accordance with the predefined guidelines. The Fund provides no capital guarantee, and investors must be able to accept substantial losses and volatility while maintaining the investment for a recommended horizon of 5 years.

The Fund's risk level is determined through the Summary Risk Indicator (SRI), in accordance with the methodology set out in Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 on key information documents for packaged retail and insurance-based investment products (PRIIPs). The SRI provides an indication of a product's level of risk relative to other products, while reflecting the probability of future financial losses due to market fluctuations. The assigned risk category is not guaranteed and may change over time.

Since the NLGA Multi-assets Europe ESG Fund is a newly established Fund and therefore lacks historical performance data, its SRI level may be estimated by reference to the SRI levels of the benchmarks and relevant peer funds. This provides a reliable indication of the Fund's expected risk profile in line with established market standards.

As of 30 January 2026, Caixa Ações Europa Socialmente Responsável, IMGA European Equities, BPI Impacto Clima Ações, BNP Paribas Funds Sustainable Europe Multi-Factor Equity and SEB Europe Equity Fund presented an SRI level of 4, supporting the moderate risk profile of this category of funds. In contrast, Caixa Obrigações Longo Prazo, IMGA Rendimento Mais, BlueBay Investment Grade Bond Fund and Schroder International Selection Fund Sustainable EURO Credit presented an SRI level of 2, while BPI Impacto Clima Obrigações presented an SRI level of 3, reflecting the lower risk profile of the fixed-income allocation. Accordingly, the Fund's SRI is expected to fall within a range of 2 to 4 on the 7-point scale, consistent with its moderate risk tolerance. Final confirmation of the Fund's SRI level will depend on the final asset allocation and benchmark definition.

A Risk Management Report shall be presented monthly by the Fund's Active Manager, subject to the CIO's approval and subsequent review by the Investment Committee. The Fund's monthly returns shall not experience a peak-to-trough decline greater than 20%. Active risk, measured by tracking error relative to the benchmark, shall not exceed 5%. In addition, the portfolio’s annualized volatility shall not exceed 20%, with the objective of positioning the Fund within an SRI level lower or equal to 4, consistent with its moderate risk tolerance.

Relevant risks include market, liquidity, operational, credit, interest-rate, currency and sustainability risks. These are mitigated through the limits imposed by the UCITS framework, predefined investment guidelines, exclusion criteria and ongoing monitoring.

3.4 Constraints and Other Considerations

The NLGA Multi-assets Europe ESG Fund is subject to a set of investment, liquidity, regulatory and sustainability constraints that define the boundaries within which the Fund shall be managed. These constraints are intended to preserve consistency with the Fund’s mandate, ensure compliance with the applicable regulatory framework and support disciplined portfolio construction.

The minimum investment timeframe considered will be 5 years, aligning with Portuguese taxonomy considerations. The performance will be measured against a synthetic benchmark, derived from a weighted average of various benchmarks, according to the final asset allocation.

Liquidity risk is inherent to the Fund, as significant redemption volumes may adversely affect portfolio performance and result in losses for the remaining investors (Culloton, 2015). To mitigate this risk, the Fund shall maintain at least 5% of its total assets as a liquidity cushion. This liquidity cushion shall be allocated to 1-year German Bonds, which are considered an appropriate cash-equivalent instrument due to their high credit quality, euro denomination, short maturity and relatively low sensitivity to interest-rate movements. As of 30 January 2026, the 1-year German Bonds yielded 1.945%, according to Bloomberg. Any form of leverage, that could amplify returns or losses, is not allowed. This ensures simplicity in portfolio construction and limits the Fund’s exposure to amplified drawdowns. The Fund shall not use derivatives, such as options, futures or swaps, to create leveraged positions, hedge exposures or alter duration positioning.

The NLGA Multi-assets Europe ESG Fund aims to provide its unitholders with exposure to multiple asset classes, and all considered assets shall be transacted in Euros. This ensures simplicity and protects the portfolio against exchange rate risk.

In accordance with the RGA norms and applicable regulatory requirements, the NLGA Multi-assets Europe ESG Fund shall be subject to the following investment limitations:

1. The Fund shall not invest more than 10% of its total net assets in transferable securities or money market instruments issued by the same issuer.
2. The total value of all transferable securities and money market instruments held by the Fund in issuers in which it invests more than 5% of its total net assets shall not collectively exceed 40% of the Fund's total net assets.

Given the significant diversification benefits anticipated by NLGA, this IPS establishes strict provisions for the weighting ranges of the four key asset sub-classes. These weighting limits define the NLGA Multi-assets Europe ESG Fund's tolerance for exposure to the systematic risks inherent in each asset sub-class. The weighting limits are outlined in Table A1. In addition, in order to ensure sector-level diversification and limit concentration risk, the minimum weight allocated to each sector shall be 5%, while the maximum weight allocated to any single sector shall not exceed 25% of the portfolio. Finally, a minimum allocation of 0.1% is imposed for each screened security, to avoid concentration in a limited number of securities and to ensure that all holdings included in the portfolio make a meaningful contribution to the fund's overall exposure.

Regarding Social Responsibility, an exclusionary screening at the security selection level will be used. Only the best-in-class equities and bonds, based on the MSCI ESG rating, will be considered and companies whose revenues are generated through a significant portion from controversial industries will be excluded. These are: Alcohol, Gambling, Tobacco, Nuclear Power, Nuclear Weapons, Conventional Weapons, Controversial Weapons and Civilian Firearms, among others. ESG exclusion criteria related to corporate issuers shall not be directly applied to the commodities allocation, as the Fund's exposure to commodities will be obtained through ETFs rather than through direct investment in corporate issuers. Following the Sustainable Finance Disclosure Regulation (SFDR), Regulation (EU) 2019/2088, there are three categories for sustainability integration in financial products:

1. **Article 6 (General Disclosure):** products without a sustainability scope, but ensuring transparency about ESG risks and their integration into the Fund;
2. **Article 8 (Light-Green Funds):** products promoting investments with positive environmental, social or governance qualities, or a combination of the three, even if sustainable investment contributions are not their main goal;

3. **Article 9 (Dark Green Funds):** impact-oriented products with an explicit, measurable sustainability objective, focusing on positive environmental or social outcomes. These Funds must provide robust impact metrics and detailed reporting to demonstrate their sustainable contributions.

The NLGA Multi-assets Europe ESG Fund aims to align with SFDR Article 8, balancing performance objectives with the promotion of environmental or social characteristics in the investment process, without focusing on sustainable contributions.

4 Investment Design

4.1 Investment Philosophy

An investment philosophy represents a structured approach to understand the markets, providing a foundation for guidance in investment decisions and offering a stable framework that allows investors to adjust and develop new strategies when existing ones fail.

This IPS employs an active approach, focusing on equity value investing. Valuation multiples such as Price-to-Earnings (P/E) are often used by value investors, while Return on Equity can help identify companies with strong profitability and an efficient capital utilization. The security level screening implements metrics such as 5-year averages for the Price-to-Earnings and Return on Equity (ROE) Growth, in order to smooth unusual values and to implement a broader understanding and filtering process when assessing Value metrics and strong and stable profitability. The fixed-income approach contemplates quality investing, seeking corporate bonds that are perceived as less risky, meaning those that are seen as safer investments and less prone to defaults. Preference is given to instruments from issuers with stable investment-grade credit ratings. In this fund, the Active Manager will manage the portfolio's duration relative to the benchmark to capture incremental returns.

As presented before, the Fund embeds ESG factors alongside traditional financial assessments. This IPS requires the Fund's Active Manager to apply exclusionary screens and best-in-class criteria to select investments. The Fund aims to position itself as a SFDR Article 8 fund, balancing performance objectives with the promotion of environmental or social characteristics in the investment process, without focusing on sustainable contributions.

Although this IPS follows active investing principles, the objective is to keep trading at a minimum, involving periodic rebalancing, according to market dynamics and Fund's Active Manager expectations.

The NLGA Multi-assets Europe ESG Fund relies on a long-term SAA, driven by expected risk-adjusted returns optimization. A specific periodic screening process is implemented for each asset class, aiming to achieve a satisfactory level of diversification, through asset classes and geographies and allocating part of the portfolio's investments to Alternatives, while minimizing currency risk.

4.2 Macroeconomic Outlook

The strategic allocation of the NLGA Multi-assets Europe ESG Fund offers a broad flexibility in terms of asset classes to invest, allowing the Fund manager to adapt the portfolio according to the markets' outlook. This way, a macroeconomic analysis plays a pivotal role, impacting both asset returns and correlations.

Most of European economies' monetary policy is governed by the European Central Bank (ECB), which targets price stability through inflation control. On the other hand, the United States (US) features the Federal Reserve (FED), which targets a low and stable inflation, while maximizing employment.

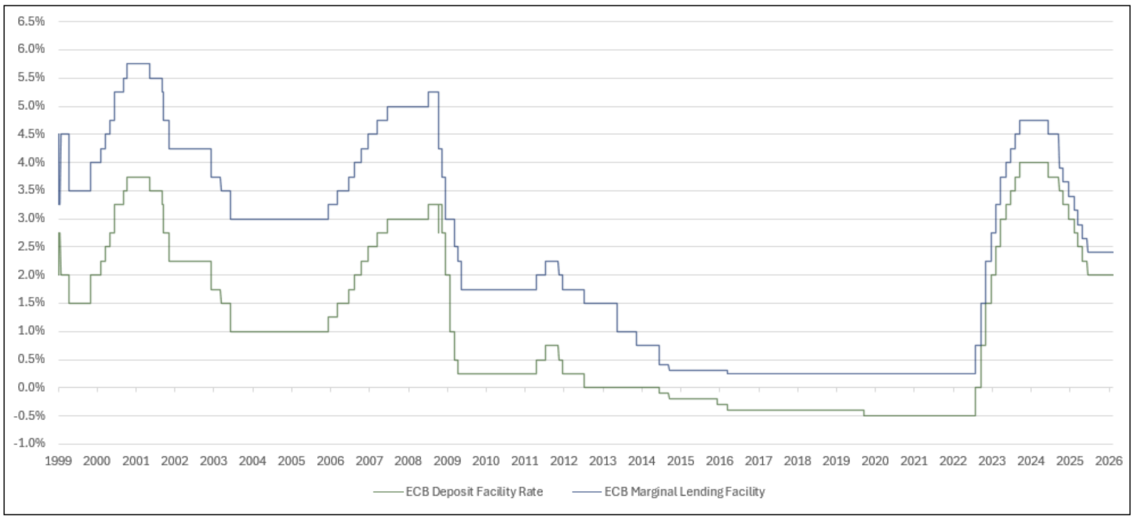


Figure 1 - ECB Target Rates *Source: ECB*

A historical analysis on ECB target rates reveals a strong link between recessions, such as the dotcom bubble (1999) and the subprime crisis (2008), and significant movements in ECB key interest rates (Figure 1). During periods of increasing inflation, central banks increase interest rates, restricting economic conditions. Such a dynamic was evident in 2022, with the fastest rate hike in decades, to combat an inflation level above 10%, fuelled by the Ukraine War and post-COVID economic reopening.

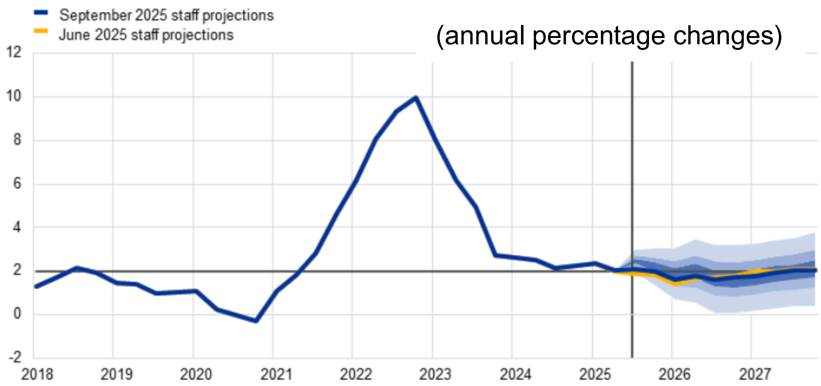


Figure 2 - Euro Area HICP Inflation *Source: ECB*

Headline inflation (HICP) includes volatile components like energy and food, while core inflation (HICPX) offers a clearer view of underlying price trends, excluding those components. The Euro Area headline inflation is projected to remain close to the 2% target (Figure 2), with 1.7% in 2026 and 1.9% in 2027. Core inflation follows a similar path, with 1.9% in 2026 and 1.8% in 2027. The JP Morgan Asset Management 2026 Market Outlook assumes an inflation level in 2026 of 2.0%, 2.5% and 1.7% for the Eurozone, US and Japan, respectively. As a result, there is no clear suggestion on material changes regarding interest rates, pointing to a cautious stance aimed at preserving price stability.

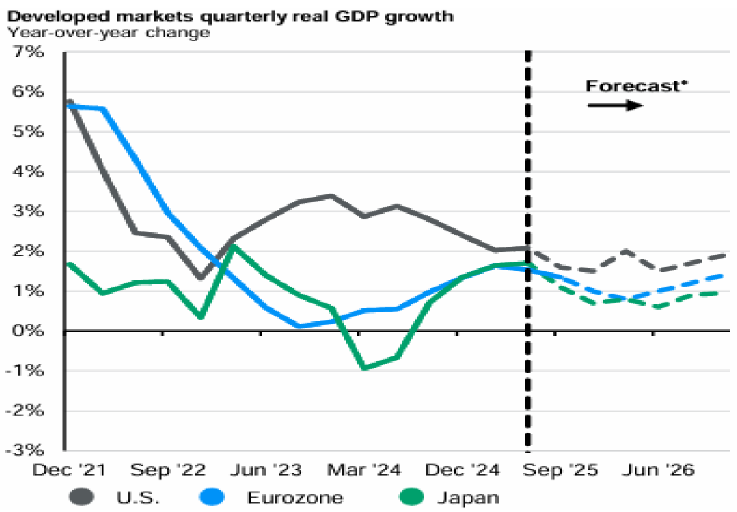


Figure 3 - Real GDP Growth Forecast *Source: J.P. Morgan Asset Management*

The ECB and the JP Morgan Asset Management (Figure 3) project a moderate growth for the Euro Area of around 1.5% in 2026. Although it is expected to see a strengthening in terms of business investment and growth boost from the announced fiscal measures, related to defence and infrastructure, the Real GDP growth is expected to dip, a consequence of higher tariffs and a stronger exchange rate, leading to a loss in terms of export market shares.

The US is operating in a complex macroeconomic environment shaped by elevated tariff levels and a looser fiscal stance. These factors are expected to contribute to an inflation level above the recent years' average. Ongoing uncertainty surrounding immigration policy further complicates analysis of labour market dynamics and introduces additional inflationary risks. Nevertheless, it is not guaranteed that the FED's actions will fully address this inflation level, due to political pressures and increasing concerns on the degradation of the labour market, which will most likely shape FED's policy throughout 2026.

Europe showed a solid economic momentum in 2025, with companies resuming investments that were postponed. The European Union (EU) is expected to be increasingly autonomous in strategic areas, such as defence, industry, utilities, basic resources and infrastructure, highlighting the 500 billion euros German fiscal stimulus to invest mainly in infrastructure and defence, as well as EU investment plans, mobilizing 800 billion euros to defence-related investments.

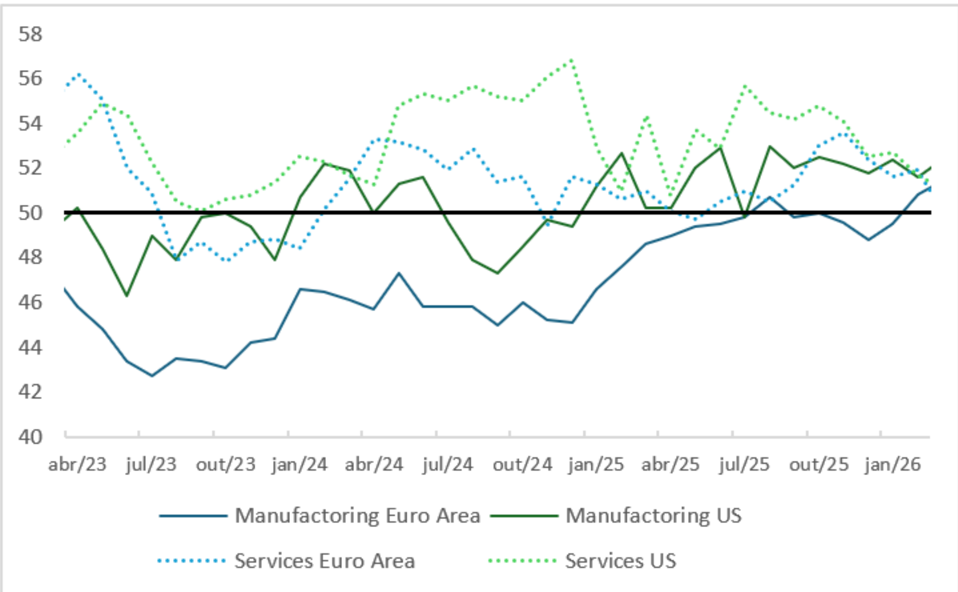


Figure 4 - Euro Area and US PMIs *Source: Bloomberg Finance L.P.*

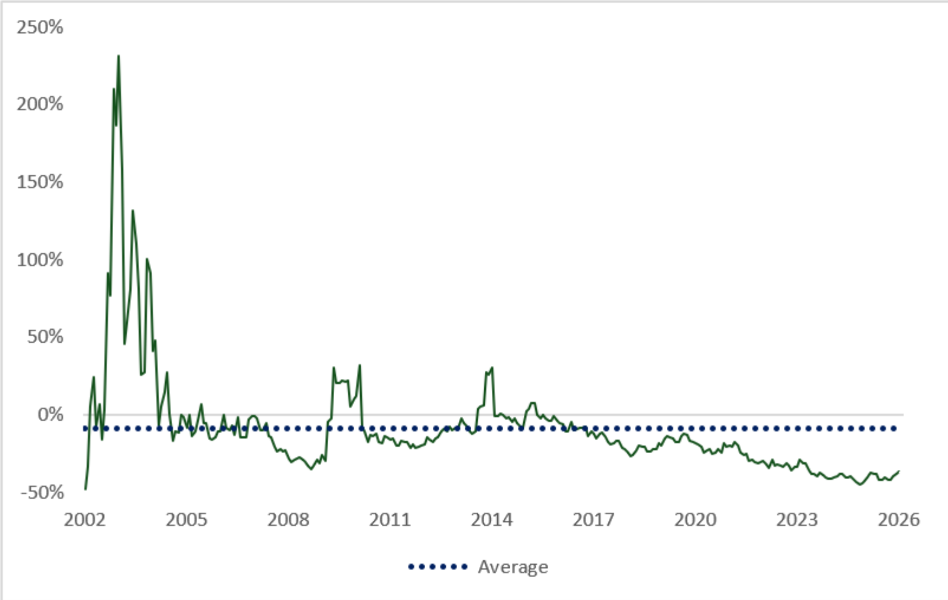


Figure 5 - Relative Valuation Europe over US *Source: Bloomberg Finance L.P.*

The Euro Area keeps a positive economic outlook, with both Manufacturing and Services PMIs above the breakeven point and showing improvement in recent years (Figure 4). The current macroeconomic scenario supports that the NLGA Multi-assets Europe ESG Fund should take an Equity position at an upper-mid allocation level, with projected moderate stable growth, as well as strategic stimulus, while trading at a historic discount in terms of P/E, relative to US valuation multiples (Figure 5). With no material changes in rates and JP Morgan Asset Management 2026 Market Outlook highlighting fixed-income's role as a diversification and income source in a moderate-growth environment, the decision is to place the Fund's fixed-income take at an upper allocation level. Finally, the increasing demand supports the decision of allocating part of the portfolio to commodities, also serving as a hedge against unforeseen inflation and supply disruptions (Gibb, 2024), supporting a lower-mid allocation level in gold and broad commodities.

4.3 Strategic Asset Allocation

The SAA involves defining target allocations for each asset class within the ones considered by the Fund, aligning these allocations with expectations of future performance, risk tolerance, and investment time horizon.

The choice of investing in alternatives through commodity ETFs lies in offering investors a broader investment opportunity set, exposing the portfolio to a different asset type and benefiting from broader diversification (Debru and Shah, 2021), as well as an inflation-hedging benefit. The NLGA Multi-assets Europe ESG Fund defined its asset sub-class and class weight boundaries based on the JP Morgan Asset Management 2026 Market Outlook. Given that the alternatives considered are liquid securities, a maximum weight of 30% was defined for this class (divided between gold and broad commodities). A minimum allocation of 5% was attributed to each type of alternatives.

In order to align the qualitative analysis, defined by the market outlook, with a quantitative approach, it is important to define weight boundaries for each asset class and sub-class and take the central points as references for each asset sub-class weight target. The maximum and minimum boundaries for each asset sub-class are defined in Table A1, highlighting the reference central points as 40% for equities, 30% for corporate bonds, 10% for gold and 10% for broad commodities. This quantitative approach was developed, by taking those maximum and minimum asset sub-class weight boundaries and applying them as restrictions to an optimization problem, complemented by no short selling. This was achieved using Excel's Solver capacity, determining optimal weights for each asset sub-class, in accordance with the defined set of restrictions, leading to an ideal balance of risk and return, enabling the construction of a portfolio that maximizes the portfolio's Sharpe Ratio (Markowitz, 1952), given the set of prospective assumptions retrieved from the JP Morgan Asset Management 2026 Market Outlook (returns, volatilities and covariances), represented by the Efficient Frontier presented in Figure 6. The Sharpe Ratio measures how much excess return (above the risk-free rate) a portfolio generates per unit of risk taken. Thus, the soft weight targets defined for each asset sub-class will be 39% (mid-level allocation) for equities, 40% (upper-level allocation) for corporate bonds, 15% (upper-level allocation) for gold and 6% (lower-level allocation). These conclusions are robust, given that they are very close to the conclusions derived from the qualitative analysis of the market outlook. The soft targets for each asset sub-class are defined in Table A2 alongside the boundaries previously defined. At least 5% of the Fund's NAV will be allocated to 1-year German Bonds as a liquidity cushion. Table A3 highlights the target allocations for each asset sub-class, adjusting for the 5% liquidity cushion.

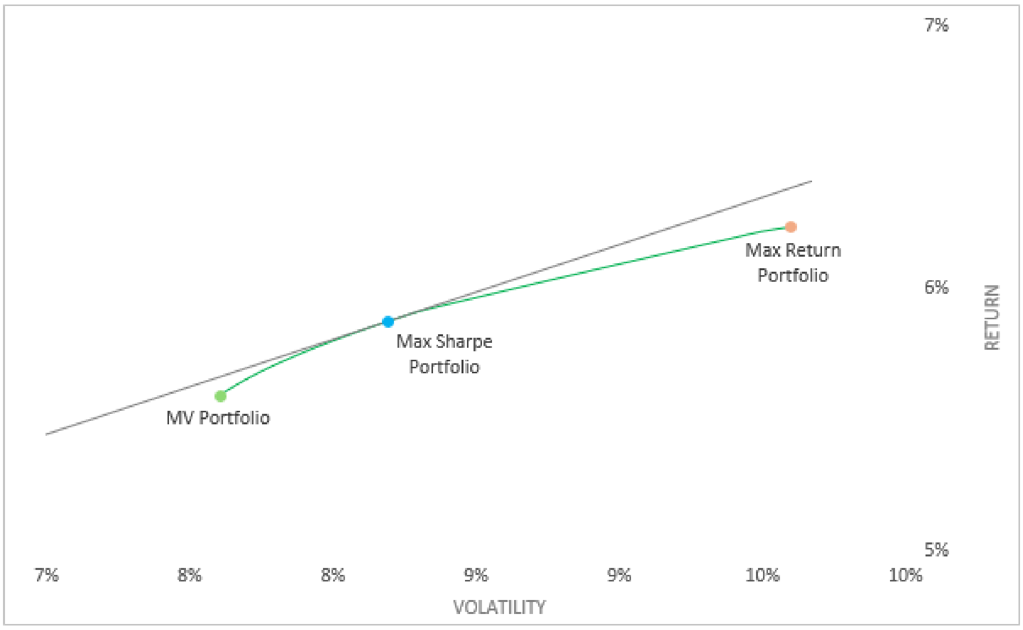


Figure 6 - Asset Sub-class Efficient Frontier

4.4 Management Structure

The NLGA Multi-assets Europe ESG Fund will have an active management structure. The Active Manager is responsible for the day-to-day implementation of the investment strategy, including security selection and portfolio rebalancing, in accordance with the investment philosophy, SAA, predefined return objectives and risk limits and ESG considerations, defined in this IPS. Limited tactical adjustments may be applied within the predefined allocation boundaries, in response to changing market conditions.

The Active Manager shall rely on internal research and market data providers to monitor issuers, market developments and portfolio risks. Particular attention shall be given to changes in credit quality, valuation metrics, sector dynamics and sustainability indicators that may affect individual holdings.

The oversight of the mandate shall remain with the CIO and the Investment Committee, responsible for monitoring performance, risk and compliance with the Fund's investment guidelines. The fee structure is composed solely of an annual management fee of 2%.

4.5 Security Selection

Having analysed the macroeconomic outlook for the near future and the NLGA Multi-assets Europe ESG Fund's investment restrictions, three screening processes were conducted, ensuring compliance with all the established criteria.

Screening 1 - Equities			
Asset Classes: Equity			
AND	Trading Status	Include	Active
AND	Securtity Attributes	Include	Primary Security of company only
AND	Country	Include	Eastern Europe or Western Europe
AND	Market Cap	Greater than or equal	5,000,000,000 €
AND	Currency	Include	Euro
AND	MSCI ESG Rating	Equal	AAA
AND	ROE Growth - 5 Year Average	More than	0
AND	GICS Industry Name	Exclude	Aerospace & Defense or Beverages & Chemicals & Tobacco or Casinos or Coal Operations or Construction Materials Manufactoring or Containers & Packaging or Forest & Paper Products or Oil, Gas & Consumable Fuels or or Pharmaceuticals or Real Estate

Table 1 - Equities Screening *Source: Bloomberg Finance L.P.*

The first screening (Table 1) process focused on the equity portion of the Fund. As intended, only European, Euro-denominated large-cap equities are considered. Regarding ESG considerations, a best-in-class approach was applied, considering only MSCI ESG Rating AAA classified companies, and an exclusionary screening was also introduced, excluding a set of considered controversial industries. Additionally, a bottom-up approach was introduced, by only considering equities with a positive 5-year average ROE growth and the companies with the highest 5-year average ROE growth (above industry average) and lowest 5-year average P/E (under the industry average).

Screening 2 - Fixed Income			
Asset Classes: Corporate Bonds			
AND	Security Status	Include	Bonds: Active
AND	Currency	Include	Euro Currency
AND	Coupon Type	Include	(Fixed)
AND	S&P Rating	Include	(Investment Grade)
|_OR	Moody's Rating	Include	(Investment Grade)
|_OR	Fitch Rating	Include	(Investment Grade)
AND	Amount Outstanding	Greater than or equal	100,000,000€
AND	Maturity Type	Include	Bullet
AND	Country	Include	Eastern Europe or Western Europe
AND	Issue Date	Less than	5 year ago
AND	Macaulay Duration	Greater than or equal	6 years
AND	BICS Classification	Exclude	Aerospace & Defense or Beverages & Chemicals & Tobacco or Casinos or Coal Operations or Construction Materials Manufactoring or Containers & Packaging or Forest & Paper Products or Oil, Gas & Consumable Fuels or or Pharmaceuticals or Real Estate

Table 2 - Corporate Bonds Screening *Source: Bloomberg Finance L.P.*

The second screening (Table 2) process focused on the fixed-income portion of the Fund, corporate bonds. In the same line as before, only European, Euro-denominated bonds will be considered. The focus is on fixed-coupon, bullet-type bonds, with an investment-grade classification from at least one of the three considered rating agencies. To ensure liquidity, there will be a minimum issuance size of 100 million euros (100% of the Fund's NAV). Controversial industries are excluded. Finally, the minimum Macaulay Duration should match the benchmark's fixed-income component Option-Adjusted Duration (OAD), considering the maximum value registered between 29 January 2021 and 30 January 2026, 5.3252 years.

Screening 3 - Alternatives			
Asset Classes: Commodities			
AND	Market Status	Include	Active
AND	Fund Primary Share Class	--	Yes
AND	Fund Type	Include	ETF
AND	Fund Asset Class Focus	Include	Commodity
AND	Currency	Include	Euro
AND	Fund Size	Greater than or equal	100,000,000€
AND	Country	Include	Eastern Europe or Western Europe

Table 3 - Commodities Screening *Source: Bloomberg Finance L.P.*

The final screening (Table 3) focused on the alternatives part of the Fund, gold and broad commodities. Again, only European, Euro-based ETFs will be considered. The minimum fund size should be 100 million euros (100% of the Fund's NAV).

After undergoing multiple screening procedures and retaining only securities with sufficient data granularity, the initial universe of investable assets was reduced to 51. This final set consists of 19 equities, 26 corporate bonds, and 6 commodity ETFs (2 Gold ETFs and 4 Broad Commodities ETFs). The results obtained from each screening stage are presented in Tables A4, A5, and A6.

4.6 Portfolio Composition

The optimization process has the objective of determining the optimal weights for each security in the portfolio, maximizing the risk-adjusted returns, according to the Fund's SAA and constraints, ensuring the best possible expected performance, given the universe of selected securities.

The historical prices for all 51 securities were extracted using Bloomberg's database, a widely recognized and reliable market-data provider. The expected returns and volatilities were computed based on historical data of 5 years of monthly prices, as of 30 January 2026.

In order to minimize estimation risk, a multifactor model will be used to estimate the variance-covariance matrix necessary to the portfolio's optimization process. This model will include 6 different macroeconomic factors:

1. Equity Factor – Composed of the log returns of the SXXPESGX Index
2. Rates Factor – Composed of absolute changes in the GDBR10 Index
3. IG Bond Factor – Composed of the log returns of the I35570EU Index
4. Commodity Factor – Composed of the log returns of the BCOM Index
5. Inflation Factor – Composed of absolute changes in the FWISEU55 Index
6. Volatility Factor – Composed of the absolute changes in the V2X Index

The factor set was chosen to capture the systematic betas of the portfolio's securities by mapping each security to economically interpretable drivers of return and risk; this approach is rooted in the arbitrage tradition where asset returns are explained by exposures to a small number of priced systematic factors. (Ross, 1976).

The Equity Factor is a broad European equity index designed to capture the portfolio's exposure to aggregate market and business-cycle risk. The investment-grade Bond Factor (a broad investment-grade Bond index) is included to directly model the realized return dynamics of IG corporate bonds. The Commodity Factor (a broad commodity-futures index) captures exposures to global demand and supply shocks and inflationary pressures. These three Factors are primary drivers of cross-asset co-movement and used as standard market beta proxies in multi-asset modelling (Fama and French, 1992).

The Rates Factor uses innovations (changes) in the 10-year German Bund to represent duration and term-structure shocks that drive fixed-income returns (Guo and Kontonikas, 2020) and affect equity valuation through discount-rate channels. The Inflation Factor employs changes in a 5y5y inflation measure to capture medium-term inflation surprises (Chen, Chiang and Lin, 2023), which prices macroeconomic risk that alters real returns and real discount rates across asset classes and impacts commodity returns. Finally, the Volatility Factor models shocks to market uncertainty via an implied-volatility index — volatility innovations and the volatility risk premium are empirically important cross-asset risk drivers that generate repricing effects during stress episodes (Park and Sarantsev, 2024).

For the application of this model, we have to estimate several parameters:

- a_{ik} – The alpha of each security related to each factor
- b_{ik} – The beta of each security related to each factor
- $E(I_k)$ – The expected return of each factor
- σ_k^2 – The variance of each factor
- σ_{ci}^2 – The residual variance of each security

Where i is the number of securities considered (i = 1, 2, …, 51), k is the number of factors (k = 1, 2, …, 6).

This model assumes that there is a multitude of orthogonal common factors, I, which are able to capture all possible dependence between any two assets. The advantage of using it is that instead of computing $\frac{N(N-1)}{2}$ correlations, we only have to relate the N securities (51 in this case) with each factor.

The key equation is:

$$Cov(R_i, R_j) = \sum b_{ik} b_{jk} \sigma_k^2$$

(1)

Using monthly historical data from 5 years and by orthogonalizing each factor ($Cov(I_i, I_j) = 0 \quad \forall i, j$) it was possible to estimate a variance-covariance matrix for all securities. The expected returns and volatilities were computed using simple monthly log return averages and standard deviations. Using a simple linear regression as a robustness check, the results showed an R^2 of 70.88%, proving that this model is able to explain most of the portfolio returns.

The risk-free rate represents the return on an investment assumed to be free of default risk (Damodaran, 2008). For the NLGA Multi-assets Europe ESG Fund, the yield on the 5-year German government bond is used as the proxy for the risk-free rate, standing at 2.417% as of 30 January 2026, according to Bloomberg. This choice is supported by the bond's maturity, which is broadly aligned with the Fund's recommended investment horizon, and by the strong credit quality of German sovereign debt within Europe (Damodaran, 2008).

Once the expected returns, volatilities, and correlations of each security had been estimated, it became possible to generate a range of feasible portfolios subject to the defined investment constraints. This optimization was performed using Python, a programming language widely used for data analysis and financial modelling, through the Spyder development environment. Python was chosen because Excel's Solver is relatively inefficient when dealing with large-scale portfolio optimization problems.

The Python script used as inputs the expected return of each security, its asset class, the annualized variance-covariance matrix, and the risk-free rate, all obtained from Bloomberg on 30 January 2026. In addition, a margin of 1 percentage point was introduced in the optimization process to avoid non-maximization issues. Figure 7 presents the Investment Opportunity Set (IOS) of all possible portfolios.

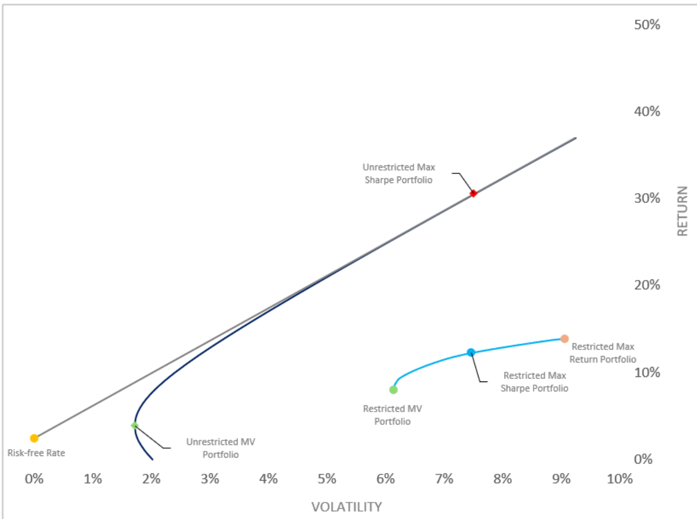


Figure 7 - Efficient Frontier

Considering the full set of restrictions imposed, as well as the investment objective of maximizing the risk-adjusted returns of the portfolio, the optimal portfolio will be the "Restricted Max Sharpe Portfolio", with a Sharpe Ratio of 1.3138 and an expected return and volatility of 12.23% and 7.47%, respectively. The Sharpe Ratio measures how much excess return (above the risk-free rate) a portfolio generates per unit of risk taken. By allocating 95% of the Fund's NAV to this risky portfolio and 5% to the liquidity cushion, the Sharpe Ratio is now 1.3105, with an expected return and volatility of 11.71% and 7.09%, respectively.

The weight allocations for the optimal portfolio are detailed in Table A7, totalling 39% on European large-cap equities, 39% on IG European Corporate Bonds, 15% on Gold and 7% on Broad Commodities (Figure A1), evidencing a small, allowed adjustment over the SAA.

Further allocation details, such as sector concentration or geographical exposure are presented in Figure A2 and Figure A3, respectively. The Fund unveils a considerable exposure to the

Financial and Utilities, with 25% of the risky portfolio allocated to each one of these sectors, corresponding to the maximum allocation possible, according to the restrictions imposed. In terms of geographical exposure (including all asset sub-classes), the Fund exhibits a concentration to Western European countries, aligning with a more developed stock market, higher quality yields and number of ETF providers. The Fund is predominantly allocated to French securities, with an exposure of 28.20%, mainly due to the corporate bond exposure. The exposures to Spain and Switzerland are also notable, dominating the equity and ETF commodities exposures, respectively. Nevertheless, the portfolio still achieves the objective of broad geographical diversification across Europe.

Figure A4 further illustrates that the Fund's allocation is concentrated in bonds maturing in 2033, with an average portfolio Macaulay duration of 7.17 years, exceeding the benchmark. Additionally, the credit rating distribution (Figure A5) prioritizes AAA bonds (15 out of 26), aligning with the Fund's objective of considering high quality issuers.

4.7 Monitoring

The performance will be assessed quarterly against a custom policy benchmark, composed of the previously presented three indices. Therefore, this benchmark will be structured as:

$$\begin{aligned}&39\%\ STOXX\ Europe\ 600\ ESG+\ Index\\&+39\%\ Bloomberg\ MSCI\ Euro\ Corporate\ ESG\ Sustainability\ SRI\ Index\\&+22\%\ Bloomberg\ Commodity\ Index\end{aligned}$$

(2)

The performance will be made quarterly against the benchmark, assessing the absolute and risk-adjusted returns, as well as tracking error and drawdown for the period. Portfolio rebalancing will be made quarterly, aligning with performance analysis and correcting mismatches between the weight allocations and the bounds defined for each asset class and each security. Other rebalancing shall be made if the manager has expectations on possible stress situations. Finally, the manager will be evaluated on a 3-year rolling basis against the determined benchmark and peer group.

To develop a backtest analysis, we will take the assumption that the Fund was launched 5 years ago, with historical returns, spanning from 29 January 2021 to 30 January 2026. The Fund revealed a tracking error of 1.48% relative to the constructed benchmark, well below the defined cap of 5%, and an Information Ratio of 3.94. Figure 8 illustrates the evolution of the portfolio against the benchmark, within a period of 5 years, in which the portfolio beat the benchmark 62.30% of the time. The portfolio showed a maximum drawdown of -12.19%, while the benchmark revealed a drawdown of -10.02%. In terms of past returns, the benchmark showed an annualized volatility of 7.32%, slightly less than the 7.89% of the portfolio and a return of 6.41%, considerably lower than the 12.23% expected return from the portfolio. Overall, the Fund showed similar volatility and drawdown compared to the benchmark, while delivering considerably higher returns.

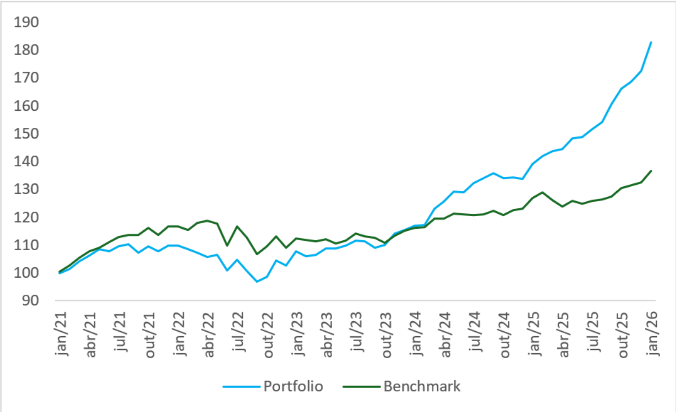


Figure 8 - Backtest Analysis

4.8 Risk Analysis

With the benchmark defined, it is now possible to estimate the Fund's SRI by reference to the benchmark, using historical returns from 29 January 2021 to 30 January 2026. The benchmark presents an annualized volatility of 7.32%, which corresponds to an SRI level of 3 out of 7 (Figure 9), in line with the intended risk profile. Assuming that the Fund had been launched five years earlier and applying the same methodology over the same historical period, the Fund presents an annualized volatility of 7.89%. This also places the Fund at an SRI level of 3 out of 7. Therefore, the Fund meets the objective of maintaining an SRI classification under the SRI level 4 out of 7.

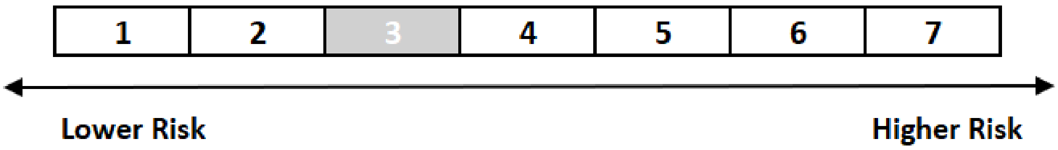


Figure 9 - Fund's SRI Level

To evaluate the Fund's risk, the monthly and annual Historical, Parametric and Monte Carlo Value at Risk (VaR) were computed (Table A8). VaR is a statistical measure that indicates the potential loss in value of a portfolio's assets, given a specified time period and, in this case, a confidence level of 95%. The Historical VaR method uses historical data to simulate potential losses, while the Parametric VaR takes the assumption that returns follow a normal distribution. The Monte Carlo Simulation method, regarded as the most robust, generates, in this case, 1 million random paths to estimate potential losses. All VaR calculations used a 95% confidence level to better capture more frequent and moderate losses. Assuming an initial Fund size of 100 million euros, the monthly Historical VaR estimated was 2,680,552 euros, the Parametric VaR was calculated at 2,725,982 euros and the Monte Carlo VaR was 2,522,736. The annual Historical VaR was 9,285,703 euros, the Parametric one was 9,443,078 euros and the Monte Carlo VaR estimated was 8,739,012 euros. The fact that all methods yielded similar results indicates the robustness of the risk assessment, suggesting that there is a 5% chance the NLGA Multi-assets Europe ESG Fund will incur a loss greater than 2.725 million euros on any given month and 9.285 million euros on any given year.

To better understand the Portfolio's tail risk, the Expected Shortfall (ES) or Conditional Value at Risk (CVaR) was computed for each method monthly and annually (Table A8). The ES estimates the average of the losses in the worst-case scenarios that occurred beyond the specified VaR value calculated. It provides a more comprehensive view of tail risk by considering extreme losses that occur with low probability (Acerbi and Tasche, 2002). The monthly ES for the Historical method was 3,890,140 euros, for the Parametric method it was 3,677,334 euros and for the Monte Carlo method (using 1 million return simulations), it was 3,424,118 euros. This means that if the losses exceed the Monte Carlo VaR threshold of 2,522,736 euros, the average loss would be 3,424,118 euros. The annual Historical ES was 13,475,842 euros, the Parametric one was 12,738,660 euros and for the Monte Carlo method, it was 11,861,494 euros, meaning that if the losses exceed the Monte Carlo VaR threshold of 8,739,012 euros, the average loss would be 11,861,494 euros.

To evaluate the potential performance of the NLGA Multi-assets Europe ESG Fund after its launch, a Monte Carlo methodology was employed, simulating possible asset price paths over a period of one year, assuming no portfolio rebalancing. The Monte Carlo simulation features "the generation of a large number of random samples from specified probability distribution(s) to represent the operation of risk in the system", according to DeFusco, et al. (2007). The simulations employed a geometric Brownian motion and were based on two primary assumptions:

1. Returns follow a normal distribution with a mean equal to the Fund's monthly expected return
2. The standard deviation of returns equals the Fund's monthly expected standard deviation

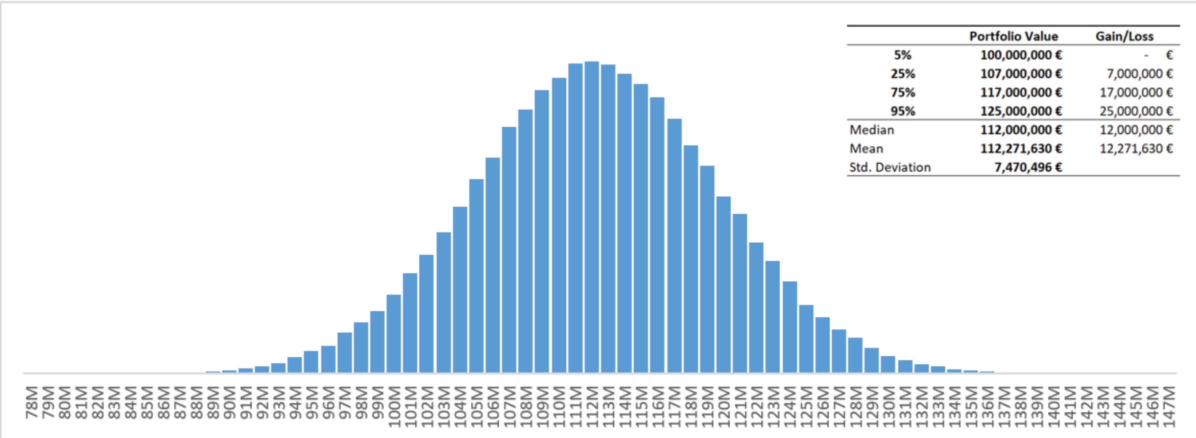


Figure 10 - Monte Carlo Simulation for Expected Performance

Assuming an initial AUM value of 100 million euros, 100,000 simulations for each month were conducted using Excel. The results indicate a median return of 12 million euros and a mean appreciation of 12,271,630 euros (Figure 10), over the course of one year. Furthermore, the probability of not experiencing any losses is around 95%. 75% of the time, the Fund achieves a gain exceeding 7 million euros, corresponding to a 7% annual return. The annual standard deviation is around 7.470 million euros.

A visualization of a sample of 5,000 possible paths (Figure A6) was developed using Python. The possible paths are represented in blue, with the median final return path highlighted in red.

The Monte Carlo simulation was also used to estimate the expected SRI level, where it was verified that the NLGA Multi-assets Europe ESG Fund was able to sustain an SRI Level 3 (VEV between 5% and 12%) 93.55% of the time (Figure 11). In 6.15% of the cases, the Fund was classified as an SRI Level 2 (VEV between 0.5% and 5%), with an annualized volatility under 5%, and only in 0.3% of the cases scored above 12%, which would position the Fund as an SRI Level 4 (VEV between 12% and 20%). All presented scenarios are within the previously established objective of maintaining an SRI level of 4 or under.

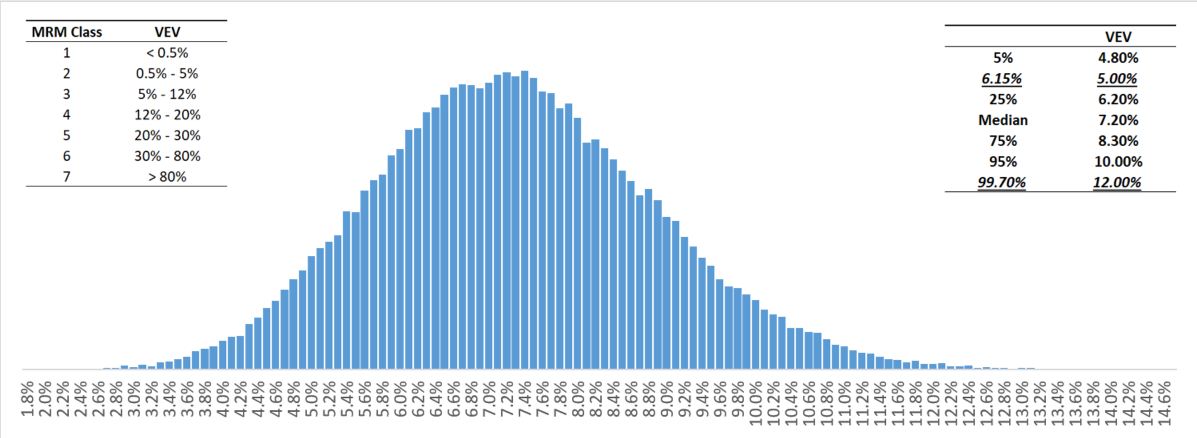


Figure 11 - Monte Carlo Simulation for SRI

A stress test was conducted (Figure 12), applying Monte Carlo simulation, in order to evaluate the performance of the portfolio under extreme conditions. In this case, the two considered scenarios are the 2008 Financial Crisis and the 2022 ECB Interest Rate Hike. The first scenario replicates the 2008 financial crisis, commonly referred to as the "Global Financial Crisis" (ECB, 2012). Understandably, many of the considered securities had not been listed or issued at that time. Therefore, the analysis was set using historical data for a weighted average of comparable funds, according to asset class and sector, in order to achieve the closest possible approximation to the Fund's potential performance during that time. According to the ECB (2012), the crisis was marked by the collapse of the Lehman Brothers in September 2008, with adverse effects continuing until March 2009. The analysis was conducted according to the monthly returns from January 2008 to February 2009 of a weighted average of 12 indices: the Bloomberg Europe Communications (EURCMLMT), the BofA EU Consumer Discretionary (MLEUCONS), the Bloomberg Europe Consumer Staples (EDMLCES), the Bloomberg Europe Financials (EDMFI), the Bloomberg Europe Industrials (EURINLM), the Bloomberg Europe Technology (EUTELMT), the Bloomberg Europe Utilities (EURUTLMT), for equities, the Bloomberg Euro Corporate 500 indices for Financials (I04357EU), Utilities (I04377EU), Consumer Cyclic (I04371EU) and Communications (I04368EU), for corporate bonds and the BCOM index for commodities. The weighted average was computed according to the sector allocation of the optimal portfolio. The analysis computed a total of 100,000 simulations for each month, through the course of one year, considering an initial portfolio value of 100 million euros and an average monthly return of -2.95% and monthly volatility of 3.84%. This stress test (Figure 12) shows a mean portfolio value after one year of 69.75 million euros and a median of 69.14 million euros, corresponding to a loss of approximately 30.25% and 30.86%, respectively.

As presented in Figure 1, rate hikes began in July 2022 and ended in September 2023. However, the analysis was conducted according to the monthly returns of the portfolio throughout the year of 2022, following Lo (2007), who states that financial markets rapidly reflect all available information, including expectations about future monetary policy. The analysis computed a total of 100,000 simulations for each month, through the course of one year, considering an initial portfolio value of 100 million euros and an average monthly return of -0.51% and monthly volatility of 3.24%, during the year of 2022. This stress test (Figure 12) shows a mean portfolio value after one year of 94.07 million euros and a median of 93.56 million euros, corresponding to a loss of approximately 5.93% and 6.44%, respectively. This scenario was considerably less dramatic for the portfolio, compared to the first scenario.

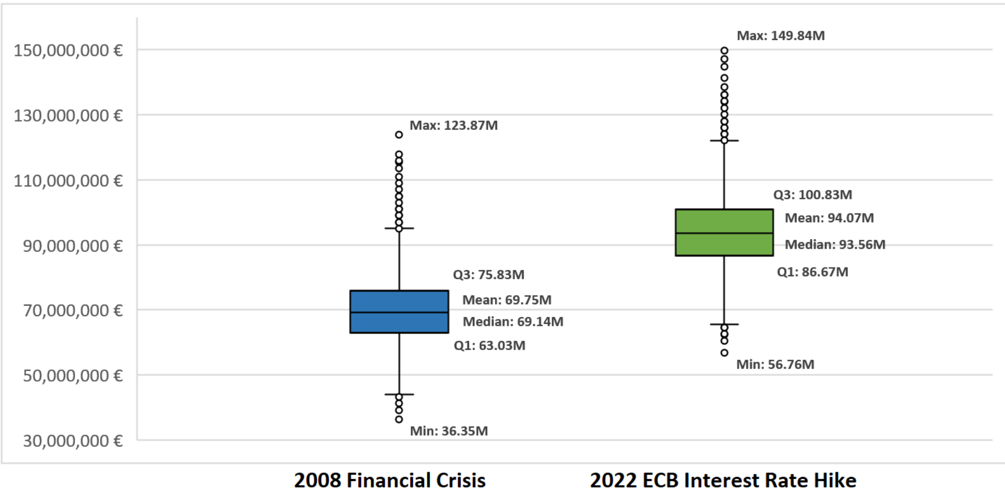


Figure 12 - Optimal Portfolio Stress Test

Finally, a risk matrix was constructed in order to evaluate and prioritize risks, mapping each one's likelihood (the probability of occurrence) against their impact (the severity of the consequences). The scales of likelihood and impact range from very low to very high (almost certain to occur and very high impact). The most important risks faced by the Fund are **Market Risk, Liquidity Risk, Operational Risk, Credit Risk, Interest Rate Risk, Currency Risk and Sustainability Risk**.

Table A9 classifies the NLGA Multi-assets Europe ESG Fund's risk and Table A10 presents its Risk Matrix, according to this classification. We can highlight Market Risk and Interest Rate Risk as the two most considerable risks faced by the Fund, with both a high likelihood and impact.

5 Investment Policy Proposal

Following the conducted analysis, the recommendation is that NordLight Gestão de Ativos – SGOIC, SA adopt the SAA outlined in Section 4.3 and the portfolio composition indicated in Section 4.6.

As previously presented, the strategic asset allocation will include the traditional Equity and Fixed-Income allocations, plus an Alternative Investment portion, divided between Gold and Broad Commodities. The Equity allocation will be achieved through European Euro-denominated stock exposures with a minimum allocation of 30% and a maximum of 50%. The Fixed-Income portion will include investment-grade Corporate Bonds of European issuers, with bounds between 20% and 40%. Finally, the Alternative Investment part will include an allocation between 5% and 15% to Gold, with the same allocation limits for broad commodities, through Euro-denominated ETFs.

The strategic asset allocation displays allocations of 39%, 40%, 15% and 6% of the risky portfolio, to large-cap European equities, European IG corporate bonds, Gold and broad commodities, respectively. The optimal portfolio employed margins of 1 percentage point, displaying a final allocation of 39% for equities, 39% for bonds, 15% for Gold and 7% for broad commodities. The final proposed portfolio exhibits a Sharpe Ratio of 1.3138, an Expected Return of 12.23%, a Volatility of 7.47%, a maximum drawdown of -12.19%, an Information Ratio of 3.94 and a Tracking Error of 1.48%, beating the benchmark 62.30% of the time. Additionally, considering the 5% liquidity cushion allocated to 1-year German Bonds, the expected return and volatility fall to 11.71% and 7.09%, respectively.

Based on the investment objectives, constraints, strategic asset allocation, portfolio construction process and risk-management framework developed for this feasibility study, the following Investment Policy Statement translates the proposed investment policy into a formal governance document. The structure follows an institutional IPS format and is adapted to the specific characteristics of the NLGA Multi-assets Europe ESG Fund:

I. Purpose

The purpose of this Investment Policy Statement (IPS) is to establish guidelines for the investable assets (the Portfolio) of the NLGA Multi-assets Europe ESG Fund. This document shall apply to the Chief Investment Officer (CIO), the Investment Committee and the Active Manager responsible for implementing and monitoring the Portfolio.

II. Objectives

The primary investment objective is to achieve long-term risk-adjusted returns under a moderate risk profile.

Investments will be focused on quality securities diversified across European equities, European investment-grade corporate bonds, gold and broad commodity ETF exposures to help minimize concentration risk. The Fund is actively managed and seeks to generate returns that exceed the approved benchmark at least 50% of the time, net of ongoing charges.

Generally, there is a correlation between portfolio returns and the amount of portfolio risk you are willing to assume. Portfolios emphasizing long-term growth tend to experience high price fluctuations over the short term. You will need to accept higher portfolio risk if you wish to achieve higher returns.

III. Time Horizon

The investment guidelines are based upon an investment time horizon of 5 years. The client's strategic asset allocation is also based on this long-term perspective. Short-term liquidity requirements are expected to be addressed through a minimum allocation of 5% of the Fund's net asset value to a liquidity cushion allocated to 1-year German Bonds.

The client recognizes that the possibility of capital loss does exist. When it comes to investing, time is an asset. Staying true to your investment strategy through all market conditions is critical to achieving your goals, especially during times of market volatility.

IV. Risk Tolerance

Risk tolerance describes the degree of risk you are willing to assume to achieve your investment objectives. Generally, higher potential returns carry a correspondingly higher level of risk.

The Fund's stated risk tolerance is moderate, with an intended Summary Risk Indicator (SRI) classification of no higher than 4 out of 7. Investors in this risk profile have a moderate tolerance for risk and should be willing to tolerate fluctuations in market value and rates of return to achieve objectives.

V. Asset Allocation

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing risk and reward of market behaviour, the following strategic asset allocation (Table 4) was selected to achieve the objectives of the Portfolio:

Asset Subclass	Min	Target, % of Risky Portfolio	Max
European Large-Cap	*30%*	**39%**	*50%*
IG Corporate Bonds	*20%*	**40%**	*40%*
Gold	*5%*	**15%**	*15%*
Broad Commodities	*5%*	**6%**	*15%*

Table 4 - SAA (IPS Proposal

The weighting of each asset sub-class shall be constrained within +/- 1 percentage point of the strategic asset allocation targets and within the following IPS boundaries: European equities 30%-50%; European investment-grade corporate bonds 20%-40%; gold 5%-15%; and broad commodities 5%-15%. This constraint serves as a trigger to rebalance the portfolio and as a constraint within which tactical shifts to the portfolio must remain.

VI. Investment Monitoring and Control Procedures

A. The Active Manager shall provide the client with monthly statements. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.

B. All authorized individuals have direct access to account information and have the authorization to make deposit and withdrawal requests.

C. The Active Manager shall prepare a monthly performance and risk report, subject to CIO approval and review by the Investment Committee. The report should include Portfolio performance, asset allocation, risk profile, and compliance with applicable IPS guidelines.

D. The Portfolio shall be reviewed at least quarterly to ensure that all investments remain in compliance with all applicable guidelines defined in the IPS.

VII. Cash Management Guidelines

A. The total amount to be kept in cash-equivalent/liquidity instruments shall represent at least 5% of the Fund's total assets.

B. All cash-equivalent/liquidity instruments required by management to remain in the NLGA Multi-assets Europe ESG Fund shall be allocated to 1-year German Bonds.

C. Any cash accounts opened or closed need prior approval by the Investment Committee.

VIII. General Guidelines

A. The Investment Committee and the CIO should review investment activity on a regular basis, with quarterly monitoring of the Active Manager's performance.

B. In the event a Committee member steps down from the Investment Committee, he/she is responsible for communicating this action to the other Committee members and the Active Manager. They will be removed as an authorized individual immediately.

C. The Fund may invest in eligible transferable securities, including equity and debt securities, money market instruments, government securities, units or shares of eligible collective investment undertakings, including exchange-traded funds and other publicly traded or regulated investment vehicles.

D. Investing in any other type of investment vehicle requires prior approval by the Investment Committee.

E. All securities are to be written in the name of the NLGA Multi-assets Europe ESG Fund.

IX. IPS Review

A. Any of the following shall trigger a review of the IPS:

1. A change to the organization's Investment Objectives.
2. In the absence of any change to the organization's Investment Objectives, the IPS should be reviewed at least annually.
3. Any material changes in the capital base or regulatory environment may trigger an extraordinary review.

References

Acerbi, C. and Tasche, D. (2002). *On the coherence of Expected Shortfall*.

Adams, J. & Smith, D. (2022*). Fixed Income Analysis. 5th edition*. CFA Institute.

Bloomberg. (2024). *Bloomberg MSCI Euro Corporate ESG Sustainability SRI Index*. Bloomberg. [online] Available at: https://assets.bwbx.io/documents/users/iqjWHBFdfxIU/rYG.5V0kLZl8/v0 [Accessed 25 October 2025].

BPI Gestão de Ativos. (2025). *BPI Impacto Clima Ações*. BPI Gestão de Ativos. [online] Available at: https://www.bancobpi.pt/particulares/poupar-investir/fundos-de-investimento/bpi-impacto-clima-acoes [Accessed 25 October 2025].

BPI Gestão de Ativos. (2025). *BPI Impacto Clima Obrigações*. BPI Gestão de Ativos. [online] Available at: https://www.bancobpi.pt/particulares/poupar-investir/fundos-de-investimento/bpi-impacto-clima-obrigacoes [Accessed 25 October 2025].

Brock, E.K., Nelson, J. and Brackley, A. (2023). *Rate the Raters 2023: ESG Ratings at a Crossroads*. The Sustainability Institute. [online] Available at: https://www.erm.com/globalassets/sustainability.com/thinking/pdfs/2023/rate-the-raters-report-april-2023.pdf [Accessed 18 October 2025].

Caixa Gestão de Ativos. (2025). *Caixa Ações Europa Socialmente Responsável*. Caixa Gestão de Ativos. [online] Available at: https://www.cgd.pt/Particulares/Poupanca-Investimento/Fundos-de-Investimento/Pages/CaixagestAccoesEuropa.aspx [Accessed 1 November 2025].

Caixa Gestão de Ativos. (2025). *Caixa Obrigações Longo Prazo*. Caixa Gestão de Ativos. [online] Available at: https://www.cgd.pt/Particulares/Poupanca-Investimento/Fundos-de-Investimento/Pages/CaixagestObrigacoesLongoPrazo.aspx [Accessed 1 November 2025].

Cesarone, F., Martino, M.L., & Carleo, A. (2022). *Does ESG Impact Really Enhance Portfolio Profitability?* [online] Available at: https://www.mdpi.com/2071-1050/14/4/2050 [Accessed 18 October 2025].

CFA Institute. (2010). *ELEMENTS OF AN INVESTMENT POLICY STATEMENT FOR INSTITUTIONAL INVESTORS*. CFA Institute. [online] Available at: https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/position-paper/investment-policy-statement-institutional-investors.pdf [Accessed 19 October 2025].

CFA Institute. (2020). *Asset Manager Code*. CFA Institute. [online] Available at: https://rpc.cfainstitute.org/sites/default/files/-/media/documents/code/amc/asset-manager-code.pdf [Accessed 19 October 2025].

CFA Institute. (2022). *Global ESG Disclosure Standards for Investment Products Handbook*. CFA Institute. [online] Available at: https://www.cfainstitute.org/sites/default/files/docs/programs/esg-certification/global-esg-disclosure-standards-for-investment-products-handbook-1_1.pdf [Accessed 19 October 2025].

CFA Institute. (2024). *Code of Ethics and Standards of Professional Conduct*. CFA Institute. [online] Available at: https://www.cfainstitute.org/sites/default/files/-/media/documents/ethics-in-practice/code_of_ethics_and_standards_of_professional_conduct_2024.pdf [Accessed 19 October 2025].

Chen, Y, Chiang, T and Lin, F (2023). *Inflation, Equity Market Volatility, and Bond Prices: Evidence from G7 Countries*. [online] Available at: https://www.researchgate.net/publication/375139701_Inflation_Equity_Market_Volatility_and_Bond_Prices_Evidence_from_G7_Countries [Accessed 27 February 2026].

CME Group. (2024). *Bloomberg Commodity Index (BCOM)*. CME Group. [online] Available at: https://www.cmegroup.com/markets/agriculture/commodity-indices/bloomberg-commodity-index.html [Accessed 25 October 2025].

Culloton, D. (2015). *How fund flows affect performance*. Morningstar. [online] Available at: https://www.morningstar.com/funds/how-flows-affect-your-fund [Accessed 1 November 2025].

Damodaran, A. (2008). *What is the riskfree rate? A Search for the Basic Building Block*. [online] Available at: https://pages.stern.nyu.edu/~adamodar/pdfiles/papers/riskfreerate.pdf [Accessed 11 March 2026].

Debru, P. & Shah N. (2021). *Building Stronger Portfolios: The Case for Investing in Broad Commodities*. WisdomTree. [online] Available at: https://www.wisdomtree.eu/-/media/eu-media-files/other-documents/research/market-insights/the-case-for-investing-in--broad-commodities.pdf [Accessed 27 February 2026]

DeFusco, R.A., McLeavey, D.W., Pinto, J.E. and Runkle, D.E. (2007). *Quantitative Investment Analysis*. 2nd edition. CFA Institute Investment Series.

Diário da República. (2024). *Decreto-Lei n.º 31/2024 de 28 de junho*. Diário da República. [online] Available at: https://diariodarepublica.pt/dr/detalhe/lei/31-2024-870265813 [Accessed 19 October 2025].

Fama, E & French, K. (1992). *Common risk factors in the returns on stocks and bonds*. [online] Available at: https://www.bauer.uh.edu/rsusmel/phd/Fama-French_JFE93.pdf [Accessed 27 February 2026].

Grable, J.E. (2017). *Financial Risk Tolerance: A Psychometric Review*. CFA Institute Research Foundation.

European Central Bank. (2012). *The great financial crisis: Lessons for financial stability and monetary policy – An ECB colloquium held in honour of Lucas Papademos*, 20–21 May 2010. European Central Bank.

European Central Bank. (2025). *ECB staff macroeconomic projections for the euro area, September 2025*. European Central Bank. [online] Available at: https://www.ecb.europa.eu/press/projections/html/ecb.projections202509_ecbstaff~c0da697d54.en.html [Accessed 2 December 2025].

European Union. (2009). *Directive 2009/65/EC*. [online] Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0065 [Accessed 19 October 2025].

European Union. (2017). *Commission Delegated Regulation (EU) 2017/653 of 8 March 2017*. [online] Available at: https://eur-lex.europa.eu/eli/reg_del/2017/653/oj/eng [Accessed 17 March 2026].

Gibb, J. (2024). *The power of a commodities allocation: A little goes a long way*. Bloomberg Professional Services. [online] Available at: https://www.bloomberg.com/professional/insights/commodities/the-power-of-a-commodities-allocation-a-little-goes-a-long-way/ [Accessed 18 October 2025].

Guo, H & Kontonikas, A. (2020). *Monetary Policy and Corporate Bond Returns*. [online] Available at: https://academic.oup.com/raps/article-abstract/10/3/441/5841223 [Accessed 27 February 2026].

IM Gestão de Ativos. (2025). *IMGA European Equities*. IM Gestão de Ativos. [online] Available at: https://www.imga.pt/en/mutual-funds/equity/imga-european-equities/ [Accessed 25 October 2025].

IM Gestão de Ativos. (2025). *Fundos de Obrigações*. IM Gestão de Ativos. [online] Available at: https://www.imga.pt/fim/obrigações/imga-rendimento-mais/ [Accessed 25 October 2025].

Jia, S. (2024). *Impact of ESG Risk on Portfolio Optimization and Returns: An Analysis Using the Markowitz Model*. [online] Available at: https://drpress.org/ojs/index.php/HBEM/article/view/24856/24341 [Accessed 1 November 2025].

J. P. Morgan Asset Management. (2025). *Market Outlook | 2026*. J. P. Morgan Asset Management. [online] Available at: https://cdn.jpmorganfunds.com/content/dam/jpm-am-aem/asiapacific/regional/en/insights/market-insights/market-outlook-2026/mi-market-outlook-2026.pdf [accessed 27 February 2026].

J. P. Morgan Asset Management. (2025). *2026 Long-Term Capital Market Assumptions*. J. P. Morgan Asset Management. [online] Available at: https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/insights/portfolio-insights/ltcma/noindex/ltcma-full-report.pdf [accessed 27 February 2026].

Lo, A. (2007). *Efficient Markets Hypothesis*. In: L. Blume and S. Durlauf, Eds. The New Palgrave: A Dictionary of Economics, 2nd edition. New York: Palgrave Macmillan.

Markowitz, H. (1952). *Portfolio selection*. The Journal of Finance, 7(1), pp. 77–91.

Park, J & Sarantsev, A (2024). *The VIX as Stochastic Volatility for Corporate Bonds*. [online] Available at: https://arxiv.org/abs/2410.22498 [Accessed 27 February 2026].

Richalot, T., Bonalumi, R. and Boquillon, V. (2024). *Demystifying the liquidity gap between European and US equities*. Euronext. [online] Available at: https://www.euronext.com/en/news/demystifying-liquidity-gap-between-european-and-us-equities [Accessed 18 April 2026].

RiskMetrics Group. (2015). *Value at Risk: Parametric Method, Monte Carlo Simulation, Historical Simulation*. Yale School of Management. [online] Available at: https://elischolar.library.yale.edu/cgi/viewcontent.cgi?article=1605&context=ypfs-documents [Accessed 11 March 2026].

Ross, S. (1976). *The arbitrage theory of capital asset pricing*. Journal of Economic Theory, 13(3), pp. 341–360.

STOXX. (2024). *STOXX Europe 600 ESG+ Index*. STOXX. [online] Available at: https://stoxx.com/index/sxxpesgp/ [Accessed 25 October 2025].

Sustainable Finance Disclosure Regulation (SFDR), Regulation (EU) 2019/2088. [online] Available at: https://eur-lex.europa.eu/eli/reg/2019/2088/oj/eng [Accessed 19 October 2025].

Appendix

Table A1. *Asset Sub-class Weight Boundaries and Central Point*

Asset Sub-class	Min	Central Point	Max
European Large-Cap Equities	30%	40%	50%
European IG Corporate Bonds	20%	30%	40%
Gold	5%	10%	15%
Broad Commodities	5%	10%	15%

Table A2. *Strategic Asset Allocation*

Asset Sub-class	Min	Target Allocation	Max
European Large-Cap Equities	30%	39%	50%
European IG Corporate Bonds	20%	40%	40%
Gold	5%	15%	15%
Broad Commodities	5%	6%	15%

Table A3. *Strategic Asset Allocation including the Liquidity Cushion*

Asset Sub-class	Target Allocation
European Large-Cap Equities	37.05%
European IG Corporate Bonds	38.00%
Gold	14.25%
Broad Commodities	5.70%
Liquidity Cushion	5.00%

Table A4. *Equities Screening Results*

Company Name	MSCI ESG Rtg	P/E	Average 5Y P/E	ROE 5Y Geometric Growth (%)	Country	Market Cap	GICS Sector	GICS Ind Name
ADS GR Equity	AAA	22.70	52.56	27.88	Germany	26,910,000,000 €	Consumer Discretionary	Consumer Durables & Apparel
AMS SM Equity	AAA	15.98	23.38	28.03	Spain	25,507,264,987 €	Consumer Discretionary	Consumer Services
ASML NA Equity	AAA	47.69	32.54	13.44	Netherlands	471,832,312,514 €	Information Technology	Semiconductors & Semiconductor Equipment
CABK SM Equity	AAA	12.96	9.35	23.32	Spain	78,358,528,286 €	Financials	Banks
DNB NO Equity	AAA	10.41	9.11	13.38	Norway	35,827,856,021 €	Financials	Banks
DSY FP Equity	AAA	19.93	34.01	6.97	France	31,156,741,543 €	Information Technology	Software & Services
ELE SM Equity	AAA	15.53	13.81	7.78	Spain	32,916,603,318 €	Utilities	Electric Utilities
G1A GY Equity	AAA	24.90	22.08	31.41	Germany	9,833,220,506 €	Industrials	Capital Goods
IBE SM Equity	AAA	24.35	17.61	3.52	Spain	126,442,228,110 €	Utilities	Electric Utilities
INGA NA Equity	AAA	11.57	9.68	22.51	Netherlands	72,483,072,083 €	Financials	Banks
KNIN SW Equity	AAA	19.03	19.87	2.43	Switzerland	23,547,259,447 €	Industrials	Transportation
MUV2 GY Equity	AAA	11.42	13.17	37.14	Germany	66,942,534,380 €	Financials	Insurance
PNDORA DC Equity	AAA	8.05	15.48	25.93	Denmark	5,384,638,244 €	Consumer Discretionary	Consumer Durables & Apparel
SAMPO FH Equity	AAA	11.87	16.59	142.08	Finland	25,105,087,854 €	Financials	Insurance
SAND SS Equity	AAA	32.55	20.97	2.35	Sweden	41,839,217,374 €	Industrials	Capital Goods
SREN SW Equity	AAA	9.81	13.46	125.45	Switzerland	40,246,776,493 €	Financials	Insurance
TELIA SS Equity	AAA	34.43	26.63	18.94	Sweden	15,121,554,902 €	Communication Services	Telecommunication Services
ULVR LN Equity	AAA	22.53	20.71	6.33	Britain	124,407,565,302 €	Consumer Staples	Household & Personal Products
WRT1V FH Equity	AAA	32.64	22.48	31.65	Finland	20,236,939,938 €	Industrials	Capital Goods

Source: Bloomberg Finance L.P., Database as of 30 January 2026

Table A5. *Corporate Bonds Screening Results*

Issuer Name	Issue Date	Maturity	Duration	Convexity	YTM	S&P Rating	Fitch Rating	Moody's Rating	Country	Amount Outstanding	BICS Level 1	BICS Level 2
Arkea Home Loans SFH SA (2033)	01/06/2018	01/06/2033	6.62	0.49	3.35	-	AAA	Aaa	France	500,000,000.00 €	Financials	Consumer Finance
Arkea Public Sector SCF SA (2037)	07/08/2017	07/08/2037	10.07	1.11	3.82	-	-	Aaa	France	100,000,000.00 €	Financials	Banks
AXA Home Loan SFH SA (2035)	25/06/2020	25/06/2035	9.05	0.85	3.58	AAA	AAA	-	France	750,000,000.00 €	Financials	Consumer Finance
BNP Paribas Home Loan SFH SA (2038)	22/05/2019	22/05/2038	9.71	1.10	3.71	AAA	AAA	-	France	1,500,000,000.00 €	Financials	Consumer Finance
BPCE SA (2034)	21/10/2019	21/10/2034	8.23	0.71	4.15	A+	-	-	France	100,000,000.00 €	Financials	Banks
BPCE SFH SA (2035)	23/01/2020	23/01/2035	8.49	0.76	3.49	AAA	-	Aaa	France	1,150,000,000.00 €	Financials	Consumer Finance
Caisse de Refinancement de l'Habitat SA (2035)	07/02/2020	07/02/2035	8.64	0.78	3.51	-	AAA	Aaa	France	750,000,000.00 €	Financials	Consumer Finance
Cie de Financement Foncier SA (2055)	17/02/2006	25/04/2055	17.59	3.99	4.14	AAA	-	Aaa	France	1,038,259,000.00 €	Financials	Banks
Credit Agricole Home Loan SFH SA (2038)	28/09/2018	28/09/2038	11.10	1.33	3.76	AAA	AAA	Aaa	France	1,000,000,000.00 €	Financials	Consumer Finance
Credit Agricole Italia SpA (2045)	17/01/2020	17/01/2045	16.46	2.87	4.10	-	-	Aa2	Italy	750,000,000.00 €	Financials	Banks
Credit Agricole SA/London (2033)	02/05/2018	02/05/2033	6.54	0.47	4.19	A-	A+	A3	France	125,000,000.00 €	Financials	Banks
Crelan Home Loan SCF (2040)	09/06/2020	09/06/2040	13.71	1.90	3.86	-	-	Aaa	France	500,000,000.00 €	Financials	Financial Services
Danske Bank A/S (2033)	25/05/2018	25/05/2033	6.62	0.49	3.53	AAA	-	-	Germany	100,000,000.00 €	Financials	Banks
DNB Boligkreditt AS (2044)	20/06/2019	20/06/2044	15.96	2.72	3.89	AAA	-	-	Norway	250,000,000.00 €	Financials	Banks
Elenia Verkko Oyj (2035)	14/06/2018	14/06/2035	7.87	0.70	4.46	BBB	BBB	-	Finland	161,000,000.00 €	Utilities	Electric Utilities
Elia Transmission Belgium SA (2033)	04/04/2013	04/04/2033	6.21	0.44	3.95	BBB+	-	-	Belgium	200,000,000.00 €	Utilities	Electric Utilities
FLUVIUS System Operator CV (2044)	27/10/2014	27/10/2044	13.64	2.19	4.57	-	-	A3	Belgium	170,000,000.00 €	Utilities	Electric Utilities
Intesa Sanpaolo SpA (2033)	26/02/2018	25/02/2033	6.42	0.46	3.42	-	-	Aa2	Italy	160,000,000.00 €	Financials	Banks
KBC Bank NV (2038)	26/03/2018	26/03/2038	10.79	1.25	3.64	-	AAA	Aaa	Belgium	200,000,000.00 €	Financials	Banks
La Banque Postale Home Loan SFH SA (2035)	12/02/2020	12/02/2035	8.65	0.78	3.54	AAA	-	-	France	860,000,000.00 €	Financials	Consumer Finance
Nordea Kiinnitysluottopankki Oyj (2033)	28/02/2018	28/02/2033	6.50	0.47	3.16	-	-	Aaa	Finland	750,000,000.00 €	Financials	Banks
Orange SA (2034)	11/07/2019	11/07/2034	7.69	0.64	3.73	BBB+	BBB+	Baa1	France	300,000,000.00 €	Communication Services	Telecommunication Services
PSA Tresorerie GIE (2033)	19/09/2003	19/09/2033	6.01	0.43	4.57	BBB-	-	Baa3	France	600,000,000.00 €	Consumer Discretionary	Automobiles Manufacturing
Societe Generale SCF SA (2033)	05/08/2015	05/08/2033	6.77	0.51	3.49	-	-	Aaa	France	500,000,000.00 €	Financials	Banks
Terna - Rete Elettrica Nazionale (2032)	24/07/2020	24/07/2032	6.03	0.40	3.66	A-	-	Baa1	Italy	500,000,000.00 €	Utilities	Electric Utilities
Veolia Environnement SA (2033)	25/11/2003	25/11/2033	6.22	0.46	3.68	BBB	-	Baa1	France	700,000,000.00 €	Utilities	Electric Utilities

Source: Bloomberg Finance L.P., Database as of 30 January 2026

Table A6. *Commodities Screening Results*

ETF name	Country	Fund Size	TER (%)
UBS Gold Hedged EUR ETF	Switzerland	885,760,000.00 €	0.230%
iShares Gold EUR Hedged ETF	Switzerland	370,660,000.00 €	0.22%
Amundi Bloomberg Commodity ETF	Luxembourg	1,590,000,000.00 €	0.3%
Invesco Bloomberg Commodity ex-Agriculture UCITS ETF	Ireland	457,520,000.00 €	0.19%
Xtrackers Bloomberg Commodity Swap UCITS ETF	Luxembourg	128,540,000.00 €	0.39%
iShares Diversified Commodity Swap UCITS ETF	Germany	279,870,000.00 €	0.46%

Source: Bloomberg Finance L.P., Database as of 30 January 2026

Table A7. *Optimal Portfolio Composition*

Equities	Minimal Bound	Optimal Weight	Maximum Bound
ADS GR Equity	0.10%	0.10%	10.00%
AMS SM Equity	0.10%	0.10%	10.00%
ASML NA Equity	0.10%	4.90%	10.00%
CABK SM Equity	0.10%	10.00%	10.00%
DNB NO Equity	0.10%	0.10%	10.00%
DSY FP Equity	0.10%	0.10%	10.00%
ELE SM Equity	0.10%	3.86%	10.00%
G1A GY Equity	0.10%	0.10%	10.00%
IBE SM Equity	0.10%	3.09%	10.00%
INGA NA Equity	0.10%	2.69%	10.00%
KNIN SW Equity	0.10%	0.10%	10.00%
MUV2 GY Equity	0.10%	3.37%	10.00%
PNDORA DC Equity	0.10%	0.10%	10.00%
SAMPO FH Equity	0.10%	0.10%	10.00%
SAND SS Equity	0.10%	0.10%	10.00%
SREN SW Equity	0.10%	0.10%	10.00%
TELIA SS Equity	0.10%	0.10%	10.00%
ULVR LN Equity	0.10%	5.00%	10.00%
WRT1V FH Equity	0.10%	4.98%	10.00%
Bonds			
Arkea Home Loans SFH SA (2033)	0.10%	0.10%	10.00%
Arkea Public Sector SCF SA (2037)	0.10%	0.10%	10.00%
AXA Home Loan SFH SA (2035)	0.10%	0.10%	10.00%
BNP Paribas Home Loan SFH SA (2038)	0.10%	6.84%	10.00%
BPCE SA (2034)	0.10%	0.10%	10.00%
BPCE SFH SA (2035)	0.10%	0.10%	10.00%
Caisse de Refinancement de l'Habitat SA (2035)	0.10%	0.10%	10.00%
Cie de Financement Foncier SA (2055)	0.10%	0.10%	10.00%
Credit Agricole Home Loan SFH SA (2038)	0.10%	0.10%	10.00%
Credit Agricole Italia SpA (2045)	0.10%	0.10%	10.00%
Credit Agricole SA/London (2033)	0.10%	0.10%	10.00%
Crelan Home Loan SCF (2040)	0.10%	0.10%	10.00%
Danske Bank A/S (2033)	0.10%	0.10%	10.00%
DNB Boligkreditt AS (2044)	0.10%	0.10%	10.00%
Elenia Verkko Oyj (2035)	0.10%	0.10%	10.00%
Elia Transmission Belgium SA (2033)	0.10%	10.00%	10.00%
FLUVIUS System Operator CV (2044)	0.10%	0.10%	10.00%
Intesa Sanpaolo SpA (2033)	0.10%	0.10%	10.00%
KBC Bank NV (2038)	0.10%	0.10%	10.00%
La Banque Postale Home Loan SFH SA (2035)	0.10%	0.10%	10.00%
Nordea Kiinnitysluottopankki Oyj (2033)	0.10%	0.10%	10.00%
Orange SA (2034)	0.10%	4.90%	10.00%
PSA Tresorerie GIE (2033)	0.10%	7.42%	10.00%
Societe Generale SCF SA (2033)	0.10%	0.10%	10.00%
Terna - Rete Elettrica Nazionale (2032)	0.10%	0.10%	10.00%
Veolia Environnement SA (2033)	0.10%	7.75%	10.00%
Commodities			
UBS Gold Hedged EUR ETF	0.10%	8.63%	10.00%
iShares Gold EUR Hedged ETF	0.10%	6.38%	10.00%
Amundi Bloomberg Commodity ETF	0.10%	6.70%	10.00%
Invesco Bloomberg Commodity ex-Agriculture UCITS ETF	0.10%	0.10%	10.00%
Xtrackers Bloomberg Commodity Swap UCITS ETF	0.10%	0.10%	10.00%
iShares Diversified Commodity Swap UCITS ETF	0.10%	0.10%	10.00%

Table A8. *Optimal Portfolio VaR and ES*

Confidence Level - 95%		
VaR	Monthly	Annual
Historical	€ 2,680,552	€ 9,285,703
Parametric	€ 2,725,982	€ 9,443,078
Monte Carlo	€ 2,522,736	€ 8,739,012
Expected Shortfall	Monthly	Annual
Historical	€ 3,890,140	€ 13,475,842
Parametric	€ 3,677,334	€ 12,738,660
Monte Carlo	€ 3,424,118	€ 11,861,494

Table A9. *Risk Classification*

Risk	Likelihood (1-5)	Impact (1-5)	Risk Level	
Market Risk	4 (High)	4 (High)	High Risk	The sensitivity of equity and fixed-income markets to macroeconomic shifts imposes a high probability and high impact risk.
Liquidity Risk	2 (Low)	3 (Medium)	Medium Risk	Under normal conditions, liquidity is sufficient to meet redemptions. The Fund invests in highly liquid assets. Neverthless, stressed markets and larger-than-expected withdrawals may force the sale of iliquid assets at unfavourable prices. This makes liquidity issues unlikely but with a medium impact.
Operational Risk	2 (Low)	3 (Medium)	Medium RIsk	Occasional failures in systems or human processess may arise. The level of diversification reduces the level of likelihood of bad outcomes, but could affect the performance at a security level.
Credit Risk	2 (Low)	4 (High)	Medium Risk	The investment in Investment Grade bonds makes this unlikely, but it could still be impactfull in case of default.
Interest Rate Risk	4 (High)	4 (High)	High Risk	Bond values are sensitive to interest rate fluctuations.
Currency Risk	1 (Very Low)	1 (Very Low)	Very Low Risk	This risk is eliminated by transacting only in Euro currency.
Sustainability Risk	2 (Low)	2 (Low)	Low Risk	Investment Value may be affected by Environmental, Social, or Governance related events. The impact is reduced by the Best-in-class screening implemented.

Table A10. *Risk Matrix*

			Likelihood				
			Very Low	**Low**	**Medium**	**High**	**Very High**
			1	**2**	**3**	**4**	**5**
Impact	**Very High**	**5**					
	High	**4**		**Credit**		**Market** **Interest Rate**	
	Medium	**3**		**Liquidity** **Operational**			
	Low	**2**		**Sustainability**			
	Very Low	**1**	**Currency**				

Figure A1. *Asset Sub-class Optimal Portfolio Allocation*

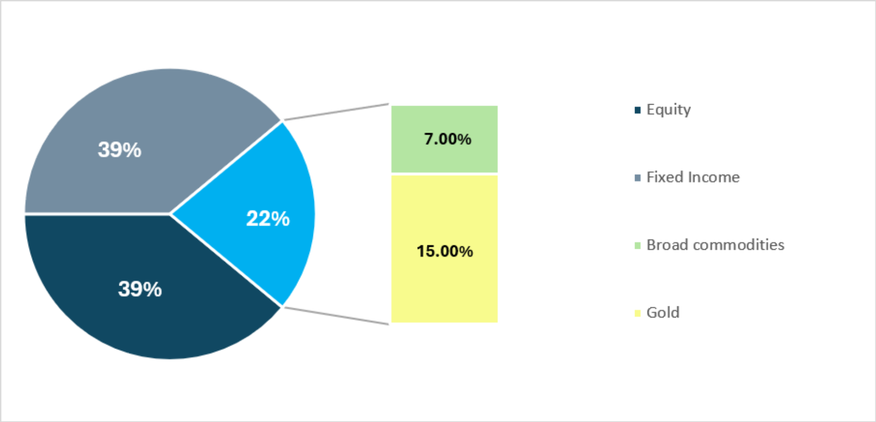


Figure A2. *Optimal Portfolio Sector Exposure*

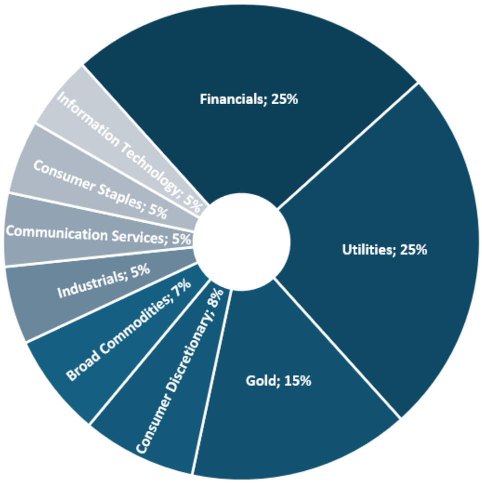


Figure A3. *Optimal Portfolio Geographical Exposure*

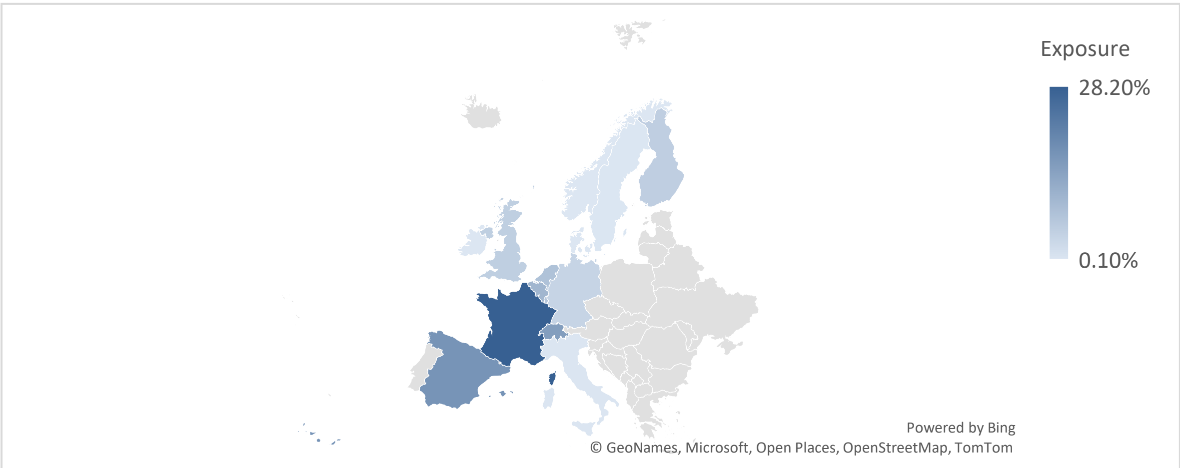


Figure A4. *Optimal Portfolio Maturity Distribution and Duration*

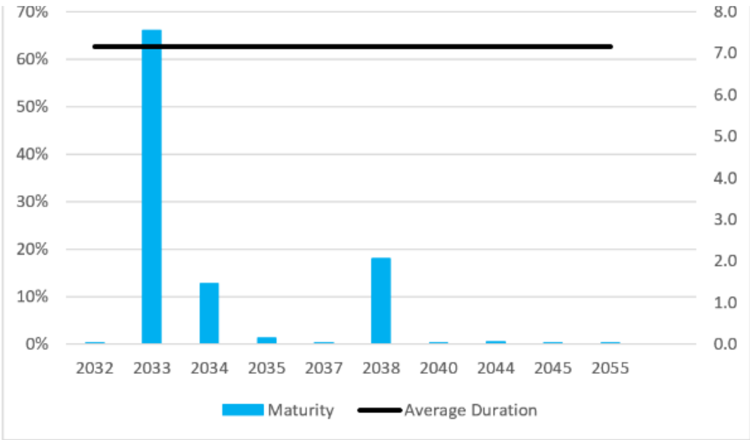


Figure A5. *Screening Credit Rating Distribution*

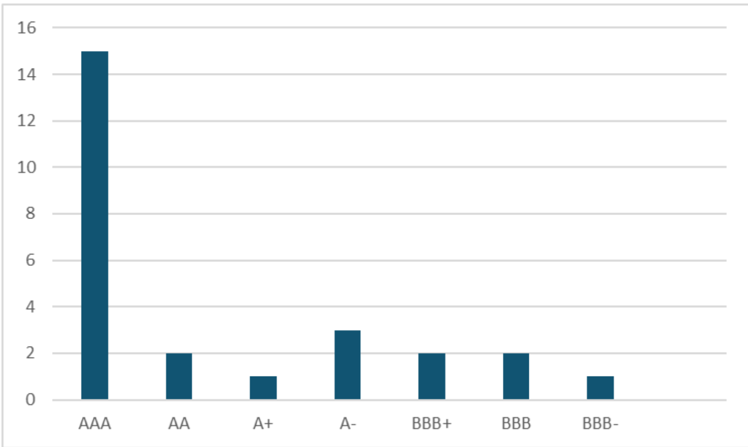
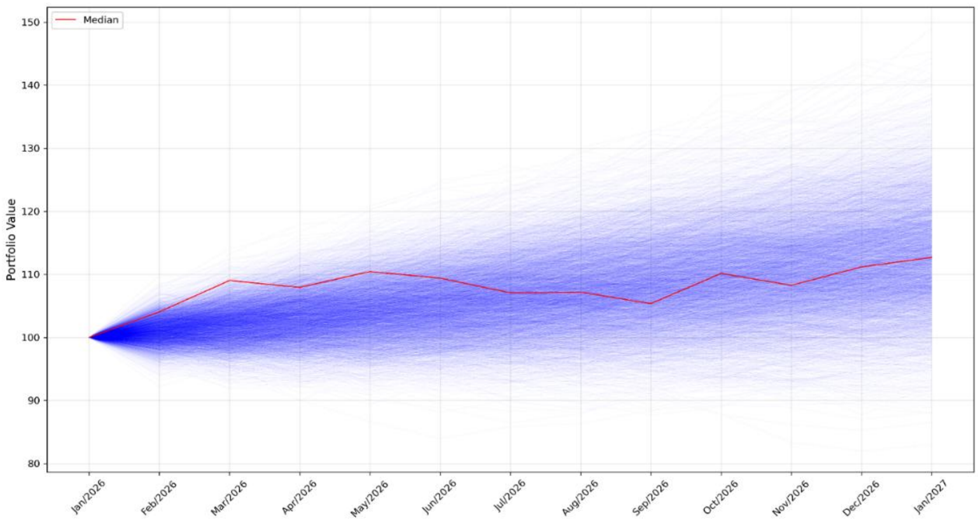


Figure A6. *Monte Carlo Simulation Path Visualization*



Disclosures and Disclaimer

This report is published for educational purposes by Master students and does not constitute a real Investment Policy Statement, although it follows the CFA Institute guidelines. The client, either individual or institutional is fictional.

This report was prepared by a Master's student in Finance at ISEG – Lisbon School of Economics and Management, exclusively for the Master's Final Work. The opinions expressed and estimates contained herein reflect the personal views of the author about the subject company, for which he is sole responsible. Neither ISEG, nor its faculty accepts responsibility whatsoever for the content of this report or any consequences of its use. The report was revised by the supervisor.

The information set forth herein has been obtained or derived from sources generally available to the public and believed by the author to be reliable, but the author does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decisions by any person or entity.

The document contains 69451 characters in total, of which 49433 correspond to the section from Scope and Purpose through Investment Policy Proposal (inclusive).

This project report was developed with strict adherence to the academic integrity policies and guidelines set forth by ISEG, Universidade de Lisboa. The work presented herein is the result of my own research, analysis, and writing, unless otherwise cited. In the interest of transparency, I provide the following disclosure regarding the use of artificial intelligence (AI) tools in the creation of this project:

I disclose that AI tools were employed during the development of this project as follows:

- AI-based research tools were used to assist in the literature review and data collection.
- AI-powered software was utilized for data analysis and visualization.
- Generative AI tools were consulted for brainstorming and outlining purposes. However, all final writing, synthesis, and critical analysis are my own work.
- AI was also used to improve English and grammar.

Nonetheless, I have ensured that the use of AI tools did not compromise the originality and integrity of my work. All sources of information, whether traditional or AI-assisted, have been appropriately cited in accordance with academic standards. The ethical use of AI in research and writing has been a guiding principle throughout the preparation of this project.

I understand the importance of maintaining academic integrity and take full responsibility for the content and originality of this work.

Cristóvão Guerreiro Marques, June 2026