



Article 10 (SFDR) Website disclosure for an Article 8 fund

Style Capture UCITS Fund (the “Fund”)



Product name: Style Capture UCITS Fund
Legal entity identifier: 549300GT06T0JSZR8V53

Does this financial product have a sustainable investment objective?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



A. Summary

The Fund has been classified as an Article 8 fund under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”). Terms used but not defined herein shall have the respective meanings given to them in the prospectus of the Fund.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

Environmental or social characteristics of the product

Through the stock selection portion of the portfolio, the Fund promotes environmental or social characteristics by utilising *inter alia* negative screens and positive tilts.

Investment strategy

The Investment Manager, AQR Capital Management, LLC (“AQR”) offers dedicated environmental, social and governance (“ESG”) solutions including ESG investing strategies that focus on broad ESG implications (incorporating negative screens and positive tilts), low-carbon portfolios, or portfolios customized for other client-specific ESG priorities.

The Fund implements the following ESG characteristics and indicators into its investment policy. In this context the Fund’s objective would in particular be to better manage risk, generate sustainable, long-term returns and promote environmental or social characteristics. For further details investors should refer to the Fund’s prospectus.



Exclusions					ESG Characteristics	Good Governance	
Static screen: excluding tobacco	Static screen: excluding controversial weapons	Static screen: excluding fossil-fuels related stock	Dynamic screen: excluding issuers with weakest ESG scores	Managing carbon emissions footprint	Active tilt towards securities with superior ESG characteristics	Good governance signals	Excluding issuers with inferior governance
			✓		✓	✓	

Proportion of investments

The Fund plans to use 10% of its investments to attain the environmental or social characteristics promoted, while the remaining investments of the Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments are planned to be 90%.

Monitoring of environmental or social characteristics

A number of sustainability indicators are coded directly into the portfolio optimization process. Adherence to the ESG characteristics and indicators is monitored on a regular basis as part of the investment process.

Methodologies

A separate methodology is associated with each of the sustainability indicators, which facilitates codification of the indicators into the portfolio construction process. Reporting is provided to clients consistent with the methodologies, and the portfolio management team is able to monitor the same data.

Data sources and processing

The Investment Manager makes use of a variety of data sources. Specific to ESG-related data, this Fund’s portfolio construction process deploys a combination of proprietary models and a variety of third-party data sources in its portfolio construction process, such as raw data which is processed into proprietary ESG investment signals; MSCI ESG ratings data; and carbon-related data.

Limitations to methodologies and data

Data for ESG can face comparatively short time periods and sparse or inconsistent coverage. In addition, there is an ongoing due diligence of the 3rd party data solutions utilized, and proactive due diligence of new data solutions. Such due diligence involves an economic analysis to help validate whether the data actually captures the dimensions of ESG that it is designed to capture.

Due diligence

Third-party and internal ESG data monitors assets in our investment universe, and any changes with such data are dynamically reflected in our models’ views. AQR also utilizes an ESG company monitor that identifies problematic exposures. AQR also hosts several exclusion lists, and portfolios are continuously monitored to ensure compliance with the precise exclusion criteria.

Engagement policies

AQR undertakes direct engagement with companies based on ESG concerns, and to improve companies’ environmental-related data disclosures. AQR’s Stewardship Committee is responsible for monitoring and tracking its engagement activities. Each engagement has a defined objective, and failure to attain this objective over a given time horizon can trigger our escalation process.

**Designated reference benchmark**

No reference benchmark has been designated for the purpose of attaining these characteristics promoted by the financial product.

**B. No sustainable investment objective**

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

**C. Environmental or social characteristics of the financial product****What are the environmental or social characteristics promoted by this financial product?**

Through the stock selection portion of the portfolio, the Fund promotes environmental or social characteristics by utilising (i) negative screens aiming at excluding issuers with weakest ESG scores and (ii) positive tilts towards securities with superior ESG characteristics. The Fund will also invest in companies which follow good governance practices, as further described below.

No reference benchmark has been designated for the purpose of attaining the promoted environmental and social characteristics.

**D. Investment strategy****What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?**

The Investment Manager will exclude long positions in 5-12% of issuers with the weakest ESG scores in the given universe, but targeting an exclusion rate of 10%, with respect to stock selection. The ESG scores are designed to capture exposure to environmental, social and governance aspects such as climate change, demographic shifts and anti-corruption.

In addition to good governance signals and exclusions prerequisites, the Investment Manager's security selection process will actively tilt toward those with superior ESG characteristics. The portfolio weighted ESG scores of the securities in the long leg of the Fund's portfolio (with respect to stock selection) is managed so as to exceed the equivalent measure computed for the short leg of the Fund's portfolio.

ESG characteristics shall be determined by ESG ratings data (selected at the Investment Manager's discretion) with the aim of identifying the extent to which each company in the universe is exposed to, and how well it manages, a range of Environmental, Social, and Governance factors.



ESG factors taken into account with respect to this approach include:

- Environmental: gas emissions, resource depletion, waste and pollution, deforestation, carbon footprint;
- Social: working conditions, relation to the local communities, health and safety, employee relations, diversity considerations;
- Governance: executive pay, bribery and corruption, political lobbying and donations, tax strategy.

The ESG characteristics are generated using a combination of the Investment Manager’s proprietary models, as well as third party models and data. Such models mainly take into account the ESG scoring as well as other metrics integrated in and applicable to the models of the target companies. Investors should note that assessment criteria may change over time or vary depending on the sector or industry in which the relevant issuer operates.

Applying ESG criteria to the investment process may lead the Investment Manager to invest in or exclude securities for non-financial reasons, irrespective of market opportunities in order to achieve the ESG characteristics of the Fund following the approach described above.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Investment Manager will exclude long positions in 5-12% (but targeting 10%) of issuers with the weakest ESG scores in the given universe with respect to stock selection.

The Investment Manager’s security selection process will actively tilt toward issuers with superior ESG characteristics. The portfolio weighted ESG scores of the securities in the long leg of the portfolio (with respect to stock selection) is managed so as to exceed the equivalent measure computed for the short leg of the portfolio.

What is the policy to assess good governance practices of the investee companies?

In general, the Investment Manager believes that good management and oversight may lead to better performing stocks. This is consistent with the Investment Manager’s fundamentals-driven process, and for the most part, their ESG-related signals are specifically “G”-related.

Some examples include signals that capture overly aggressive company growth (“empire building” that may indicate that the management fails to control costs and protect shareholder interest), signals that capture earnings quality (tilting away from companies with overly aggressive accounting practices, which might need to restate their financial reports in the future), or signals that capture how transparent a company is (tilting away from less transparent companies or companies that may be strategically manipulating the information they disclose to shareholders).

Is there a commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy? (Including an indication of the rate)



Yes. The Investment Manager has defined thresholds for long-side exclusion on the basis of certain business activities (fossil fuels, tobacco, and controversial weapons, as noted above) and on the basis of ESG rating. These exclusions, only applicable to the long side of the portfolio, account for approximately 10% of stocks in a given investment universe. The Investment Manager can still short these companies.

Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

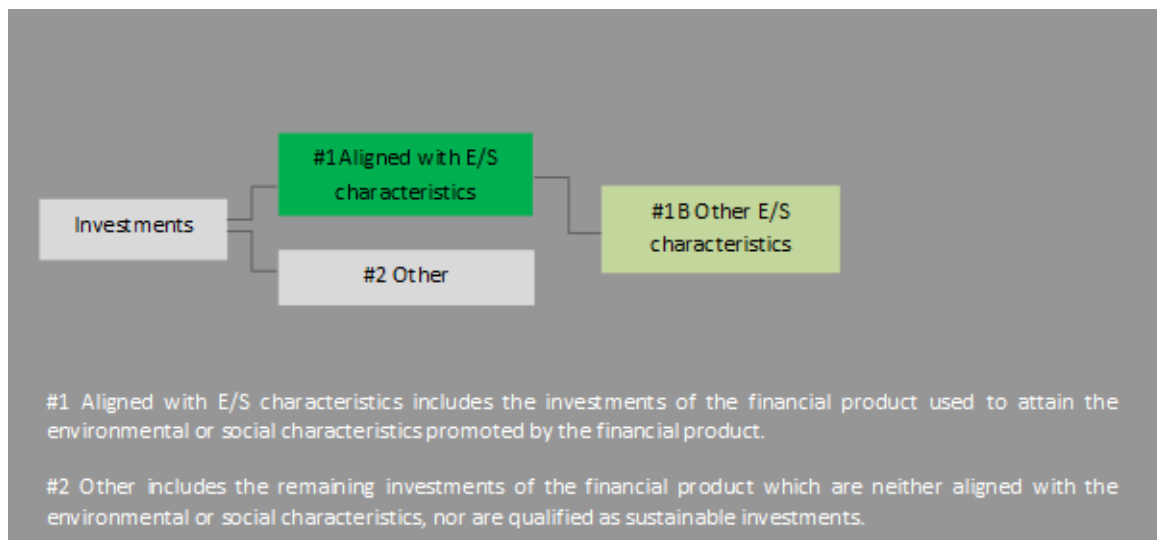


E. Proportion of investments

What is the planned asset allocation for this financial product?

The Fund plans to use **10%** of its investments to attain the environmental or social characteristics promoted (#1 Aligned with E/S characteristics).

The remaining investments of the Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments are planned to be **90%** (#2 Other).



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

In order to achieve the ESG strategy of the Fund, the Investment Manager will compare the results of ESG scores of the long leg of the Fund's portfolio against the ones of the short leg of the Fund's portfolio. The objective for the Investment Manager is that the securities in the portfolio's long leg obtain a better result in terms of ESG scores than the portfolio's short leg. In this context, derivatives will necessarily be used so as to gain exposure to the short leg of the portfolio referred to above. In addition, the Investment Manager also expects to use derivatives so as to achieve the promotion of E/S characteristics in particular via exposure to single name swaps or CFDs.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Instruments held for cash management purposes which are not subject to minimum environmental or social safeguards.



F. Monitoring of environmental or social characteristics

What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?

The indicators used include:

- average ESG score of the long leg of the Fund's portfolio;
- the average ESG score of the short leg of the Fund's portfolio

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

ESG-related investment guidelines and constraints, namely the sustainability indicators just noted, are coded directly into the portfolio optimization process. Adherence to the ESG characteristics and indicators is monitored on a regular basis as part of the investment process and compliance controls of the Sub-Fund. Reporting is provided to Fund clients relating to the sustainability indicators noted.



G. Methodologies

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

The Investment Manager has a methodology associated with each of the sustainability indicators above, for example an ESG score threshold determined from third-party ESG ratings data or a carbon intensity formula consistent with industry frameworks. This facilitates codification of the indicators into the portfolio construction process. Reporting is provided to clients consistent with the methodologies, and the portfolio management team is able to monitor the same data.



H. Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?



The Investment Manager is quantitatively-oriented and makes use of a variety of data sources. Specific to ESG-related data, this Fund’s portfolio construction process deploys a combination of proprietary models and a variety of third-party data sources in its portfolio construction process. Data sources include:

- Raw data which we process into proprietary ESG investment signals;
- MSCI ESG ratings data;
- Carbon-related data (e.g., emissions, reserves, etc.) from Trucost and MSCI; as a CDP signatory, we also have access to their climate-related data; and
- Screening lists based on industry codes, restricted activities, etc.

Data integrity has been a well-known historic research issue for ESG, and we carefully analyze the quality and scope of third-party ESG data we consume. The Investment Manager maintains a regular dialogue with its data providers, and is vigilant in pointing out any issues in the data for resolution.

Data is never taken in “as is”, but rather is subject to coverage checks and the Investment Manager imputing gaps where possible. This may include estimating carbon emissions for companies in the investment universe that are not yet covered by providers. Estimations vary by data provider and investment universe, although for the sustainability indicators noted above, the Investment Manager finds existing coverage suitable and observes improving trends.

In addition to checks to promote data integrity, the Investment Manager seeks to proactively identify and address omissions or errors in individual data points provided by vendors, enriching the data set for all consumers.

Moreover, the Investment Manager participates in broad consultations with data providers to improve the usefulness of their current and future offerings as the ESG landscape evolves and matures.



I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)

Data for ESG has its limitations, with, for example, comparatively short time periods and sparse or inconsistent coverage. We view handling potentially incomplete and noisy data as one of our competitive advantages, further described in our response to point H above.

In addition, we have ongoing due diligence of the 3rd party data solutions we utilize, and proactive due diligence of new data solutions that may further strengthen our process. This due diligence involves an economic analysis to help validate whether the data actually captures the dimensions of ESG that it is designed to capture. We believe this economic analysis is not always undertaken by data providers, but we consider it critical to inform us about the potential usefulness of the data. Examples of the types of analyses we undertake can be found in our public whitepapers, for example “Supply Chain Climate Exposure” or “Assessing Risk through Environmental, Social and Governance Exposures.”



J. Due diligence



What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

Third-party and internal ESG data monitors assets in our investment universe, and any changes with such data are dynamically reflected in our models' views. AQR also utilizes an ESG company monitor that identifies problematic exposures, and for the largest positions we engage the company to better understand the risks and improve transparency. AQR also hosts several exclusion lists, e.g., for controversial weapons, that can be applied to portfolios; such companies are identified using, for instance, MSCI's controversial weapons flag, and portfolios are continuously monitored to ensure compliance with the precise exclusion criteria.



K. Engagement policies

Is engagement part of the environmental or social investment strategy?

- Yes
- No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

The Investment Manager's engagement policy can be found on AQR's [ESG webpage](#).

AQR's engagements are conducted at the firm level, not specific to individual portfolios, and are focused on transparency and relevant holdings are considered within the overall assessment for engaging with a company.

AQR undertakes direct engagement with companies based on ESG concerns and to improve companies' environmental-related data disclosures. AQR's Stewardship Committee is responsible for monitoring and tracking its engagement activities. Each engagement has a defined objective, and failure to attain this objective over a given time horizon can trigger our escalation process.



L. Reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

- Yes
- No