



Sustainable Finance Disclosure Regulation

The European Commission adopted a package of measures on sustainable finance in May 2018. One component of this package is the Sustainable Finance Disclosure Regulation (“SFDR”) which aims to standardize disclosure requirements on how financial market participants integrate environmental, social and governance risk factors in their investment decision-making and risk processes.

As trusted stewards of our client’s capital, Dorchester believes that adopting, following and promoting a Responsible Investment policy, which includes consideration of Environmental, Social and Governance risk factors, is an important component of Dorchester’s investment research and risk management processes and should be an integral component of Dorchester’s underlying investment managers and of their direct investments. However, we believe that ESG factors can give rise to risks and opportunities that may have a material impact on investment performance. We recognize that despite the limitations of our investment mandate, the relationships we have with the underlying managers in our Investment Funds often enable us to question, challenge, and exert a degree of influence, where applicable.

Indeed, our engagement with underlying managers facilitates a wider dialogue that helps in our evaluation of prospective investments, leading to more informed investment decisions and the ability to pro-actively monitor investments to final realization. However, the core objective of our Investment Funds is not the overt promotion of any environmental, social or sustainability driven outcomes.

As a secondary market investor who primarily invests on a non-control basis, Dorchester is typically removed from the management of underlying portfolio companies. As non-control investors, Dorchester is unable to control the operations of either the underlying managers, its funds nor the underlying investments. For these reasons, Dorchester does not believe that any of its Investment Funds can currently be considered to be either Article 8 (“promotion of environmental or social characteristics”) or Article 9 (“has sustainable investment as its objective”) funds under the EU’s Sustainable Finance Disclosure Regulation (“SFDR”).

We firmly believe we have integrated ESG into our investment processes in a manner best suited to our strategy. However, we will continue to monitor regulatory developments, as we recognize that application of SFDR, and Article 8 in particular, is subject to on-going discussions across the investment industry.