

Sustainability related disclosures

Capitalised terms used but not defined herein shall have the meanings set forth in the Fund's supplement.

Product name: Fineco AM US Dollar Bond Fund

Legal entity identifier: 254900UZWPETPXU18051

Environmental and/or social characteristics

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 will have a minimum proportion of _% of sustainable <u>investments</u> <ul style="list-style-type: none"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomywith an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomywith 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 promotes environmental and social characteristics by investing in assets with favourable environmental, social and governance ("ESG") characteristics. Favourable ESG characteristics are determined by reference to Sustainable Investments, Positive Screening, Fund Level ESG Scoring and Negative Screening (Norm-based exclusions).

At least 90% of the Fund's Investments will be aligned with the environmental and/or social characteristics promoted by the Fund. The Financial product also commits to a minimum proportion of 5% in sustainable investments.

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

The methodology used to measure the attainment of the environmental or social characteristics promoted by the Fund is a combination of the methodology of the Manager's chosen third party ESG data provider and internal ESG policies.

The Manager's Investment, Compliance, and Risk teams monitor attainment of the environmental or social characteristics promoted throughout the Fund's lifecycle on a regular basis, using the Manager's internal monitoring systems and governance processes.

The Manager uses a range of different internal and external data sources and data providers to ensure that the Fund is invested in accordance with the environmental and/or social characteristics promoted.

The data used is primarily provided by external data providers, which may apply different models and may contain/use inaccurate or incomplete data. In case of insufficient data, external data providers may rely on estimates and approximations using internal methodologies that may be subjective. As the Fund relies in part on this data when making investment decisions, it might have a negative impact on the performance of the Fund. However, these challenges may be mitigated by engagement with issuers and the Manager does not expect these constraints to have a material impact on the Fund's ability to achieve the environmental or social characteristics.

Due diligence on underlying assets is carried out by reference to monthly Fund level ESG scoring and due diligence on directly held assets.

B. No sustainable Investment Objective

The Fund promotes environmental or social characteristics but does not have as its objective a sustainable investment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

How does this financial product take into account principal adverse impacts on sustainability factors?

Not applicable.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

C. Environmental or social characteristics promoted by this financial product

What are the environmental or social characteristics promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund include:

- 1. Positive Screening:** Consideration of ESG factors are a key element of portfolio construction. The Manager will determine how such companies integrate E&S characteristics by analysing Environmental and/or Social ratings attributed to such companies with the exclusion of Environmental and/or Social “laggards” (being any company lagging its industry based on its failure to manage significant ESG risks and rated as such by MSCI ESG Manager or a similar rating provider) from the Fund’s investment portfolio. By incorporating positive Environmental and/or Social factors as part of the overall portfolio construction process, the Fund through its investments supports a tilt towards investment in issuers that have a more positive impact on the environment or society at large.
- 2. Fund Level ESG Scoring:** A minimum ESG scoring threshold is applied at Fund Level to ensure that the Fund portfolio does not fall below a level deemed by the Manager to be appropriate for a fund promoting environmental and social characteristics. This threshold is currently A using MSCI ESG Manager or another corresponding rating from a similar rating provider with a lower score at Fund level permitted only where it is demonstrated to the satisfaction of the Manager that the approach to sustainability risk management and the sustainability elements of the investment strategy are compatible with the Article 8 classification of the Fund. This additional control serves to highlight a minimum Fund level ESG score and promotes engagement and challenge of portfolio managers on selecting more positive issuers demonstrating better Environmental and/or Social Characteristics.
- 3. Negative Screening (Norm-based exclusions):** For direct holdings the Manager (see link to Exclusion Policy for more information) applies norms-based exclusions. The Manager wants its funds under management to avoid making any investments which the Manager or its clients might deem incompatible with minimum responsible investing principles. To align the Fund’s investments with this approach, the Manager has adopted a firm wide exclusion policy which screens all investments for their compliance with minimum international standards and norms, from which an Exclusion List is derived.

The Exclusion Policy provides that:

- a) The Manager refrains from investing in securities issued by entities with severe controversies contravening the principles of the UNGC.
- b) The Manager refrains from investing in securities issued by entities involved in the production or product life cycle of controversial weapons.
- c) The Manager refrains from investing in:
 - Securities issued by entities deriving 5% or more revenue from the production of tobacco related products.
 - Securities issued by entities deriving 15% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products.
- d) The Manager refrains from investing in:

- Securities issued by entities that derive more than 10% of their revenue from thermal coal extraction.
 - Securities issued by entities that derive more than 10% of their revenue from arctic drilling.
- e) The Manager restricts investments in entities that contravene the UN Global Compact labour-related principles and International Labour Organisation's ("ILO") broader set of labour standards.

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

D. The 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 objective of the Fund is to maximise total returns.

The Fund seeks to achieve its investment objective by investing at least 80% of its Net Asset Value in Investment Grade fixed income securities (for example, treasury bonds and corporate bonds). At least 70% of the Fund's Net Asset Value will be invested in fixed income securities denominated in USD. The Fund may invest up to 20% of its Net Asset Value in asset-backed securities (ABS), which may embed leverage and which may include, but not be limited to, residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), corporate asset-backed securities (CABS), collateralised debt obligations and asset-backed commercial paper (ABCP).

The Manager systematically includes ESG analysis in its investment decision making process by relying on certain ESG screenings, practices and factors, which are summarised as follows and that can also be found in more detail on the Manager's website at the following link: <https://finecoassetmanagement.com/sustainability/>;

ESG Screenings

1. **Exclusion screenings:** in the process of selection of the permitted instruments, the Manager - in accordance with its exclusion policy (the "Exclusion Policy"), may identify issuers that are allegedly involved in breaches of international norms on, for example, environmental protection, human rights, labour standards and anti-corruption. If an issuer is identified in this screening process, action is taken by the Manager that may lead to the exclusion of such entity from the investment universe of the Fund.

The exclusions specifically covered by the Manager's Exclusion Policy currently include:

- a. Issuers that breach the principles of the United Nations Global Compact (UNGC);
- b. Issuers involved in the manufacture or product life cycle of controversial weapons (such as but not limited to chemical weapons, cluster munitions and landmines);
- c. Issuers deriving a certain percentage of their revenue from the production of tobacco or from other type of involvement in the life cycle of tobacco products such as distribution or licencing activities;

- d. Issuers that derive a certain percentage of their revenue from thermal coal extraction and/or arctic drilling;
- e. Issuers that contravene the UNGC labour-related principles and International Labour Organisation's ("ILO") broader set of labour standards.

2. **ESG Assessment:** the Manager selects those securities for the Fund that show sound fundamentals and higher ESG scores, while being valued at a discount to the Manager's assessment of intrinsic value.

The elements of the investment strategy to attain the environmental or social characteristics of the Fund as described in this Annex are systematically integrated throughout the Fund's investment process.

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?

- a. **Minimum underlying security score of BB** by MSCI ESG manager (or an other corresponding rating from a similar rating provider) for each Fund security;
- b. **Exclusion Policy**
The Manager's exclusion policy applies and this reduces the investment universe accordingly to exclude issuers that fail to comply with the minimum standards set out therein.

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

Good governance practices of investee companies are addressed by reference to having an MSCI score of BB or above (or an other corresponding rating from a similar rating provider). Companies are screened for good governance by assessing their employee relations, pay practices, management structures and tax compliance. In respect of sovereign issuers, the assessment of good governance practices is based on signatory status to Paris Alignment and Freedom House Status.

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)

Not applicable.

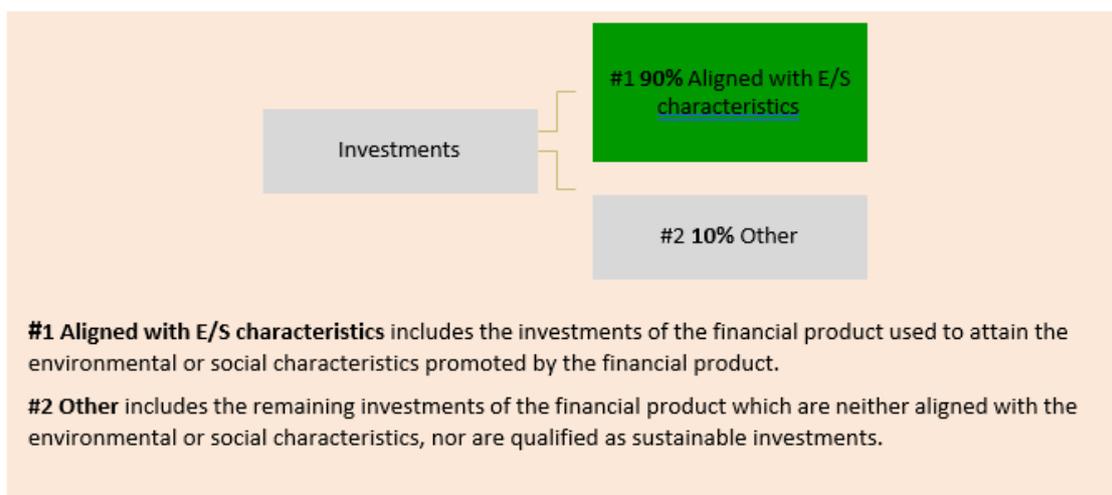
Does this financial product consider principal adverse impacts on sustainability factors?

- Yes
- No

Yes, principal adverse impacts are considered on an ongoing basis by monitoring the Fund portfolio against mandatory and additional PAI indicators. Information on how the principal adverse impacts were taken into account will be provided in the Fund's annual report. The PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability.

E. Proportion of Investments

What is the planned asset allocation for this financial product?



Investments means the Fund's Net Asset Value which is the total market value of the product.

At least 90% of the Fund's investments will be aligned with the environmental and/or social characteristics promoted by the Fund. The remaining investments of the Fund may be invested in cash and cash equivalents for liquidity purposes and derivatives which may be used for investment, risk reduction and hedging purposes.

The asset allocation may change over time and percentages may be updated in the prospectus from time to time. There is no specific allocation among #1A. Calculations may rely on incomplete or inaccurate company or third party data.

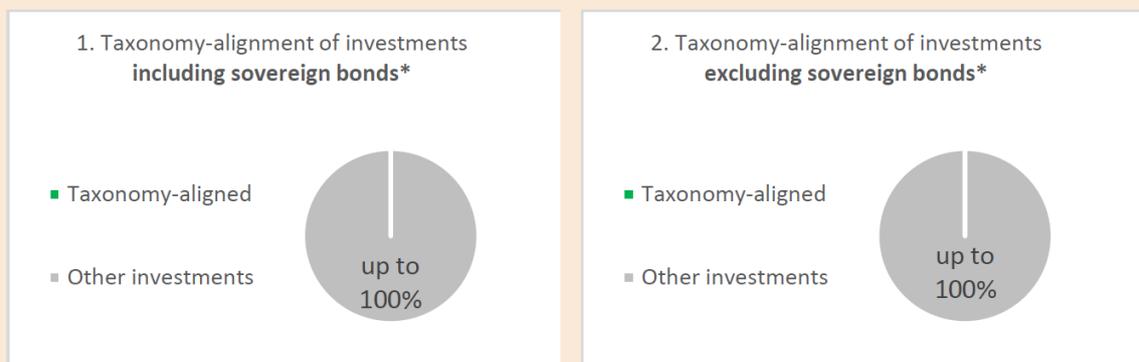
How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to attain the environmental or social characteristics promoted by this Fund.

What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)

As the investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation, the Fund's portfolio alignment with the Taxonomy Regulation is not calculated. It follows that the Fund does not currently commit to investing more than 0% of its assets in investments aligned with the Taxonomy Regulation.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.

What is the minimum share of socially sustainable investments?

Not applicable.

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

The remaining investments of the Fund may be invested in cash and cash equivalents for liquidity purposes and derivatives which may be used for investment, risk reduction and hedging purposes.

Any “#2 Other” potential investments, other than cash or cash equivalents will be screened according to the Manager’s Exclusion Policy.

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 Fund uses the following sustainability indicators in order to measure the attainment of the environmental or social characteristics that it promotes (please note that reference to ESG scores means ESG score data received from third party data provider/s):

- i) The minimum Fund level ESG score;
- ii) The percentage of the Fund’s portfolio rated above BB by MSCI ESG Manager (or another corresponding rating from a similar rating provider) and;

iii) The percentage of the Fund investment universe subject to the Manager's exclusion policy.

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?

The Manager's Investment, Compliance, and Risk teams monitor attainment of the environmental or social characteristics promoted throughout the Fund's lifecycle on a regular basis, using the Manager's internal monitoring systems and governance processes.

The Fund's periodic disclosures report on the extent to which the fund has attained the environmental or social characteristics promoted and the sustainability indicators during the period.

F. 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 methodology used to measure the attainment of the environmental or social characteristics promoted by the Fund is a combination of the methodology of the Manager's chosen third party ESG data provider and the Manager's internal ESG policies.

G. Data Sourcing 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?

Data Sources

The Manager uses a range of different internal and external data sources and data providers to ensure that the Fund is invested in accordance with the environmental and/or social characteristics promoted. Data received from external providers may be complemented by internal research and analysis provided by the Manager's ESG specialists.

External data sources include MSCI, which provides ESG ratings data, exclusion factors, data on principal adverse impacts, controversy data etc.

Measures taken to ensure data quality

When a data provider is initially onboarded by the Manager, an assessment of data quality and data coverage is made. For specific issuers, the Manager's Investment Team may also check the quality of MSCI ESG ratings data via various other peer sources/providers to ensure general consensus of data quality.

How data is processed

Data is processed in accordance with applicable local laws on processing of data and in accordance with the Manager's policies on data processing.

Proportion of data that is estimated

The Manager does not generally estimate data, although may do so in certain circumstances. External data providers may estimate data.

H. 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)

Limitations in data availability or methodological challenges may constrain the Manager's ability to generate insights into a Fund's contribution towards the attainment of the environmental or social characteristics. The data used is primarily provided by external data providers, which may apply different models and may contain/use inaccurate or incomplete data. In case of insufficient data, external data providers may rely on estimates and approximations using internal methodologies that may be subjective. These methodologies may also vary for each data provider. As the Fund relies in part on this data when making investment decisions, it might have a negative impact on the performance of the Fund. However, these challenges may be mitigated by engagement with issuers and the Manager does not expect these constraints to have a material impact on the Fund's ability to achieve the environmental or social characteristics. In addition, the Manager continues to seek alternative data providers and aim to introduce additional proprietary tools to help bridge data gaps and to provide alternative insight into Fund performance on sustainability issues and will continue to evolve the Manager's ESG ratings to reflect evolving best practice.

I. Due Diligence

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

Due diligence on underlying assets is carried out by reference to:

Fund Level ESG Scoring: A minimum ESG scoring threshold is applied at Fund level to ensure that the Fund score does not fall below a level deemed by the Manager to be appropriate for a fund promoting ESG characteristics. A monthly independent analysis and classification of each sub-fund's ESG score is performed by the Manager's Risk team. Monthly risk reporting highlights any instances where this threshold may be breached. Subsequently, where appropriate, the ESG quality of a sub-fund may be formally investigated with findings reported to the SFC. This additional control serves to maintain a minimum fund level ESG scoring and supports engagement and challenge with fund managers on ESG topics.

Due Diligence on direct holdings: The Manager receives ESG scores from MSCI in order to conduct initial and ongoing due diligence on all directly purchased securities. The Manager's Investment Team may also check the veracity of the MSCI ESG scores by comparing with various sources such as other ESG scoring providers and/or by checking directly, publicly disclosed information relating to

the issuer of the relevant security.

J. Engagement Policies

Is engagement part of the environmental or social investment strategy?

No, engagement is not a key part of the investment strategy of the Fund. However, the Manager undertakes, on behalf of its clients, a range of collective engagement activities with investee companies and corporate issuers in order to encourage them to improve their ESG practices and promote a long-term approach to decision-making.

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

Not applicable.

K. Reference Benchmark

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

Yes

No

How is that index designated as a reference benchmark aligned with the environmental or social characteristics promoted by the financial product? (including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated)

An index has not been designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

This question is not applicable.

How does the designated index differ from a relevant broad market index?

This question is not applicable.

Where can the methodology used for the calculation of the designated index be found?

This question is not applicable.