

## Sustainability related disclosures

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

**Product name:** ESG TARGET GLOBAL COUPON 2026 FAM FUND

**Legal entity identifier:** 2549005LVIVCLB15M894

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

Yes
    No

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

### 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 Positive Screening, Fund Level ESG Scoring and Negative Screening (Norm-based exclusions).

The Fund does not commit to making sustainable investments.

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

At least 80% 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 Fund principally uses derivatives to attain its investment objective. However, it is only the direct holdings of the Fund that are measured for the purpose of determining alignment with environmental and/or social characteristics promoted by the Fund and not the underlying derivative exposure.

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.

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## **B. No sustainable Investment Objective**

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

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### **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 of this product include;

**1. Positive Screening:**

Consideration of ESG factors is a key element of portfolio construction. The equity instruments in which the Fund invests must be issued by companies that are only listed in ESG screened indices which promote environmental and/or social characteristics, such as the MSCI Europe ESG Screened Index. In addition, the Manager will also determine how such companies integrate environmental and/or social characteristics by analysing ESG ratings attributed to such companies by the Manager and/or third party data providers with the exclusion of ESG “laggards” from the Fund’s direct investment portfolio. By incorporating positive ESG factors as part of the overall portfolio construction process, the Fund through its investments supports a tilt towards investment in issuers that have a 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’s portfolio does not fall below a level deemed by the Manager to be appropriate for a fund promoting environmental and/or social characteristics. This additional control introduces a minimum Fund level ESG score and promotes engagement and challenge of portfolio managers to select more positive issuers, demonstrating better environmental and/or social Characteristics.

**3. Negative Screening (Norm-based exclusions):** For direct holdings, the Manager applies norms-based exclusions based on its Exclusion Policy. The Manager wants its funds under management to avoid making any investments which it or its clients deems 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

Exclusion categories considered in the Exclusion Policy are:

- o United Nations Global Compact Principles
- o Controversial Weapons
- o Tobacco
- o Climate Change
- o Forced Labour

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

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#### **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 Fund follows an investment strategy which seeks to provide Shareholders with a Dividend and which seeks to provide a positive return at the Maturity Date linked to the Basket exposure. The Funding Investments of the Fund are used to receive a pay out from an OTC counterparty and to facilitate the obtaining of the Basket exposure. In selecting the Equity Instruments, an emphasis will be placed on how the relevant company integrates ESG risks and opportunities into its corporate strategy (e.g., a realistic assessment of long-term ESG risks and opportunities, increased transparency into the company's ESG practices, management teams with aligned incentives, better governance practices, and thoughtful resource allocation). The elements of the investment strategy to attain the environmental or social characteristics of the Fund as described herein 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. **The Equity Instruments** will be made up of a minimum of 70% exposure to developed market companies which take account of ESG factors;
- b. **Direct equity investments** of the Fund will only be drawn from constituents of ESG screened indices;
- c. **Minimum underlying security score of BB** by MSCI ESG manager (or another corresponding rating from a similar rating provider) for each Fund security;
- d. **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 another 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

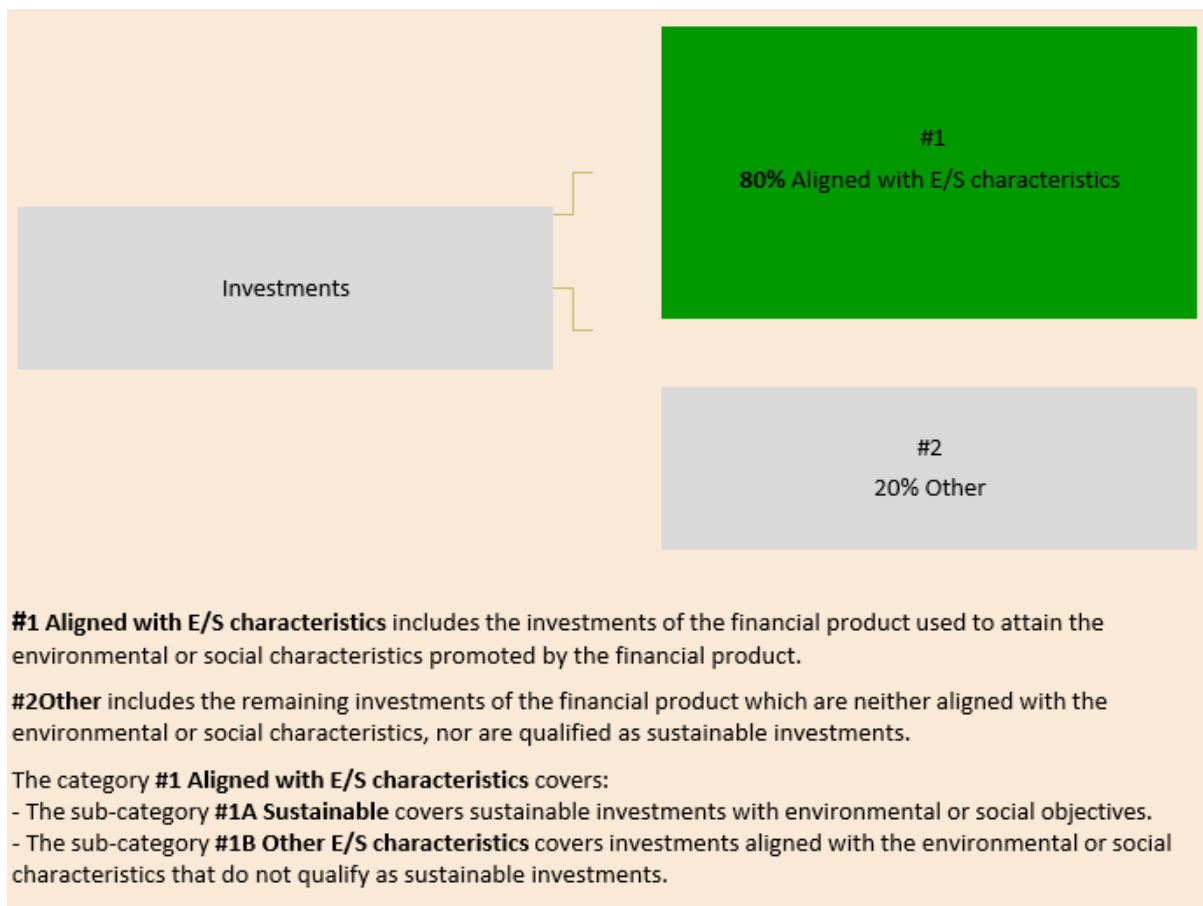
Yes, principal adverse impacts are considered on an ongoing basis by monitoring the investments against any applicable mandatory and additional PAI indicators.

Information on how the principal adverse impacts were taken into account will be provided in the Fund's annual report.

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## **E. Proportion of Investments**

**What is the planned asset allocation for this financial product?**



The Fund aims to invest:

At least 80% 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 Fund principally uses derivatives to attain its investment objective. However, it is only the direct holdings of the Fund that are measured for the purpose of determining alignment with environmental and/or social characteristics promoted by the Fund and not the underlying derivative exposure.

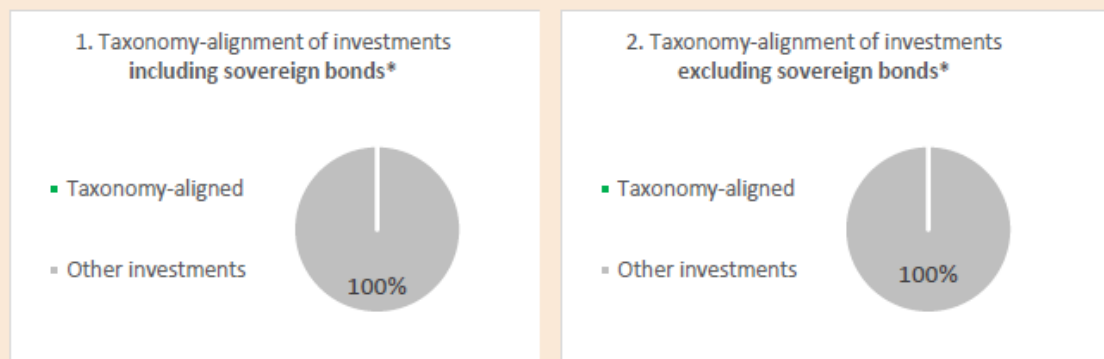
The asset allocation may change over time and percentages may be updated in the Supplement from time to time. There is no specific allocation among #1A. Calculations may rely on incomplete or inaccurate underlying fund manager data and/or company or third-party data.

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

The Fund gains exposure through the Basket (which is a derivative exposure) to certain ESG screened indices. However, the Manager has determined that it is more appropriate not to look through derivatives employed by its Funds under management in order to assess the attainment of environmental and/or social characteristics. Thus, the Fund does not use derivatives to attain the environmental or social characteristics promoted by the 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)

*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. The Fund principally uses derivatives to attain its investment objective. However, it is only the direct holdings of the Fund that are measured for the purpose of determining alignment with environmental and/or social characteristics promoted by the Fund and not the underlying derivative exposure.

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

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## **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 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 invested in ESG screened index constituents which demonstrates the Fund's positive ESG tilt;
- iii) The underlying direct holdings of the Fund being rated above BB by MSCI ESG Manager (or another corresponding rating from a similar rating provider); and
- iv) 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.

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## **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 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.

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## **H. 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.

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## **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)**

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.

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## **J. 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.

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## **K. 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.

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## **L. 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 and/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.