

## 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 MarketVector Global Metaverse and e-Games ESG UCITS ETF

**Legal entity identifier:** 25490012F8491N4LM86

### 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 <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 promotes <b>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).

While the Fund promotes environmental or social characteristics, it does not make any sustainable investment.

At least 90% of the Fund's Investments will be aligned with the environmental and/or social characteristics promoted by the Fund.

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.

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

The Fund promotes environmental or social characteristics however, it does not make any 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?**

This question is 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?**

This question is not applicable.

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

This question is not applicable.

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

This question is 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 characteristics promoted through investment in the Invested Assets currently fall under a range of categories comprising climate change, natural capital, pollution & waste, environmental opportunities (environmental) and human capital, product liability, stakeholder opposition and social opportunities (social).

The environmental and/or social characteristics will be considered in the following manner:

#### **1. Positive Screening:**

Consideration of environmental, social and governance (“ESG”) factors are a key element of the construction of the Invested Assets. The Invested Assets in which the Fund invests must be issued by companies that are only listed in ESG screened indices which promote environmental and 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 with the exclusion of ESG “laggards” from the Fund’s direct 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 the Invested Assets 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 Invested Assets with this approach, the Manager, for the Invested Assets only, considers the following categories which are outlined in more detail in the Exclusion Policy:

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

The Fund pursues the environmental and/or social characteristics promoted by it through replicating the Reference Index synthetically, via investment in the Invested Assets.

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

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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 investment objective of the Fund is to achieve long term capital appreciation.

The Fund seeks to achieve its investment objective by tracking the performance of the Reference Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Reference Index. The Reference Index tracks the performance of global companies involved in technologies and services related to the metaverse, e-gaming and eSports and considers ESG factors.

The Manager applies the Exclusion Policy to the Invested Assets. All securities are screened using data sourced from third-party data providers that provides scores for each holding and at portfolio level in aggregation. In selecting securities, an emphasis is placed on how companies integrate ESG risks and opportunities into their corporate strategy.

The elements of the investment strategy to attain the environmental or social characteristics of the Fund as described in this document 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 Invested Assets** will only be drawn from constituents of ESG screened indices;
- b. Minimum underlying security score of BB** by MSCI ESG manager (or another corresponding rating from a similar rating provider) for each Fund security;
- c. Exclusion Policy**

The Exclusion Policy described under the sub-heading ESG Screening further above in this Supplement applies to the Invested Assets and this reduces the investment universe accordingly to exclude issuers that fail to comply with the minimum standards set out therein. The exclusions specifically covered by the Manager's Exclusion Policy currently include:

- a.** Issuers that breach the principles of the United Nations Global Compact;
- b.** Issuers involved in the manufacture or product life cycle of controversial weapons (biological and chemical weapons, cluster munitions, depleted uranium, landmines and nuclear weapons);
- c.** Issuers deriving 5% or more revenue from the production of tobacco related products or 15% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products.
- d.** Issuers that derive more than 10% of their revenue from thermal coal extraction and/or arctic drilling;
- e.** Issuers that contravene the United Nations Global Company labour-related principles and International Labour Organisation's ("ILO") broader set of labour standards.

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

Good governance practices of investee companies are addressed in various layers of the investment selection process. To be able to assess the Manager's full investment universe, a data driven quantitative good governance assessment has been adopted. The assessment is performed by data driven analysis based on external ESG data vendors and is integrated and maintained in front office and compliance systems. Portfolio managers are responsible for the ongoing assessment and monitoring of the governance practices of the companies in which they invest in.

For the Invested Assets, as a minimum requirement good governance practices of investee companies are addressed by reference to having an MSCI score of  $\bar{B}B$  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. Once a potential investment passes the minimum requirements test, other due diligence and governance practices are applied by the Manager as additional safeguards. This includes applying the Exclusion Policy to ensure that an investment company is compliant with the principles on labor relations of the United Nations Global Compact. Further detail on the approach of the Manager is available in the Good Governance Policy available on the Manager's website.

### **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)**

This question is not applicable.

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

Yes

No

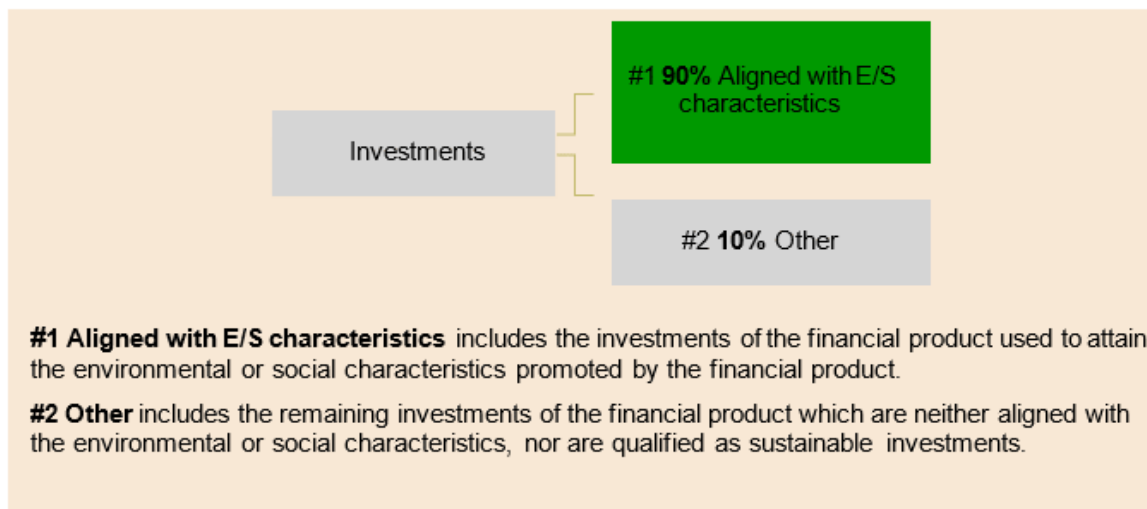
Yes, principal adverse impacts are considered on an ongoing basis by monitoring the Fund portfolio against the mandatory and additional PAI indicators. The indicators that will be reported on are (1) greenhouse gas (GHG) emissions, (2) carbon footprint, (3) GHG intensity of investee companies, (4) exposure of companies active in the fossil fuel sector, (5) share of non-renewable energy consumption and production, (6) energy consumption intensity per high impact climate sector, (7) activities negatively affecting biodiversity-sensitive areas, (8) emissions to water, (9) hazardous waste ratio, (10) violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, (11) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, (12) unadjusted gender pay gap, (13) board gender diversity and (14) exposure to controversial weapons (15) investments in companies without carbon emission reduction initiatives and (16) lack of a human rights policy.

Information on how the principal adverse impacts were taken into account will be provided in the Fund's annual report. Further information is also available in the PAI Statement of the Manager.

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## **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.

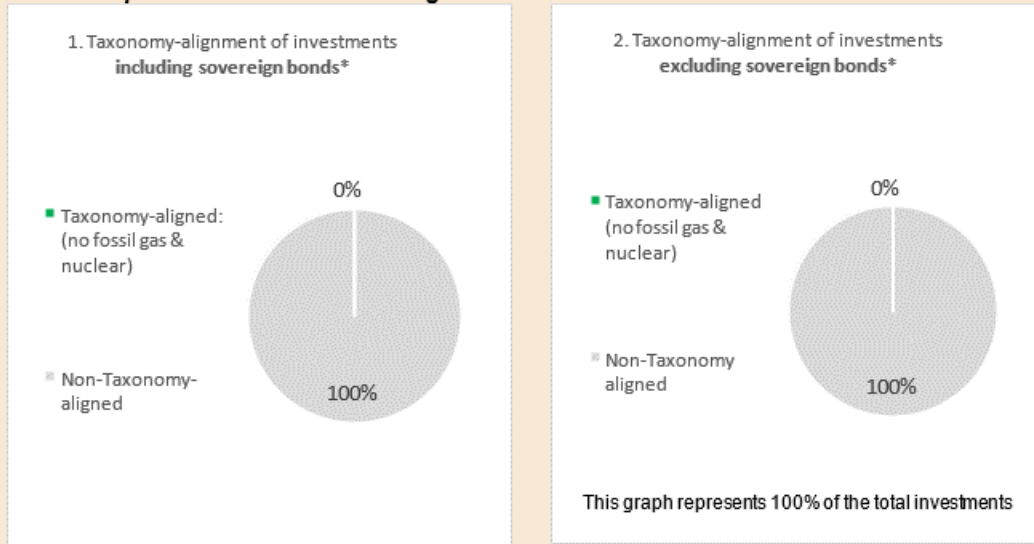
The asset allocation may change over time and percentages may be updated in the prospectus from time to time. Calculations may rely on incomplete or inaccurate company or third-party data.

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

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?**

This question is not applicable.

**What is the minimum share of socially sustainable investments?**

This question is 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, efficient portfolio management and hedging purposes.

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

## **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 applicable 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; and
- ii. The holdings of the Fund being rated above BB by MSCI ESG Manager (or another corresponding rating from a similar rating provider).

**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 Manager's Sustainable Finance Committee ("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 a range of collective engagement activities with certain 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)**

This question is 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)**

This question is not applicable.

### **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.