

## Sustainability related disclosures

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

### A. Summary

Product name: FAM MEGATRENDS TARGET 2026 II

Legal entity identifier: 254900IZL5062SUWC016

## 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 sustainable investments with an environmental objective: ___% <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 will make a minimum of sustainable investments with a social objective: ___%	<input checked="" 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 5% 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 checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments
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The Fund promotes environmental and social characteristics by investing in assets with favourable ESG characteristics. Favourable ESG characteristics are determined by reference to Positive Screening, Fund Level ESG Scoring and Negative Screening (Norm-based exclusions).

The Fund partially intends to make sustainable investments. Please note that the Sub-Fund currently follows a fund of funds investment approach and can invest principally in underlying open-ended UCIs and UCITS (as well as other permissible instruments) as set out in the section of the main body of the Prospectus entitled "The Sub-Funds". The Sub-Fund/Management Company therefore relies on data provided by the investment managers of the underlying fund investments when calculating the minimum percentage proportion of sustainable investment of the Sub-Fund and when

calculating the percentages required in the section below dealing with the planned asset allocation of the Sub-Fund.

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 Fund also commits to a minimum proportion of 5% in sustainable investments. 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 methodology used to measure the attainment of the environmental or social characteristics promoted by the Fund is a combination of the methodology of our chosen third party ESG data provider and the methodology applied by the Underlying Fund Investment Managers to attain the % of sustainable investments made by the Underlying Fund.

Fineco AM's Investment, compliance and Risk team's monitor attainment of the environmental or social characteristics promoted throughout the fund's lifecycle on a regular basis, using Fineco AM's internal monitoring systems and governance processes.

We use 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 and Underlying Fund Managers, 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 Fineco AM do 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 due diligence of underlying funds, Monthly Fund level ESG scoring and due diligence on directly held assets.

We complete ongoing due diligence with underlying investment managers to ensure that the underlying fund is managed in accordance with its ESG objectives.

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## **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?**

The objectives of the sustainable investments that the Fund intends to make is to promote environmental and/or social characteristics. On the basis that the Fund is currently following a fund of funds investment approach, the objectives of the sustainable investments that the Fund partially intends to make is linked to the sustainable investments made by the Underlying Funds. The Fund

will seek to make investments in Underlying Funds that commit/partially commit to invest in sustainable investments and who have a process for ensuring that their sustainable investments are:

- a. Made in investee companies that demonstrate good governance;
- b. Made in a manner that demonstrates that they do no significant harm to other environmental objectives; and
- c. Made in investee companies that make a positive contribution towards an environmental or social objective. The Fund may allocate between Underlying Funds which make sustainable investments of any type, i.e. investments with an environmental, and/or a social objective. The Fund is not required to favour any specific type of sustainable investment.

**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?**

The sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective based on the policies adopted by the relevant Underlying Fund investment managers. These policies are considered as part of the Manager's initial and ongoing investment due diligence procedures and are assessed for alignment with the indicators set out in Table 1 and any relevant additional indicator from Tables 2 and 3 of Annex I of the Delegated Regulation.

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

Principal adverse impact ("PAI") indicators are calculated at both the Fund level and the Underlying Fund level. The results will be compared with that of a chosen proxy benchmark representative of the Fund's investment universe and/or peers. These calculations will be used as the basis of assessment of adverse impacts on sustainability factors in order to determine whether the Manager can improve at Fund level and/or where Manager can engage with Underlying Fund investment managers to improve at the Underlying Fund level. For example, Manager may engage on disclosure if a certain metric is materially misaligned with that of the chosen proxy and/or peers.

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

The sustainable investments which the Fund makes in the Underlying Funds and their alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are assessed in the following ways;

1. Via PAI monitoring of the following indicators;
  - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
  - Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
2. Through engagement with the Underlying Fund investment managers to ensure that the sustainable investments that the Underlying Funds makes are:
  - a. Made in investee companies that demonstrate good governance:

b. Made in a manner that demonstrates that they do no significant harm to other environmental objectives; and

c. Made in investee companies that make a positive contribution towards an environmental or social objective.

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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;

##### **a. Minimum investment in funds in scope of Article 8 and 9 of the SFDR**

The Fund will invest a minimum of 90% in Underlying Funds which fall within the meaning of either Article 8 or Article 9 of the SFDR, which means, that at a minimum, the majority of the Underlying Funds which the Fund holds promote environmental and social characteristics while investing in companies which follow good governance practices.

##### **b. Positive Screening**

Consideration of ESG factors are a key element of portfolio construction/fund selection. Portfolio managers will take a holistic approach which includes the analysis of ESG factors as part of their overall risk adjusted valuation assessment. This supports the overall promotion of investment in funds which the Manager deems desirable on ESG grounds. By incorporating positive ESG factors as part of the overall portfolio construction/fund selection, the Fund through its investments supports a tilt towards investment in Underlying Funds that have a more positive impact on the environment or society at large.

##### **c. Fund Level ESG Scoring**

A monthly independent analysis and classification of the Fund's ESG score is performed internally by the Manager. A minimum ESG scoring threshold is applied at Fund Level to ensure that the Fund's ESG score 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 serves to highlight a minimum Fund level ESG score and promotes engagement and challenge of portfolio managers on ESG topics.

##### **d. Negative Screening (Norm-based exclusions)**

For any potential 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 the Manager or its clients might deem incompatible with minimum responsible investing principles. To align the Fund's investments with this sustainable investment approach, Manager have 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
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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 is structured as a Fund giving a return to investors at the Maturity Date. The Fund is organised in a manner that it has two separate investment objectives for different time periods in the Fund's life, as set out below. Please refer to the supplement to the Prospectus titled "FAM Megatrends Target 2026 II" (the "Supplement") for definitions of "Maturity Date" and "Subscription Period".

1. During the Subscription Period, the objective of the Fund will be to seek to provide capital appreciation whilst maintaining liquidity for the Fund. The Manager will seek to achieve this objective by investing principally, either directly, or indirectly via units of Underlying Funds, in short, medium and/or long term instruments, such as certificates of deposit, commercial paper, treasury bills, banker's acceptances and fixed and/or floating rate transferable debt securities of both Investment and non-Investment Grade (including corporate debt securities, bonds and notes, zero-coupon and discount bonds, debentures) issued by sovereign, government agencies, supranational entities and/or corporate issuers worldwide (the "Initial Strategies").
2. Following the Subscription Period, the investment objective of the Fund is to achieve long-term capital appreciation. The Fund seeks to achieve this investment objective in the following manner, as further set out in the Supplement:
  - By reducing the Fund's allocation to Initial Strategies on a monthly basis ("Averaging Out").
  - Every month the Fund will complete the Averaging Out process and the exposure to the Initial Strategies will be reduced and an exposure will be obtained to Underlying Funds as described in detail in the Supplement (the "Longer Term Strategies").

As part of the Longer Term Strategies, the Fund may invest principally in Underlying Funds that have a primary focus on providing exposure to equities issued by companies operating in sectors and geographical regions that benefit from ongoing global megatrends.

Although the Fund does not have a specific sustainable investment objective, the Manager has fully integrated its ESG Policy into the overall investment process, in particular, the portfolio construction process.

As part of the process to undertake appropriate due diligence on investments, the Manager will generally conduct a level of research on each Underlying Fund which will give the Investment Manager an understanding of the investments underpinning same. This includes a quantitative and qualitative assessment as detailed in the "Investment Objective and Policies" section of the Supplement which involves scrutiny relating to each Underlying Fund's approach to ESG factors and consideration of Sustainability Risks.

The Manager integrates these ESG factors and this Sustainability Risk assessment into its investment research process and its risk management process – both initially and on an ongoing basis for the duration of the period the Fund holds an investment or pursues a particular investment strategy.

For investment in Underlying Funds, exclusions of the Underlying Fund manager are assessed as part of the initial and ongoing due diligence process.

For any direct investment (i.e. non-underlying fund investments), companies that are in breach of UN Global Compact principles (along with certain other Exclusion criteria) are excluded from the investment universe of the Fund as defined by the Manager. Where an investment is deemed inappropriate, no further investment may be made in the instrument, however existing holdings may be retained for a period of time to facilitate orderly divestment. For investment in underlying funds, exclusions of the underlying fund manager are assessed as part of the initial and ongoing due diligence process.

For any direct investment (i.e. non-underlying fund investments), the Manager recognises and adheres to the principle of responsible stewardship via sustainable proxy voting and collective engagement initiatives as a way of promoting good ESG policies.

The elements of the investment strategy to attain of the environmental or social characteristics promoted by this financial product as described above are systematically integrated throughout the 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 investment in funds in scope of Article 8 and Article 9 SFDR**

The Fund will invest a minimum of 90% in other funds which fall within the meaning of either Article 8 and/or Article 9 of the SFDR.

**b. Minimum Underlying Fund score**

80% of the Fund's Underlying Fund holdings will be rated A by MSCI ESG Manager (or another corresponding rating from a similar rating provider). If the Sustainable Finance Committee of the Manager determines that the Underlying Fund in question has mitigating reasons for its MSCI ESG score to have fallen below A, the Underlying Fund holding may be maintained within the Fund portfolio.

**c. Exclusion Policy**

For any direct holdings (i.e. non-underlying fund investments), 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 is assessed for Underlying Funds through engagement with the Underlying Fund manager via due diligence.

In addition, ensuring that a minimum of 90% of the portfolio is invested in funds which fall within the meaning of Article 8 or 9 of the SFDR, demonstrates that the Manager is limiting the Fund's investment universe of Underlying Funds to focus on those investment funds that must only invest in investee companies that demonstrate good governance practices (in compliance with SFDR).

In addition, direct holdings (i.e. non-underlying fund investments) in the Fund must have a minimum rating of BB according to MSCI ESG Manager (or another corresponding rating from a similar rating provider). This ensures a level of good governance vis a vis the above scores. Limited exceptions to this rule may apply.

**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 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.

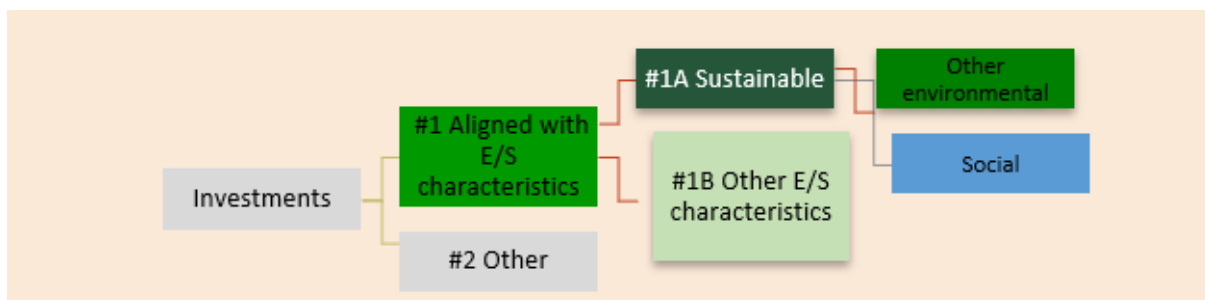
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## E. Proportion of Investments

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

**(#1 Aligned with E/S characteristics)** 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 Financial product also commits to a minimum proportion of 5% in sustainable investments. 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 this appendix 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.

**(#1B Other E/S characteristics)** Includes securities of issuers with favourable ESG characteristics but are not sustainable investments.

**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

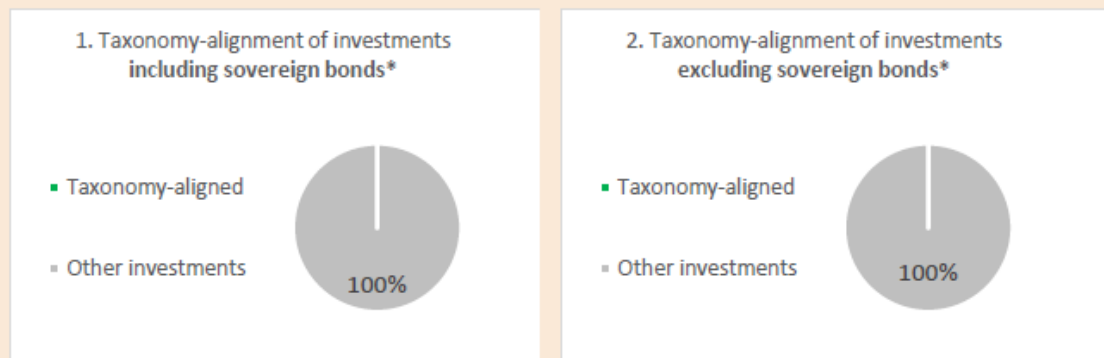
Derivatives are not used to attain the environmental or social characteristics promoted by this Fund.

**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?**

5%\*.

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

5%\*

\*The Fund commits to invest at least 5% of its assets in sustainable investments. Within this overall commitment, there is no prioritisation of environmental and/or social objectives, and the strategy does not target any specific allocation or minimum proportion for either of these categories. The investment process accommodates the combination of environmental and social objectives by allowing the Manager the flexibility to allocate between these based on availability and attractiveness of investment opportunities.

**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 managers 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 indicator;

- i. The percentage of the Fund portfolio made in sustainable investments;
- ii. the percentage of the Fund's Underlying Fund holdings rated A or above 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?**

Fineco AM's Investment, compliance and Risk team's monitor attainment of the environmental or social characteristics promoted throughout the fund's lifecycle on a regular basis, using Fineco AM'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 our chosen third party ESG data provider and the methodology applied by the Underlying Fund Investment Managers to attain the % of sustainable investments made by the Underlying Fund.

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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

We use 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 our ESG specialists.

External data sources include MSCI, which provides ESG ratings data, exclusion factors, data on

principal adverse impacts, controversy data etc. Internal sources include Fineco AM due diligence on underlying Fund Investment Managers, which complement the third-party sourced ESG ratings.

#### Measures taken to ensure data quality

When a data provider is initially onboarded by Fineco AM, an assessment of data quality and data coverage is made. For specific issuers, the Fineco AM 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 Fineco's policies on data processing.

#### Proportion of data that is estimated

Fineco AM 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 Fineco AM's ability to generate insights into an Underlying Fund's contribution towards a sustainability objective. The data used is primarily provided by external data providers and Underlying Fund Managers, 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 Fineco AM do not expect these constraints to have a material impact on the Fund's ability to achieve the environmental or social characteristics. In addition, Fineco AM continue 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 Fineco AM'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:

**Due Diligence of Underlying Funds:** to ensure full integration of ESG factor consideration, oversight and risk awareness into all aspects of investment decision making, ESG topics are fully embedded into pre-trade Due Diligence checks and ongoing engagement with underlying fund managers. This level of due diligence is an appropriate reflection of overall ESG factor consideration and forms an inherent part of the fundamental investment and operational risk assessment of a Fund / Investment Manager, as appropriate.

**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 Fineco AM to be appropriate for a fund promoting ESG characteristics. A monthly independent analysis and classification of each fund's ESG score is performed by the Fineco AM Risk team. Monthly risk reporting highlights any instances where this threshold may be breached. Subsequently, where appropriate, the ESG quality of the 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:** Fineco AM receives ESG scores from MSCI in order to conduct initial and ongoing due diligence on all directly purchased securities. The Fineco AM 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?**

Yes

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

We complete ongoing due diligence with underlying investment managers to ensure that the underlying fund is managed in accordance with its ESG objectives.

Please refer to our Responsible Investment Policy here for more information.

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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 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.