

## FINECO AM SMART FACTORS WORLD FUND

### SUPPLEMENT DATED 23 AUGUST 2024

This Supplement contains specific information in relation to the **FINECO AM SMART FACTORS WORLD FUND** (the “**Fund**”), a sub-fund of **FAM SERIES UCITS ICAV** (the “**ICAV**”), an open-ended umbrella type Irish Collective Asset-management Vehicle with variable capital and segregated liability between sub-funds, authorised by the Central Bank on 1 August 2018 pursuant to the UCITS Regulations.

**This Supplement forms part of and should be read in the context of and in conjunction with the prospectus of the ICAV dated 1 December 2022 and the addendum thereto (together the “Prospectus”).**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. The Fund’s Net Asset Value may be subject to increased volatility as a consequence of its investment in equities.**

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### Interpretation and Definitions

Defined terms used in this Supplement will bear the meaning given to them in the Prospectus or shall have the meaning given to them in this Supplement. In the event of any inconsistency between the Prospectus and this Supplement, the terms of this Supplement will prevail.

<b>Debt Instruments</b>	such as fixed or floating rate government bonds, corporate bonds, treasury bonds, municipal bonds and commercial paper, of Investment Grade or sub-Investment Grade, and issued by governments, quasi-sovereign entities, institutions, public listed companies (or companies established other than as public listed companies);
<b>Dealing Deadline</b>	means 11.59am (Irish time) on the immediately preceding Business Day before the relevant Dealing Day, provided always that the Dealing Deadline shall not be later than the Valuation Point;
<b>Equity Instruments</b>	means equity and/or equity related securities such as warrants, convertible stocks (which may or may not embed leverage) or preferred stock listed (or about to be listed) or traded on any Recognised Market - of (i) issuers listed or traded on developing market stock exchanges or (ii) companies considered by the Manager to be developing market companies and which are listed or traded on other Recognised Markets.
<b>Valuation Point</b>	means 11:59pm (Irish time) on the relevant Dealing Day.

### Investment Objective and Policies

The investment objective of the Fund is to provide long-term capital growth.

The Fund seeks to achieve its investment objective while promoting environmental, social and governance (ESG) characteristics under Article 8 of SFDR as described under “ESG Integration” below. The Fund does not pursue a sustainable objective and thus it is not classified under Article 9 of SFDR.

The Fund will seek to achieve its investment objective by (i) investing directly in Equity Instruments as described in the section headed “Direct Investment” below; and/or (ii) indirectly through the use

of Total Return Swaps (“TRS”) or through a combination of investment in interest rate swaps (“IRS”) and equity swaps, the funding of which will be facilitated by the purchase of Debt Instruments as described in the section headed “Indirect Investment” below. The Fund may be partially invested directly in Equity Instruments and partially invested indirectly through TRS and equity swaps. The allocation of the Fund’s portfolio to direct investment in Equity Instruments or indirect investments through the use of FDI will depend on the Manager’s assessment of prevailing market conditions and most efficient and cost effective way of achieving the Fund’s investment objective.

#### *Benchmark Information*

From time to time, the Manager, considering the degree of representativeness of underlying markets and their liquidity, strategically selects a benchmark or index (the “Index”) appropriate to the Fund’s investment policies, in reference to which the Fund is then managed and compared to which the Fund will seek to achieve a similar rate of return, gross of fees. Currently, the Fund is actively managed in reference to the MSCI World ESG Leaders Index (the “Index”). The Manager does not intend to replicate the composition of such Index and may at all times exercise total freedom by investing in securities which are not included in the referenced Index or which are present in different proportions.

As at the date of this Prospectus, the administrator of the Index, namely MSCI Limited, is availing of the transitional arrangements afforded under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “Benchmark Regulation”). Accordingly it does not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation.

#### *Direct Investment*

To implement its investment objective via direct investment, the Fund may invest in Equity Instruments of companies that are domiciled in, or carrying out the main part of their economic activity in developed markets and that are listed on Recognised Markets.

#### *Indirect Investment*

To implement its investment objective via indirect investment the Fund may:

- (i) enter into TRS, and/or equity swaps, that provide the Fund with exposure to an equity index/basket of equity indices/basket of global equities or global equity related securities, in exchange for the performance and/or income of some or all of the Fund’s assets which may be a globally diversified portfolio of equities or the Fund’s income under the IRS as described below. The Manager will select the global diversified portfolio of equities, according to an evaluation of risk (i.e., country risk, sector risk, maximum drawdown risk meaning the maximum drop in value of an equity holding) and liquidity risk (i.e., how easy it is to realize these equities). The underlying assets of the TRS and equity swaps may consist of a basket of equities or equity related securities that are selected by the Manager; and/or
- (ii) as mentioned on page 1 above, invest up to 100% of its assets in Debt Instruments , following which, the Fund will enter into IRS in which it will swap out an amount equal to the interest rate payments it receives on the Debt Instruments to provide income for the equity swap payments described in (i) above.

The counterparties to the IRS, TRS and equity swaps will comply with Regulation 8 of the Central Bank UCITS Regulations. The counterparties will have no discretion in respect of the TRS and equity swaps and the TRS and equity swaps will be unfunded i.e. no upfront payment is made. The value of the Fund’s Shares will be linked to the performance of the underlying assets of the TRS or equity swap it enters.

The Fund will be exposed to the credit risk of the counterparties to the TRS and IRS. If a counterparty defaults on its obligations, the Fund may experience a decline in the value of its portfolio. In the case of the termination and close-out of a TRS or IRS, the Fund will be exposed to the direct holdings of global equity investments and Debt Instruments.

The portfolio of Debt Instruments will be selected by the Manager, who will give preference to investment in Debt Instruments of global governments/corporates when selecting its investments. The Fund's exposure to non-Investment Grade Debt Instruments is limited to a maximum of 20% of the Fund's Net Asset Value.

In addition to the Direct Investments and Indirect Investments described above, the Fund may also invest:

- (i) up to 10% of its Net Asset Value in cash or up to 20% of its Net Asset Value in cash where the cash is booked in an account with the Depository;
- (ii) up to 10% of its Net Asset Value in units or shares of Underlying Funds within the meaning of Regulation 68(1)(e) of the UCITS Regulations and the purpose of such investment is to gain exposure to the types of investments described herein; and/or
- (iii) up to 10% of its Net Asset Value in ancillary liquid assets such as money market instruments, including but not limited to certificates of deposit, commercial paper or bankers' acceptances, government bonds.

Other than permitted investment in unlisted securities and OTC FDIs, the Fund's investments will be limited to securities that are traded on the markets listed in Schedule 1 of the Prospectus.

#### *Selecting Equity Instruments*

To implement the Fund's investment objective, whether investing directly in equities or indirectly through the use of FDI the Manager will use a proprietary quantitative investment process and qualitative analysis for the selection of the Fund's equity instruments, as more particularly described below.

#### *Selecting Debt Instruments*

The Manager will select the Debt Instruments based on an analysis which includes assessment of Debt Instruments particular yield levels (i.e. the level of return given by a bond up to its maturity date), yield curve slopes (i.e. different levels of return for different maturity dates) and country spreads (i.e. the difference in yield between certain government bonds having the same maturity date). The Manager will also select the Debt Instruments which are identified as being sufficiently stable and liquid to allow the Fund to meet its investment objective.

#### *Quantitative Factor Based Analysis*

Investment in Equity Instruments and/or the selection of the equity indices/basket of equity indices/ basket of equities or equity related securities to the TRS/equity swaps are driven by an internal proprietary quantitative model developed by the Manager which aims to generate long-term capital appreciation. For the selection of these investments, the Manager will consider one or more of the following quantitative factors (so-called "smart factors") for the purpose of determining which investments to acquire or gain exposure to:

- a) Quality: Quality companies are characterized as companies with durable business models (meaning companies with stable production/manufacturing capabilities and recurring revenues) and sustainable competitive advantages. Quality companies tend to have high return of equity, stable earnings that are less correlated with the broad business cycle, and strong balance sheets with low financial leverage.
- b) Value: Value companies are characterized as companies with attractive fundamental

ratios such as forward price to earnings ratio, free cash flow yield and price to book value.

- c) Momentum: Momentum companies are characterised as companies which show a continuing positive stock price trend over certain time horizons.
- d) Minimum Volatility: Minimum Volatility companies are characterised by low historical volatility of the stock price.
- e) Dividend: Dividend companies are companies characterised as companies which pay consistently higher dividends than their respective market peers.
- f) Size: Small size companies are characterised as companies having a relatively smaller market capitalization, than their peers.
- g) Growth: Growth companies are companies with a higher than average growth rates in projected earnings.
- h) ESG: ESG companies are companies which are characterised by higher ESG ranking than their peers. ESG ranking aims to measure a company's resilience to long-term, financially relevant ESG risks. To arrive at a final ESG ranking, the weighted average of individual Key Issue Scores is normalized relative to ESG ranking of Industry peers. There are three pillars of Key Issues: Environmental, Social and Governance (please see the table "Examples of ESG issues considered by the Manager" further below).

### *Qualitative Analysis*

The choice of the factors will be based on a qualitative assessment of the current macroeconomic situation, as it relates to the sectors and countries in the investable region, and it is subject to the investment policy. Macroeconomic analysis involves research of the ratios of individual countries' economies with particular attention regarding growth, country risk profile, price and consumer indices.

Qualitative research is the use of information for which it is not possible to run historical portfolio simulations on, it is non-numerical information and is information which does not lead to a quantifiable and definitive answer but which will allow the Manager to form an opinion on whether or not to invest in the particular investments mentioned above; i.e. research that is itself based on empirical, explorative and direct research. It serves to understand the reasons and tendencies behind most of the numerical data of quantitative research. Examples of the types of qualitative information and research are public economic reports released by international organizations such as Central Banks and economic research institutes.

### *ESG Integration*

The Manager believes that ESG considerations should be a foundation of any investment process supporting long-term investing. To this purpose, the Manager systematically includes ESG analysis in its investment decision making process pertaining to its Direct Investment as explained above 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/> or by requesting information directly from the Manager at: <http://finecoassetmanagement.com/contact/>

### *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 Manager’s Exclusion Policy may be obtained on the Manager’s website at: <http://finecoassetmanagement.com/sustainability/>. The Manager’s exclusion list may be obtained upon request from the Manager by reaching out to the contact details available on its website at: <http://finecoassetmanagement.com/contact/>.

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

When considering ESG scores, the Manager has regard to ESG scores assigned by a third party data provider. Further information on ESG scores is available on the Manager’s website at the link: <http://finecoassetmanagement.com/sustainability/>

The due diligence includes an analysis on ESG risks material to the investee issuers and considers how those entities manage their sustainability risks.

3. **Data Reliance:** the Manager may (i) source data from third-party data providers such as MSCI Inc and Bloomberg, and may apply its discretion on the conclusions of the data providers, and/or (ii) carry out its own internal ESG analyses on issuers. Potential investments for which there is insufficient data available from third-party providers to conduct an ESG analysis, may be deemed not eligible for inclusion in the Fund’s investment universe subject to the Manager’s own internal ESG analysis and assessment of an issuer which may include engagement with the relevant issuer to understand their approach to ESG matters.

Examples of ESG issues considered by the Manager are:

<b>Environmental Issues</b>	<b>Social Issues</b>	<b>Corporate Governance Issues</b>
Climate change and carbon emissions	Customer satisfaction	Board composition
Air and water pollution	Data protection and privacy	Audit committee structure
Biodiversity	Gender and diversity	Bribery and corruption
Deforestation	Employee engagement	Executive compensation
Energy efficiency	Community relations	Lobbying
Waste management	Human rights	Political contributions
Water scarcity	Labor standards	Whistleblower schemes

#### *Use of FDI*

The Fund may engage in FDI transactions for investment purposes, for the purposes of efficient portfolio management and for the purposes of hedging. The types of FDI that the Fund may use are total return swaps, equity swaps, IRS, futures and forwards, currency forwards and options. The underlying assets of FDIs will be limited to those investments that the Fund may acquire in accordance with its investment policy. The expected effect of the use of FDI will be to enhance returns and/or reduce inherent risks affecting the Fund’s investments. For information in relation to the risks associated with the use of FDIs, please refer to the “Risk Factors” section of the Prospectus. In respect of the direct/indirect costs and fees arising from securities lending and the use of TRS, please see the section in the main body of the Prospectus entitled " Securities Financing Transactions.

**Total Return Swaps:**The Manager may swap some or all of the Fund’s portfolio under a Total Return Swap to exchange the performance and income of some or all of the Fund’s portfolio in return for the performance and income of the underlying assets in the Total Return Swap. In addition, the Fund

may enter into a Total Return Swap on a reference basket of assets the composition of which will be in line with the investment policy. A Total Return Swap is a derivative contract between two parties where they agree to exchange the investment return and income on an underlying asset or a basket of assets for the investment return and income on a different underlying asset or a basket of assets which is agreed between the parties. Up to 100% of the Fund's assets may be subject to TRS as described in this paragraph and in the Investment Objective and Policies section above. It is expected that, in general, 0%-100% of the Fund's assets may be subject to TRS.

Interest Rate Swaps: The Fund may use IRS in order to swap out an amount equal to the interest rate payments it receives from its investment in Debt Instruments for the purposes of generating income for its equity swaps.

Equity Swaps: The Fund may use swaps on equities/equity related securities, baskets of equities/equity related securities, equity indices, or baskets of equity indices to gain or reduce exposure to an asset, which the Fund is permitted to have exposure to under the investment policy, without owning it or taking physical custody of it. For example, if the Fund invests in a swap on an underlying asset, it will receive the price appreciation of the underlying asset in exchange for payment of an agreed-upon fee.

Futures and Forwards: The Fund may use future and forwards contracts to hedge against downward movements in the value of the Fund's portfolio of investments (i.e. the Fund may enter into futures/forwards to sell investments at a fixed price thereby establishing a floor on the price at which investments may in the future be disposed), either by reference to investments or markets to which the Fund may be exposed to. Futures and forwards contracts may also be used for investment purposes or to allocate investments within the Fund by taking exposure to specific markets or issuers or to increase the Fund's exposure to general global market risk on a temporary basis, or on a long-term basis.

Currency Forwards: Currency forwards may be used for the purpose of hedging currency exposure, arising, for instance, from the redenomination of an investment designated in a currency other than the Fund's Base Currency, and for investment purposes. Currency forwards can be used for taking active currency risk where the Manager takes long or short exposure to currencies that it expects to rise or fall in value as the case may be, as determined based on the assessment of the relevant factors that determine the value of currency markets such as global economic conditions, interest rates, capital flows and credit spreads (i.e. difference in yield between debt securities of similar maturities). The Fund's net exposure to long currency forward positions may be up to 100% of the Fund's Net Asset Value and its net exposure to short currency forward positions may be up to 100% of the Fund's Net Asset Value. Due to the fact that currency positions held by the Fund may not correspond with the asset position held by the Fund, the effect of movements in foreign exchange rates may be significantly different in the Fund compared to another fund with similar investments.

Options: The Fund may buy or sell options. These put and call options may be used to gain exposure to investments or for the purposes of hedging in an efficient, liquid and effective way. Put options may be used to hedge investments against the downside market risk by permitting the Fund to sell investments at a fixed price. The Fund may buy call options to provide an efficient market exposure in a rising market. The Fund may sell call or put options to provide an extra income to the Fund or to reduce the costs of purchasing call or put options.

Exposure to Indices: The Fund may take exposure to one or more indices through the use of Total Return Swaps, equity swaps or through futures and forwards on indices or options on indices, provided that any such exposure/index will comply with the conditions and limits set down in the Central Bank's guidance titled "UCITS Financial Indices". It is not possible to identify the specific indices that the Fund may take exposure to (which may change from time-to-time), however, the underlying assets of such indices will be the abovementioned investments that the Fund may acquire in accordance with its investment policy. The Manager does not intend to use indices that rebalance more frequently than monthly, such rebalancing is not expected to have a material effect on the costs incurred within the index, and will be in accordance with the Central Bank UCITS Regulations. When

indices to which the Fund obtains an exposure do not comply with the diversification requirements established by the UCITS Regulations, the Fund will apply a “look-through” approach which allows the Manager to analyse the Fund’s exposure to the particular indices by looking through the derivative position which gives the Fund the relevant indirect exposure to the underlying indices. This allows the Fund to ensure that it meets the risk spreading requirements of the UCITS Regulations. Following this “look through” analysis, if the Fund’s exposure to a particular index exceeds the permitted investment restrictions, the Fund will have to address this by reducing the said exposure. The indices, if any, that the Fund takes exposure to will be included in the financial statements of the ICAV and details of the indices, including details of websites where additional information can be obtained, will be available upon request from the Manager.

Short Positions: The Fund may as part of its investment strategy hold short equity positions (taken only synthetically through derivatives). In the case of Equity Instruments, such short positions may be used to express a view on price movements of investments or equity markets generally by taking short positions on individual Equity Instruments or selling equity index positions. The expected maximum level of long derivative positions which the Fund may hold is 900% of its Net Asset Value, measured on a gross basis using the sum of notionals of the derivatives held by the Fund. The expected maximum level of short derivative positions which the Fund may hold is 900% of its Net Asset Value, measured on a gross basis using the sum of notionals of the derivatives held by the Fund.

#### *Risk Measurement - Global Exposure and Leverage*

Market risk created through the use of derivatives will be measured daily using the relative value-at-risk (VaR) approach. VaR is a risk measurement technique designed to estimate the potential loss in the Fund’s portfolio over a set period at a certain confidence level, and is based on statistical analysis of historical price trends and volatilities. The VaR of the Fund’s portfolio is calculated daily and is measured relative to the VaR of the MSCI World ESG Leaders Index, an index which the Manager considers is a comparable benchmark to the Fund’s portfolio. The Index is a capitalization weighted index that provides exposure to companies with high ESG performance relative to their sector peers. The Index is constructed by aggregating the following regional indices: MSCI Pacific ESG Leaders Index, MSCI Europe & Middle East ESG Leaders Index, MSCI Canada ESG Leaders Index and MSCI USA ESG Leaders Index. In compliance with the UCITS Regulations, the relative VaR of the Fund’s portfolio shall not exceed twice the Index, as determined at least daily using a one-tailed confidence interval of 99%, a holding period of one month (20 Business Days) and an historical observation period of at least one year (250 Business Days) unless a shorter observation period is justified by a significant increase in price volatility, such as in extreme market conditions.

The level of gross leverage, calculated based on the sum of the absolute value of notionals of the derivatives used, in accordance with the requirements of the Central Bank, is expected to be 1000% of the Fund’s Net Asset Value. There is a possibility of higher leverage levels than this expected level. The expected level of leverage is calculated based on the sum of the absolute value of notionals of the derivatives used, does not take into account any netting and hedging arrangements and therefore is not a risk-adjusted method of measuring leverage.

#### *Securities Lending Agreements*

Securities lending is the temporary transfer of securities by a lender to a borrower, with agreement by the borrower to return equivalent securities to the lender at a pre-agreed time. These agreements will only be used for efficient portfolio management to enhance overall returns to the Fund through the receipt of finance charges for the lending by the Fund of Investments that it may acquire in accordance with its investment policy and are subject to the conditions and limits set out in the Central Bank UCITS Regulations. Counterparties to any securities lending activity will comply with Regulation 8 of the Central Bank UCITS Regulations. The Fund will only act as a lender under securities lending transactions and exposure to securities lending transactions is expected to be 40 % of the Fund’s Net Asset Value, subject to a maximum exposure of 70 % of the Fund’s Net Asset

Value.

## **Collateral Management**

All assets received by the Fund as collateral in the context of the use of FDI will comply with the criteria for the receipt of such collateral set down by the Central Bank as further detailed under the section of the Prospectus headed “Collateral Policy”.

## **Investor Profile**

The Fund is suitable for investors who seek capital appreciation over the long-term, and are prepared to accept a high level of risk.

## **Manager**

The Fund is managed by the Manager who is responsible for the overall management of the Fund, including discretionary portfolio management of the Fund.

**SFDR Classification:** The Manager has categorised the Fund as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and/or social characteristics and invest in companies that follow good governance practices, as further described in Annex II at the end of this Supplement.

## **SFDR Disclosure**

When assessing the Sustainability Risk associated with the Fund’s underlying investments, the Manager is attempting to understand the likelihood of the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition (see definition of Sustainability Risk in the main body of the Prospectus).

**While the Manager integrates Sustainability Risk into the Fund’s investment decision making process, the output of such Sustainability Risk integration is not the determining factor considered in the investment decisions of the Manager in respect of the assets which the Fund may buy and/or hold. Accordingly, the Manager may buy and/or hold assets which may expose the Fund to high or low levels of Sustainability Risk.**

In relation to its Direct Investment, the Fund integrates Sustainability Risk into its investment decision making process as summarised above under “ESG Integration”.

It has been determined that the Fund may have a lower prospect of being impacted by Sustainability Risk given that the Fund falls within the meaning of Article 8 of SFDR. To the extent that a Sustainability Risk occurs, there may be a sudden, material negative impact on the value of an investment, and hence there may be a material negative impact on the Net Asset Value of the Fund. Such negative impacts may result in an entire loss of value of an investment and may have an equivalent negative impact on the Net Asset Value of the Fund. The Manager acknowledges that the Fund’s exposure to Sustainability Risks is changeable and shall keep the Fund’s exposure to these risks under periodic review. Where the Manager considers, as a result of such a review, that the Fund’s approach to the management of sustainability risks is to materially change, these disclosures will be updated accordingly.

It is possible that an assessment of Sustainability Risk may influence a decision by the Manager to not make an investment, or to dispose of an existing investment that would otherwise be considered as attractive to invest in or retain, when confining the factors considered to financial-related elements such as financial position, revenue, capital structure etc.



Please refer to the section of the Prospectus entitled "Sustainable Finance Disclosures" for further information.

**Base Currency:** Euro.

### Offer of Shares

The following Classes of Shares are available for subscription:

Share Class	Initial Offer Price	Initial Offer Period	Currency Denomination and Hedged Class		Sales Charge	Minimum Initial Subscription and Minimum Subsequent Subscription	Distribution Type
Class L ACC	€100	Closed	Euro	No	No	€1,000 / €100	Accumulating
Class K Acc	€100	26 August 2024 – 24 February 2025	Euro	No	No	€100 / €100	Accumulating
Class KH Acc GBP	£100	26 August 2024 - 24 February 2025	GBP	Yes	No	£100 / £100	Accumulating
Class K Acc GBP	£100	26 August 2024 - 24 February 2025	GBP	No	No	£100 / £100	Accumulating
Class J Acc	€10,000	Closed	Euro	No	No	€1,000,000 / €100	Accumulating
Class A Acc	€100	Closed	Euro	No	No	€500 / €100	Accumulating

During the initial offer period Shares are available for subscription at the initial offer price as indicated in the table above. Where the initial offer period has closed, Shares will be available at the prevailing Net Asset Value of each Class of Shares.

### Application for Shares

Full details on how to purchase Shares are described in the Prospectus under the section titled "Application for Shares". Applications for Shares may be made to the Paying Agent or the Administrator (whose details are set out in the Application Form). Applications received by the Paying Agent or the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day, unless the Directors in their absolute discretion, in exceptional circumstances, otherwise determine to accept one or more applications received after

the Dealing Deadline for processing on that Dealing Day, provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

## **Fees and Expenses**

Fees and expenses are payable out of the assets of the Fund and details of how Fees are accrued and paid, and details of other general management and fund charges, are set out in the Prospectus under the heading "Fees and Expenses".

### *Manager's Fee*

Up to 0.80% per annum (plus VAT, if any) of the Net Asset Value of each Class of Shares.

### *Administrator's Fee*

Up to 0.3% per annum (plus VAT, if any) of the Net Asset Value of each Class of Shares.

### *Depository's Fee*

Up to 0.2% per annum (plus VAT, if any) of the Net Asset Value of each Class of Shares.

### *Sales Charge*

Up to 5% of the value of the gross subscription, except in respect of an Underlying Fund which is managed, directly or by delegation, by the Manager or by any other entity with which the Manager is linked by common management or control, or by a substantial direct or indirect holding; in which case, in order to avoid double-charging, either (i) the Underlying Fund will waive any sales charge, or (ii) any sales charge will be waived in respect of the Fund. In respect of scenario (ii) above, the principle of equal and fair treatment of the investors will at all times be met by the Fund in accordance with the Central Bank UCITS Regulations.

**If a sales charge fee is incurred, Shareholders should view their investment as medium to long-term.**

## **Risk Factors**

The attention of investors is drawn to the section headed "Risk Factors" in the Prospectus.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Smart Factors World Fineco AM Fund  
**Legal entity identifier:** G35400Y2K6BEEDQHY471

## 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 will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input checked="" 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 40% 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 <b>will not make any sustainable investments</b>
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**What environmental and/or social characteristics are promoted by this financial product?**

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

- Sustainable Investments:** The Fund partially invests in sustainable investments as defined as investment in companies and issuers that contribute to an environmental and/or social objective, while doing no significant harm.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

2. **Positive Screening:** Consideration of environmental, social and governance (“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.
3. **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.
4. **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:

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

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

● ***What sustainability indicators are used to measure the attainment of each 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 percentage of the Fund invested in sustainable investments;
- iv) The underlying direct holdings of the Fund being rated above BB by MSCI ESG Manager (or an other corresponding rating from a similar rating provider); and

v) The percentage of the Fund investment universe subject to the Manager's Exclusion Policy.

**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 made by the Fund are to finance companies that contribute to environmental and/or social objectives through their products and services, as well as their sustainable practices.

The Manager is using, as of the date of this document, its internal methodology to determine sustainable investments, which partially relies (for the good governance and positive contribution criteria, as per 1 and 3 below) on its ESG third party data provider's methodology, as also clearly explained in the publicly available document on the Manager's website at the below link. Such methodology integrates several criteria into its definition of sustainable investments that are considered to be core components to qualify a company as sustainable. A company must meet the criteria described below in order to be considered as contributing to an environmental or social objective:

1. Demonstrate good governance. A company must pass MSCI ESG Research's criteria for the SFDR Article 2 (17) "good governance" (strong overall management and governance structures). Pass indicates that the ESG Rating score is BB or above.
2. Do no significant harm to other environmental or social objectives. The Manager applies its own norms-based Exclusion Policy as the criteria to assess if the company passes or fails the SFDR article 2 (17) "do no significant harm".
3. Make a positive contribution towards an environmental or social objective. A company must derive at least 20% of revenue from economic activities that positively contribute to a social or environmental theme and / or have a carbon emissions reduction target approved by the science-based targets initiative (SBTi). From the perspective of targeting an environmental objective, revenue alignment includes activities focused on climate change mitigation and energy efficiency, pollution prevention and waste minimization, sustainable management of water, forestry and land resources. Activities focused on social objectives include access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in least developed countries.

More information on the internal methodology can be found on the website of the Manager: <https://finecoassetmanagement.com/responsible-investing>

**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 and/or social sustainable investment objective based on screening applied by the Manager through its Exclusion Policy.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principal adverse impact ("PAI") indicators are calculated at portfolio level. The results will be compared with that of a chosen proxy benchmark representative of the Fund's investment universe and/or its peers. These calculations will be used as the basis of assessment of adverse impacts on sustainability factors in order to determine what the Manager can improve at Fund level and where the Manager can engage with relevant issuers to improve on such indicators.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### Human Rights? Details:

The sustainable investments which the Fund makes 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 ensuring that the sustainable investments that the Manager makes are:
  - a. Made in investee companies that demonstrate good governance:
  - b. Made in investee companies 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 EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



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



Yes, PAIs 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 specific PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability.



No



#### **What investment strategy does this financial product follow?**

The Fund follows an investment strategy which seeks to provide long term capital appreciation.

The Manager systematically includes ESG analysis in its investment decision making process pertaining by relying on certain ESG screenings, practices and factors, which are summarised as follows and that can also be found in more detail

### 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 high 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. **Direct held equity investments** of the Fund will only be drawn from constituents of ESG screened indices;
- b. **Minimum underlying security score of BB** by MSCI ESG manager (or an other corresponding rating from a similar rating provider) for each Fund security;
- c. **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 committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

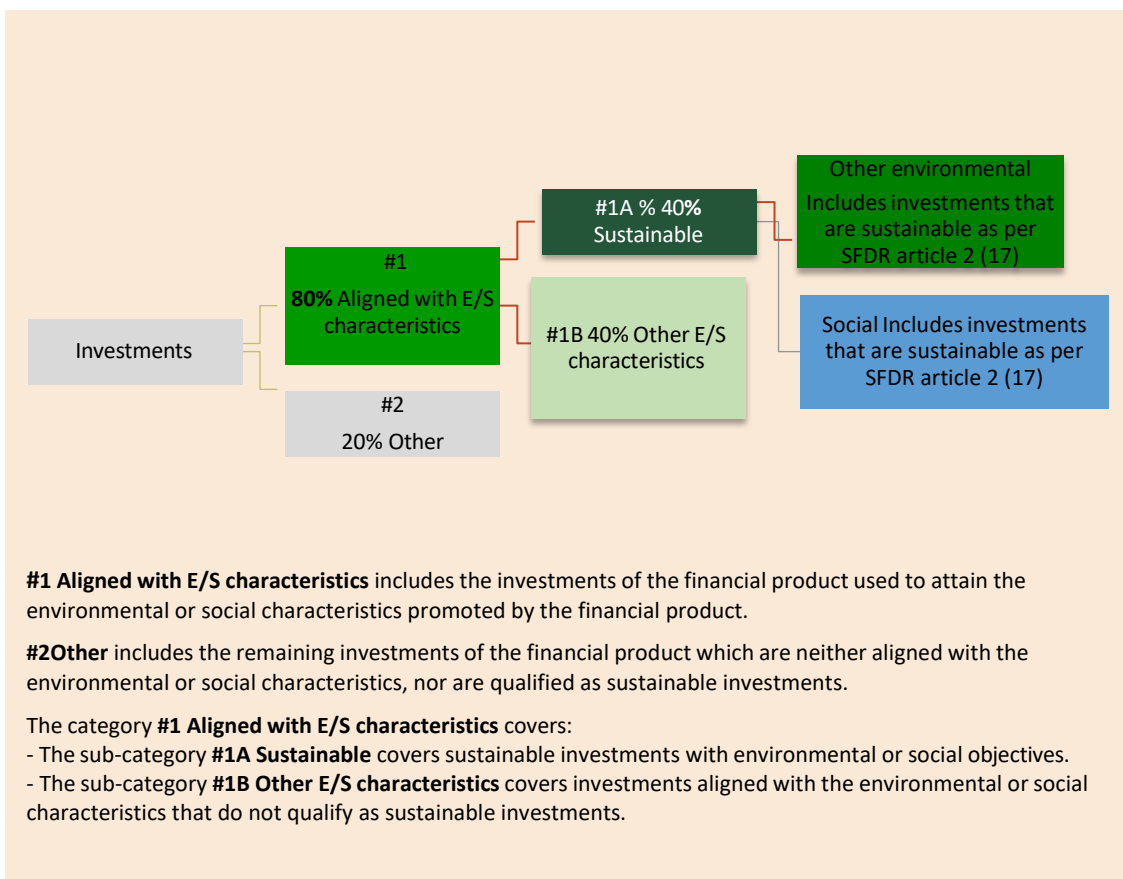
● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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.



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



**#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.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a

### Asset allocation

describes the share of investments in specific assets.

investee companies.

\*Investments means the products NAV which is the total market value of the product.

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 40% in sustainable investments.

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 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 can gain exposure through derivatives 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 or social characteristics. Thus, the Fund does not use derivatives to attain the environmental or social characteristics promoted by the Fund.





## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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.

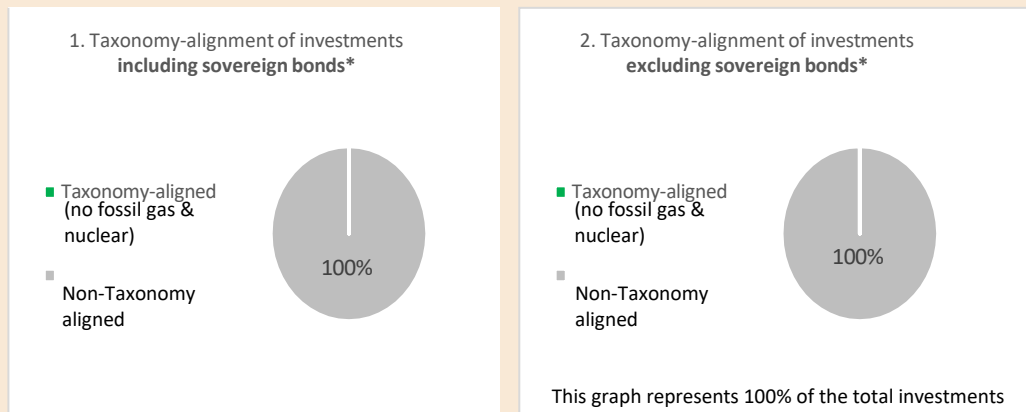
### ● Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>? --

Yes:

In fossil gas     In nuclear energy

No

*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 investments in transitional and enabling activities? 0%. There is no commitment to a minimum proportion of investments in transitional and enabling activities.



## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? 40%\*

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214



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

40%\*

\*The Fund commits to invest at least 40% 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. 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.



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

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?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

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

N/A

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

N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



## Where can I find more product specific information online?

**More product-specific information can be found on the website:**

Further details on the Responsible Investment Policy, summary investment process and Exclusion Policy can be found on the Management Company’s website at the following links [FAM - Sustainability](#) | [Fineco FAM - Fineco FAM \(finecoassetmanagement.com\)](#)