

## NORTH AMERICAN STARS EQUITY FAM FUND

### SUPPLEMENT DATED 1 December 2022

This Supplement contains specific information in relation to **North American STARS Equity FAM 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 conjunction with the prospectus of the ICAV dated 1 December 2022 and the addendum thereto (together the "Prospectus").**

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#### **Investment Objective and Policies**

The investment objective of the Fund is to achieve long-term capital growth from a portfolio primarily (at least 75% of the Net Asset Value of the Fund) made up of the equity securities of companies across any sector and market capitalisation that are domiciled in, or carrying out the main part of their economic activity in, North America.

In actively managing the Fund's portfolio, the Investment Manager selects companies with a particular focus on their ability to comply with international standards for environmental, social and corporate governance ("**ESG**"), as described in more detail further below under "ESG Integration" section.

The equity securities in which the Fund will invest include common stocks, convertible stocks, preferred stocks, rights and warrants to subscribe for the purchase of equity securities, and depositary receipts (traded on Recognised Markets). The Fund may also invest up to 10% of its Net Asset Value in unlisted equities which are not listed on recognised exchanges and markets but which are permissible investments for UCITS.

The Fund may hold money market instruments (such as treasury bills, certificates of deposit, commercial paper and bankers acceptances) or money market funds for ancillary purposes so that it can pay its expenses, satisfy redemption requests or take advantage of investment opportunities by freeing up cash quickly through the disposal of such money market instruments or money market funds. With specific regard to the investment in money market funds, as these funds qualify as "collective investment schemes" within the meaning of Regulation 68(1)(e) of the UCITS Regulations, the investment is limited to 10% of the Fund's Net Asset Value, in accordance with said UCITS Regulations.

At any time, the Fund may invest up to 25% of its Net Asset Value in deposits and hold cash for ancillary purposes provided that no more than 10% of the Net Asset Value of the Fund (or up to 20% booked on account with the Depositary subject to and in accordance with Schedule II of the Prospectus) may be held by a single credit institution.

No more than 10% of the Fund's Net Asset Value may be invested in units or shares of Underlying Funds within the meaning of Regulation 68(1)(e) of the UCITS Regulations.

#### *Benchmark Information*

The Fund is actively managed. The Investment Manager has selected the Russell 3000 Index (Net Return) (the "Index"), which is used for performance comparison purposes only. The Investment 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.

#### *Selection of Investments*

The selection of equity investments relies on the following bottom-up analysis which at all times is undertaken with overarching ESG considerations being the main driver of selection of investments from the Investment Manager, as explained in more detail further below under "ESG Integration". In this way, the Investment Manager only selects those companies for the Fund's investment universe that show sound fundamentals along with high ESG scores only (as per its "Stars Strategy", defined below). When considering a company's sound fundamentals, the Investment Manager mainly look at:

- 1) competition in the industry;
- 2) potential of new entrants into the industry;
- 3) power of suppliers;
- 4) power of customers and
- 5) threat of substitutes.

The Investment Manager believes that companies with competitive advantages tend to have better long-term opportunities of profitability.

### **Bottom-up analysis**

The Investment Manager follows a bottom-up investment process by investing in equities which may include 1) value, 2) quality and 4) growth style characteristics, as defined below, that it believes will deliver outperformance over the long term. This approach combines both the rigor of quantitative approaches (by relying on internal proprietary quantitative models developed by the Investment Manager) and more qualitative analysis based on the experience, balanced return and risk appraisal of fundamental approaches, as described above from 1) to 5) under “*Selection of Investments*”, that take into account the following investment styles:

- 1) **Value:** To identify attractively valued stocks, the Investment Manager looks at how each stock is valued relative to the market and its peers.
- 2) **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.
- 3) **Growth:** Growth companies are companies with higher-than-average growth rates in projected earnings.

The above-mentioned quantitative model developed by the Investment Manager is used as a decision making tool for portfolio construction to assist the Investment Manager in determining the optimal weight that a stock should have in the portfolio given the stock specific valuation expectation and its contribution to portfolio risk-adjusted returns.

### **ESG Integration**

The Investment Manager believes that ESG considerations should be a foundation of any investment process supporting long-term investing. To this purpose, the Investment Manager systematically includes ESG analysis in its investment decision making process by relying on certain ESG screenings and factors, which are summarised as follows and that can also be found in more detail on Nordea Asset Management (“NAM”)’s website: [www.nordea.lu](http://www.nordea.lu) – “Responsible Investment” section:

#### *ESG Screenings*

1. **“Stars Strategy”:** the Investment Manager use a proprietary ESG scoring system and bespoke analysis carried out by its Responsible Investments team and financial analysts. This system focuses on conducting an enhanced due diligence on investee companies and selecting those for the Fund’s investment universe that show sound fundamentals and high ESG scores only. The above enhanced due diligence includes an analysis on ESG risks material to the investee company and considers how companies manage their sustainability risks. The relevant company will then be assigned an ESG score from C (lowest) to A (highest). Eligible investments must have an ESG score of B or A.
2. **Exclusion List:** in the equity selection process, the Investment Manager may identify companies that are allegedly involved in breaches of international norms on, for example, environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, action is taken by the Investment Manager that may lead to the exclusion of such company from the investment universe of the Fund. The updated exclusion list is made available to investors on the Investment Manager’s website on <https://www.nordea.com/en/sustainability/exclusion>. Moreover, the Investment Manager will comply with the Manager’s exclusion list which is based on the Manager’s exclusion policy and compiled by the Manager, unless the Investment Manager’s exclusions result in

a more stringent rule than that or those provided for by the Manager and, in such case, the Investment Manager's more stringent rule(s) will apply. 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/>.

3. **Data Reliance:** The Investment Manager sources data from several third-party data providers such as MSCI Inc., ISS ESG, Bloomberg, TruValue Labs, SASB, CDP, RepRisk, Impact-cubed, Maplescroft, NGO's as input for the above ESG score. Potential investments for which there is not sufficient data available to conduct the ESG analysis (as described in this section) are not eligible for inclusion in the Fund's investment universe.
4. **Principal Adverse Impact ("PAI") Integration:** The environmental and social impact of the activities of the investee companies is assessed on an ongoing basis through PAI integration. Companies identified as outliers on one or more PAI indicators, are analysed further which may result in a recommendation for action, such as the exclusion of such company from the investment universe of the Fund. For more information, please see NAM's Responsible Investment Policy and disclosure statement on the integration of Principal Adverse Impact indicators which can be found on the Investment Manager's website on [www.nordea.lu](http://www.nordea.lu) – "Responsible Investment" section.

ESG factors

Examples of ESG factors considered by the Investment Manager are:

<b>Environmental Issues</b>	<b>Social Issues</b>	<b>Corporate Governance Issues</b>
Air pollution	Workplace safety	Audit committee independence
Waste & Hazardous Materials Management	Working conditions	Compensation committee independence
Water pollution	Employee health	Political contribution
Resource efficiency / management	Social value creation	Executive compensation
Biodiversity / habitat protection	Child labour ban	Stakeholder engagement
Material Sourcing & Efficiency	Emergency preparedness	Code of conduct

*Responsible Investing Information*

For any additional information on the Investment Manager's sustainable investing approach, please refer to the website [www.nordea.lu](http://www.nordea.lu) – "Responsible Investment" section.

*Use of Financial Derivative Instruments (FDIs) and other Instruments and Techniques.*

**The Fund may engage in transactions in listed and/or non-listed FDIs for investment purposes, efficient portfolio management, risk reduction and hedging.** The types of FDIs that the Fund may use are: equity swaps, options, warrants, futures, forwards, 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 these instruments 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.

*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.

*Options:* The Fund may acquire options and in particular call options may be used to gain exposure to equities and can provide an efficient, liquid and effective mechanism for taking a position in equities. Put options may be used to hedge against downside risk by permitting the Fund to sell investments at a fixed price and thereby protect the value of its portfolio in circumstances of a selloff and decline in market values.

*Warrants:* The Fund may use warrants as a means to gain exposure to certain markets in a most efficient and expeditious manner. For example, certain markets may have a long lead-in time to obtain local market access and warrants may be used during this lead-in time in order to allow quicker market access. The Fund may gain an exposure to warrants of up to 2% of its Net Asset Value. Warrants grant the right to acquire an underlying security from the issuer (as opposed to an option where a third party grants a right to acquire an underlying security as described above) at a fixed price. Warrants have similar characteristics to call options, but are typically issued together with preferred stocks or bonds or in connection with corporate actions.

*Futures and Forwards:* Futures and forwards may be bought or sold to hedge against downward movements in the value of the Fund's portfolio (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 equity securities or markets to which the Fund may be exposed.

*Exposure to Indices:* The Fund may take exposure to one or more indices as described in this section, 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 Investment 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 Investment 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 consolidated exposure does not meet the risk spreading requirements of the UCITS Regulations, 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.

*Long/Short Positions:* The expected maximum level of long derivative positions which the Fund may hold is 100% of its Net Asset Value, measured on a net 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 100% of its Net Asset Value, measured on a net basis using the sum of notionals of the derivatives held by the Fund.

### **Securities Financing Transactions**

*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 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 of its securities and are subject to the conditions and limits set out on the Central Bank UCITS Regulations. The Fund's exposure to securities lending transactions is expected to be 0-30% of the Fund's Net Asset Value, subject to a maximum exposure of 30% of the Fund's Net Asset Value. Counterparties to any securities lending activity will comply with Regulation 8 of the Central Bank UCITS Regulations. In respect of the direct/indirect costs and fees arising from securities lending, please see the section in the main body of the Prospectus entitled "Securities Financing Transactions".

### **Collateral Management**

The Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any Member State, or one of its local authorities, or a public international body to which one or more Member States belong provided that the relevant securities are from at least six different issues and no single issue shall make up more than 30% of a Fund's net asset value. All assets received by the Fund as collateral in the context of the use of FDI, Securities Financing Transactions and/or efficient portfolio

management techniques 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".

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

Global exposure is calculated using the commitment approach. Global exposure and leverage as a result of FDIs, as measured using the commitment approach, shall not exceed 100% of the Fund's Net Asset Value.

**SFDR Classification:** The Manager has categorised the Fund as meeting the provisions set out in Article 8 of SFDR, as further described in Annex II at the end of this Supplement.<sup>1</sup>

#### ***SFDR Disclosure***

When assessing the Sustainability Risk associated with the Fund's underlying investments, the Investment 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 Risks" in the main body of the Prospectus).

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

It has been determined that the Fund may have a lower prospect of being impacted by Sustainability Risks 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. The Manager and Investment Manager acknowledge 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 and/or the Investment 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 Investment 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.

#### ***Taxonomy Disclosure***

While the Fund promotes environmental and/or social characteristics within the meaning of Article 8 of the SFDR, it should be noted that 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 "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.

The Investment Manager's sustainable investing policy is available at <https://www.nordea.lu/en/professional/responsible-investing/>.

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

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<sup>1</sup> The information contained in Annex II has been completed using information provided by the Investment Manager of the Fund.

## Investor Profile

The Fund is suitable for retail and institutional investors seeking long-term capital growth and who are willing to accept high levels of volatility. The Fund should be viewed as a long term investment.

## Investment Manager

The Manager has appointed Nordea Investment Management AB, acting through its Danish Branch, at Strandgade 3, 1401 Copenhagen, Denmark to act as the investment manager pursuant to an investment management agreement, as amended and restated on 7 December 2021. The Investment Manager will provide discretionary investment management services to the Fund subject to the overall supervision of the Manager. The Investment Manager's principal business and occupation is to provide investment management services to clients.

**Base Currency:** USD

## Offer of Shares

Share Class	Initial Offer Price	Initial Offer Period	Currency Denomination and Hedged Class		Sales Charge	Minimum Initial Subscription and Minimum Subsequent Subscription	Distribution Type
L Acc	€100	Closed	Euro	No	Yes / up to 5%	€1,000/€100	Accumulating
LH Acc	€100	Closed	Euro	Yes	Yes / up to 5%	€1,000/€100	Accumulating
A Acc	€100	Closed	Euro	No	No	€1,000/€100	Accumulating
I Acc	€100	Closed	Euro	No	No	€1,000,000/€100	Accumulating
D Acc	€100	2 December 2022 – 1 June 2023	EUR	No	No	€500/€100	Accumulating
DH Acc	€100	2 December 2022 – 1 June 2023	EUR	Yes	No	€500/€100	Accumulating
J Acc	€10,000	Closed	EUR	No	No	€ 1,000,000 / 100	Accumulating
J Dist	€10,000	2 December 2022 – 1 June 2023	EUR	No	No	€ 1,000,000 / 100	Distributing

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". Investors should note the following Dealing Deadline and Valuation Point that shall apply in respect of applications for Shares of the Fund:

**"Dealing Deadline"** means 11:59am (Irish time) on the relevant Dealing Day;

**"Valuation Point"** means 11:59pm (Irish time) on the relevant Dealing Day;

**"Dealing Day"** means every weekday on which retail banks and securities markets in Luxembourg and the United States of America are open for business.

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 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**

The Manager shall be entitled to a management fee of up to 2.50% per annum (plus VAT, if any) of the Net Asset Value of each Class of Shares. The fees of the Investment Manager shall be paid out of the Manager’s fees and not out of the assets of the Fund.

### **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 is incurred, Shareholders should view their investment as long-term.**

## **Establishment Costs**

The costs of establishing the Fund, obtaining approval from any authority, filing fees, the preparation and printing of this Supplement, marketing costs and the fees of all professionals relating to it, which are estimated not to exceed €25,000 will be borne by the Fund and amortised over the first five years of the Fund’s operation (or such other period as may be determined by the Directors in their discretion).

## **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**

**Product name:** North American STARS Equity FAM Fund

**Legal entity identifier:** 254900AWYCN71JRUY496

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_%

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 50% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**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.





## What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics ("E/S") characteristics of this product include:

**Minimum proportion of sustainable investments** The Fund partly invests in sustainable investments, which means companies and issuers involved in activities that contribute to an environmental or social objective as outlined in UN SDGs and/or the EU Taxonomy, while not significantly harming any other environmental or social objectives.

**ESG scoring** The Fund invests in companies that have been analysed and scored in NAM's proprietary ESG tool to ensure that only securities issued by companies that meet the minimum required ESG score are eligible for inclusion.

**Sector- and value-based exclusions** Exclusion filters are applied to the portfolio construction process to restrict investments in companies and issuers with material exposure to certain activities deemed to be detrimental to the environment or the society at large, including tobacco companies and fossil fuel companies.

**The Investment Manager's ("NAM") Paris-Aligned Fossil Fuel policy** whereby the Fund will not invest in companies that have significant exposure to fossil fuels unless they have a credible transition strategy.

The Fund uses a benchmark that is not aligned with the Fund's E/S characteristics. This Fund does not have a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

To measure the attainment of the environmental or social characteristics, the investment manager will use the following indicators:

- Carbon Footprint
- Violations of United Nations Global Compact

### 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 partially intends to make, is to contribute to one or several of the UN SDGs or alternatively be involved in Taxonomy aligned activities. Sustainable investments contribute to the objectives through the product's investments in companies that support the UN SDGs or Taxonomy aligned activities by passing a minimum threshold for revenue alignment with UN SDGs or the EU Taxonomy.

### 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 are screened to ensure that they do not significantly harm any other social or environmental objectives (DNSH test) as defined by the EU Taxonomy or any SDGs as adopted by the UN.

#### Sustainability indicators

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

#### 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, anticorruption and antibribery matters.

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

NAM has developed a proprietary quantitative methodology that assesses the environmental and social impact of NAM's investment universe (direct investments mainly) using multiple principal adverse impact ("PAI") indicators from Table 1 and/or Table 2 and/or Table 3 of Annex 1 of the SFDR RTS (the "PAI tool"). The methodology utilises a diverse range of data sources in order to ensure that investee companies' performance is appropriately analysed. PAI indicators are assessed in NAM's PAI tool and the results are a material part of the DNSH test.

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

Alignment of the Sustainable Investments with the OECD guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, is confirmed as part of the process to identify sustainable investments using NAM's PAI tool.

*The EU Taxonomy sets out a "do no 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?**

- No,
- Yes, NAM's proprietary quantitative PAI tool assesses the impact of NAM's investment universe (direct investments mainly) across multiple PAI indicators. Investment teams have access to both absolute PAIs metrics and normalised scale values, allowing them to identify outliers and adjust their view of investee companies and issuers accordingly. The specific PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability.

Information on PAI on sustainability factors will be made available in the periodic reporting pursuant to SFDR Article 11(2).



## What investment strategy does this financial product follow?

The Fund is managed according to the Stars investment strategy which includes a commitment to apply the NAM proprietary ESG framework to analyse and select investments that epitomize the ESG characteristics of the Fund.

The analysis is performed via an enhanced due diligence on material ESG issues that are relevant to the investee company. Furthermore, each company's business model alignment with relevant UN SDGs is taken into consideration as well as the company's approach to managing ESG risks. Depending on the outcome of the analysis, the company will be assigned an ESG score from C to A. Stars eligible investments must have an ESG score in the B or A range.

Companies and issuers are analysed and screened using NAM's proprietary methodology to identify and select sustainable investments that will contribute to the proportion of such investments.

More information on the general investment policy of the Fund can be found in the Investment Guidelines

### ● ***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?***

- Direct investments must meet the minimum threshold for ESG score.
- Minimum 50% of the product is invested in sustainable investments as defined by NAM's proprietary methodology that identifies sustainable investments.
- Sector- or value-based exclusions prevent investments into activities that are deemed to be inappropriate for the strategy. More information is available in the sustainability-related website information in accordance with SFDR article 10.
- NAM's Paris-Aligned Fossil Fuel Policy sets thresholds for companies' exposure to fossil fuel production, distribution and services. This means that the product will not invest in companies with material involvement in fossil fuel production, distribution or services if they do not have a documented transition strategy that aligns with the Paris Agreement.
- The product adheres to NAM's Responsible Investment Policy and does not invest in companies that are on Nordea's exclusion list due to violation of international norms or involvement in controversial business activities.

The binding elements are documented and monitored on an ongoing basis. Separately, NAM has risk management processes in place to control financial and regulatory risk and ensure appropriate escalation of any potential issues within a clear governance structure.

NAM conducts a thorough due diligence on external data vendors to clarify applied methodologies and verify data quality. However, as the regulation and standards of non-financial reporting is rapidly developing, data quality, coverage and accessibility remains challenging – especially for smaller companies and less developed markets.

In addition to the exclusions of the Investment Manager, the Manager's exclusion list which is based on the Manager's exclusion policy and compiled by the Manager will apply. Exclusion categories considered in the exclusion policy are United Nations Global Compact Principles, Controversial Weapons, Tobacco, Climate Change and Forced Labour. See link below to the Manager's website for more detail on the application of the exclusion policy.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

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

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

Good governance practices of investee companies is addressed in various layers of the security selection process. Governance safeguards are inherent in the NAM level norms-based screening as well as the NAM PAI processes. Additionally, at the product level, 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 three pillars; 1) The principles of governance (democratic governance), 2) Execution of governance and 3) Efficiency of governance.

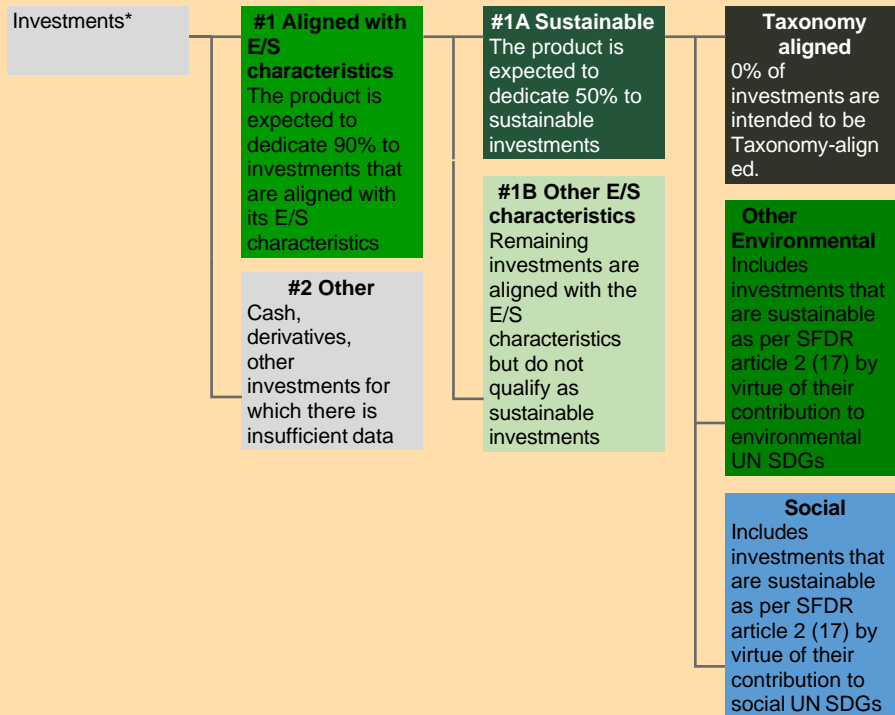


## What is the asset allocation planned for the financial product?

**Asset allocation** describes the share of investments in specific assets.

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 green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#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.

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

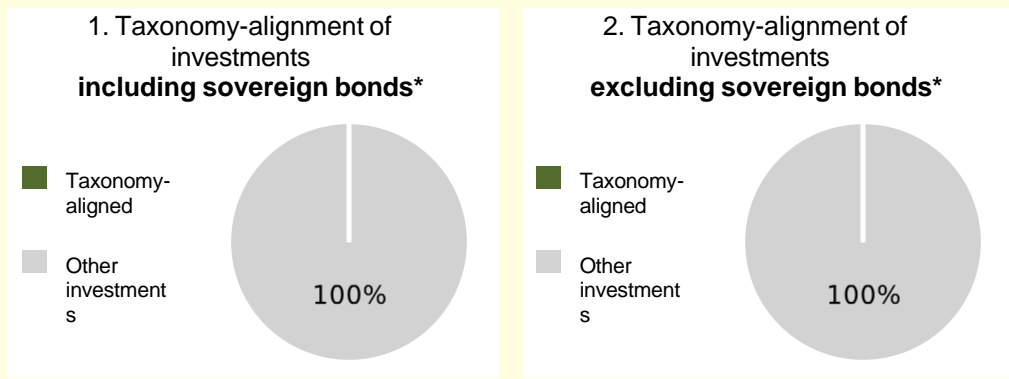
The asset allocation may change over time and percentages should be seen as an average over an extended period of time. Calculations may rely on incomplete or inaccurate company or third party data.



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

Sufficiently reliable data on Taxonomy-alignment is scarce and the data coverage remains too low to support a meaningful commitment to a minimum proportion of Taxonomy-aligned investments in this product. It cannot be excluded that some of the products holdings qualify as Taxonomy-aligned investments. Disclosures and reporting on taxonomy-alignment will develop as the EU framework evolves and data is made available by companies.

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?


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

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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



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

The Fund may invest in economic activities that are not yet eligible to be environmentally sustainable economic activities. Company data of EU Taxonomy-alignment is not yet widely available from public disclosures by investee companies. The minimum proportion of such investments is 0%.



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

The Fund contains investments with both an environmental and a social objective. There is no prioritisation of environmental and 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 investment 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?**

Cash may be held as ancillary liquidity or for risk balancing purposes. The Fund may use derivatives and other techniques for the purposes described in the investment guidelines. This category may also include securities for which relevant data is not available.



### **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 Manager’s website at the following link; <http://finecoassetmanagement.com/sustainability/>