

## Fineco AM MSCI World High Dividend Yield UCITS ETF

### SUPPLEMENT DATED 13 FEBRUARY 2025

This Supplement contains specific information in relation to **Fineco AM MSCI World High Dividend Yield UCITS ETF** (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 with segregated liability between its sub-funds and authorised by the Central Bank on 1 August 2018 pursuant to the UCITS Regulations.

Application will be made to Borsa Italiana and/or such other exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for the listing of the Shares issued and available to be issued to be admitted to listing on the official list and trading on each of the Relevant Stock Exchanges on or about the launch date of the Fund. This Supplement and the Prospectus together comprise listing particulars for the purposes of listing the Shares on the official list and trading on the main market of each of the Relevant Stock Exchanges.

**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").**

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**Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.**

**The Fund may, at any one time, be principally invested in financial derivative instruments for investment purposes, efficient portfolio management and/or hedging purposes. The attention of investors is drawn to the section headed "Risk Factors" in the Prospectus.**

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

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

The Fund seeks to achieve its investment objective by tracking the performance of the MSCI World High Dividend Yield Index (the "**Reference Index**", as described below under the sub-heading "**Description of the Reference Index**") while minimising as far as possible the tracking error between the Fund's performance and that of the Reference Index. The Fund is passively managed.

The Reference Index is published by MSCI Limited, acting as the index sponsor (the "**Index Sponsor**") and it is described below in the sub-heading "Description of the Reference Index".

The Fund may principally invest its Net Asset Value in equities and equity-related securities, including preferred stocks and equity-linked instruments such as American depositary receipts and global depositary receipts; and rights of companies located worldwide (the "**Invested Assets**"). The Fund may then enter into Total Return Swaps negotiated at arm's length with one or more Total Return Swap counterparties who satisfy the criteria, set out in the Prospectus under the sub-heading "Securities Financing Transactions", for being such a counterparty (the "**TRS Counterparty**"). The TRS Counterparty will have no discretion in respect of such Total Return Swaps and such Total Return Swaps are unfunded, i.e. no upfront payment is made. The purpose of the Total Return Swaps is to exchange the performance and/or income of the Invested Assets in return for the performance of the Reference Index. Further information on the use by the Fund of Total Return Swaps is set out below in the section titled "Use of Financial Derivative Instruments ("**FDI**")". The value of the Fund's Shares is linked to the Reference Index, the performance(s) of which may rise or fall. Hence, investors should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that they will recover their initial investment. The valuation of Total Return Swaps will reflect either the relative movements in the performance of the Reference Index and the Invested Assets or the performance of the Reference

Index. Depending on the value of the Total Return Swap, the Fund may have to make a payment to the TRS Counterparty or may receive such a payment. If the Fund is required to make a payment to the TRS Counterparty, this payment may be made via a combination of income received from the Invested Assets and/or the partial or total disposal of the Invested Assets. The return that an investor may receive will be dependent on the performance of the Reference Index, the performance of the Invested Assets and the performance of the Total Return Swaps. The portfolio of Invested Assets will be selected by the Manager based on the Manager's view of market conditions and quantitative parameters such as historical price volatility.

The Fund may also replicate the Reference Index by holding all of the securities of the Reference Index in a similar proportion to their weighting in the Reference Index. However, the Fund may also invest in a portfolio of equity securities that, insofar as possible and practicable, consists of a representative sample of the component securities of the Reference Index, or which contains securities that are not constituents of the Reference Index (as further outlined below), in order to build a representative portfolio that provides a return that is comparable to that of the Reference Index.

Consequently, the Fund may over certain periods only hold a certain sub-set of the Reference Index securities or may hold securities that are not constituents of the Reference Index. Where the Fund holds securities that are not constituents of the Reference Index, such securities provide similar exposure (with similar risk profiles) to certain securities of the Reference Index. Securities which are not constituents of the Reference Index are selected by virtue of the fact that they provide substantively the same exposure by industry and by company characteristics in the case of liquidity considerations or corporate actions to certain securities of the Reference Index.

In selecting the representative sample of the component securities of the Reference Index as described above, the Manager will use techniques such as optimisation. Optimisation seeks to minimise tracking error through proprietary quantitative portfolio analysis. This analysis may include consideration of matters such as how a security's price changes in relation to another over time, scenario analysis (which involves estimating the change in an investment portfolio's value given a change in key risk factors), and stress testing. The optimisation process analyses portfolio holdings, benchmark weights, transaction costs and risk model data and then computes an optimal portfolio, which minimises tracking error.

The securities in which the Fund invests will primarily be listed or traded on Recognised Markets and in unlisted securities in accordance with the limits set out in the Prospectus and the UCITS Regulations. There is no geographic restriction on the securities (or issuers thereof) in which the Fund may invest.

Pursuant to the Management Agreement, the Manager has full discretionary authority to provide discretionary investment management services in respect of this Fund subject to the investment objective, policies and restrictions of this Fund.

For information in relation to the difficulties associated with tracking indices, please refer to "Reference Index Tracking Risk" in the "Risk Factors" section of the Prospectus. It is currently anticipated that the tracking error of the Fund will be up to 2% under normal market conditions. The causes of tracking error can include but are not limited to the following: holdings/size of the Fund, cash flows, transaction costs, dividend reinvestment, differences in timings between the receipt/payment of subscription and redemption monies into the Fund, investment/divestment of Fund assets and the impact of fees.

#### *Description of the Reference Index*

General Description: The Reference Index is based on the MSCI World Index, the "Parent Index", and is composed of large and mid cap stocks across 23 developed markets countries. The Reference Index is designed to reflect the performance of equities in the Parent Index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average

dividend yields that are both sustainable and persistent. The Reference Index also applies quality screens and reviews 12 month past performance to omit stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends.

As at the date of this Supplement, the administrator of the Reference Index, namely MSCI Limited, is availing of the transitional arrangements afforded under the Benchmarks Regulation. Accordingly it does not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation.

Publication: The Reference Index is calculated and published by the Index Sponsor.

Further Information and Website: The Index Sponsor's index methodology, composition, revision rules and additional information concerning the underlying components of the Reference Index are available on <https://www.msci.com/indexes/index/136064>. The Index Sponsor's disclaimer is included as an appendix to this Supplement.

#### *Use of Financial Derivative Instruments ("FDI")*

The Fund may engage in FDI transactions for investment purposes to generate returns, for the purposes of hedging, and/or for efficient portfolio management. The types of FDI that the Fund may use are currency forwards, currency swaps, index futures and total return swaps. The underlying assets of FDIs will be limited to those investments that the Fund may acquire in accordance with its investment policy. Transactions in FDIs will be used for the purpose of meeting the Fund's investment objective and to hedge against currency risk. 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.

*Total Return Swaps:* The Fund may enter into Total Return Swaps for investment purposes to gain exposure to the Reference Index, as mentioned in the Investment Objective and Policies section above. The Fund's maximum exposure to Total Return Swaps, based on the notional value of such instruments, is 120% of its Net Asset Value and it is anticipated that any potential exposure that the Fund may have to Total Return Swaps will be in the range of 95% to 105% of its Net Asset Value through Total Return Swaps.

*Index Futures:* The Fund may use index futures (being a futures contract on a financial index), for investment purposes, optimal portfolio management purposes and hedging purposes.

*Currency Forwards and Currency Swaps:* The Fund may use currency forwards and/or currency swaps for the purpose of hedging currency exchange risk.

#### *Long/Short Exposure*

The expected maximum level of long derivative positions which the Fund may hold is 200% 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 200% of its Net Asset Value, measured on a gross basis using the sum of notionals of the derivatives held by the Fund.

#### *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 5% of the Fund's Net Asset Value, subject to a maximum exposure of 30% of the Fund's Net Asset Value.

*Exposure to the Reference Index:* The Fund may take exposure to the Reference Index through the use of Total Return Swaps as outlined above. Exposure to the Reference Index will comply with the conditions and limits set down in the Central Bank's guidance titled "UCITS Financial Indices". When the Reference Index does 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 Reference Index 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 said exposure. The Reference Index does not rebalance more frequently than quarterly and such rebalancing is not expected to have a material effect on the costs incurred within the Reference Index. The Reference Index that the Fund takes exposure to will be included in the financial statements of the ICAV and details of the Reference Index, including details of the website where the exact composition of the Reference Index is published, is set out above in the section titled "Description of the Reference Index".

### *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 Reference Index. In compliance with the UCITS Regulations, the relative VaR of the Fund's portfolio shall not exceed twice the Reference 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 notional of the derivatives used, in accordance with the requirements of the Central Bank, is expected to be 250% 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 notional 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.

### **Investor Profile**

The Fund is suitable for both institutional and retail investors seeking capital appreciation over the long term who are willing to accept a high level of volatility from time-to-time.

**SFDR Classification:** Article 6 Fund.

### **SFDR Disclosure**

The investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities. The classification of the Fund as an Article 6 Fund means that the Fund does not promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of the SFDR or have Sustainable Investment as its objective in a way that meets the specific criteria contained in Article 9 of the SFDR.

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)).

The Manager has determined that the Fund may have a higher prospect of being impacted by Sustainability Risk given that the Fund does not promote environmental or social characteristics nor does it have Sustainable Investment as its investment objective. 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 the relevant investment(s). 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.

### ***Sustainability Risk Integration when tracking the Reference Index via Total Return Swaps***

**While the Manager integrates Sustainability Risk into the selection of the Invested Assets as described below, the output of such Sustainability Risk integration is not the determining factor considered in the investment decisions of the Manager in respect of the selection of the Invested Assets which the Fund may buy and/or hold. Accordingly, the Manager may buy and/or hold Invested Assets which may expose the Fund to high or low levels of Sustainability Risk.**

When looking to replicate the Reference Index via a Total Return Swap as described in the investment policies section, the Fund integrates Sustainability Risk into its selection of the Invested Assets using both quantitative and qualitative processes as summarised below:

- (i) Prior to acquiring the Invested Assets, the Manager uses Sustainability Risk metrics of a third party data service provider or providers in order to assess the relevant investment against Sustainability Risk factors and to identify how vulnerable the investment is to such risks; and
- (ii) The Manager also applies its basic exclusion policy (whereby potential investments are removed from the investment universe on the basis that they pose a Sustainability Risk that is too great). The Manager's exclusion policy may be obtained on the Manager's website at: <http://finecoassetmanagement.com/sustainability/>.

### ***Sustainability Risk Integration when replicating the Reference Index directly (i.e. by holding some or all of the securities of the Reference Index)***

When directly replicating the holdings of some or all of the Reference Index, the Manager integrates Sustainability Risk into its due diligence assessment of the investments of the Fund. However, such due diligence is not a determining factor with regard to investment decisions on the basis that the Fund is an index tracking sub-fund which physically replicates the Reference Index and such output is accordingly deemed not relevant.

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	Hedged Class	Sales Charge	Minimum Initial Subscription and Minimum Subsequent Subscription	Distribution Type
Class A Acc	100	14 February 2025 – 28 February 2025	Euro	No	No	1,000/100	Accumulating
Class AH Acc	100	14 February 2025– 28 February 2025	Euro	Yes	No	1,000/100	Accumulating
Class I Acc	100	14 February 2025– 28 February 2025	Euro	No	No	1,000,000/100	Accumulating
Class J Acc	10,000	14 February 2025 – 28 February 2025	Euro	No	No	1,000,000/100	Accumulating
Class P Acc	10,000	14 February 2025– 28 February 2025	Euro	No	No	1,000 /100	Accumulating

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

### Definitions applicable to the Fund

Investors should note the following definitions that shall apply in respect of the Fund:

**“Business Day”** means a day (except Saturday or Sunday and public holidays) on which retail banks and securities markets in London and Luxembourg are normally open for business;

**“Dealing Day”** In general, each Business Day will be a Dealing Day. However, certain Business Days will not be Dealing Days where, in the sole determination of the Directors: (i) markets on which the Sub-Fund's investments are listed or traded, or (ii) a significant proportion of markets on which constituents relevant to the Reference Index are listed or traded are closed; provided there is at least one Dealing Day per fortnight

**“Dealing Deadline”** means 3:00pm (Irish time) on the day prior to the relevant Dealing Day;

**“Valuation Day”** means each Business Day on which the Net Asset Value will be calculated by the Administrator for each Dealing Day and such other Business Day or Days as the Directors may determine; and

**“Valuation Point”** means 11.59pm (Irish time) on the relevant Business Day;

Applications for Shares on the primary market may be made to the Administrator (whose details are set out in the Application Form). Applications received by 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**

The following fees and expenses are payable out of the assets of the Fund. Details of how the fees and expenses are accrued and paid as well as 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 1% 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.

### *Depositary's Fee*

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

### *Establishment Costs*

The cost of establishing the Fund and the preparation and printing of the relevant Supplement is expected not to exceed EUR 25,000 and will be charged to the Fund and amortised over the first five years of the Fund's operation or such other period as the Directors may determine.

A detailed summary of each of the fees and expenses of the Fund and the ICAV is set out in the section of the Prospectus headed "**Fees and Expenses**".

## **Risk Factors**

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

## APPENDIX

### Disclaimer of the Index Sponsor

The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc (“MSCI”), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the “MSCI Parties”). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licenced for use for certain purposes by the ICAV. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of the Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to the Fund or the issuer or owners of the Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of the Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participate in the determination of the timing or, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by or the consideration into which the Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of the Fund or any other person or entity in connection with the administration, marketing or offering of the Fund.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein.

None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties has any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.