

## ENHANCED EURO GOVERNMENT BOND FINECO AM FUND

### SUPPLEMENT DATED 06 JUNE 2024

This Supplement contains specific information in relation to the **Enhanced Euro Government Bond Fineco AM 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 01 December 2022 and the addendum thereto (together the “Prospectus”).**

**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 FDI for investment purposes, risk reduction and/or hedging purposes. The attention of investors is drawn to the section headed “Risk Factors” in 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>	include fixed or floating rate bonds issued by governments in the European Union whose long-term credit rating is at least Investment Grade;
<b>Dealing Deadline</b>	means 11.59am (Irish time) on the relevant Dealing Day;
<b>Valuation Point</b>	means 4:00pm (Irish time) on the relevant Dealing Day.

#### Investment Objective

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

**There can be no guarantee that the investment objective will actually be attained.**

#### Investment Policy

The Fund will seek to achieve its investment objective by (i) investing directly in Debt Instruments as described in the section headed “Direct Investment” below; and/or (ii) investing indirectly through the use of Total Return Swaps (“TRS”). The allocation of the Fund’s portfolio to direct investment in Debt Instruments or indirect investments through the use of FDI will depend on the Manager’s assessment of prevailing market conditions and the most efficient and cost effective way of achieving the Fund’s investment objective.

In addition to the options outlined above, the Fund will also gain exposure via FDI in order to seek

to reduce some downside risks and improve the long-term returns of the portfolio (via the “Systematic Strategies”) as further described below.

The proportion of the Fund's portfolio that is allocated to the Debt Instruments and the Systematic Strategies will be determined by the Manager, using a quantitative, rules-based strategy, with the objective of optimising the Fund's long-term risk-return profile. This strategy is based on pre-determined quantitative rules that ensure, via periodic rebalancing, that exposure to Systematic Strategies and Debt Instruments are in line with the Investment Policy of the Fund, allowing that the Fund to avoid, for example, over-exposures and/or keep open positions for longer than needed. On a periodic basis i.e. monthly and/or quarterly, the Manager will rebalance the Systematic Strategies back to the pre-determined weights, as determined by the quantitative rules described above, to ensure the appropriate Fund's allocation.

### **Direct Investment**

To implement its investment objective via direct investment, the Fund may invest up to 100% of its assets in Debt Instruments.

The Manager will use a top-down and bottom-up investment strategy to select and manage investments. The top-down component of this strategy consists of allocating investments based on the global investment outlook and considering the macroeconomic environment, including the likely path of growth, inflation and interest rates. The result of this analysis helps to inform the Manager's view regarding the Fund's sensitivity to interest rate movements and the impact of such movements on the underlying debt securities. The bottom-up component of this investment strategy involves the Manager's credit analysts assessing each individual bond and the bond markets to assess the probability of losses being accrued, the bond issuers defaulting on the payment of interest and the performance outlook for the bonds under assessment. Following such credit assessment, the Manager appraises a potential investment in a bond in terms of relative value when compared to other bonds that could be invested in. In this regard, the Manager focuses on relative price, liquidity and risk premium for the purposes of determining which bonds to acquire on behalf of the Fund. When an investment in a bond is made, it will be closely monitored by the Manager, taking into account the credit analysis outlined above, and the investment rationale for retaining the investment in such bond will be kept under review by the Manager.

### **Indirect Investment**

To implement its investment objective via indirect investment, the Fund may enter into TRS negotiated at arm's length with one or more TRS counterparties, that provide the Fund with exposure to an European debt index/basket of European debt indices/basket of European Debt Instruments and the Systematic Strategies outlined below, in exchange for cash and/or the performance and/or income of a basket of a globally diversified portfolio of debt securities and/or global equity securities, as further detailed below:

- (i) Where the Fund invests in a basket of debt securities and enters into a TRS to “swap out” the performance of such basket with one or more TRS counterparties, the Manager will give preference to debt securities of global governments/corporates when selecting investments (e.g. fixed or floating rate investment grade bonds and notes including promissory notes, inflation linked notes and convertible notes issued by sovereign, government agencies, supranational entities and/or corporate issuers, treasury bonds, municipal bonds, commercial paper, zero-coupon, discount bonds, debentures and inflation linked bonds denominated in any currency). The Manager will select the debt securities based on an analysis which includes assessment of their 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 securities which are identified as being sufficiently stable and liquid to allow the Fund to meet its investment objective.

- (ii) Where the Fund invests in a basket of global equities and enters into a TRS to “swap out” the performance of such basket with one or more TRS counterparties, 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 return that a Shareholder receives from the TRS will be dependent on the performance of the European debt index/basket of European debt indices/basket of European Debt Instruments mentioned above.

The Manager may from time to time modify and/or change the European debt index/basket of European debt indices/basket of European Debt Instruments depending on the Manager’s view of the global investment outlook and its consideration of the macroeconomic environment, including the likely path of growth, inflation, interest rates and other macroeconomic factors which can impact on price movements.

The counterparties to the TRS will comply with Regulation 8 of the Central Bank UCITS Regulations. The counterparties will have no discretion in respect of the TRS. The value of the Fund’s Shares will be linked to the performance of the underlying assets of the TRS it enters.

The Fund will be exposed to the credit risk of the counterparties to the TRS. 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, the Fund will be exposed to the direct holdings of the underlying assets of the TRS.

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 Depositary;
- (ii) up to 10% of its Net Asset Value in units or shares of Underlying Funds (including exchange traded 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;
- (iii) up to 10% of its Net Asset Value in ancillary liquid assets such as money market instruments, including certificates of deposit, commercial paper or bankers’ acceptances, government bonds; and
- (iv) up to 10% of its Net Asset Value in exchange traded commodities (“ETCs”), being instruments that give investors indirect exposure to commodities in the form of certificates or debt securities. ETCs can be bought or sold on exchanges, they track the price movement of commodities - such as oil, gold and silver or a basket of commodities - and fluctuate in value based on the underlying commodity(ies).

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.

### **Benchmark Information**

The Fund is actively managed. The Manager has selected the Bloomberg Euro-Aggregate Treasury Index (the “Index”) which is used for performance comparison purposes only. The Index consists of fixed-rate, investment grade public obligations of the sovereign countries in the Eurozone. 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.

### **Systematic Strategies**

The Systematic Strategies will provide the Fund with indirect exposure, via the use of FDI, to different asset classes including Debt Instruments, debt securities (as further detailed in the section above titled "Indirect Investment"), currencies and money market instruments with the aim of reducing some of the downside risk and/or enhancing the long-term returns of the Fund's portfolio. The investment techniques that make up the Systematic Strategies, which may or may not also include taking exposure to indices, can be broken down under the following headings:

#### Hedging

The Manager may use hedging techniques to provide downside protection (i.e. protection against falls in the values of assets), while adapting to different market environments.

#### Carry

Carry strategies seek returns from the net benefit of holding an investment, in excess of price appreciation/depreciation. Carry techniques seek to generate returns by taking long positions in higher-yielding, relatively cheaper assets and synthetic short positions in less-yielding, relatively more expensive assets.

#### Value

Value strategies seek to capture a return by taking long positions in assets that are priced below their fair value (i.e. undervalued assets), and synthetic short positions in assets that are priced above their fair value (i.e. overvalued assets).

#### Momentum

Momentum strategies are based on the tendency of asset prices to follow the same pattern as their recent movements. Increases in asset prices tend to follow recent price appreciation and falls in prices tend to follow recent price declines. Momentum techniques try to benefit from such tendencies, through either taking long positions in assets that have appreciated in value and short positions in assets that have depreciated or through exposure to just the long or short side of such positions.

#### Volatility

Volatility strategies seek to exploit differences between the volatility of the price of an asset which is actually observed and the expected future volatility which is implied by options based on that asset.

#### Global Macro

Global macro strategies seek to profit from movement in the prices of securities that are highly sensitive to macroeconomic conditions, across a broad spectrum of assets. These strategies provide long and/or short exposure to currencies, bonds, interest rates markets.

Further details on the types of FDI that the Fund may use to implement the above strategies can be found in the below section titled "Use of FDI".

### **Use of FDI**

The Fund may engage in FDI transactions for investment purposes, for the purposes of risk reduction and hedging. The types of FDI that the Fund may use are fixed income derivatives, futures and forwards, currency forwards, currency options and TRS.

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 the use of TRS, please see the section in the main body of the Prospectus entitled "Securities Financing Transactions".

#### Fixed Income Derivatives

Fixed income derivatives include interest rate swaps, interest rate futures, bond futures, options and

swaptions. The Fund may use interest rate futures (i.e. future contracts that allows the buyer and seller to lock in the price of an interest-bearing asset for a future date) and interest rate swaps (i.e. forward contracts in which one stream of future interest payment is exchanged for another based on a specified principal amount) in order to hedge fixed interest rates into floating rates or vice versa, or to manage a change in interest rates and/or to obtain or preserve a desired return or spread. Interest rate futures and interest rate swaps can also be used in combination with futures contracts or government bonds to take a position on a pure credit risk trade, offsetting the exposure of the future or the bond contract to interest rate movements, and/or to obtain or preserve a desired return or spread. When interest rate futures or swaps are used in the manner described above, the Fund would be taking short positions in order to hedge, reduce risk and/or enhance the yield of the Fund.

#### Futures and Forwards

The Fund may use future and forward 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). Futures and forward contracts may also be used for investment purposes or to allocate investments within the Fund by taking exposure to specific markets, such as currency or commodity markets, or to specific issuers. When the Fund takes an investment exposure to a commodity index, such index will be compliant under the UCITS Regulations.

The Fund may sell futures on bonds in order to seek to protect the Fund against interest rate increases. Taking these actions, the Fund may reduce the duration of the Fund's bond portfolio exposure. Interest rate risk is concerned with a fall in the value of a bond or portfolio of bonds due to an increase in interest rates. As interest rates rise, bond prices fall and vice versa. The longer the duration of a bond portfolio, the greater the interest rate risk. Selling futures on bonds has the effect of reducing the duration of a bond's portfolio.

The Fund may buy futures on bonds in order to gain additional exposure to interest rates. Taking such action, the Fund may increase the duration of the Fund's bond portfolio exposure. Buying futures on bonds has the effect of increasing the overall duration of a bond's portfolio. The value of a futures contract on bonds increases as interest rates fall, in the same way as the value of a bond rises as interest rates fall. This strategy can be used in order to seek to protect the Fund against a financial crisis which could negatively affect corporate bond prices but positively affect government bond prices.

#### Options and Swaptions

The Fund may use options to gain or hedge exposure to bonds that the Fund may acquire in accordance with its investment policy and can provide an efficient, liquid and effective mechanism for taking a position in securities. Put options may be used to reduce or gain exposure to bond markets or 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. A "swaption" is an option on a swap agreement that gives the buyer the right, but not the obligation, to enter into a swap at a given rate on a specified future date in exchange for paying a market-based premium. Swaptions also include options that allow one of the counterparties to terminate or extend an existing swap.

#### Currency Forwards and Currency Options

Currency forwards and currency options 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 and currency options 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

#### TRS

The Manager may swap some or all of the Fund's portfolio under a TRS 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 TRS. A TRS 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 105% 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. The underlying instruments for which the TRS provide exposures will include derivatives mentioned above.

#### Exposure to Indices

The Fund may take exposure to one or more indices through the use of TRS, 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.

#### Long/Short Exposure

The expected maximum level of long derivative positions which the Fund may hold is 1150% of its Net Asset Value, measured on a gross basis using the sum of notional of the derivatives held by the Fund. The expected maximum level of short derivative positions which the Fund may hold is 950% of its Net Asset Value, measured on a gross basis using the sum of notional 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 absolute 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 shall be calculated daily and shall not exceed 20% per cent of the Net Asset Value of the Fund, based on a one-month holding period and a "one-tailed" 99 per cent confidence interval using a historical observation period of at least one year.

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 1400% 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.

#### **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 and as further detailed under the section of the Prospectus headed "Collateral Policy". In addition, the Fund may be fully

collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, 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 the Fund's Net Asset Value.

### **Investor Profile**

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

**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 SFDR or have Sustainable Investment as its objective in a way that meets the specific criteria contained in Article 9 of 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). **While the Manager integrates Sustainability Risk into the Fund's investment decision making process as described below, the output of such Sustainability Risk integration is not the determining factor, nor potentially even among the most prominent factors, 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.**

The Fund integrates Sustainability Risk into its investment decision making process as summarised below:

- i. Prior to acquiring investments on behalf of the Fund, the Manager uses Sustainability Risk metrics of a third party data service provider, and/or Sustainability Risk metrics based on internal research, 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 prospective investment universe on the basis that they pose a too great Sustainability Risk. 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/>.

It has been 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 an investment. 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.

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	From 07 June 2024 to 07 June 2024	Euro	No	Yes/up to 3%	€1,000 / €100	Accumulating
Class A Acc	€100	From 07 June 2024 to 07 June 2024	Euro	No	Yes/up to 3%	€1,000 / €100	Accumulating
Class I Acc	€100	From 07 June 2024 to 07 June 2024	Euro	No	No	1,000,000/ €100	Accumulating
Class J Acc	€10,000	From 07 June 2024 to 07 June 2024	Euro	No	No	1,000,000/ €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 1.5% 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.

### *Sales Charge*

Up to 3% 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 medium to 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.