

FAM SUSTAINABLE TARGET 2026 II
SUPPLEMENT DATED 1 DECEMBER 2022

This Supplement contains specific information in relation to **FAM Sustainable Target 2026 II** (the “Fund”), a sub-fund of **FAM Evolution 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 11 December 2018 pursuant to the UCITS Regulations.

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

The Fund pursues a fund of funds approach and may invest principally in Underlying Funds in such proportions as the Manager deems appropriate from time to time. 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. An investment in the Fund involves certain investment risks, including the possible loss of principal. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

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.

Maturity Date 2 June 2026

Subscription Period means the 60 calendar days following the end of Initial Offer Period or such longer or shorter period, as may be determined by the Directors in accordance with the requirements of the Central Bank.

Investment Objective and Policies

The Fund is being structured as a Fund giving a return to investors at the Maturity Date. The Fund is organised in a manner that it has two separate investment objectives for different time periods in the Fund’s life as follows, and as explained in detail in each sub-section below:

1. **During the Subscription Period, the objective of the Fund will be to seek to provide capital appreciation whilst maintaining liquidity for the Fund; and**
2. **Following the Subscription Period, the investment objective of the Fund is to achieve long-term capital appreciation.**

As stated above, the main investment objective of the Fund is as set out in (2) above and in the section headed “After the Subscription Period and up to the Maturity Date”. The reason for having a Subscription Period is to have a short 60 day time period during which the Fund will accept subscriptions and invest them in a manner designed to seek to achieve a positive investment return whilst maintaining liquidity for the Fund. After the Subscription Period subscriptions into the Fund are no longer accepted. Although the Fund will be closed for subscriptions after the Subscription Period, requests for redemptions received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day (i.e. each Business Day) in accordance with the section of the Prospectus entitled “Redemption of Shares”.

During the Subscription Period

During the Subscription Period, the objective of the Fund will be to seek to provide capital appreciation whilst maintaining liquidity for the Fund. The Manager will seek to achieve this objective by investing principally, either directly, or indirectly via units of Underlying Funds, in short, medium and/or long term instruments, such as certificates of deposit, commercial paper, treasury bills, banker’s acceptances and fixed and/or floating rate transferable debt securities of both Investment and non-Investment Grade (including corporate debt securities, bonds and notes, zero-coupon and discount bonds, debentures) issued by sovereign, government agencies, supranational entities and/or corporate issuers worldwide (the “Initial Strategies”).

Investment in the Initial Strategies will be selected on the basis that will result in the Fund having a weighted average interest rate duration of no longer than 4.5 years.

Selection of debt instruments

The debt instruments that may be part of the Initial Strategies will be selected based on the Manager's top-down analysis, which includes a view on the global investment outlook and analysis of market opportunities and securities based on an assessment of factors such as income yield, credit risk and bond duration. The Manager will assess each individual bond and the bond markets to understand 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. The Manager may invest substantially or fully in government bonds issued by any Member State.

After the Subscription Period and up to the Maturity Date

Following the Subscription Period, the investment objective of the Fund is to achieve long-term capital appreciation.

The Fund seeks to achieve this objective in the following manner:

1. By reducing the Fund's allocation to Initial Strategies on a monthly basis ("Averaging Out").

For example, it is anticipated that following the last day of the Subscription Period and on a monthly basis the Fund's asset allocation to Initial Strategies will reduce on average by 1.72% of the Fund's assets.

The Manager, based on their discretion, can alter the above monthly amount by accelerating the reduction to the Initial Strategies according to their view of market conditions. The Manager's view on market conditions will be informed by a proprietary quantitative model designed by the Manager which is described below (the "Quant Model"). Each monthly reduction will be followed by a corresponding investment by the Fund into the Longer Term Strategies (described at point 2 below). This Averaging Out will continue every month up to the Maturity Date.

The Manager will run the Quant Model in order to analyse market conditions which will inform them as to how much they should accelerate the reduction of the Fund's exposure to the Initial Strategies, and in turn gain a corresponding exposure to the Longer Term Strategies.

This proprietary Quant Model allows the Manager assess market conditions using quantifiable, definitive and numerical data that can be used for checking portfolio return robustness via historical simulations; i.e. it is analysis on documented and definitive information on the past performance of the relevant market. The Quant Model will be based on technical and market indicators such as the relative strength index which analyses the historical strength or weakness of a stock or market based on closing prices of a recent trading period. The analysis produced by the Quant Model allows the Manager take advantage of favourable market conditions when assessing whether or not to increase the Averaging Out amount above 1.72% a month. Favourable market conditions in this context mean conditions that, once the Manager has run the Quant Model and assessed the resulting data and market indicators arising from the running of the Quant Model, indicate to the Manager that it is favourable for the Manager to accelerate the reduction of the Fund's exposure to the Initial Strategies, and in turn gain a corresponding exposure to the Longer Term Strategies at a favourable price.

The Averaging Out process will occur every month, following the last day of the Subscription Period, for approximately 58 months up to the Maturity Date. At the Maturity Date, the Fund will be fully invested in the Longer Term Strategies. The gradual exposure of Shareholders to the Longer Term Strategies allows Shareholders obtain a diversified exposure to the market while neutralizing the effect of short-term price fluctuations in the broader market. In addition, the Quant Model allows the Manager the discretion to take advantage of favourable market conditions (described above) in respect of potentially accelerating Shareholders exposure to the Longer Term Strategies.

2. As described above, every month the Fund will complete the Averaging Out process and the exposure to the Initial Strategies will be reduced and an exposure will be obtained to Underlying Funds as described in detail immediately below (the "Longer Term Strategies"). As part of the Longer Term Strategies the Fund:

- I. may invest principally in Underlying Funds that provide exposure to equities issued by companies incorporated anywhere in the world, and which take account of any one or all of the following considerations, environmental, social responsibility and governance (“ESG”), as described below,

ESG considerations concern the selection of securities which provide exposure to organisations which hold the highest standards of sustainability, ethics and/or corporate governance.

The environmental element of ESG may look at how an organisation performs as a steward of the natural environment. The social element of ESG may examine how an organisation manages relationships with its employees, service providers and the community at large. The governance element of ESG may consider how an organisation’s leadership, executive pay, audits and internal controls work whilst also understanding how shareholders are given the appropriate voting rights.

As responsible investing is the main focus of the Fund, the Manager will, in addition to the criteria outlined in the section entitled “Selection of Underlying Funds”, seek to identify Underlying Funds managed by investment managers which have a commitment to responsible investing and which take account of the ESG criteria as described above. The Manager may do this by analysing if the relevant fund manager of the Underlying Fund is:

- A signatory to the United Nations supported Principles for Responsible Investment organisation or similar body which encourages a responsible approach to investing;
- Incorporating the assessment of ESG factors such as waste and pollution, working conditions and board diversity and structure as a key part of their investment process in identifying and evaluating a potential purchase or disposal of an investment;
- Employing a dedicated ESG analyst or team in respect of the implementation of their ESG strategy; and
- Actively engaging with companies in which they are invested and using their shareholder voting rights to promote ESG standards in these companies.

In the selection of the Underlying Funds the Manager will also assess whether or not the Underlying Fund has a sustainability rating or score provided by a recognised data service provider; and

- II. may invest up to 20% of its Net Asset Value in units of Underlying Funds managed with absolute return investment strategies. These strategies may invest in a broad range of assets including financial derivative instruments, currencies, and assets that may provide the Fund with an indirect exposure to commodities (in accordance with the UCITS Regulations and the Central Bank UCITS Regulations) in seeking to provide an absolute return in all market environments (i.e. generating consistent positive returns that are not necessarily dependent upon continuous rising markets) hence reducing the downside risks of investment. These strategies are subject to strict liquidity, transparency, diversification, regulatory and risk management oversight and requirements;
- III. may invest up to 20% of its Net Asset Value in units of Underlying Funds which provide an exposure to government or corporate debt securities of Investment Grade and/or non-Investment Grade (for example, treasury bonds, corporate bonds, government bonds, municipal bonds and commercial paper) with a fixed or floating rate.

At any time, the Fund may only have a maximum exposure of 30%, either directly or through Underlying Funds, to non-Investment Grade debt securities.

Selection of Underlying Funds

The Manager actively manages the weighting of the Net Asset Value of the Fund between the Underlying Funds which make up the Initial Strategies and the Longer Term Strategies.

The Manager will select the Underlying Funds by analysing the universe of relevant Underlying Funds, which have a focus on investing in instruments that make up the Initial Strategies and Longer Term Strategies, as mentioned above. The Manager will narrow down the universe of Underlying Funds on which investment due diligence will be carried out in order to establish which Underlying Funds are appropriate for inclusion in the

Fund from an investment perspective. Due diligence will examine factors, including but not limited to, the investment policy and objectives, performance track record, investment strategy and process of the Underlying Funds, as well as the team structure and risk management processes employed by the Underlying Funds' investment managers. As part of this analysis (i.e. quantitative and qualitative analysis as further detailed below), the Manager will, amongst other things, check for any liquidity issues, investment risk issues and the impact of the proposed investments on the Fund. The Manager will at all times consider the risk/reward trade-off (i.e. the relationship between the amount of return gained on an investment and the amount of risk undertaken in that investment, where higher risk is associated with greater probability of higher return and lower risk with a greater probability of smaller return) associated with any investment/proposed investment and will attempt to achieve a satisfactory balance of risk and reward, in line with the Fund's investment objective. The Manager may seek to benchmark any potential investment under analysis against other opportunities in the marketplace, in order to ascertain the relative merits of the investment opportunity. Both quantitative and qualitative analysis will be considered in the evaluation, selection and on-going monitoring of Underlying Funds and their investment managers:

- quantitative analysis includes the evaluation of various metrics such as an Underlying Fund's risk adjusted returns, performance consistency correlation (i.e. the regularity with which a particular investment manager outperforms their benchmark index or the market index over specific time periods), up/down market capture (i.e. the overall performance of an investment manager of an Underlying Fund in up and/or down market conditions), active share (i.e. a measure of the percentage of holdings in a portfolio that differ from the relevant benchmark or market index), tracking error (i.e. the standard deviation percentage difference between the performance of an Underlying Fund and its relevant benchmark or market index) and expense ratio; and
- qualitative analysis involves collecting information on Underlying Funds that will allow the Manager to estimate the future performance of Underlying Funds and their investment managers. Examples of such qualitative analysis include carrying out on-site visits of investment managers of Underlying Funds, having periodic meetings and/or conference calls with the investment managers of the Underlying Funds and analysing the legal documents of the Underlying Funds.

In addition to the above, the Manager may give preference to Underlying Funds for which the Manager has an increased level of risk oversight, including Underlying Fund also being managed by the Manager.

The Fund may from time to time invest up to 30% 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 Depository subject to and in accordance with Schedule II of the Prospectus) may be held by a single credit institution.

For the avoidance of doubt, Underlying Funds which are exchange traded must be traded or listed on Recognised Markets.

Underlying Funds

The Underlying Funds that the Fund may invest in shall be UCITS or other investment funds that are eligible for investment by a UCITS. No more than 30% of the Fund's Net Asset Value may be invested "alternative investment funds" ("AIFs") in aggregate, therefore the primary focus will be investment in UCITS domiciled in the EU, in particular Ireland and Luxembourg. Any investment in alternative investment funds will be required to meet the Central Bank's requirements and will be domiciled in Ireland, in a Member State of the EEA, the United States of America, Jersey, Guernsey or the Isle of Man. The aggregate maximum management fees that may be charged by the Underlying Funds in which the Fund may invest will not exceed 2% of such Underlying Fund's net asset value. Further information on the Underlying Funds is available in the section titled "Underlying Funds" in the Prospectus. The Fund may invest its entire portfolio in Underlying Funds that share the same Manager.

SFDR Classification: The Manager has categorised the Fund as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and/or social characteristics and invest in companies that follow good governance practices, as further described in Annex II at the end of this Supplement.¹

¹ The Fund currently follows a fund of funds investment approach and can invest principally in UCITS or other investment funds that are eligible for investment by a UCITS as set out in the Prospectus and this Supplement. The Manager therefore relies on data provided by the investment managers of the Underlying Fund investments when calculating the minimum percentage proportion of sustainable investment of the Fund and when calculating the percentages required in the section of Annex II dealing with the planned asset allocation of the Fund.

SFDR Disclosures

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 considered in the investment decisions of the Manager in respect of the underlying investments which the Fund may buy and/or hold. Accordingly, the Manager may buy and/or hold underlying investments 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 in order to assess the relevant investment against Sustainability Risk and to identify how vulnerable the investment is to such risks; and
- (ii) The Manager also assesses whether or not the Underlying Fund manager applies any basic exclusion policy (whereby potential investments are removed from the Underlying Fund investment universe on the basis that they pose a too great Sustainability Risk).

The Manager has determined that the Fund may have a lower prospect of being impacted by Sustainability Risk given that the Fund falls within the meaning of Article 8 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 acknowledges that the Fund's exposure to Sustainability Risks is changeable and shall keep the Fund's exposure to these risks under periodic review. Where the Manager considers, as a result of such a review, that the Fund's approach to the management of Sustainability Risks is to materially change, these disclosures will be updated accordingly.

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

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

Financial Derivative Instruments ("FDI")

Where considered appropriate, the Fund may engage in listed and/or over the counter ("OTC") FDI for either: (i) hedging, (ii) risk reduction and/or (iii) investment purposes.

The expected effect of the use of FDI will be to enhance returns and/or reduce inherent risks affecting the Fund's investments and/or to reduce cost, or generate additional capital or income for the Fund.

The use of derivatives for the purposes outlined above and below may expose the Fund to the risks disclosed in the "Risk Factors" section of the Prospectus. Conflicts of Interest in respect of the Fund are disclosed in the section of the Prospectus entitled "Conflicts of Interest".

(i) Types of Financial Derivative Instruments

For the above purposes, the Fund may use the following types of FDI on eligible assets in accordance with the Investment Objective and investment policy of the Fund:

- (i) listed futures contracts on bonds, equity securities /basket of equity securities, equity/fixed income indices/basket of equity/fixed income indices and/or commodity indices;

(ii) OTC forwards on currencies and/or bonds; and

(iii) Interest Rate Swaps (“IRS”) and/or Credit Default Swaps (“CDS”).

(ii) Index Derivatives

The Fund may take exposure to one or more indices through the use of the instruments listed at (i) and (ii) above, 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 gain exposure to 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.

(iii) Futures and Currency Forwards

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 sell futures on equities/equity indices/basket of equity indices in order provide an efficient, liquid and effective method for the management of risks by “locking in” gains and/or protecting against future declines in value. When the Fund is using futures in these circumstances the Fund would be taking a short position for risk reduction.

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.

The Fund may buy futures on equities indices and/or equity securities in order to gain additional exposure to equity markets, and to enhance performance and/or to manage equity market risk to reflect a view on the future direction of the market or index, to achieve a risk reward position, for yield enhancement, to lock an arbitrage profit (i.e. the purchase and sale of an asset in order to profit from a difference in the asset’s price between markets whilst ensuring that prices do not deviate substantially from fair value for long periods of time), to change the nature of a liability and/or to modify the portfolio risk without incurring large transaction costs.

The Fund may use listed futures on equities and/or equity indices in order to hedge the equity market exposure of securities and/or assets, and, in general, in order to hedge or reduce the overall equity market risk of the Fund’s investment.

In addition to Forward currency contracts, The Fund may also use forward foreign exchange contracts to hedge or reduce the Fund’s overall exchange rate risk and/or to alter the currency characteristics of instruments held

by the Fund where the Manager considers it appropriate to retain the credit quality of a particular instrument but wishes to obtain a currency exposure consistent with the Fund's investment objective. Forward currency contracts may also be used in order to enhance performance and/or to manage exchange rate risk so as to reflect the Manager's view on the future direction of the relevant currencies, to achieve a desired risk/reward position or for yield enhancement and/or to modify the portfolio risk without incurring large transaction costs. When Forward currency contracts are used in the manner described above, the Fund would be taking short positions in order to hedge and/or reduce risk as described in detail in this paragraph.

Forwards

The Fund may use forwards contracts to hedge against downward movements in the value of the Fund's portfolio of investments (i.e. the Fund may enter into forwards to sell or buy investments at a fixed price thereby establishing a floor on the price at which investments may in the future be purchased or disposed), either by reference to investments or markets to which the Fund may be exposed to. This allows the Fund to mitigate the risk of price fluctuation of assets the Fund may hold or the Fund may wish to buy.

IRS

The Fund may use interest rate swaps 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. They can also be used in combination with futures contracts or government bonds to take a position on a pure credit risk trade, stripping out the directional component of the future or the bond contract, and/or to obtain or preserve a desired return or spread. When IRS 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.

CDS

The Fund may buy or sell CDS on issuers/basket of issuers, on indices or on a basket of indices in order to hedge or to reduce the credit risk of the portfolio, or to manage the Fund's credit exposures to certain instruments and/or to obtain or preserve a desired return or spread at a lower cost than by direct investment. Buying a CDS allows the Fund to protect itself against the default of an underlying instrument by transferring credit risk to a counterparty. As a CDS seller the Fund receives a fixed rate of income throughout the term of the contract, provided that there is no default event of the underlying reference issuer.

Short Positions: The Fund may as part of its investment strategy hold short positions (taken only synthetically through derivatives). The expected maximum level of long derivative positions which the Fund may hold is 175% 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 75% of its Net Asset Value, measured on a gross basis using the sum of notionals of the derivatives held by the Fund.

General Financial Derivative Instrument provisions

In general, futures may also be used in order to enhance performance and/or to manage interest rate risk and/or credit risk to reflect a view on the future direction of the market, achieve a desired risk/reward position or for yield enhancement and/or modify the portfolio without incurring large transaction costs.

All counterparties of the Fund to FDI will comply with the requirements set down in Regulation 8 of the Central Bank UCITS Regulations (as may be amended from time to time). The OTC counterparty to any FDI entered into by the Fund will have no discretion over the composition or management of the Fund's portfolio or over the underlying of any of the abovementioned FDI.

Collateral Management

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

Risk Measurement - Global Exposure and Leverage

Market risk created through the use of derivatives will be measured daily using the relative value-at-risk (VaR)

approach. VaR is a risk measurement technique designed to estimate the potential loss in the Fund's portfolio over a set period at a certain confidence level, and is based on statistical analysis of historical price trends and volatilities. The VaR of the Fund's portfolio is calculated daily and is measured relative to the VaR of the MSCI World Net Total Return EUR Index (the "Index"), an index which the Manager considers is a comparable benchmark to the Fund's portfolio. The Index is an equity index designed to represent the performance of large and mid-cap stocks across 23 developed markets. In compliance with the UCITS Regulations, the relative VaR of the Fund's portfolio shall not exceed twice the Index, as determined at least daily using a one-tailed confidence interval of 99%, a holding period of one month (20 Business Days) and an historical observation period of at least one year (250 Business Days) unless a shorter observation period is justified by a significant increase in price volatility, such as in extreme market conditions.

The level of gross leverage, calculated based on the sum of the absolute value of notionals of the derivatives used, in accordance with the requirements of the Central Bank, is expected to be 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 notionals of the derivatives used, does not take into account any netting and hedging arrangements and therefore is not a risk-adjusted method of measuring leverage.

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 moderate to high level of volatility. The Fund is not designed for investors who need current income.

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	20 May 2021 - 3 June 2021	Euro	No	Up to 2%	€1,000 / €100	Accumulating
Class D Acc	€100	20 May 2021 - 3 June 2021	Euro	No	No	€500 / €100	Accumulating

*Class D Shares in the Fund shall only be made available for subscription to such entities or persons as the Manager may determine from time to time in its absolute discretion.

During the Initial Offer Period, Shares are available for subscription at the Initial Offer Price, as indicated directly above. Where the Initial Offer Period has closed, Shares will be available at the prevailing Net Asset Value of each Class of Shares.

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

The Manager shall be entitled to the following management fee of the Net Asset Value of each Class of Shares:

Management Fee (% of NAV) of each Share Class	
During the Subscription Period	Up to 0.20%
After the Subscription Period up to the end of year 1	Up to 1.5%
After the end of year 1 up to the end of year 2	Up to 2.5%
After the end of year 2	Up to 2.5%

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 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 €20,000 will be borne by the Fund and amortised over the first two years of the Fund's operation (or such other period as may be determined by the Directors in their discretion).

Sales Charge

Up to 2% 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.

Risk Factors

The attention of investors is drawn to the section headed "Risk Factors" in the Prospectus. In particular, investors should take the following risk factors into account: "General Risks", "Investment Risk", "Liquidity Risk", "Redemption Risk", "Credit Risk", "Currency Risk", "Share Currency Designation Risk", "Risks Affect Specific Issuers", "Derivatives Risk", "Investing in Fixed Income Securities", "Below Investment Grade Credit Risk", "Changes in Interest Rates", "Investment in Exchange Traded Funds (ETFs)" and "Additional Risks Applicable to Underlying Funds". Nevertheless, such list is not deemed to be exhaustive and therefore investors are recommended to familiarise themselves with all risk factors described in the above-mentioned section of the Prospectus.

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

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

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

Product name: FAM SUSTAINABLE TARGET 2026 II

Legal entity identifier: 254900S079XEG3803H83

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



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

The environmental and/or social characteristics of this product include:

a. Minimum investment in funds falling within the meaning of Article 8 and 9 of the SFDR

The Fund will invest a minimum of 90% in underlying funds classified as falling within the meaning of either Article 8 and/or Article 9 under SFDR, which means, that at a minimum, the majority of the underlying funds which the Fund holds promote

environmental and social characteristics while investing in companies which follow good governance practices.

b. Positive Screening

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

c. Fund Level ESG Scoring

A monthly independent analysis and classification of the Fund’s ESG score is performed internally by the Manager. A minimum ESG scoring threshold is applied at Fund level to ensure that the Fund’s ESG score does not fall below a level deemed by the Manager to be appropriate for a fund promoting environmental and/or social characteristics. This additional control serves to highlight a minimum Fund level ESG score and promotes engagement and challenge of portfolio managers on ESG topics.

d. Negative Screening (Norm-based exclusions)

For any potential direct holdings the Manager applies norms-based exclusions based on its Exclusion Policy. The Manager wants its funds under management to avoid making any investments which the Manager or its clients might deem incompatible with minimum responsible investing principles. To align the Fund’s investments with this sustainable investment approach, Manager have adopted a firm wide exclusion policy which screens all investments for their compliance with minimum international standards and norms, from which an Exclusion List is derived..

Exclusion categories considered in the Exclusion Policy are:

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

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

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

The Fund uses the following indicator;

- i. The percentage of the Fund portfolio made in sustainable investments;
- ii. the percentage of the Fund’s underlying fund holdings rated A by MSCI ESG Manager (or an other corresponding rating from a similar rating provider).

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

- What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The objectives of the sustainable investments that the Fund intends to make is to promote environmental and/or social characteristics. On the basis that the Fund is currently following a fund of funds investment approach, the objectives of the sustainable investments that the Fund partially intends to make is linked to the sustainable investments made by the underlying funds. The Fund will seek to make investments in underlying funds that commit/partially commit to invest in sustainable investments and who have a process for ensuring that their sustainable investments are:

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

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

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

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

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

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

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

1. Via PAI monitoring of the following indicators;



- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
 - Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
2. Through engagement with the underlying fund investment managers to ensure that the sustainable investments that the underlying funds makes are:
- a. Made in investee companies that demonstrate good governance:
 - b. Made in a manner that demonstrates that they do no significant harm to other environmental objectives; and
 - c. Made in investee companies that make a positive contribution towards an environmental or social objective.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

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

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



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

- Yes, principal adverse impacts are considered on an ongoing basis by monitoring the Fund portfolio against mandatory and additional PAI indicators. Information on how the principal adverse impacts were taken into account will be provided in the Fund’s annual report. The PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability.
- No

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

What investment strategy does this financial product follow?

The Fund is structured as a Fund giving a return to investors at the Maturity Date. The Fund is organised in a manner that it has two separate investment objectives for different time periods in the Fund's life, as set out below. Please refer to the supplement to the Prospectus titled "FAM Sustainable Target 2026 II" for definitions of "Maturity Date" and "Subscription Period".

1. During the Subscription Period, the objective of the Fund will be to seek to provide capital appreciation whilst maintaining liquidity for the Fund. The Manager will seek to achieve this objective by investing principally, either directly, or indirectly via units of Underlying Funds, in short, medium and/or long term instruments, such as certificates of deposit, commercial paper, treasury bills, banker's acceptances and fixed and/or floating rate transferable debt securities of both Investment and non-Investment Grade (including corporate debt securities, bonds and notes, zero-coupon and discount bonds, debentures) issued by sovereign, government agencies, supranational entities and/or corporate issuers worldwide (the "Initial Strategies").

2. Following the Subscription Period the investment objective of the Fund is to achieve medium to long-term capital appreciation. The Fund seeks to achieve this objective in the following manner:

- By reducing the Fund's allocation to Initial Strategies on a monthly basis ("Averaging Out").
- Every month the Fund will complete the Averaging Out process and the exposure to the Initial Strategies will be reduced and an exposure will be obtained to Underlying Funds as described in detail in the Supplement (the "Longer Term Strategies").

As part of the Longer Term Strategies, the Fund may invest up to 100% of the Fund's assets in underlying funds that provide exposure to equities issued by companies incorporated anywhere in the world, and which take account of a number of ESG factors.

Although the Fund does not have a specific sustainable investment objective, the Fund will pursue an investment strategy that seeks to identify the best investment opportunities by integrating financial analysis with environmental, social responsibility and governance considerations. In order to meet such extra-financial characteristics, the target funds or the assets held directly by the Fund are assessed as related to sustainable and social criteria and where applicable, they must have an explicit commitment to responsible investing as per their investment process.

The ESG rating of each instrument held by the Fund should be reflected in an assessment, and ultimately in the decision on whether to invest in such instrument. The Fund will invest, directly or indirectly through open-ended UCIs and UCITS, in instruments that have better social or environmental ratings and/or are issued by issuers with better social or environmental practices. For example as stated above, the Fund currently intends to invest a minimum of 90% in other funds classified as either Article 8 and/or Article 9 under SFDR, which means, that at a minimum, the majority of the underlying funds which the Fund holds promote environmental and social characteristics while investing in companies which follow good governance practices.

The Manager also maintains due diligence processes to assess the ESG commitments of underlying investments and underlying fund managers. To this end, the Manager, reviews and assesses on a periodic basis private and public information related to each issuer and/or relevant underlying fund manager, as applicable, and its ESG rating or characteristics. In addition to such assessment, the Manager will obtain from each issuer (and/or the relevant underlying fund manager, as the case may be), which has been selected for investment by the Fund, any information necessary to assess the ESG rating or characteristics of the relevant underlying investment.

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

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

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

The elements of the investment strategy to attain of the environmental or social characteristics promoted by this financial product as described above are systematically integrated throughout the investment process

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

a. Minimum investment in funds falling within the meaning of Article 8 and Article 9 of the SFDR

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

b. Minimum underlying fund score

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

c. Exclusion Policy

For any direct holdings (i.e. non-underlying fund investments), the Manager's Exclusion Policy applies, and this reduces the investment universe accordingly to exclude issuers that fail to comply with the minimum standards set out therein.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

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

Good governance is assessed for underlying funds through engagement with the underlying fund manager via due diligence.

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

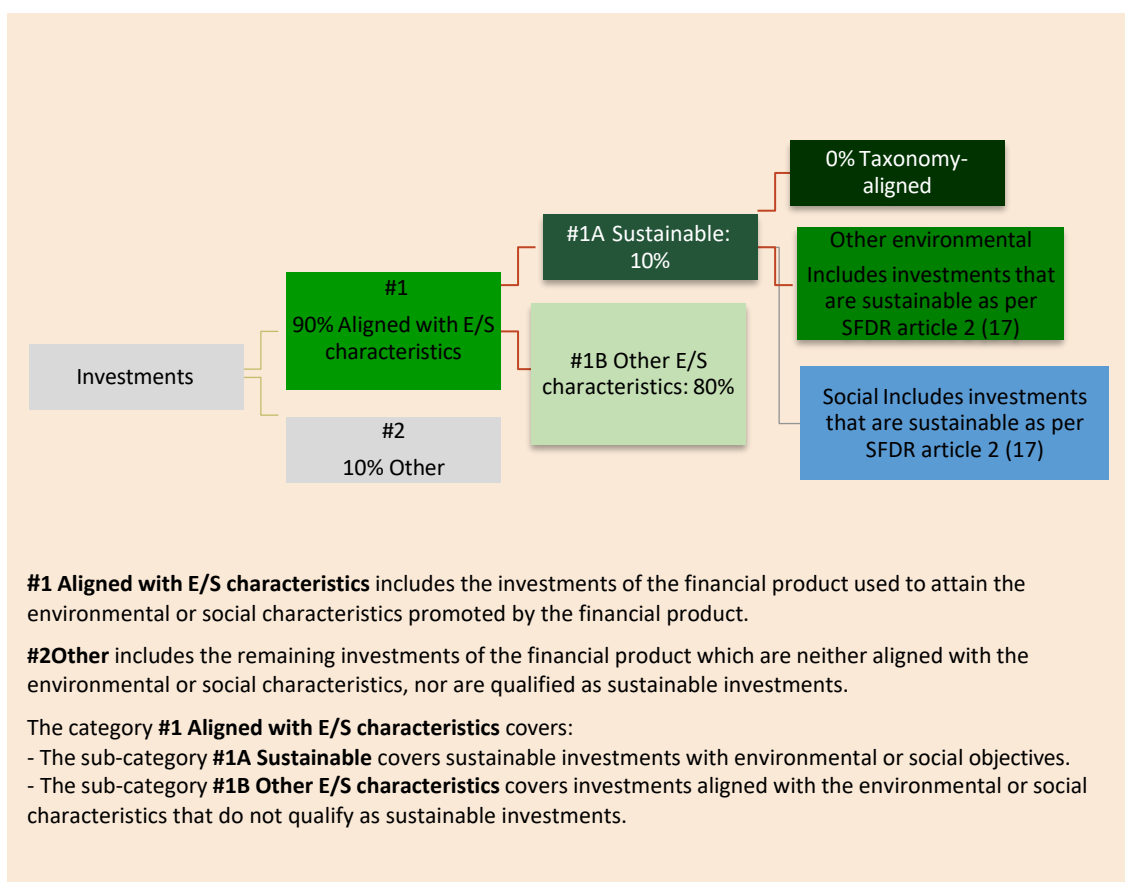
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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



What is the asset allocation planned for this financial product?


Asset allocation describes the share of investments in specific assets.



*Investments means the products Net Asset Value which is the total market value of the product.

At least 90% of the Fund's Investments will be aligned with the environmental and/or social characteristics promoted by the Fund. The Financial product also commits to a minimum proportion of 10% in sustainable investments. The remaining investments of the Fund may be invested in cash and cash equivalents for liquidity purposes and derivatives which may be used for investment, risk reduction and hedging purposes.

The asset allocation may change over time and percentages may be updated in this appendix from time to time. There is no specific allocation among #1A. Calculations may rely on incomplete or inaccurate underlying fund manager data and/or company or third-party data.

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

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.

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.

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

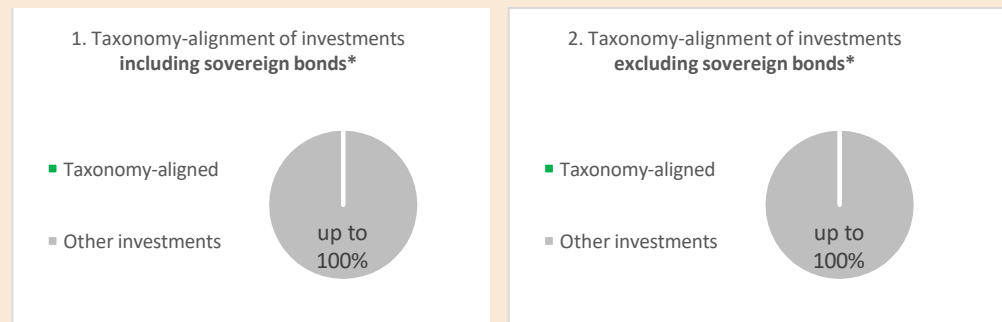
Derivatives are not used to attain the environmental or social characteristics promoted by this Fund.



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

As the investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation, the Fund's portfolio alignment with the Taxonomy Regulation is not calculated. It follows that the Fund does not currently commit to investing more than 0% of its assets in investments aligned with the Taxonomy Regulation.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

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



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

10%*.

What is the minimum share of socially sustainable investments?

10%*.



*The Fund commits to invest at least 10% of its assets in sustainable investments. Within this overall commitment, there is no prioritisation of environmental and/or social objectives, and the strategy does not target any specific allocation or minimum proportion for either of these categories. The investment process accommodates the combination of environmental and social objectives by allowing the Manager the flexibility to allocate between these based on availability and attractiveness of investment opportunities.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The remaining investments of the Fund may be invested in cash and cash equivalents for liquidity purposes and derivatives which may be used for investment, risk reduction and hedging purposes.

Any “#2 Other” potential investments, other than cash or cash equivalents will be screened according to the managers exclusion policy.



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

An index has not been designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

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

N/A

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

N/A

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

N/A

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 [FAM - Sustainability | Fineco FAM - Fineco FAM \(finecoassetmanagement.com\)](https://www.finecoassetmanagement.com/fam-sustainability)

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