

22.4 Pre-contractual disclosure for the financial products EDM International – American Growth

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

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

Product name: EDM International – American Growth
(the “Sub-Fund”)

Legal entity identifier:
549300YFHIEB6ER9Y680

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☐ It will make a minimum of **sustainable investments with an environmental objective:** ____%

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

☐ It will make a minimum of **sustainable investments with a social objective:** ____%

☒ ☐ ☒ **No**

☐ 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 ____% of sustainable investments

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

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



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

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

The Sub-Fund will promote environmental and social characteristics through the Investment Manager's ESG Integration Policy by applying certain environment, social, and governance criteria in addition to its financial assessment criteria.

In addition, the Investment Manager also applies exclusionary screening and will not invest in companies where a significant amount of revenues (greater than 5%) are derived from:

- Manufacturing tobacco products
- Producing pornography
- Operating gambling establishments
- Manufacturing cluster munitions and landmines

No reference benchmark has been designated to attain the environmental and social characteristics promoted.

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

In order to measure the attainment of the environmental or social characteristics promoted by the Sub-Fund, the Investment Manager considers the share of investment in companies involved in economic activities that fall under the scope of the exclusion criteria.

This data is sourced from external ESG data providers.

● ***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?***

Not applicable.

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.

● ***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?***

Not applicable.

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,

The Investment Manager takes into consideration principal adverse impact indicators (PAIs). In order to evaluate the impact indicators that are relevant for the Sub-Fund according to its investment policy and its exclusion criteria, it will measure the evolution of the following indicators established in Appendix 1 of the RTS regulation (2022/1288):

- GHG emissions
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
- Water usage and recycling
- Lack of grievance / complaints handling mechanism related to employee matters
- Lack of anti-corruption and anti-bribery policies.

More information regarding the consideration of principal adverse impacts on sustainability factors is to be found in the annual periodic reporting document.

☐ No



What investment strategy does this financial product follow?

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

The Investment Manager promotes environmental and social characteristics through the application of ESG exclusion criteria. This entails that any company from the investment universe that is deemed to derive significant revenues from certain economic activities, meaning more than 5%, will be excluded. As such, the Investment Manager will exclude any company that is involved in the manufacturing of tobacco products, in the production of adult entertainment, in the gambling industry, as well as in the manufacturing of cluster munitions and landmines. The Investment Manager applies the exclusionary screening using data from third party ESG data providers.

Moreover, the Investment Manager uses engagement and proxy voting to address material ESG considerations at the level of the portfolio companies. ESG-related proposals will be reviewed on a case-by-case basis and, in cases where the Investment Committee determines there to be a governance, environmental or social concern, the Investment Committee may instruct the Proxy Voting Officer to vote against management. In cases where Edgewood votes against management on material governance-related proposals, the Investment Committee may subsequently divest from the security.

- ***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?***

As part of the binding elements of the investment strategy, the Investment Manager applies exclusionary screening and will not invest in companies that derive more than 5% of their revenues from the following economic activities:

- Manufacturing tobacco products;
- Producing pornography;
- Operating gambling establishments;
- Manufacturing cluster munitions and landmines.

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

- ***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?***

The assessment of a company's governance is a core component of the Investment Manager's fundamental investment analysis seeking to identify companies that can generate long-term, sustainable earnings. When assessing corporate governance, the Investment Manager looks at a company's alignment with long-term shareholder interests including:

- Management transparency
- Risk management framework including audit and accounting
- Executive compensation including stock-based compensation
- Board oversight.



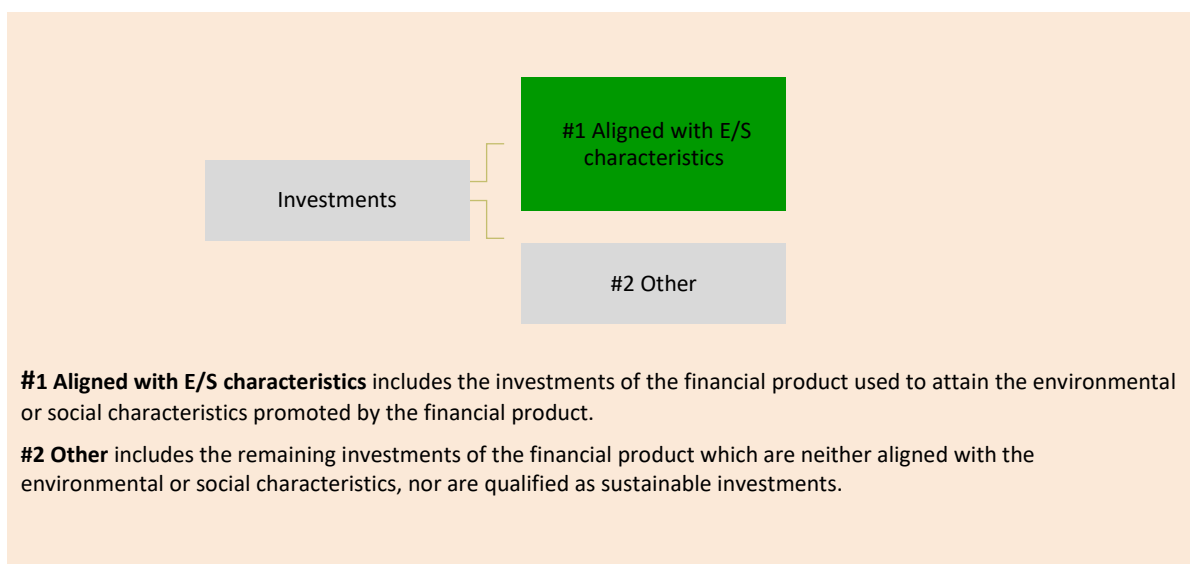
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

It is intended that the Sub-Fund invests at least 80% of the Sub-Fund's assets in investments which meet the environmental and social characteristics promoted. Consequently, the Sub-Fund's portfolio may hold up to 20% of assets that fall under “#2 Other”.

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.



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

Not applicable



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

The Sub-Fund does not currently commit to invest in any sustainable investment within the meaning of the EU Taxonomy. However, the position will be kept under review as the underlying rules are finalized and the availability of reliable data increases over time.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy⁴?

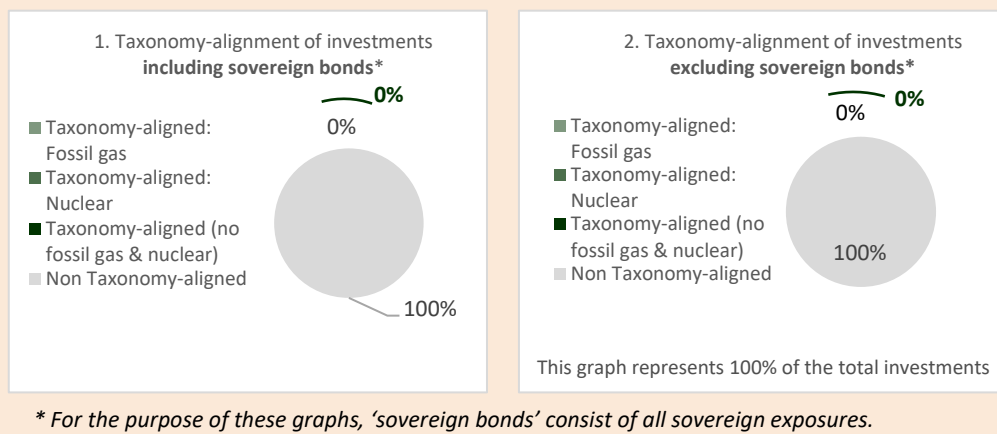
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

- ☐ Yes:
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

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



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

As the Sub-Fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

⁴ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



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



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

The Sub-fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



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

The “#2 Other” section of the portfolio comprises cash and cash equivalents, money market instruments and certain hedging instruments including derivatives. It may represent up to 20% of the Sub-Fund’s portfolio. Furthermore, these are held for hedging and liquidity purposes. Currently no minimum environmental or social safeguards are applied to these assets.



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?

Not applicable

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

Where can I find more product specific information online?

More product-specific information can be found on the website:
<https://www.edm.es/fondos/edm-american-growth-class-r/>