

22.7 Pre-contractual disclosure for the financial products EDM International – Latin American Equity Fund

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 - Latin American Equity Fund (the “Sub-Fund”)

Legal entity identifier: 549300N0AOCZ3PV7DH26

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 investment process of this Sub-Fund promotes environmental and social characteristics by including E/S considerations in securities analysis and portfolio construction following the Sub-Investment Manager’s Responsible Investment Policy.

For all new investments, the Sub-Fund will be conducting enhanced due diligence with respect to E/S characteristics, seeking to encourage issuers to promote the following environmental and social characteristics:

Management of carbon emissions: by assessing a company's carbon intensity and the establishment of carbon reduction targets.

Water management: by evaluating a company's exposure to water stress risk based on the geography of its operations and business segments.

Respect for human rights: by assessing a company's alignment with the United Nations Guiding Principles (UNGP) for Business and Human Rights.

Appropriate labour practices/Freedom of association: by evaluating the percentage of a company's workforce represented by collective bargaining agreements.

The Sub-Investment Manager has put in place the ESG Scoring Process based on its proprietary analysis (including a proprietary questionnaire covering ESG questions to measure sustainability indicators and the specific risks that an investee company could address) of the E/S criteria mentioned above as well as MSCI ESG Research's analysis and reports. An ESG score is determined for each issuer based on their historical and current performance in a set of sustainability indicators that the Sub-Investment Manager deems material for each issuer's industry sector.

No reference benchmark has been designed 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?***

All potential investments go through the ESG Scoring Process and the ESG due diligence questionnaire in order to measure the issuer's attainment of the environmental and social characteristics promoted by the Sub-Fund while ensuring that the issuer follows good governance practices. Both individual assets or a portfolio of assets can be assessed through this process depending on the potential investment and its structure.

In particular, the following sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund:

I. Weighted Average Carbon Intensity: The Weighted Average Carbon Intensity measures the Compartment's exposure to carbon intensive companies. The figure is the sum of security weight multiplied by the security Carbon Intensity. Carbon Intensity is the ratio of annual tons of scope 1 and 2 carbon emissions to annual million US dollars in revenue.

II. Percentage of companies with High Water Risk Exposure: The percentage of portfolio's market value exposed to companies with a Water Stress Exposure Score > 6.6 based on MSCI ESG Research methodology. Scores combine the geographic and business segment components and range from 0 to 10.

III. Percentage of companies aligned with the UNGP for Business and Human Rights: The percentage of portfolio's market value exposed to companies that are aligned with the United Nations Guiding Principles (UNGP) for Business and Human Rights based on MSCI ESG Research methodology.

IV. Percentage of companies with Collective Bargaining Agreements: This indicator measures the Compartment's exposure to companies that have at least some workers represented by collective bargaining agreements.

- ***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.

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

Not applicable

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

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,
☐ No

The Sub-Fund considers principal adverse impacts (PAIs) on sustainability factors through integration to the analysis and engagements with the underlying companies.

Given its investment strategy and portfolio composition, the Sub-Fund considers the following mandatory PAIs:

- GHG emissions, carbon footprint, and GHG intensity of investee companies (#1, #2, #3)
- Exposure to companies active in the fossil fuel sector (#4)
- Hazardous waste and radioactive waste ratio (#9)
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (#10)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (#11)
- Exposure to controversial weapons (#14)

And the following optional PAI:

- Investments in companies without water management policies (#07)
- Lack of anti-corruption and anti-bribery policies (#015)

Depending on data availability and quality, companies' performance on the PAIs are analysed during the holding period and those deemed to have a below average performance in relation to industry peers on the investment universe or having a high adverse impact on one or several indicators (as shown in the data disclosed in the annual report) are identified as a candidate for an engagement case. Engagements can also be initiated due to low data disclosure.

The Sub-Investment Manager monitors the PAI indicators of each investee company and that of the Sub-Fund on a quarterly basis.

Additional information on principal adverse impacts will be available in the Sub-Fund's annual report.



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 Sub-Fund will maintain a minimum of 70% of the assets in equity and equity linked securities of companies that are incorporated in Latin America or conduct the main part of their economic activity within Latin America.

The exposure of the Sub-Fund will be manifested by holding instruments such as stocks, depository receipts, ETF, UCITS and other UCIs, convertible securities, equity linked notes and derivatives.

The Sub-Fund may use financial derivative instruments for hedging purposes only. Cash equivalents and fixed income may be held in the portfolio on a short term basis.

The acquisition of warrants and other rights attached to the financial instruments here above mentioned in the first and second paragraphs is authorized.

Loans and short-selling are not allowed.

The Sub-Fund follows mainly a bottom-up fundamental approach to due diligence, operations and exists.

At due diligence, the Sub-Investment Manager applies with respect to the Sub-Fund the following Exclusion Criteria:

- Coal fired power generation: 30% or more of the energy mix exclusion threshold; with the exception of those issuers that have investment plans in place to increase the amount of energy produced by renewable sources or to decrease the amount of energy generated by coal and will therefore have a coal fired power generation of less than 30% in the next 5 years;
- Thermal coal mining: 30% of revenue exclusion threshold;
- Military Armament - Controversial weapons;
- Tobacco: 5% or more of their revenues from the production, distribution, retail sales and supply of tobacco-related products;
- Spirits: 10% or more of their revenues from the production, distribution, or retail sales;
- Civilian firearms;
- Adult entertainment; and
- Gambling.

In addition, at due diligence, the Sub-Investment Manager shall use the proprietary questionnaire that is fed both through an external ESG Data provider and the Sub-Investment Manager's sectorial analysis. The questionnaires are standardized and consider a materiality assessment that alters the weight for each sector, resulting in relatively comparable scores. An ESG Score based on the MSCI data and the proprietary data and analysis is granted to each investment before the Sub-Investment Manager decides to pursue or not an investment opportunity.

On a continuous basis (and at least annually), the Sub-Fund will assess the compliance of the investment with the ESG score and report the evolution and any change thereof in the annual report against such score. The Sub-Investment Manager shall actively engage with the underlying issuers in maintaining and improving the ESG score by ensuring promotion of the E/S characteristics identified as being relevant to such issuer. The non-compliance by the issuer with the requirements imposed to it, the loss of the ESG Score and the non-attainment of the ESG objectives may lead to the divestment of the Sub-Fund from such issuer.

● ***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?***

In the selection of the investments, the Sub-Investment Manager shall first apply the Exclusion Criteria. After these exclusions being applied, the Sub-Investment Manager shall apply to the retained investments – for each E/S characteristics that is being promoted – the ESG questionnaire as well as the ESG Scoring Process based on MSCI data and proprietary data and analysis. An ESG score is determined for each issuer based on their historical and current performance in a set of sustainability indicators that the Sub-Investment Manager deems material for each issuer's industry sector. Issuers with an ESG score, as determined by the Sub-Investment Manager's ESG Scoring Process (based on MSCI and proprietary data and analysis), within the top 75% of the investment universe will be considered as promoting environmental and social characteristics. Also, the Sub-Investment Manager undertakes to actively engage with the underlying issuer in order to maintain and improve the ESG score.

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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 ESG questionnaire used by the Sub-Investment Manager includes a section where questions on good governance are included and these scores impact the scoring for assessment of whether or not to proceed with making an investment in the issuer. The questionnaire covers the following good governance practices:

- I. Board Flag (%)
- II. Board independence (%)
- III. No Female Directors (%)
- IV. Female Rep. 30% of Directors (%)
- V. Accounting Flag (%)
- VI. Pay Flag (%)
- VII. Ownership & Control Flag (%)

The ESG scoring will take into account these percentages as follows: **Board Flag (%)**: The percentage of portfolio's market value exposed to companies ranking "below average" relative to global peers on MSCI's assessment of board structure and effectiveness.

Lack of Independent Board Majority (%): The percentage of portfolio's market value exposed to companies lacking an independent board majority.

No Female Directors (%): The percentage of portfolio's market value exposed to companies with no female directors.

Female Represent 30% of Directors (%): The percentage of portfolio's market value exposed to companies where women comprise at least 30% of the board of directors

Ownership and Control Flag (%): The percentage of portfolio's market value exposed to companies ranking "below average" relative to global peers on MSCI's assessment of ownership structure and risks.

Pay Flag (%): The percentage of portfolio's market value exposed to companies ranking "below average" relative to global peers on MSCI's assessment of executive pay practices.

No Pay Performance Link (%): The percentage of portfolio's market value exposed to companies flagged for executive pay /performance gaps.

Lack of Internal Pay Equity (%): The percentage of portfolio's market value exposed to companies facing a lack of internal pay equity.

Executive Pay Non-Disclosure (%): The percentage of portfolio's market value exposed to companies flagged for executive pay non-disclosure.

Accounting Flag (%): The percentage of portfolio's market value exposed to companies ranking "below average" relative to global peers on MSCI's assessment of accounting aggressiveness.

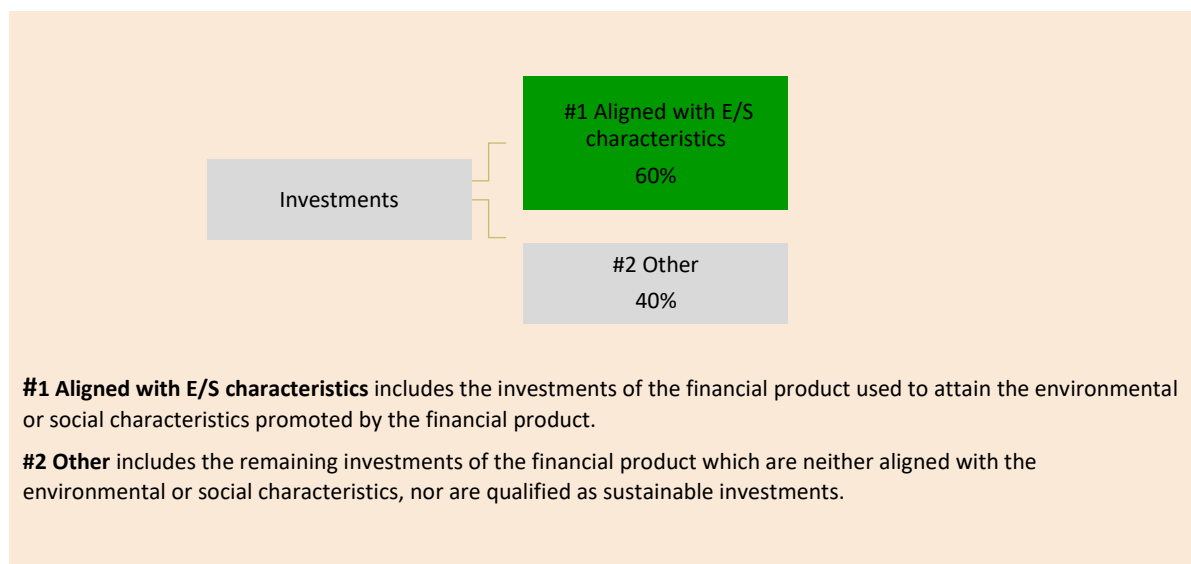


What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets. Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

Based on the investment strategy, the Sub-Fund seeks a minimum of 60% exposure to investments that are aligned with the E and S characteristics described therein.



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

The Sub-Fund does not currently use derivatives in order to attain the environmental or social characteristics that it promotes.



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

Not applicable.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy⁷?

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

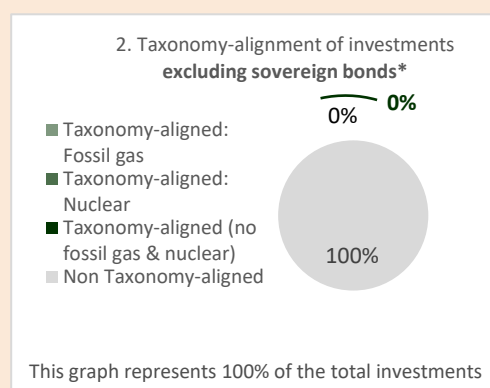
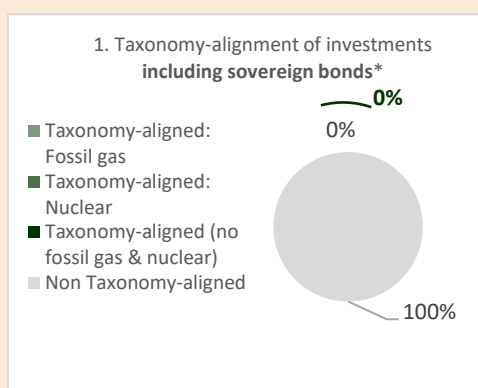
☐ No

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.

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?

Not applicable.

⁷ 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?

Not applicable.



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?

Investments included under #2 Other are securities held by the Sub-Fund in order to achieve its investment objective but are not deemed to promote E/S characteristics. These investments nevertheless are subject to the ESG due diligence previously described and the ESG questionnaire to assess good governance practices.

Cash and derivatives (other than derivatives that are used for currency hedging) will also be allocated under #2 Other and are used for liquidity purposes.

Cash and derivatives listed under #2 Other do not consider E/S safeguards.



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.

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable