

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:

Legal entity identifier

Ailis Sicav - Ailis MSCI USA ESG Screened Index

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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.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

- 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** _%

- 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 0% 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?

The main environmental and social characteristics promoted by the Sub-fund through the Management Company's ESG methodology are the following:

- Environmental: climate change prevention (in terms for example of reduction of carbon emission, carbon footprint, climate change vulnerability), pollution & waste prevention (with reference to toxic emissions & waste, packaging material & waste, electronic waste), environmental opportunities (in clean tech, in renewable energy).
- Social: human capital (labor management, health & safety, human capital development, supply chain labor standards), product liability (product safety & quality, chemical safety, consumer financial protection, privacy & data security, responsible investment, health & demographic risk), social opportunities (access to communications, access to finance, access to health care, opportunities in nutrition & health), stakeholder opposition (controversial sourcing, community relations).

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

The Sub-fund tracks the MSCI USA ESG Screened Net Total Return (the “Index”) for the purpose of attaining the environmental or social characteristics.

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

The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research to identify companies that are involved in the following business activities: controversial weapons; nuclear weapons; civilian firearms; tobacco; thermal coal; oil sands. Companies that meet the business involvement criteria are excluded from the Index. In addition to the above, companies that fail to comply with the United Nations Global Compact Principles are also excluded from the Indexes.

The tracking error of the Sub-fund’s performance vis-à-vis the Index is the indicator used to measure the attainment of the social and environmental characteristics promoted by the Sub-fund.

● **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

● **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

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.

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?



- X** Yes, the Management Company specifically considers the following principal adverse impact (“PAI”) indicators: Carbon emission (Scope 1 + 2); GHG intensity of investee companies; Violations of UNGC principles and OECD guidelines for Multinational Enterprises; Exposure to controversial weapons (anti-personnel mines, cluster ammunitions, chemical and biological weapons). For government bond and supranationals: GHG intensity and Investee Countries subject to social violations.

The Sub-fund’s Management Company can check the PAI data through a periodic monitoring report, where can be consulted the values of the indicators at product level and, where present and possible, at respective benchmark level in order to include this information in the investment decision-making process. However, considering the large variability of PAI data at sectoral and geographical level, as well as their retrospective nature, no thresholds or stringent limits are set at portfolio level.

Further information on PAIs will be available in the Fund’s annual report.

No



What investment strategy does this financial product follow?

The Sub-fund is passively managed to track the performance of the Index, while minimising as far as possible the tracking error between the Sub-fund’s performance and that of the Index. The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research.

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

- ***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?***

The binding elements of the investment strategy are integrated into the methodology and revision rules of the ESG Index. The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research to identify companies that are involved in the following business activities:

- Controversial Weapons;
- Nuclear Weapons;
- Civilian Firearms;
- Tobacco;
- Thermal Coal;
- Oil Sands.

Companies that meet the business involvement criteria are excluded from the Index. In addition to the above, companies that fail to comply with the United Nations Global Compact Principles are also excluded from the Indexes.

The Benchmark Administrator’s Index methodology, composition, revision rules and additional information concerning the underlying components of the Index are available on www.msci.com.

The integration of the binding elements is attained through the ESG index tracking and results into minimal levels of tracking error.

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?**

There is not a specific minimum rate of commitment for reducing the scope of the investments considered prior to the application of that investment strategy.

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

The assessment of the good governance practices is a central pillar of the investment process adopted by the Management Company and it consists on the assurance that the governance of each investee company is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholder's interests also by means of a remuneration policy. Compliance with issuers' good governance practices is ensured through the application of ESG and SRI exclusions criteria.

Moreover, the assessment of the good governance practices is integral with the methodology, composition, and revision rules of the Index. The index promotes best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research to identify companies that are involved in business activities that are controversial and/or associated with high levels of ESG risks. In addition, companies that fail to comply with the United Nations Global Compact Principles are also excluded from the Index.



What is the asset allocation planned for this financial product?

The Sub-fund is passively managed and in accordance with its investment policy 90% of the Sub-fund's portfolio consists of investments aiming at tracking the Index. The remaining proportion (corresponding to box #2 Other) of the investments should be limited to:

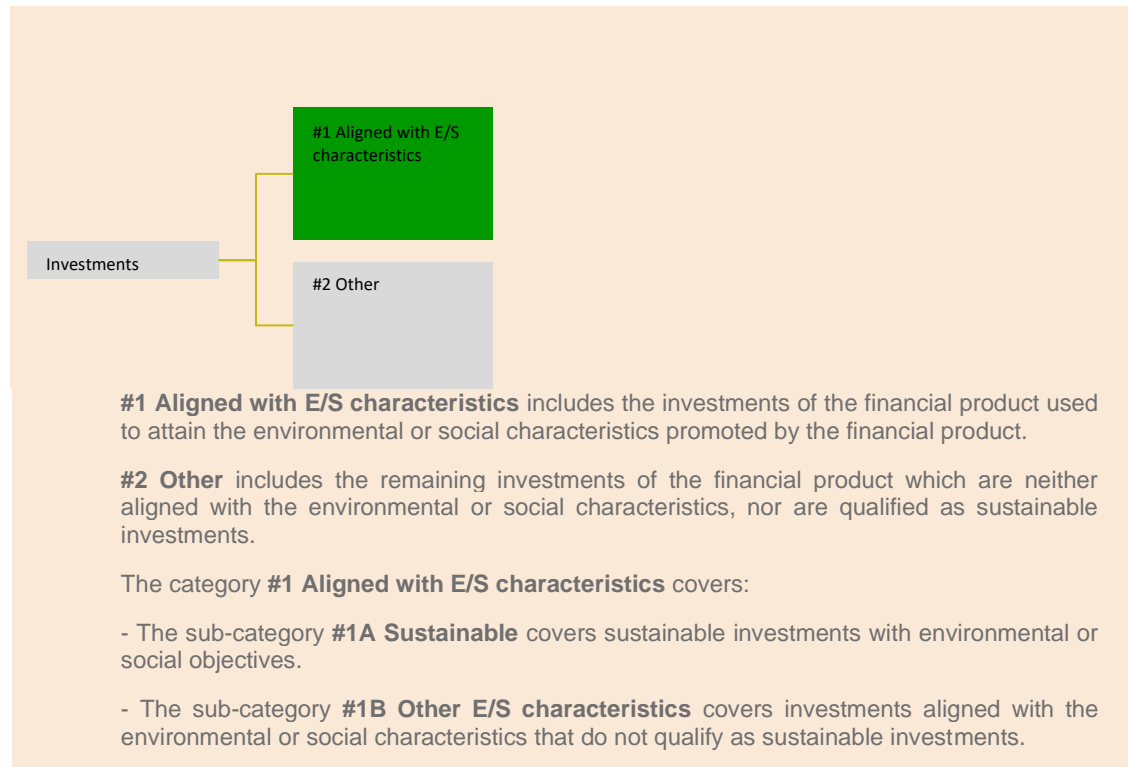
- direct investments, for cash purpose, including investment grade debt securities issued by governments, corporations or institutions, money market instruments and deposits with credit institutions without limit of duration or currency which will normally be limited to approximately 10% of the Sub-fund net assets;
- financial derivative instruments for the purpose of risk hedging and investment.

In terms of minimum environmental and social safeguards, the Index methodology excludes companies that fail to comply with UN Global Compact Principles, in addition to companies that meet the controversial or high ESG risk exclusion criteria.

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.



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

The Sub-fund will normally gain indirect exposure to the Exposed Strategy investing mainly in unfunded Total Return Swaps with the Index as underlying on an arm's length basis with first class financial institutions acting as swap counterparty (collectively the "Portfolio Swap"). The purpose of the Total Return Swaps is to exchange the performance and/or income of the Financing Assets (as detailed below) in return for the performance of the Index. The Sub-fund will purchase Financing Assets and transfer the full economic interest in such assets to first class financial institutions acting as swap counterparty pursuant to swap agreements (the "Financing Swap"). The Sub-fund may be entirely invested in TRSs. "Financing Assets" will include equity securities that promote ESG characteristics. They may also include preferred stocks, warrants on equities and depository receipts for such securities (ADR traded in the United States markets and GDR traded in other world markets), issued by companies worldwide. The Sub-fund may also use financial derivative instruments for the purpose of investment and risk hedging.



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

The Sub-fund promotes environmental and social characteristics but does not commit to make investments in taxonomy-aligned environmentally sustainable investments. It is however not excluded that the Sub-fund may be exposed to underlying investments that contribute to one or more of the environmental objectives of the EU Taxonomy, such as but not limited to climate change mitigation and/or climate change adaptation. However, currently due to a lack of reliable data, the share of environmentally sustainable investments under the Taxonomy Regulation is assessed to be 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?¹**

Yes



In fossil gas



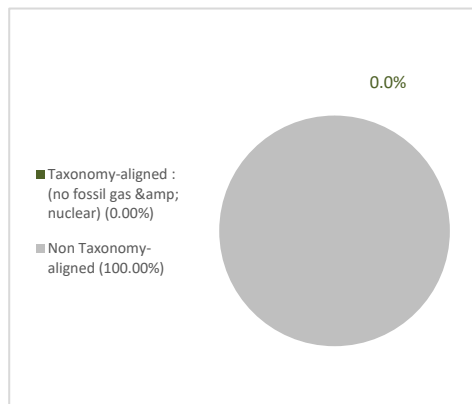
In nuclear energy



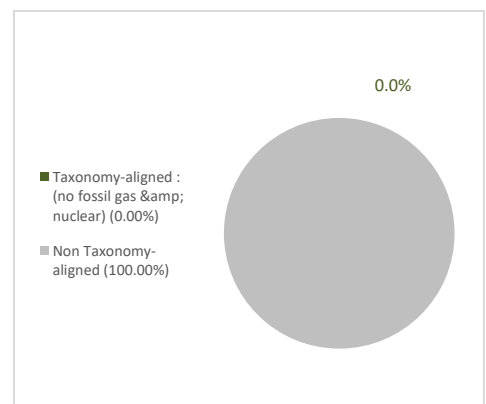
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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.

1. Taxonomy alignment of investments including sovereign bonds*



2. Taxonomy alignment of investments excluding sovereign bonds*



This graph represents 0 % of the total investments.

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

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.

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

Not applicable. The Sub-fund does not commit to invest in 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?

Not applicable



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 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 remaining portfolio may also hold instruments not subject to the ESG integration process such as cash and cash equivalent instruments or for risk balancing purposes and derivatives for risk balancing purposes and efficient portfolio management. This category may also include securities for which relevant data is not available.



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?

Yes, the Index has been designated as a reference benchmark for the purpose of attaining the Sub-fund’s environmental and social characteristics. The Sub-fund tracks the performance of the index “MSCI USA ESG Screened Net Total Return”, while minimising as far as possible the tracking error between the Sub-fund’s performance and that of the Index. The Index, which constitutes the “Exposed Strategy”, is published by MSCI, (the “Benchmark Administrator”) and it is an equity index designed to represent the performance of the USA large and mid-cap stocks. The Index is a net total return Index and measures the performance of a sub-set of equity securities which are part of the MSCI USA Index (the “Parent Index”) which excludes companies from the Parent Index based on the Benchmark Administrator’s ESG exclusionary criteria.

The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research to identify companies that are involved in the following business activities: - Controversial Weapons; - Nuclear Weapons; - Civilian Firearms; - Tobacco; - Thermal Coal; - Oil Sands. Companies that meet the business involvement criteria are excluded from the Index.

In addition to the above, companies that fail to comply with the United Nations Global Compact Principles are also excluded from the Indexes. The Index is calculated and published by the Benchmark Administrator.

The Index rebalances on a quarterly basis without any additional costs for the sub-fund.

The Benchmark Administrator’s Index methodology, composition, revision rules and additional information concerning the underlying components of the Index are available on www.msci.com.

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?**

The tracking error of the Sub-fund will be up to 1% under normal market conditions. The causes of tracking error can include but are not limited to the following: holdings/size of the Sub-fund, cash flows, transaction costs, dividend reinvestment, differences in timings between the receipt/payment of subscription and redemption monies into the Sub-fund, investment/divestment of Sub-fund assets and the impact of fees.

For a detailed description of the index-tracking strategies of the Sub-fund please refer to the Sub-fund's Investment Strategy paragraph of the Prospectus.

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

The Index, which constitutes the "Exposed Strategy", is published by MSCI, (the "Benchmark Administrator") and it is an equity index designed to represent the performance of the USA large and mid-cap stocks. The Index is a net total return Index and measures the performance of a sub-set of equity securities which are part of the MSCI USA Index (the "Parent Index") which excludes companies from the Parent Index based on the Benchmark Administrator's ESG exclusionary criteria.

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

The Benchmark Administrator's Index methodology, composition, revision rules and additional information concerning the underlying components of the Index are available on www.msci.com.

Where can I find more product specific information online?

More product-specific information can be found on the website:

http://www.fideuramireland.ie/en/legal_documentation

Further details are available on the Management Company's "Sustainable And Responsible Investment Policy":

http://www.fideuramireland.ie/upload/File/pdf/Policy_FAMI/FAMI_Sustainable_and_responsible_investment_policy.pdf

