



# Epsilon Fund

A Luxembourg FCP

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[eurizoncapital.com](https://eurizoncapital.com)

# Contents

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<b>A Word to Potential Investors</b> .....	2	<b>General Investment Powers and Restrictions</b> .....	31
<b>Fund Descriptions</b> .....	4	<b>Investing in the Funds</b> .....	42
Absolute Q-Multistrategy .....	5	<b>Management and Business Operations</b> .....	52
Emerging Bond Total Return .....	7	<b>Appendix D – SFDR pre-contractual disclosure</b> .....	57
Emerging Bond Total Return Enhanced .....	9	<b>Epsilon Fund - Emerging Bond Total Return</b> .....	58
Enhanced Constant Risk Contribution .....	11	<b>Epsilon Fund - Emerging Bond Total Return</b>	
Euro Bond .....	13	<b>Enhanced</b> .....	65
Euro Cash .....	15	<b>Epsilon Fund - Euro Bond</b> .....	72
Euro Q-Equity .....	17	<b>Epsilon Fund - Euro Cash</b> .....	79
Q-Flexible .....	19	<b>Epsilon Fund - Euro Q-Equity</b> .....	86
Q-Multiasset ML Enhanced .....	21	<b>Epsilon Fund - Q-Flexible</b> .....	94
<b>Risk Descriptions</b> .....	23	<b>Epsilon Fund - Q-Multiasset ML Enhanced</b> .....	102
<b>Credit Policies</b> .....	29		
<b>Sustainable Investing Policy and ESG Integration</b> .....	29		

# A Word to Potential Investors

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## All investments involve risk

With these funds, as with most investments, future performance may differ from past performance. There is no guarantee that any fund will meet its objectives or achieve any particular level of performance.

Fund investments are not bank deposits. The value of your investment can go up and down, and you could lose some or all of your invested money. Levels of income could also go up or down (as a rate or in absolute terms). No fund in this prospectus is intended as a complete investment plan, nor are all funds appropriate for all investors.

Before investing in any fund, you should understand its risks, costs and terms of investment, and how well these characteristics align with your own financial circumstances and risk tolerance.

As a potential investor, it is your responsibility to know and follow all applicable laws and regulations, including any foreign exchange restrictions, and to be aware of potential tax consequences (for which the FCP will under no circumstances be responsible for). We recommend that you consult an investment adviser, legal adviser and tax adviser before investing.

Any difference among fund security currencies, fund base or unit classes currencies, and your home currency may expose you to currency risk. If your home currency is different from your unit class currency, the performance you experience as an investor could be very different from that of the unit class.

## Who can invest in these funds

Distributing this prospectus, offering these units for sale, or investing in these units is legal only where the units are registered for public sale or where sale is not prohibited by local law or regulation. Neither this prospectus nor any other document relating to the FCP is an offer or solicitation in any jurisdiction, or to any investor, where not legally permitted or where the person making the offer or solicitation is not qualified to do so.

Neither these units nor the FCP are registered with the US Securities and Exchange Commission or any other US entity, federal or otherwise. Therefore, unless the management company is satisfied that it would not constitute a violation of US securities laws, these units are not sold in the USA and are not available to, or for the benefit of, US persons.

This version of the prospectus may not be used or distributed in Hong Kong, unless accompanied by the local addendum. This prospectus has not been reviewed by any regulatory authority in Hong Kong.

For more information on restrictions on unit ownership, contact us (see below).

## Which information to rely on

In deciding whether or not to invest in a fund, you should look at (and read completely) the most recent prospectus, as well as the relevant Key Information Documents (KIDs) and the most recent financial report(s), all of which are considered part of the prospectus. All of these documents are available online at [eurizoncapital.com](http://eurizoncapital.com).

By subscribing for units in any of these funds, you are considered to accept the terms described in these documents.

Together, all these documents contain the only approved information about the funds and the FCP. Anyone who offers any other information or representation, or who makes investment decisions based on the same, does so without authority and at their sole risk. The board is not liable for any statements or information about the funds or the FCP that is not contained in these documents, and investors rely on such statements and information at their own risk. Information in this prospectus, or any document about the FCP or funds, may have changed since the publication date. In case of any inconsistency in translations of this prospectus, the management regulations or the financial reports, the English version will prevail, unless the management company or the depositary decide otherwise.

### TO CONTACT US

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# Fund Descriptions

All of the funds described in this prospectus are part of the FCP, which functions as an umbrella structure for them. The FCP exists to offer investors access to professional investment management through a range of funds, each aiming to balance the growth and the preservation of unitholders' capital while also offering high liquidity of fund units and practicing sound risk diversification.

By law, each fund is permitted to invest as described in "General Investment Powers and Restrictions", and equally is required to comply with the restrictions stated in that same section. However, each fund also has its own investment policy, which is generally narrower than what is permitted by law. To a limited extent, a fund may use investments and techniques not described in its investment policy so long as it is consistent with law and regulation, and with the portfolio's investment objective. Each fund may also temporarily depart from its investment policy to address unusual market conditions or large unpredictable event. Descriptions of the specific investment objectives, main investments, and other key characteristics of each fund begin on the next page.

The management company has overall responsibility for the FCP's business operations and its investment activities, including the investment activities of all of the funds. The management company may delegate some of its functions to various service providers, such as investment management, distribution and central administration. The management company retains supervisory approval and control over its delegates.

More information about the FCP, the management company and the service providers appears in the final section of this prospectus, "Management and Business Operations".

For information on fees and expenses you may have to pay in connection with your investment, consult the following:

- Maximum fees for buying, exchanging and selling most units: this section.
- Maximum annual fees deducted from your investment: this section.
- Recent actual expenses: the applicable KID or the FCP's most recent unitholder report.
- Fees for currency conversions, bank transactions, and investment advice: your financial advisor, the transfer agent or other service providers, as applicable.

## Terms with specific meanings

The terms below have the following meanings in this prospectus.

**2010 Law** The Luxembourg law of December 17, 2010 on Undertakings for Collective Investment, as amended.

**base currency** The currency in which a fund does the accounting for its fund and maintains its primary NAV.

**the board** The Board of Directors of the management company.

**business day** Any day that is a full business day for banks in Luxembourg.

**emerging markets** Any country whose economy or markets are considered as emerging or developing, based on recognised index providers or in the view of the management company. Examples include most countries from Asia, Latin America, Eastern Europe, the Middle East and Africa.

**the FCP** Epsilon Fund.

**financial reports** The annual report of the FCP, along with any semi-annual report that has been issued since the most recent annual report.

**frontier markets** The least developed of the emerging market countries, such as those included in the MSCI Frontier Market Index or similar indices.

**fund** Except where indicated otherwise, any fund for which the FCP serves as an umbrella UCITS.

**government** Any government, government agency, supranational or public international entity, local authority or government-sponsored organisation.

**intermediary** Any intermediary, distribution agent or other intermediary with whom the distributor has an agreement to distribute units.

**KID** Key Information Document.

**the management regulations** The Management Regulations of the FCP.

**NAV** Net asset value per unit; the value of one unit of a fund.

**the prospectus** This document.

**SFDR** The Regulation (EU) 2019/2088 on the sustainability correlated disclosures in the financial services sector.

**US person** Any resident of the United States or any association or corporation organised under the laws of the United States or any of its states, territories or possessions.

**we, us** The FCP, acting through the management company or through any service providers described in this prospectus except for the auditor and any distributors.

**you** Any past, current or prospective unitholder, or an agent for the same.

## Currency abbreviations

<b>AUD</b>	<i>Australian dollar</i>	<b>HUF</b>	<i>Hungarian forint</i>
<b>CHF</b>	<i>Swiss franc</i>	<b>JPY</b>	<i>Japanese yen</i>
<b>CNH</b>	<i>Chinese offshore renminbi</i>	<b>PLN</b>	<i>Polish zloty</i>
<b>CNY</b>	<i>Chinese onshore renminbi</i>	<b>SEK</b>	<i>Swedish kronor</i>
<b>EU-R</b>	<i>Euro</i>	<b>RM-B</b>	<i>Onshore/offshore renminbi</i>
<b>GB-P</b>	<i>British pound sterling</i>	<b>USD</b>	<i>US dollar</i>

# Absolute Q-Multistrategy

## Investment Objective and Policy

**Objective** To achieve a positive return regardless of market conditions (absolute return).

**Benchmark** None.

**Investment policy** The fund mainly invests, either directly or through derivatives, in equities and corporate and government bonds denominated in any currency, in currencies themselves and in commodities. These investments may be from anywhere in the world, including emerging markets, and some of them may be below investment grade.

The exposure to equity and equity-related instruments is managed dynamically. Generally, such exposure to equity markets will be obtained through financial indices which selection will be based on quantitative models - such as, but not limited to, risk budgeting and momentum techniques (based on historical performance and volatility) - designed to select international equity market indices with high appreciation prospects and that provide an exposure to European, North American and emerging markets. Such selection of international equity market indices may vary during the investment cycle of the fund. The exposure to the equity markets may therefore vary over time according to the price dynamics of the markets and the macro/micro-economic outlook. The fund could gain exposure to single stock investments selected on the basis of a multifactor approach aiming at identifying companies with the greatest potential for appreciation, compared to other companies, the market as a whole or the industry in which they operate.

The exposure to debt and debt related instruments is managed tactically and may vary according to the interest rates dynamics of the financial markets.

The exposure to currencies is actively managed by seeking exposure to currencies of countries that are expected to appreciate in the short/medium term based on quantitative and qualitative analysis. The investment manager will adopt a flexible approach to invest on eligible currencies using several strategies such as, but not limited to, carry trade, momentum trade and relative value trade strategies.

Risk overlay techniques may be adopted in order to reduce the fund's volatility, including through the purchase and selling of options.

Specifically, the fund normally invests in equities and equity-related instruments and debt and debt-related instruments, including convertible bonds, covered bonds and money market instruments. Portfolio duration is 5 years or less and may be negative. Net equity exposure may range between 100% and -20% of total net assets.

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- below investment grade debt instruments with a minimum rating of B-/B3 and debt instruments of issuers in emerging markets: 40%
- deposits in any currency: 20%
- commodities (through derivatives): 10%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure. The fund gains most of its equity exposure through derivatives on equity market indices.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use TRSs.

**TRS usage** Expected, 30% of total net assets; maximum, 60%.

**Strategy** In actively managing the fund, the investment manager uses a set of diversified strategies aiming at delivering absolute returns, independently from the dynamics of the financial markets. In particular, the allocation will focus on discretionary and quantitative strategies, such as but not limited to, price momentum, volatility adjusted trend following indicators, tactical asset allocation models, market neutral models and carry-yield enhancement strategies. The allocation across strategies and asset classes is based on relative risk contributions and the total risk budget is determined using risk mitigation techniques. The investment manager may take steps to maximize the fund's realized gains by implementing taking profit strategies. The fund is designed without reference to a benchmark.

**Sustainability approach** The Investment Manager considers environmental, social and governance (ESG) criteria when assessing investment risks and opportunities. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal, or 10% or more of their revenues from oil sands.

For more information, see section "Sustainable Investing Policy and ESG Integration" including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Epsilon SGR S.p.A.

## Main Risks

See "Risk Descriptions" for more information.

### Risks typically associated with ordinary market conditions

- Commodities
- Convertible bonds
- Covered bonds
- Credit; + below investment grade
- Currency
- Derivatives
- Emerging and frontier markets
- Equity
- Hedging
- Leverage
- Interest rate
- Investment fund
- Management
- Market
- Short position

### Risks typically associated with unusual market conditions or other unpredictable events

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the medium term.

The fund may appeal to investors who:

- are looking for an investment combining income and growth
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](http://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

### Fund Events

**25/11/2016** Launched as Epsilon Fund Absolute Q-Multistrategy.

**25/11/2016** Absorption of Eurizon EasyFund – GT Asset Allocation and Eurizon EasyFund – Trend.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.55%	0.25%	20%
I	EUR	3 million	3 million	-	-	0.40%	0.25%	20%
R	EUR	500	-	2.50%	-	1.20%	0.25%	20%
X	EUR	3 million	3 million	-	-	0.65%	0.25%	-
Y	EUR	-	-	-	-	0.80%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from the unit class launch onwards with a 5-year reset. **Performance fee hurdle rate:** Bloomberg Euro Treasury Bills Index® + 1.50% (total return). **Performance fee cap:** 1.20%.

The fund offers "unit currency hedged" (U) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com).

# Emerging Bond Total Return

## Investment Objective and Policy

**Objective** To increase the value of your investment over time and to outperform short-term zero-coupon debt markets in euro by 1.30% per year over any given 36-month period.

**Benchmark** Bloomberg Euro Treasury Bills® Index + 1.30% (total return). *For measuring performance and calculating performance fee.*

**Investment policy** The fund mainly invests in short- and medium-term government and corporate bonds issued in emerging markets, including China and Russia, and denominated in any currency. These investments may be below investment grade.

Specifically, the fund normally invests at least 51% of total net assets in debt or debt-related instruments from issuers that are located, or do most of their business, in emerging markets, including money market instruments. The fund may invest directly, or indirectly through the Bond Connect programme, in the China Interbank Bond Market.

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- deposits in any currency: 20%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

The fund intends to use core derivatives only (see “How the Funds Use Instruments and Techniques”).

**Strategy** In actively managing the fund, the investment manager uses macroeconomic and market analysis to determine bond sector, geographic and currency exposure. The investment manager focuses on building a low-volatility portfolio and seeks to generate additional return through tactical positions on exchange rates, interest rates and longer maturity securities (top-down approach). The fund is designed without reference to the benchmark, therefore the similarity of its performance to that of the benchmark may vary.

[Sustainability approach](#)

The fund promotes (E) environmental and/or (S) social characteristics and invests in assets following good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The Investment Manager uses ESG criteria as a core element of its strategy. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal, or 10% or more of their revenues from oil sands, and builds a portfolio with a weighted average ESG score higher than that of its investment universe, being Emerging Countries debt issuers.

**For more information, see “SFDR Pre-contractual disclosure” and section “Sustainable Investing Policy and ESG Integration” including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>**

[Taxonomy disclosure](#)

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Epsilon SGR S.p.A.

## Main Risks

See “Risk Descriptions” for more information.

### Risks typically associated with ordinary market conditions

- Country risk – China
- Country risk – Russia
- Credit, + below investment grade
- Currency
- Derivatives
- Emerging and frontier markets
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Sustainable investing

### Risks typically associated with unusual market conditions or other unpredictable events

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the medium term.

The fund may appeal to investors who:

- are looking for an investment combining income and growth, while favouring sustainable investing
- are interested in exposure to emerging bond markets, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](http://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

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### Fund Events

<b>27/5/2008</b>	Launched as Eurizon Stars Fund – Emerging Bond Total Return.
<b>29/6/2012</b>	Renamed Epsilon Fund – Emerging Bond Total Return.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.40%	0.25%	20%
E	EUR	250,000	-	-	-	0.60%	0.25%	20%
I	EUR	3 million	3 million	-	-	0.25%	0.25%	20%
R	EUR	500	-	1.50%	-	0.80%	0.25%	20%
X	EUR	3 million	3 million	-	-	0.50%	0.25%	-
Y	EUR	-	-	-	-	0.65%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from the unit class launch onwards with a 5-year reset. **Performance fee cap:** 0.80%. The fund offers "unit currency hedged" (U) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com).



# Emerging Bond Total Return Enhanced

## Investment Objective and Policy

**Objective** To increase the value of your investment over time and to outperform short-term zero-coupon debt markets in euro by 2.00% per year over any given 36-month period.

**Benchmark** Bloomberg Euro Treasury Bills Index® + 2.00% (total return). *For measuring performance and calculating performance fee.*

**Investment policy** The fund mainly invests in government and corporate bonds issued in emerging markets, including China and Russia, and denominated in any currency. These investments may be below investment grade.

Specifically, the fund normally invests at least 51% of total net assets in debt and debt-related instruments from issuers that are located, or do most of their business, in emerging markets, including money market instruments. The fund may invest directly, or indirectly through the Bond Connect programme, in the China Interbank Bond Market.

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- deposits in any currency: 20%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

The fund intends to use core derivatives only (see “How the Funds Use Instruments and Techniques”).

**Strategy** In actively managing the fund, the investment manager seeks to maximize total investment return by implementing carry trade strategies in debt or debt-related instruments. It will analyze macroeconomic scenarios focusing on risks, opportunities and expected returns in terms of rates, credit and currency in major emerging markets. Selection of government and corporate bonds is realized through a bottom-up analysis. These strategies allow the investment manager to take advantage of differences or relative changes in debt or debt-related instruments and currencies values while tactically hedging the interest rates and credit risks. The fund is designed without reference to the benchmark, therefore the similarity of its performance to that of the benchmark may vary.

## Sustainability approach

The fund promotes (E) environmental and/or (S) social characteristics and invests in assets following good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The Investment Manager uses ESG criteria as a core element of its strategy. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal, or 10% or more of their revenues from oil sands, and builds a portfolio with a weighted average ESG score higher than that of its investment universe, being Emerging Countries debt issuers.

**For more information, see “SFDR Pre-contractual disclosure” and section “Sustainable Investing Policy and ESG Integration” including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>**

## Taxonomy disclosure

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Epsilon SGR S.p.A.

## Main Risks

See “Risk Descriptions” for more information.

### Risks typically associated with ordinary market conditions

- Country risk – China
- Country risk – Russia
- Credit; + below investment grade
- Currency
- Derivatives
- Emerging and frontier markets
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Sustainable investing

### Risks typically associated with unusual market conditions or other unpredictable events

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the medium term.

The fund may appeal to investors who:

- are looking for an investment combining income and growth, while favouring sustainable investing
- are interested in exposure to emerging bond markets, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](http://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

### Fund Events

**11/9/2017** Launched as Epsilon Fund – Emerging Bond Total Return Enhanced.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.55%	0.25%	20%
E	EUR	250,000	-	-	-	0.80%	0.25%	20%
I	EUR	3 million	3 million	-	-	0.40%	0.25%	20%
R	EUR	500	-	1.50%	-	1.00%	0.25%	20%
X	EUR	3 million	3 million	-	-	0.65%	0.25%	-
Y	EUR	-	-	-	-	0.80%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from the unit class launch onwards with a 5-year reset. **Performance fee cap:** 1.00%. The fund offers "unit currency hedged" (U) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com).

# Enhanced Constant Risk Contribution

## Investment Objective and Policy

**Objective** To achieve a positive return regardless of market conditions (absolute return).

**Benchmark** None.

**Investment policy** The fund mainly invests, either directly or through derivatives, in equities and corporate and government bonds denominated in any currency. These investments may be from anywhere in the world, including emerging markets, and some of them may be below investment grade. The fund may invest significantly in Italian government bonds with any credit rating.

Specifically, the fund normally invests in equities and equity-related instruments and debt and debt-related instruments, including convertible bonds and money market instruments.

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- below investment grade debt instruments other than Italian government bonds, with a minimum rating of B-/B3: 20%
- debt instruments of issuers in emerging markets: 20%
- deposits in any currency: 20%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

In addition to core derivatives (see “How the Funds Use Instruments and Techniques”), the fund may use TRSs.

**TRS usage** Expected, 30% of total net assets; maximum, 60%.

**Strategy** In actively managing the fund, the investment manager uses a proprietary quantitative model that aims to dynamically adjust the portfolio’s asset and geographical mix within a constant risk contribution for each asset class while implementing tactical positions on securities to maximise positive return (quantitative and absolute return approach). The fund is designed without reference to the benchmark.

**Sustainability approach** The Investment Manager considers environmental, social and governance (ESG) criteria when assessing investment risks and opportunities. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal or 10% or more of their revenues from oil sands. The investment manager also actively engages with the management of companies in which it has large investments with the aim of improving returns and sustainability.

For more information, see section “Sustainable Investing Policy and ESG Integration” including minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Epsilon SGR S.p.A.

## Main Risks

See “Risk Descriptions” for more information.

### Risks typically associated with ordinary market conditions

- Convertible bonds
- Credit; + below investment grade
- Currency
- Derivatives
- Emerging and frontier markets
- Equity
- Hedging
- Interest rate
- Investment fund
- Management
- Market

### Risks typically associated with unusual market conditions or other unpredictable events

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the long term.

The fund may appeal to investors who:

- are looking for a growth-oriented investment
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](http://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

### Fund Events

**3/10/2014** Launched as Epsilon Fund – Enhanced Constant Risk Contribution.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.95%	0.25%	10%
I	EUR	3 million	3 million	-	-	0.75%	0.25%	10%
R	EUR	500	-	2.50%	-	1.50%	0.25%	10%
X	EUR	3 million	3 million	-	-	1.00%	0.25%	-
Y	EUR	-	-	-	-	1.20%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from the unit class launch onwards with a 5-year reset. **Performance fee hurdle rate:** Bloomberg Euro Treasury Bills Index® + 3.20% (total return). **Performance fee cap:** 1.50%.

The fund offers "unit currency hedged" (U) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com).

# Euro Bond

## Investment Objective and Policy

**Objective** To increase the value of your investment over time and to outperform the eurozone government bond markets.

**Benchmark** JP Morgan EMU Government Bond Index® (total return). The benchmark does not take into account ESG criteria. *For designing the portfolio, measuring performance and calculating performance fee.*

**Investment policy** The fund mainly invests in investment grade government bonds denominated in euro. The fund generally favours direct investment but may at times invest through derivatives.

Specifically, the fund normally invests at least 70% of total net assets in debt and debt-related instruments, including money market instruments, denominated in euro.

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- deposits in any currency: 20%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

The fund intends to use core derivatives only (see “How the Funds Use Instruments and Techniques”).

**Strategy** In actively managing the fund, the investment manager uses macroeconomic and market analysis to determine the overall duration and the country and corporate bond exposure. The investment manager then focuses on analysis of issuers and securities to overweight those securities that appear to offer return for their risk level (top-down and bottom-up approach). The fund's exposure to securities, and thus its performance, are likely to differ moderately from those of the benchmark.

[Sustainability approach](#)

The fund promotes (E) environmental and/or (S) social characteristics and invests in assets following good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The Investment Manager uses ESG criteria as a core element of its strategy. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal, or 10% or more of their revenues from oil sands, and builds a portfolio with a weighted average ESG score higher than that of its benchmark.

**For more information, see “SFDR Pre-contractual disclosure” and section “Sustainable Investing Policy and ESG Integration” including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>**

[Taxonomy disclosure](#)

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Eurizon Capital SGR S.p.A.

## Main Risks

See “Risk Descriptions” for more information.

### Risks typically associated with ordinary market conditions

- Benchmark orientation
- Concentration
- Credit
- Derivatives
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Sustainable investing

### Risks typically associated with unusual market conditions or other unpredictable events

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the medium term.

The fund may appeal to investors who:

- are looking for an investment combining income and growth, while favouring sustainable investing
- are interested in exposure to developed bond markets, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](http://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

### Fund Events

<b>12/12/2006</b>	Launched as Eurizon Capital Alpha Fund - Euro Bond.
<b>5/5/2008</b>	Merged into Eurizon Stars Fund.
<b>29/6/2012</b>	Renamed Epsilon Fund - Euro Bond.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.40%	0.25%	15%
E	EUR	250,000	-	-	-	0.75%	0.25%	15%
I	EUR	3 million	3 million	-	-	0.25%	0.25%	15%
R	EUR	500	-	1.50%	-	0.85%	0.25%	15%
X	EUR	3 million	3 million	-	-	0.35%	0.25%	-
Y	EUR	-	-	-	-	0.50%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from 1 January 2019 onwards with a 5-year reset. **Performance fee cap:** 0.85%. The fund offers "portfolio currency hedged" (H) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com).

# Euro Cash

## Investment Objective and Policy

**Objective** To preserve your investment while achieving a return that is in line with that of the euro money market rate.

*Note that money invested in this fund may gain or lose value. The fund may not protect you from investment losses and does not guarantee any particular level of return. It is not equivalent to a bank deposit and does not have any external support that guarantees its liquidity or stabilises its NAV. Any investor in the fund must be prepared to bear any losses.*

**Benchmark** Bloomberg Euro Treasury Bills Index® (total return). The benchmark does not take into account ESG criteria. *For designing the portfolio and measuring performance.*

**Money market fund type** Variable NAV standard.

**Investment policy** The fund mainly invests in investment grade short-term bonds. These investments are mainly denominated in euro. The fund generally favours direct investment but may at times invest through derivatives.

Specifically, the fund normally invests at least 80% of total net assets in investment grade debt and debt-related instruments, including money market instruments, denominated in EUR and deposits, and a least 7.5% and 15% in assets maturing within one day and 5 days (including deposits), respectively.

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- units of UCITS and other UCIs: 10%

*Portfolio weighted average maturity* 6 months or less.

*Weighted average life* 12 months or less.

The fund does not invest in asset-backed and mortgage-backed securities.

Non-EUR investments are hedged to EUR.

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs.

The fund intends to use core derivatives only (see “How the Funds Use Instruments and Techniques”).

**Strategy** In actively managing the fund, the investment manager uses interest rate and duration analysis and independently evaluates issuer credit quality to seek high current yields (top-down and bottom-up approach). The fund’s exposure to securities, and thus its performance, are likely to differ slightly from those of the benchmark.

### Sustainability approach

The fund promotes (E) environmental and/or (S) social characteristics and invests in assets following good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The investment manager uses environmental, social and governance (ESG) criteria as a core element of its strategy. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal, or 10% or more of their revenues from oil sands, and builds a portfolio that invests at least 70% of total net assets in government issuers that have successfully passed an internal screening process.

**For more information, see “SFDR Pre-contractual disclosure” and section “Sustainable Investing Policy and ESG Integration” including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>**

### Taxonomy disclosure

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Eurizon Capital S.A.

## Main Risks

See “Risk Descriptions” for more information.

### **Risks typically associated with ordinary market conditions**

- Benchmark orientation
- Credit
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Sustainable investing

### **Risks typically associated with unusual market conditions or other unpredictable events**

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the short term.

The fund may appeal to investors who:

- are looking for a liquid investment with a high degree of capital preservation, while favouring sustainable investing
- are interested in exposure to money markets, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](https://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

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### Fund Events

**21/4/2008** Launched as Eurizon Stars Fund - Cash.

**29/6/2012** Renamed Epsilon Fund - Euro Cash.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.17%	0.25%	-
I	EUR	3 million	3 million	-	-	0.14%	0.25%	-
R	EUR	500	-	-	-	0.25%	0.25%	-

The fund offers "portfolio currency hedged" (H) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](https://eurizoncapital.com).



# Euro Q-Equity

## Investment Objective and Policy

**Objective** To increase the value of your investment over time and to outperform eurozone equity markets.

**Benchmark** Euro Stoxx® (net total return). The benchmark does not take into account ESG criteria. *For designing the portfolio, measuring performance and calculating performance fee.*

**Investment policy** The fund mainly invests in equities of companies in developed European markets. The fund generally favours direct investment but may at times invest through derivatives.

Specifically, the fund normally invests at least 70% of total net assets in equities and equity-related instruments, including convertible bonds, that are traded or issued by companies that are located, or do most of their business, in the European Economic and Monetary Union (EMU).

The fund may invest in the following asset class up to the percentage of total net assets indicated:

- debt instruments: 30%
- deposits in any currency: 10%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

In addition to core derivatives (see “How the Funds Use Instruments and Techniques”), the fund may use TRSs.

*TRS usage* Expected, 30% of total net assets; maximum, 60%.

**Strategy** In actively managing the fund, the investment manager uses a proprietary multi-factor model that aims to overweight securities that appear to offer an above-average potential for appreciation and to underweight those that appear to be overvalued (quantitative approach). The fund's exposure to securities, and thus its performance, are likely to differ moderately from those of the benchmark.

[Sustainability approach](#)

The fund promotes (E) environmental and/or (S) social characteristics and invests in assets following good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The Investment Manager uses ESG criteria as a core element of its strategy. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal, or 10% or more of their revenues from oil sands, and builds a portfolio with a weighted average ESG score higher than that of its benchmark. The Investment Manager also actively engages with the management of companies in which it has large investments with the aim of improving returns and sustainability.

**For more information, see “SFDR Pre-contractual disclosure” and section “Sustainable Investing Policy and ESG Integration” including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>**

[Taxonomy disclosure](#)

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Epsilon SGR S.p.A.

## Main Risks

See “Risk Descriptions” for more information.

### Risks typically associated with ordinary market conditions

- Benchmark orientation
- Concentration
- Convertible bonds
- Currency
- Derivatives
- Equity
- Hedging
- Investment fund
- Management
- Market
- Sustainable investing

### Risks typically associated with unusual market conditions or other unpredictable events

- Counterparty
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the long term.

The fund may appeal to investors who:

- are looking for a growth-oriented investment, while favouring sustainable investing
- are interested in exposure to a regional equity market, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg

and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](http://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

### Fund Events

**3/6/2008** Launched as Eurizon Stars Fund – Euro Q-Equity.

**29/6/2012** Renamed Epsilon Fund – Euro Q-Equity.

**31/05/2019** Absorption of Epsilon Fund – European Q-Equity.

*The fund qualifies under the German Investment Tax 2018 (GITA) as an equity fund (Aktienfonds).*

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.80%	0.25%	15%
I	EUR	3 million	3 million	-	-	0.60%	0.25%	15%
R	EUR	500	-	3.00%	-	1.70%	0.25%	15%
X	EUR	3 million	3 million	-	-	0.75%	0.25%	-
Y	EUR	-	-	-	-	0.95%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from 1 January 2019 onwards with a 5-year reset. **Performance fee cap:** 1.70%. The fund offers "portfolio currency hedged" (H) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com).

# Q-Flexible

## Investment Objective and Policy

**Objective** To achieve a positive return regardless of market conditions (absolute return).

**Benchmark** None.

**Investment policy** The fund mainly invests, either directly or through derivatives, in equities and corporate and government bonds denominated in any currency that are investment grade. These investments may be from anywhere in the world, including emerging markets.

Specifically, the fund normally invests in equities and equity-related instruments and debt and debt-related instruments, including convertible bonds and money market instruments. The asset allocation among each asset classes may range from 0% to 100% of total net assets.

The fund may invest in the following asset class up to the percentage of total net assets indicated:

- emerging market equities: 10% (as from 16 January 2024)
- deposits in any currency: 20%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

In addition to core derivatives (see “How the Funds Use Instruments and Techniques”), the fund may use TRSs.

*TRS usage* Expected, 30% of total net assets; maximum, 60%.

**Strategy** In actively managing the fund, the investment manager uses a proprietary multi-factor model, based on macro-economic, market, sectoral and issuer data, to dynamically adjust the portfolio's asset and geographical mix (quantitative and top-down approach). The fund is designed without reference to a benchmark.

### Sustainability approach

The fund promotes (E) environmental and/or (S) social characteristics and invests in assets following good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The Investment Manager uses ESG criteria as a core element of its strategy. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or derive 25% or more of their revenues from thermal coal, or 10% or more of their revenues from oil sands, and builds a portfolio with a weighted average ESG score higher than that of its investment universe, being worldwide equity, European debt and money market issuers. The Investment Manager also actively engages with the management of companies in which it has large investments with the aim of improving returns and sustainability.

**For more information, see “SFDR Pre-contractual disclosure” and section “Sustainable Investing Policy and ESG Integration” including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>**

### Taxonomy disclosure

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Epsilon SGR S.p.A.

## Main Risks

See “Risk Descriptions” for more information.

### **Risks typically associated with ordinary market conditions**

- Convertible bonds
- Credit
- Currency
- Derivatives
- Emerging and frontier markets
- Equity
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Sustainable investing

### **Risks typically associated with unusual market conditions or other unpredictable events**

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the long term.

The fund may appeal to investors who:

- are looking for a growth-oriented investment, while favouring sustainable investing
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](http://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

### Fund Events

- 28/7/2008** Launched as Eurizon Stars Fund – Q-Flexible.
- 29/6/2012** Renamed Epsilon Fund – Q-Flexible.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.70%	0.25%	20%
I	EUR	3 million	3 million	-	-	0.50%	0.25%	20%
R	EUR	500	-	2.50%	-	1.60%	0.25%	20%
X	EUR	3 million	3 million	-	-	0.75%	0.25%	-
Y	EUR	-	-	-	-	0.95%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from the unit class launch onwards with a 5-year reset. **Performance fee hurdle rate:** Bloomberg Euro Treasury Bills Index® + 3.60% (total return). **Performance fee cap:** 1.60%.

The fund offers "unit currency hedged" (U) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com).

# Q-Multiasset ML Enhanced

## Investment Objective and Policy

**Objective** To increase the value of your investment over time.

**Benchmark** None.

**Investment policy** The fund mainly invests, either directly or through derivatives, in equities and corporate and government bonds denominated in any currency. These investments may be from anywhere in the world, including China (only indirect exposure) and other emerging markets, and some of them may be below investment grade.

Specifically, the fund normally invests in equities and equity-related instruments and in debt and debt-related instruments, including convertible bonds, covered bonds and money market instruments. The duration of the portfolio may vary over time and may be negative.

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- below investment grade debt instruments: 50%, including 10% in instruments rated CCC+/Caa1 or lower (distressed securities)
- equity and debt instruments of issuers in emerging markets: 50%
- deposits in any currency: 20%
- commodities (through exchange-traded commodities, derivatives and funds): 10%
- contingent convertible bonds (coco bonds): 10%
- units of UCITS and other UCIs: 10%

The fund does not invest in asset-backed securities or mortgage-backed securities, but may be indirectly exposed to them (maximum 10% of total net assets).

**Derivatives and techniques** The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

In addition to core derivatives (see “How the Funds Use Instruments and Techniques”), the fund may use TRSs.

**TRS usage** Expected, 30% of total net assets; maximum, 50%.

**Strategy** In actively managing the fund, the investment manager divides the assets between a strategic portfolio and a tactical overlay portfolio with the aim of simultaneously achieving long-term growth and low market-correlated returns. In the strategic portfolio, the investment manager uses macro-economic, market and fundamental analysis to dynamically adjust the portfolio’s asset mix (top-down approach). In the tactical portfolio, the investment manager incorporates proprietary machine learning (ML) models into the investment process to enhance the overall performance of the fund, taking long and short positions on asset classes whose values are expected to rise or fall, respectively (quantitative long-short approach).

Specifically, the investment manager uses a traditional asset allocation process for the strategic portfolio that is expected to induce at least 85% of the fund’s expected total volatility. The strategic portfolio is rebalanced every quarter. In the tactical portfolio, the investment manager seeks to generate additional

performance by using market signals generated by artificial intelligence (AI) to make long-short investments on various asset classes monthly. The tactical portfolio is expected to induce a maximum of 15% of the fund’s expected total volatility. The investment manager makes all portfolio decisions and does not rely on any automated AI trading strategies.

### Sustainability approach

The fund promotes (E) environmental and/or (S) social characteristics and invests in assets following good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The investment manager uses environmental, social and governance (ESG) criteria as a core element of its strategy. It excludes securities from issuers or sectors with a low ESG profile or that are involved with controversial weapons or that derive 25% or more of their revenues from the thermal coal, or 10% or more of their revenues from oil sands and builds a portfolio with a weighted average ESG score higher than that of its investment universe, being worldwide debt and equity issuers. The Investment Manager also actively engages with the management of companies in which it has large investments with the aim of improving returns and sustainability.

**For more information, see “SFDR Pre-contractual disclosure” and section “Sustainable Investing Policy and ESG Integration” including the minimum ESG coverage rate and the main methodological limits, such as incomplete, inaccurate or unavailable third-party data and go to <https://www.eurizoncapital.com>**

### Taxonomy disclosure

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Base currency** EUR.

**Investment manager** Epsilon SGR S.p.A.

## Main Risks

See “Risk Descriptions” for more information.

### **Risks typically associated with ordinary market conditions**

- Coco bonds
- Commodities
- Convertible bonds
- Covered bonds
- Country risk – China
- Credit - below investment grade
- Currency
- Derivatives
- Emerging and frontier markets
- Equity
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Sustainable Investing

### **Risks typically associated with unusual market conditions or other unpredictable events**

- Counterparty
- Default
- Liquidity
- Operational
- Standard practices

**Risk management method** Commitment.

## Planning your Investment

**Product availability** The fund is available to professional investors and investors with basic knowledge, with or without advice.

**Investor profile** Investors who understand the risks of the fund and plan to invest over the long term.

The fund may appeal to investors who:

- are looking for a growth-oriented investment, while favouring sustainable investing
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification purposes

**Processing requests** Requests to buy, exchange or sell fund units that are received and accepted by the transfer agent by 4:00 PM CET on any day that is a business day in Luxembourg and that is also a trading day on the fund's main markets are ordinarily processed at the NAV for that day (T). For the list of valuation days, go to [eurizoncapital.com](https://eurizoncapital.com).

Settlement occurs no later than 3 business days after a request has been accepted.

### Fund Events

**7/5/2024** Launched as Epsilon Fund – Q-Multiasset ML Enhanced.

### Base Unit Classes

Class	Currency	Min. investment	Min. holding	Max. Dealing Fees		Annual Fees		
				Entry	Exit	Management	Max. administration	Performance
C	EUR	-	-	-	-	0.80%	0.25%	20%
I	EUR	3 million	3 million	-	-	0.60%	0.25%	20%
R	EUR	500	-	2.50%	-	1.80%	0.25%	20%
X	EUR	3 million	3 million	-	-	0.85%	0.25%	-
Y	EUR	-	-	-	-	1.05%	0.25%	-

**Performance fee method:** High Water Mark. **High water mark period:** from the unit class launch onwards with a 5-year reset. **Performance fee hurdle rate:** Bloomberg Euro Treasury Bills Index® + 3.80% (total return). **Performance fee cap:** 1.80%.

The fund offers "unit currency hedged" (U) units. See "Fund Fees and Costs" for a fuller explanation of above fees. For a current and complete list of available unit classes, go to [eurizoncapital.com](https://eurizoncapital.com).

# Risk Descriptions

All investments involve risk. The risks of some of these funds may be comparatively high.

The risk descriptions below correspond to the main risk factors listed for each fund. A fund could potentially be affected by risks beyond those listed for it or described here, nor are these risk descriptions themselves intended as exhaustive. Each risk is described as if for an individual fund.

Any of these risks could cause a fund to lose money, to perform less well than similar investments or a benchmark, to experience high volatility (ups and downs in NAV), or to fail to meet its objective over any period of time.

## Risks typically associated with ordinary market conditions

*Risks included in this section are generally present to a material degree in ordinary market conditions, but also tend to be present – and more potent – in unusual market conditions.*

**ABS / MBS risk** Mortgage-backed and asset-backed securities (MBSs and ABSs), and other types of collateralised debt security, typically carry prepayment and extension risk and can carry above-average liquidity risk.

MBSs (a category that includes collateralised mortgage obligations, or CMOs) and ABSs represent an interest in a pool of debt, such as credit card receivables, auto loans, student loans, equipment leases, home mortgages and home equity loans.

MBSs and ABSs also tend to be of lower credit quality than many other types of debt securities. To the extent that the debts underlying an MBS or ABS go into default or become noncollectable, the securities based on those debts will lose some or all of their value.

**Benchmark orientation risk** A fund that is managed with reference to a benchmark may underperform its benchmark over any given period of time, and might not take any defensive measures to protect from losses when the benchmark declines.

Market indexes, which are typically used as benchmarks, are calculated by independent entities without consideration for how they may affect fund performance. The index providers make no guarantee that their index calculations are accurate and assume no liability for any losses of investors in any investment that tracks any of their indexes. If a provider ceases to maintain an index, or loses or fails to gain its ESMA registration as a benchmark provider, the fund may be liquidated if no suitable replacement can be found.

**CDO/CLO risk** These securities are hard to value accurately due to their complex structure, their behaviour in different market conditions may be unpredictable and they can be hurt by a decline in the underlying assets. The lower tranches of CDOs and CLOs can experience significantly higher risk than upper tranches of the same securities.

**Coco bonds risk** Contingent convertible securities (coco bonds) are comparatively untested, their issuers can cancel or modify scheduled income payments at will, they are more vulnerable to losses than equities, they carry extension risk, and they can be highly volatile.

Coco bonds carrying the following risks, among others:

**Trigger level risk:** Coco bonds are issued with a trigger level, for example, the issuer's core liquid assets falling below 5%. If the trigger level is reached, the coco bond automatically converts to equity, which may, however, be worth little or nothing. A trigger could be reached either through a loss of capital (numerator) or an increase in risk-weighted assets (denominator).

**Coupon cancellation:** With some coco bonds, the issuer may cancel coupon payments at any time, for any reason and for any length of time. Cancelled payments do not accumulate. Cancellation can create valuation risk.

**Capital structure inversion risk:** A coco bond can be junior not only to other debt but to equity as well, meaning that in certain circumstances (such as the activation of a high trigger principal write down) a coco bond will be among the first securities of the issuer to suffer losses.

**Call extension risk:** With coco bonds that are structured as perpetual loans, the principal amount may be paid off on the call date, anytime afterward, or never.

**Unknown risk:** How coco bonds will behave in a stressed environment is uncertain. For example, the market may consider a trigger activation or coupon suspension by a single issuer to be a systemic event, leading to price contagion, volatility or liquidity risk across some or all of the asset class.

**Yield/Valuation risk:** While cocos tend to offer attractive yields, any assessment of their risk must include not only their credit ratings (which may be below investment grade) but also the other risks associated with cocos, such as the risk of conversion, coupon cancellation, and liquidity risk. It is unclear to what extent investors have accurately assessed the risks of coco bonds.

**Commodities risk** Commodities tend to be highly volatile, and may be disproportionately affected by political, economic, weather, trade, agricultural and terrorist-related events, and by changes in energy and transportation costs.

**Concentration risk** To the extent that the fund invests a large portion of its assets in a limited number of industries, sectors, or issuers, or within a limited geographical area, it can be more risky than a fund that invests more broadly.

Focusing on any company, industry, sector, country, region, type of stock, type of economy, etc. makes the fund more sensitive to the factors that determine market value for the area of focus. These factors may include economic, financial or market conditions as well as social, political, economic, environmental or other conditions. The result can be both higher volatility and a greater risk of loss.

**Convertible bonds risk** Because convertible securities are structured as bonds that typically can, or must, be repaid with a predetermined quantity of equity shares, rather than cash, they carry both equity risk and the credit and default risks typical of bonds.

**Country risk – China** The legal rights of investors in China are uncertain, government intervention is common and unpredictable, some of the major trading and custody systems are unproven, and all types of investments are likely to have comparatively high volatility and greater liquidity and counterparty risks.

In China, it is uncertain whether a court would protect the fund's right to securities it may purchase via Stock Connect programs, China Interbank Bond Market or other methods whose regulations are untested and subject to change. The structure of these schemes does not require full accountability of some of its component entities and leaves investors such as the fund with relatively little standing to take legal action in China. In addition, Chinese security exchanges or authorities may tax or limit short-swing profits, recall eligible stocks, set or change quotas (maximum trading volumes, either at the investor level or at the market level) or otherwise block, limit, restrict or delay trading, hampering or preventing a fund from implementing its intended strategies.

*Shanghai- and Shenzhen-Hong Kong Stock Connect programs.* Stock Connect is a joint project of the Hong Kong Exchanges and Clearing Limited (HKEX), China Securities Depository and Clearing Corporation Limited (ChinaClear), the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Hong Kong Securities Clearing Company Limited (HKSCC), a clearing house that in turn is operated by HKEX, acts as nominee for investors accessing Stock Connect Securities.

Creditors of the nominee or custodian could assert that the assets in accounts held for the funds are actually assets of the nominee or custodian. If a court should uphold this assertion, creditors of the nominee or custodian could seek payment from the assets of the relevant fund. HKSCC, as nominee, does not guarantee the title to Stock Connect securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners (such as the funds). Consequently, title to such securities, or the rights associated with them (such as participation in corporate actions or shareholder meetings), cannot be assured.

Should the FCP or any fund suffer losses resulting from the performance or insolvency of HKSCC, the FCP would have no direct legal recourse against HKSCC, because Chinese law does not recognise any direct legal relationship between HKSCC and either the FCP or the depository.

Should ChinaClear default, HKSCC's contractual liabilities will be limited to assisting participants with claims. A fund's attempts to recover lost assets could involve considerable delays and expenses, and may not be successful.

**China Interbank Bond Market.** The CIBM is an over-the-counter market that provides a way for outside investors (such as the fund) to buy Chinese corporate and government bonds. The CIBM may have low trading volumes and high bid and offer spreads, making the bonds comparatively less liquid and more expensive.

**Bond Connect.** Bond Connect aims to enhance the efficiency and flexibility of investing in the China Interbank Bond Market. Although Bond Connect removes CIBM's investment quota and the need for a bond settlement agent, investments made through Bond Connect may be subject to high price volatility and potential lack of liquidity due to low trading volume of certain debt securities. Large spreads between bid and offer prices, which make it harder to sell bonds at a profit, are also a risk, as is counterparty risk.

**Onshore and offshore renminbi.** In China, the government maintains two separate currencies: internal renminbi (CNY), which must remain within China and generally cannot be owned by foreigners, and external renminbi (CNH), which can be owned by any investor. The exchange rate between the two, and the extent to which currency exchanges involving CNH are allowed, are managed by the government, based on a combination of market and policy considerations. This effectively creates currency risk within a single nation's currency, as well as liquidity risk, since the conversion of CNY to CNH, and of CNH to other currencies, can be restricted, as can the removal of any currency from China or Hong Kong.

**Country risk – Russia** In Russia, risks associated with custody and counterparties are higher than in developed countries.

Russian custodial institutions observe their own rules, have significantly less responsibility and accountability to investors, may be poorly regulated, or may otherwise be susceptible to fraud, negligence or error. The securities markets in these countries may also suffer from impaired efficiency and liquidity, which may worsen price volatility and market disruptions.

**Covered bond risk** In addition to carrying credit, default and interest rate risks, covered bonds can be less liquid than many other types of bonds, and the collateral set aside to secure bond principal could decline in value.

Because any insolvency of any issuer will be generally governed by the laws of the issuer's place of incorporation, these laws may offer lesser protection than, for example, Luxembourg law. The price volatility of a covered bond will be influenced by the specific features of the issue, such as fixed/floating rates, the possibility of an optional redemption by the issuer, or the issue price including a substantial discount or premium. To the extent that the secondary market for a covered bond issue is limited, that issue could have liquidity risk.

**Credit risk** A bond or money market instrument from any type of issuer could fall in price, and become more volatile and less liquid, if the security's credit rating or the issuer's financial health deteriorates, or the market believes it might. This risk is greater the lower the credit quality of the debt, and the greater the fund's exposure to below investment grade bonds.

**Below investment grade bonds.** These securities are considered speculative. Compared to investment grade bonds, the prices and yields of below investment grade bonds are more volatile and more sensitive to economic events, and the bonds are less liquid and carry greater default risk.

**Distressed and in-default securities.** While these securities can offer high rewards, they carry the lowest credit quality, are extremely speculative, can be very difficult to value or sell, and often involve complex and unusual situations and extensive legal actions (such as bankruptcy or liquidation of the issuer) whose outcome is quite uncertain.

**Sovereign debt.** Debt issued by governments and government-owned or -controlled entities can be subject to many risks, especially in cases where the government is reliant on payments or extensions of credit from external sources, is unable to institute the necessary systemic reforms or control domestic sentiment, or is unusually vulnerable to changes in geopolitical or economic sentiment.

Even if a government issuer is financially able to pay off its debt, investors may have little recourse should it decide to delay, discount or cancel its obligations, as the main avenue to pursue payment is typically the sovereign issuer's own courts.

**Collateralised debt obligations.** These securities combine, in concentrated form, the credit risks of below investment grade bonds, the prepayment and extension risk of ABSs and MBSs, and the leverage risks associated with derivatives.

Because the securities divide the risks and benefits of the underlying pool of investments into tranches, or layers, the highest risk tranches may become worthless if even a relatively small portion of the underlying mortgages go into default.

**Environmental-related credit risk.** Adverse effects of environmental issues, such as climate change and natural disasters, may erode the financial health of a bond issuer and hamper its ability to repay a debt.

**Currency risk** To the extent that the fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses, in some cases significantly.

Exchange rates can change rapidly and unpredictably, and it may be difficult for the fund to unwind its exposure to a given currency in time to avoid losses. Changes in exchange rates can be influenced by such factors as export-import balances, economic and political trends, governmental intervention and investor speculation.

Intervention by a central bank, such as aggressive buying or selling of currencies, changes in interest rates, restrictions on capital movements or a "de-pegging" of one currency to another, could cause abrupt or long-term changes in relative currency values.

**Derivatives risk** Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general, and exposing the fund to potential losses significantly greater than the cost of the derivative.

Derivatives are subject to the risks of the underlying asset(s) – typically in modified and greatly amplified form – as well as carrying their own risks. Some of the main risks of derivatives are:

- the pricing and volatility of some derivatives, in particular credit default swaps and collateralised debt obligations, may diverge from the pricing or volatility of their underlying reference(s), sometimes greatly and unpredictably



- in difficult market conditions, it may be impossible or unfeasible to place orders that would limit or offset the market exposure or financial losses created by some derivatives
- derivatives involve costs that the fund would not otherwise incur
- it can be difficult to predict how a derivative may behave in certain market conditions; this risk is greater for newer or more complex types of derivatives
- changes in tax, accounting, or securities laws could cause the value of a derivative to fall or could force the fund to terminate a derivative position under disadvantageous circumstances
- some derivatives, in particular futures, options, total return swaps, contracts for difference and some contingent liability contracts, could involve margin borrowing, meaning that the fund could be forced to choose between liquidating securities to meet a margin call or taking a loss on a position that might, if held longer, have yielded a smaller loss or a gain

*Exchange-traded derivatives* Trading in these derivatives or their underlying assets could be suspended or subject to limits. There is also a risk that settlement of these derivatives through a transfer system may not happen when or as expected.

*OTC derivatives – non-cleared* Because OTC derivatives are in essence private agreements between a fund and one or more counterparties, they are less highly regulated than market-traded securities. They also carry greater counterparty and liquidity risks, and their pricing is more subjective. If a counterparty ceases to offer a derivative that a fund had been planning on using, the fund may not be able to find a comparable derivative elsewhere and may miss an opportunity for gain or find itself unexpectedly exposed to risks or losses, including losses from a derivative position for which it was unable to buy an offsetting derivative.

Because it is generally impractical for the FCP to divide its OTC derivative transactions among a wide variety of counterparties, a decline in the financial health of any one counterparty could cause significant losses. Conversely, if any fund experiences any financial weakness or fails to meet an obligation, counterparties could become unwilling to do business with the FCP, which could leave the FCP unable to operate efficiently and competitively.

*OTC derivatives – cleared* Because these derivatives are cleared on a trading platform, their liquidity risks are similar to those for exchange-traded derivatives. However, they still carry counterparty risk that is similar to non-cleared OTC derivatives.

**Emerging and frontier markets risk** Emerging and frontier markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, illiquid security, legal, custody and currency risks, and are more likely to experience risks that in developed markets are associated with unusual market conditions.

Reasons for this higher level of risk include:

- political, economic, or social instability
- economies that are heavily reliant on particular industries, commodities, or trading partners
- uncontrolled inflation
- high or capricious tariffs or other forms of protectionism
- quotas, regulations, laws, restrictions on repatriation of monies, or other practices that place outside investors (such as the fund) at a disadvantage
- changes in laws or failure to enforce laws or regulations, to provide fair or functioning mechanisms for resolving disputes or pursuing recourse, or to otherwise recognise the rights of investors as understood in developed markets
- excessive fees, trading costs, taxation, or outright seizure of assets
- inadequate reserves to cover issuer or counterparty defaults

- incomplete, misleading, or inaccurate information about securities and their issuers
- non-standard or sub-standard accounting, auditing or financial reporting practices
- markets that are small and have low trading volumes, and consequently can be vulnerable to liquidity risk and to manipulation of market prices
- arbitrary delays and market closures
- less developed market infrastructure that is unable to handle peak trading volumes
- fraud, corruption and error

In certain countries, securities markets may also suffer from impaired efficiency and liquidity, which may worsen price volatility and market disruptions.

To the extent that emerging markets are in different time zones from Luxembourg, the fund might not be able to react in a timely fashion to price movements that occur during hours when the fund is not open for business.

For purposes of risk, the category of emerging markets includes markets that are less developed, such as most countries in Asia, Africa, South America and Eastern Europe, as well as countries such as China, Russia and India that have successful economies but may not offer the highest levels of investor protection.

**Equity risk** Equities can lose value rapidly, and typically involve higher (often significantly higher) market risks than bonds or money market instruments.

If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all of their value.

The price of an equity varies according to supply and demand and the market expectations about the company's future profitability, which may be driven by factors such as consumer demand, product innovation, actions of competitors, how or whether a company chooses to address environmental, social and governance (ESG) factors.

Examples of sustainability practices include mitigating the effects of extreme weather events, reducing environmental impacts, improving labour conditions, promoting workplace non-discrimination and establishing strong and transparent governance.

**Hedging risk** Any attempts to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss.

The fund may use hedging within its fund, and, with respect to any designated unit classes, to hedge the currency exposure of the class. Hedging involves costs, which reduce investment performance. Therefore, with any unit class that involves hedging both at the fund level and the unit class level, there can be two levels of hedging, some of which may yield no benefit (for example, at the fund level, a fund may hedge SGD-denominated assets to EUR, while an SGD-hedged unit class of this fund would then reverse that hedge).

Risks related to unit class currency hedging (such as counterparty risk) could affect investors of other unit classes. For a list of funds with unit classes that could experience contagion risk, go to [eurizoncapital.com](http://eurizoncapital.com).

**Illiquid securities risk** Certain securities may, by nature, be hard to value or sell at a desired time and price, especially in any quantity.

This may include securities that are generally considered to be illiquid, such as unlisted securities, Rule 144A securities and securities that represent a small issue, trade infrequently, or are traded on markets that are comparatively small or have long settlement times. Costs of liquidating illiquid securities are often higher as well.

**Inflation-linked securities risk** If inflation falls or remains low, the yields on short-term inflation-linked securities will fall or remain low.

**Inflation-linked securities Infrastructure risk** Infrastructure-related companies are subject to a variety of factors that may adversely affect their business such as high interest costs in connection with capital-intensive construction projects, difficulty in raising capital in adequate amounts on reasonable terms and changes in environmental and other regulations.

**Interest rate risk** When interest rates rise, bond values generally fall. This risk is generally greater the longer the duration of a bond investment is.

For bank deposits and for money market instruments and other short-maturity investments, interest rate risk works in the opposite direction. Falling interest rates can be expected to cause investment yields to fall.

**Investment fund risk** As with any investment fund, investing in the fund involves certain risks an investor would not face if investing in markets directly:

- the actions of other investors, in particular sudden large outflows of cash, could interfere with orderly management of the fund and cause its NAV to fall
- the investor cannot direct or influence how money is invested while it is in the fund
- the fund is subject to various investment laws and regulations that limit the use of certain securities and investment techniques that might improve performance; to the extent that the fund decides to register in jurisdictions that impose narrower limits, this decision could further limit its investment activities
- because the fund is based in Luxembourg, any protections that would have been provided by other regulators (including, for investors outside Luxembourg, those of their home regulator) may not apply
- changes in regulations worldwide and increased regulator scrutiny of financial services could lead to new regulations or other changes that could limit opportunities or increase costs for the FCP
- because fund units are not publicly traded, the only option for liquidation of units is generally redemption, which is subject to any redemption policies set by the fund
- because of how performance fees are calculated, it is possible that in some cases an investor could end up paying a performance fee even though their actual performance is negative
- the fund could suspend redemptions of its units, for any of the reasons described in “Rights We Reserve” under “Investing in the Funds”
- the fund’s buying and selling of investments may not be optimal for the tax efficiency of any given investor
- to the extent that the fund invests in other UCITS / UCIs, it will have less direct knowledge of, and no control over, the decisions of the UCITS / UCIs investment managers, it could incur a second layer of investment fees (which will further erode any investment gains), and it could face liquidity risk in trying to unwind its investment in a UCITS /UCI
- the FCP may not be able to hold a service provider fully responsible for any losses or lost opportunities arising from the service provider’s actions
- it may be impractical or impossible for different unit classes to completely isolate their costs and risks from other unit classes, including the risk that creditors of one unit class of a fund may attempt to seize assets of another class to settle an obligation
- to the extent that the FCP conducts business with affiliates of Eurizon Capital S.A., and these affiliates (and affiliates of other service providers) do business with each other on behalf of the FCP, conflicts of interest may be created (although to mitigate these, all such business dealings must be conducted on an arm’s length basis, and all entities, and

the individuals associated with them, are subject to strict fair dealing policies that prohibit profiting from inside information and showing favoritism)

Where a fund invests in another UCITS / other UCI, these risks apply to the fund, and in turn indirectly to unitholders.

**Leverage risk** The fund’s high net exposure to certain investments could make its unit price more volatile.

To the extent that the fund uses derivatives or securities lending to increase its net exposure to any market, rate, basket of securities or other financial reference source, fluctuations in the price of the reference source will be amplified at the fund level.

**Management risk** The fund’s investment managers could be wrong in their analysis of market or economic trends, their choice or design of any software models they use, their allocation of assets, or in other decisions regarding how the fund’s assets will be invested.

This includes projections concerning industry, market, economic, demographic, or other trends, as well as the timing of investment decisions and the relative emphasis of different investments. In addition to missed opportunities for investment performance, unsuccessful management decisions can involve significant costs, such as the costs of transitioning to a new strategy or fund composition.

Strategies that involve active trading (typically defined as turnover of more than 100% a year) can incur high trading costs and also may generate a high degree of short-term capital gains, which may be taxable to unitholders.

Newly formed funds may use unproven strategies or techniques, and may be difficult for investors to evaluate because of a lack of operating history. In addition, both the volatility and the returns of a new fund can change as an increase in its assets requires a scale-up of strategy and methods.

**Market risk** Prices and yields of many securities can change frequently – sometimes with significant volatility – and can fall, based on a wide variety of factors.

Examples of these factors include:

- political and economic news
- government policy
- changes in technology and business practices
- changes in demographics, cultures and populations
- natural or human-caused disasters
- weather and climate patterns
- scientific or investigative discoveries
- costs and availability of energy, commodities and natural resources

The effects of market risk can be immediate or gradual, short-term or long-term, narrow or broad.

**Prepayment and extension risk** Any unexpected behavior in interest rates could hurt the performance of callable debt securities (securities whose issuers have the right to pay off the security’s principal before the maturity date).

When interest rates fall, issuers tend to pay off these securities and re-issue new ones at lower interest rates. When this happens, the fund may have no alternative but to reinvest the money from these prepaid securities at a lower rate of interest (“prepayment risk”).

At the same time, when interest rates rise, borrowers tend not to prepay their low-interest mortgages. This can lock in the fund to receiving below-market yields until interest rates fall or the securities mature (“extension risk”). It can also mean that the fund must either sell the securities at a loss or forgo the opportunity to make other investments that may turn out to have performed better.

The prices and yields of callable securities typically reflect the assumption that they will be paid off at a certain point before maturity. If this prepayment happens when expected, the fund generally will not suffer any adverse effects. However, if it happens substantially earlier or later than expected, it can mean that the fund effectively overpaid for the securities.

These factors can also affect the fund's duration, increasing or decreasing sensitivity to interest rates in undesired ways. In some circumstances, the failure of rates to rise or fall when anticipated could cause prepayment or extension risks as well.

**Real estate investment risk** Real estate investment trusts (REITs) invest directly in physical real estate or related businesses, tend to have above-average volatility, and can be hurt by any factor that makes an area or individual property less valuable or by mortgage-related risks.

Specifically, investments in real estate holdings or related businesses or securities (including interests in mortgages) can be hurt by natural disasters, economic declines, overbuilding, zoning changes, tax increases, population or lifestyle trends, failures of management, difficulty attracting tenants or collecting payments, environmental contamination and other factors that may affect the market value or cash flow of the investment, including the failure of a REIT to qualify for tax-free pass-through of income.

Equity REITs are most directly affected by real estate factors, while mortgage REITs are more vulnerable to interest rate risk and credit risk (typically declines in the creditworthiness of the mortgage holders).

Many REITs are in effect small corporations and carry small- and mid-cap equity risk. Some are highly leveraged, which increases volatility. The value of real estate-related securities does not necessarily track the value of the underlying assets.

**Short position risk** Taking a short position (a position whose value moves in the opposite direction from the value of the security itself) through derivatives creates losses when the underlying security's value rises. The use of short positions may increase the risk of both loss and volatility.

Potential losses from using short position are theoretically unlimited as there is no restriction on the price to which a security may rise, whereas the loss from a cash investment in the security cannot exceed the amount invested.

The short selling of investments may be subject to changes in regulations, which could create losses or the inability to continue using short positions as intended or at all.

**Small and mid cap equity risk** Equities of small and mid capitalisation companies can be more volatile and less liquid than equities of larger companies.

Small and mid capitalisation companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks. Initial public offerings (IPOs) can be highly volatile and can be hard to evaluate because of a lack of trading history and relative lack of public information.

**Sukuk risk** In addition to having risks typical of similar securities that are debt securities, sukuk may be more volatile, less liquid, may involve higher costs, and in some cases may carry greater credit risk.

The market for sukuk (debt-like securities that are structured like equities to comply with the Muslim prohibition on interest) is relatively new and small, meaning that liquidity and volatility could be more of a risk than for comparable non-sukuk securities.

While asset-backed sukuk confer actual ownership rights in an underlying asset, thereby providing some recourse to investors in the event an issuer fails to make promised payments, asset-based sukuk do not confer such ownership rights and therefore are considered to have greater credit risk.

**Sustainable investing risk** A fund that uses sustainability criteria may underperform the market or other funds that invest in similar assets but do not apply sustainability criteria.

Using sustainable criteria may cause the fund to miss out on opportunities to buy securities that prove to have superior returns or less volatility, and may also influence the timing of buy/sell decisions that are not optimal.

Sustainable investing is based to an extent on non-financial considerations whose effects on profitability are indirect and may be speculative. The fund's analysis of sustainability assessments could be faulty, or the information on which the analysis is based could be incomplete, inaccurate or misleading. It's also possible that the fund could have indirect exposure to issuers who do not meet its sustainability standards.

Many companies in the sustainability area are comparatively small and therefore have small- and mid-cap equity risk, and many rely on emerging technologies or business models that could have an above-average risk of failure.

**Taxation risk** Some countries tax interest, dividends or capital gains on certain investments in their country. Any country could change its tax laws or treaties in ways that affect the fund or its unitholders.

Tax changes potentially could be retroactive and could affect investors with no direct investment in the country. For example, if China were to change its tax classification of the FCP or a related entity, modify or cease honoring a tax treaty or eliminate tax incentives, it could increase the taxes due on Chinese investments or even result in a tax of 10% (or greater) on the income the FCP receives from all sources worldwide, including in those funds that do not hold any Chinese investments.

### Risks typically associated with unusual market conditions or other unpredictable events

*Risks included in this section are generally not present to a material degree in normal market conditions (although they may be present to a limited degree). During unusual market conditions, however, these risks can be among the most serious.*

**Counterparty and collateral risk** Any entity with which the fund does business, including those with which the fund does securities financing transactions and other entities with temporary or long-term custody of fund assets, could become unwilling or unable to meet its obligations to the fund.

If a counterparty, including a depository, becomes bankrupt, the fund could lose some or all of its money and could experience delays in getting back securities or cash that were in the possession of the counterparty. This could mean the fund is unable to sell the securities or receive the income from them during the period in which it seeks to enforce its rights, which process itself is likely to create additional costs. In addition, the value of the securities could fall during the period of delay.

Because cash deposits are not subject to asset segregation by the depository, or by any sub-custodian appointed by the depository, they would be exposed to increased risk in the event of bankruptcy of the depository or sub-custodian compared to other assets.

Agreements with counterparties can be affected by liquidity risk and operational risk, either of which could cause losses or limit the fund's ability to meet redemption requests.

Because counterparties are not liable for losses caused by a "force majeure" event (such as a serious natural or human-caused disaster, riot, terrorist act or war), such an event could cause significant losses with respect to any contractual arrangement involving the fund.

The value of collateral might not cover the full value of a transaction, and might not cover any fees or returns owed to the fund. If any collateral the fund holds as protection against counterparty risk (including assets in which cash collateral has been invested) declines in value, it may not fully protect the

fund against losses. Difficulties in selling collateral may delay or restrict the ability of the fund to meet redemption requests. In the case of securities lending or repurchase transactions, the collateral held could yield less income than the assets transferred to the counterparty. While the fund uses industry standard agreements with respect to all collateral, in some jurisdictions even these agreements might prove to be difficult or impossible to enforce under local law.

**Securities financing risk** Securities lending, repurchase and reverse repurchase agreements and total return swaps are subject to all of the above counterparty and collateral risks, including the liquidity and operational risks mentioned above and described under those names in this prospectus. Additional operational risks include delays in transaction settlements that may affect fund liquidity and asset valuations. Additional liquidity risks of repurchase agreements include the possibility that the fund would be unable to make timely repayment of proceeds to the counterparty. Any securities financing risk could cause any of the undesirable outcomes identified in the introduction to this risk section.

**Default risk** The issuers of certain bonds could become unable to make payments on their bonds.

**Liquidity risk** Any security could become hard to value or to sell at a desired time and price.

Liquidity risk could affect the fund's value and its ability to pay redemption proceeds or to repay, for example, repurchase agreement proceeds by the agreed deadline.

**Operational risk** The operations of the fund could be subject to human error, faulty processes or governance, and technological failures, including the failure to prevent or detect cyberattacks, data theft, sabotage or other electronic incidents.

Operational risks may subject the fund to errors affecting valuation, pricing, accounting, tax reporting, financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

The methods used by cyber criminals evolve rapidly, and reliable defenses may not always be available. To the extent that the FCP's data is stored or transmitted on the systems of multiple entities, using technology of multiple vendors, its vulnerability to cyber risk increases. Possible results of cybersecurity breaches or improper access include loss of investor personal data, proprietary information about fund management, regulatory intervention, and sufficient business or reputation damage to create financial implications for investors.

**Standard practices risk** Investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective.

## Credit Policies

The management company assesses credit quality according to the references and methods described below.

For bonds, credit ratings are considered at the security or issuer level and at the time of securities' purchases. The funds may hold securities that have been downgraded. However, any violation of a limit set in the investment policy of a fund that arises following such a downgrade must be resolved as soon as possible, consistent with the normal course of fund operations.

For bonds and money market instruments, the management company only uses ratings of credit agencies established in the European Union and registered in accordance with the European regulation 462/2013. The management company does not solely or mechanically rely on the credit ratings granted by credit rating agencies.

### Investment grade bonds (AAA/Aaa to BBB-/Baa3)

Issues or issuers that represent significant positions: agency credit ratings and/or an internal evaluation by the management company.

Issues or issuers that represent lesser positions: credit rating of at least one agency.

### Below investment grade bonds (BB+/Ba1 or lower)

All issues or issuers: agency credit ratings if available, otherwise an internal evaluation by the management company.

### Assets held by money market funds

When assessing money market instruments, securitisations and asset-backed commercial papers for money market funds (as defined and regulated by Regulation (EU) 2017/1131) to determine whether their credit quality receives a favorable assessment, the management company reviews agency credit ratings and also applies its own prudent internal credit quality

assessment procedure using up-to-date quality information from other reliable sources. This procedure is based on prudent, systematic and continuous assessment methodologies that take into account the characteristics of both issuer and instrument and has been validated by experience and empirical evidence, including back-testing.

The procedure includes criteria to analyse financial data, identify trends, and track key determinants of credit risk. The management company supervises the application of the procedure by a team of credit research analysts and regularly monitors the procedure for accuracy, adequacy and proper execution, making adjustments to the relative importance of the assessment criteria from time to time. The procedure complies with Articles 19 4. and 20 2 of Regulation (EU) 2017/1131 and is approved by the management company's Conducting Officers and subsequently by the management company's directors.

The internal assessment procedure relies on numerous indicators. Examples of quantitative criteria include pricing of money market instruments and credit default swaps; monitoring of relevant financial indices covering geographical, sector, and asset class; and industry-specific financial and default information. Examples of qualitative criteria include the competitive position, governance risk, financial situation and liquidity sources of the issuer; the issuer's ability to react to future events; the strength of the issuer's sector within the economy and relative to economic trends; and the class, structure, short-term characteristics, underlying assets, liquidity profile, relevant markets, and potential operational and counterparty risks of the instrument. According to Article 21 of Regulation (EU) 2017/1131, the management company documents its internal credit quality assessment procedure and credit quality assessments.

## Sustainable Investing Policy and ESG Integration

### At the FCP level

The FCP's board believes that it must serve shareholders' interests by providing investment solutions that deliver long-term competitive performance. Eurizon Capital's strong commitment to sustainable investing is an integral part of this duty. Sustainable investing entails making better-informed investment decisions, addressing sustainability issues and dilemmas, including associated risks, and influencing fund portfolio companies to contribute to a positive outcome.

Unless otherwise stated in "Fund Descriptions", all funds are subject to our sustainable investment policy (excluding investments in derivatives and funds from providers other than Eurizon Capital). Some funds go even further by following stricter criteria that are indicated in "Fund Descriptions".

In keeping with the Eurizon Capital's Sustainability Policy, the funds are managed based on the integration of environmental, social and corporate governance (ESG) factors that are in line with the UN-supported Principles for Responsible Investment.

This means that ESG factors are considered holistically along with financial factors and managed from a risk-return perspective.

The funds' selection of assets relies mainly on third-party data. This data may be incomplete, inaccurate or unavailable and, as a result, there is a risk that the investment manager may incorrectly assess a security or issuer.

The funds exercise active ownership through dialogue, voting and collaboration to create long-term value.

The funds use screening as a tool to identify ESG risks and to exclude or restrict investments in some sectors or issuers.

Eurizon Capital promotes transparency by sharing information about its approach, reporting on progress, and encouraging an open dialogue with investors and other stakeholders. For further information about the Eurizon Capital sustainability policy, go to [eurizoncapital.com](https://eurizoncapital.com).

## At the fund level

This table outlines the components of the ESG approach adopted for each fund.

This information should be read alongside the investment policy in “Fund Descriptions”

Fund name	Active ownership	Sector limitation	Issuer limitation	Sector exclusion	Issuer exclusion	ESG integration			Carbon footprint	Impact investing
						Score	Index	Sovereign		
Euro Cash				●	●			●		
Euro Bond				●	●	●				
Euro Q-Equity	●			●	●	●				
Emerging Bond Total Return				●	●	●				
Emerging Bond Total Return Enhanced				●	●	●				
Q-Flexible	●			●	●	●				
Enhanced Constant Risk Contribution	●			●	●					
Absolute Q-Multistrategy				●	●					
Q-Multiasset ML Enhanced	●			●	●	●				

### Key

**Active ownership** The fund engages systematically with the management of companies in which it has large investments, including through voting of shares, with the aim of improving returns and sustainability.

**Sector limitation** The fund's holdings in issuers that are directly involved in the manufacture of controversial weapons, or that derive 25% or more of their revenues from the thermal coal sector or 10% or more of their revenues from the oil sands sector, will not exceed the weight of the issuer in the benchmark. Examples of controversial weapons include landmines, cluster munitions, depleted uranium, and nuclear, biological and chemical weapons.

**Issuer limitation** The fund's holdings in issuers with the lowest ESG ratings (as determined by MSCI ESG Research) will not exceed the weight of the issuer in the benchmark.

**Sector exclusion** The fund excludes issuers that are directly involved in the manufacture of controversial weapons, or that derive 25% or more of their revenues from the thermal coal sector or 10% or more of their revenues from the oil sands sector. Examples of controversial weapons include landmines, cluster munitions, depleted uranium, and nuclear, biological and chemical weapons. The exclusion of the thermal coal sector and oil sands sector is not applicable in the case of green bond issues, aimed at financing the energy transition and combating global warming.

**Issuer exclusion** The fund excludes issuers with lowest ESG ratings (as determined by MSCI ESG Research) if their ESG profile fails to improve following the fund's process of seeking such improvement through engagement with management and voting of shares.

**ESG integration** The fund excludes corporate issuers that do not follow good governance practices.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that, unless otherwise stated in “Fund Descriptions”, covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).

- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

**ESG Score integration:** The fund integrates ESG factors into its portfolio construction and aims to build a portfolio with a higher weighted ESG scoring (as determined by MSCI ESG Research) than that of its benchmark (if it has one) or its investment universe (if it does not).

**ESG Index Integration:** The fund invests at least 90% of total net assets in issuers included in a benchmark that already takes into account ESG selection criteria.

**Sovereign ESG Integration** The fund invests at least 70% of total net assets in government issuers that have successfully passed screenings that consider the:

- progress of the issuer's country against the Sustainable Development Goals defined by the United Nations with the aim of fostering a more conscious and sustainable global development.
- carbon footprint of the issuer's country
- level of social violations to international or local norms, such as international treaties, UN principles or local regulations

**Carbon footprint** The fund integrates carbon dioxide (CO<sub>2</sub>) footprint measurements in portfolio construction and aims to build a portfolio with a lower CO<sub>2</sub> footprint than that of its benchmark (if it has one) or its investment universe (if it does not).

**Impact investing** The fund seeks to achieve a measurable and positive social or environmental impact alongside a financial return. The fund excludes issuers that do not follow good governance practices.

For more information about the ESG approach components, go to [eurizoncapital.com](http://eurizoncapital.com).

# General Investment Powers and Restrictions

Each fund, and the FCP itself, must comply with all applicable EU and Luxembourg laws and regulations, as well as certain circulars, guidelines and other requirements. This section presents, in tabular form, the fund management requirements of the 2010 law (the main law governing the operation of a UCITS) as well as the requirements set by the European Securities and Markets Authority (ESMA) for money market funds and for risk monitoring and management. In case of any discrepancy, law itself, in the original French, would prevail over either the management regulations or the prospectus (with the management regulations taking precedence over the prospectus).

If any violation of the 2010 law or the money market fund regulation by a fund is detected, the investment manager must make compliance with the relevant policies a priority in its securities trades and investment management decisions, while also taking due account of the interests of unitholders. Any violation that arises incidentally must be resolved as soon as possible, consistent with the normal course of fund operations.

Except where noted, all percentages and restrictions apply to each fund individually, and all asset percentages are measured as a percentage of total net assets (including cash).

## Permitted assets, techniques and transactions

The table on the following page describes what is allowable to any UCITS. The funds may set limits that are more restrictive in one way or another, based on their investment objectives and policies. A fund's usage of any asset, technique or transaction must be consistent with its investment policies and restrictions.

No fund can acquire assets that come with unlimited liability attached, underwrite securities of other issuers (other than if it may be considered to do so in the course of disposing of fund securities), or issue warrants or other rights to subscribe for their units.

## Terms used in this section

The terms below are used mainly or exclusively in this "Investment Powers and Restrictions" section and have the following meanings.

**ABCP** *Asset-backed commercial paper.*

**amortised cost** *A valuation method in which acquisition cost is adjusted for amortisation of premiums or discounts up through maturity.*

**CNAV** *A public debt constant net asset value money market fund.*

**LVNAV** *A low volatility net asset value money market fund.*

**mark-to-market** *A valuation method based on independent, readily available liquidation prices, such as prices from exchanges, screen prices, or quotes from multiple reputable independent brokers.*

**mark-to-model** *A valuation method that is benchmarked, extrapolated or otherwise calculated from one or more market inputs.*

**MMF** *A money market fund.*

**money market instruments** *Transferable instruments normally dealt in on the money market, such as treasury and local authority bills, certificates of deposits, commercial paper, bankers' acceptances, and medium- or short-term notes.*

**eligible state** *Any state that the board considers to be consistent with a given portfolio's investment objective.*

**EU-level issuers** *The EU, a central authority or central bank of a European state, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility.*

**EU and international issuers** *All EU-level issuers, plus any regional or local authority of a European state, any sovereign nation or member state of a federation, and any relevant international body to which a European state belongs, such as the International Monetary Fund, International Bank for Reconstruction and Development, Council of Europe Development Bank, European Bank for Reconstruction and Development, or Bank for International Settlements.*

**member state** *A member state of the EU or of the European Economic Area.*

**regulated market** *A regulated market within the meaning of Directive 2004/39/EC of the European Parliament, or any other market in an eligible state, country, or territory that the directors of the management company consider to be regulated, regularly operating, recognised, and open to the public.*

**short-term MMF** *An MMF that invests in eligible money market instruments referred to in Article 10(1) and is subject to the portfolio rules set out in Article 24*

**standard MMF** *An MMF that invests in eligible money market instruments referred to in Article 10(1) and (2) and is subject to the portfolio rules set out in Article 25; (16)*

**VNAV** *A variable net asset value money market fund.*

**weighted average life (WAL)** *The average asset-weighted time to legal maturity of an MMF's total asset exposures; a measure of credit and liquidity risk.*

**weighted average maturity (WAM)** *The average asset-weighted time to legal maturity or the next interest rate reset, whichever is shorter, of an MMF's total asset exposures; a measure of sensitivity to interest rate risk.*

Non-money market funds	Money market funds	Usage by funds
<b>1. Transferable securities and money market instruments</b>		
<p>Must be listed or traded on an official stock exchange in an eligible state, or on a regulated market in an eligible state (a market that operates regularly, is recognised and is open to the public).</p> <p>Recently issued securities must include in their terms of issue a commitment to apply for official listing on a regulated market and such admission must be received within 12 months of issue.</p>	<p>Must be listed or traded on a money market in an eligible state. For eligible states outside the EU, the money market must be approved by the competent authorities, provided for in law, or identified in the fund's rules or instruments of incorporation.</p>	<p>Widely used. Material usage is described in "Fund Descriptions".</p>

Non-money market funds	Money market funds	Usage by funds
<b>2. Money market instruments that do not meet the requirements in row 1</b>		
<p>Must be subject (at the securities or issuer level) to regulation aimed at protecting investors and savings and must meet one of the following:</p> <ul style="list-style-type: none"> <li>• be issued or guaranteed by a central, regional or local authority, or a central bank of an EU member state, the European Central Bank, the European Investment Bank, the EU, a public international body to which at least one EU member state belongs, a sovereign nation, or a member state of a federation</li> <li>• be issued by an undertaking of any securities that qualify under row 1 (with exception of recently issued securities)</li> <li>• be issued or guaranteed by an institution that is subject to, and complies with, EU prudential supervision rules or other rules the CSSF considers to be at least as stringent</li> </ul> <p>Can also qualify if the issuer belongs to a category approved by the CSSF, is subject to investor protections that are equivalent to those described directly at left, and meets one of the following criteria:</p> <ul style="list-style-type: none"> <li>• is issued by a company with at least EUR 10 million in capital and reserves that publishes annual accounts consistent with Directive 2013/34/EU</li> <li>• is issued by an entity dedicated to financing a group of companies at least one of which is publicly listed</li> <li>• is issued by an entity dedicated to financing securitisation vehicles that benefit from a banking liquidity line</li> </ul>	<p>Must have a remaining or effective maturity or reset date of 397 days or less (with floating- or fixed-rate instruments hedged by swaps that reset to a money market rate or index) and must also meet all of the following that apply:</p> <ul style="list-style-type: none"> <li>• be issued or guaranteed by one or more EU-level issuers</li> <li>• be issued or guaranteed by one or more EU and international issuers, with both issue and issuer receiving favourable internal credit assessments</li> <li>• if it is a securitisation or ABCP, it must be sufficiently liquid, have a favourable internal credit assessment, have a legal maturity of 2 years or less, and meet one of the following: <ul style="list-style-type: none"> <li>– it is a securitisation referred to in Article 13 of Commission Delegated Regulation (EU) 2015/61; Short-Term MMF: also must be an amortising instrument with a WAL of 2 years or less</li> <li>– it is not (and does not include, even on a look-through basis) a re-securitisation or synthetic securitisation, and it is fully supported by the issuing regulated credit institution as to liquidity and credit risks, material dilution risks, ongoing transaction and programme costs, and any necessary investor guarantees of full payment; Short-Term MMF: legal maturity at issuance must be 397 days or less</li> <li>– it is a simple, transparent, standardised (STS) securitisation or ABCP; Short-Term MMF: must be amortising instruments, have a WAL of 2 years or less, and have had a legal maturity at issuance of 397 days or less</li> </ul> </li> </ul>	<p>Widely used. Material usage is described in “Fund Descriptions”.</p>
<b>3. Transferable securities and money market instruments that do not meet the requirements in rows 1 and 2</b>		
<ul style="list-style-type: none"> <li>• Limited to 10% of fund assets.</li> </ul>	<p>Permitted as to money market instruments.</p>	<p>Any usage likely to create material risk is described in “Fund Descriptions”.</p>
<b>4. Units of UCITS or other UCIs that are not linked to the FCP*</b>		
<p>Must be limited by constitutional documents to investing no more than 10% of assets in other UCITS or other UCIs.</p> <p>If the target investment is an “other UCI”, it must do all of the following:</p> <ul style="list-style-type: none"> <li>• invest in UCITS-allowable investments</li> <li>• be authorised by an EU member state or by a state the CSSF considers to have equivalent laws on supervision, with adequate cooperation between authorities sufficiently ensured</li> <li>• issue annual and semi-annual reports that enable an assessment of assets, liabilities, income and operations over the reporting period</li> <li>• offer investor protections that are equivalent to those of a UCITS, in particular as to the rules on asset segregation, borrowing, lending and uncovered sales</li> </ul>	<p>The target MMF must be limited to investing no more than 10% of assets in other MMFs, and those MMFs must be authorised under these same rules.</p> <p>An acquiring MMF must invest no more than 17.5% of assets in other MMFs and no more than 5% of assets in any one MMF (does not apply to eligible MMFs that are marketed solely through an employee savings scheme, have only natural persons as investors, are governed by national law, and under that law can permit redemptions only in non-market-related circumstances).</p> <p>An MMF that invests 10% or more of assets in other MMFs must disclose in its prospectus the maximum allowable management fees payable by both the target and acquiring MMFs, and in its annual report the amounts actually paid.</p> <p>The target fund cannot invest, in turn, in the acquiring fund (reciprocal ownership).</p> <p>A short-term MMF can only invest in other short-term MMFs.</p>	<p>Any usage that is over 10% of fund assets, or likely to create material risk, is disclosed in “Fund Descriptions”. Total annual management fees of funds and underlying UCITS/other UCIs may be up to 2.5%.</p> <p>Any rebates received from any underlying UCITS/ other UCIs are fully refunded to the fund.</p>
<b>5. Units of UCITS or other UCIs that are linked to the FCP*</b>		
<p>Must meet all non-money market fund requirements in row 4.</p> <p>The FCP’s annual report must state the total annual management and advisory fees charged both to the fund and to the UCITS/other UCIs in which the fund has invested during the relevant period.</p> <p>The UCITS/other UCI cannot charge a fund any fees for subscribing for or redeeming shares.</p>	<p>Same as row 4.</p>	<p>Non-MMF usage same as row 4, plus funds pay no annual management or advisory fees applied by any linked UCITS/ other UCI are fully refunded to the fund.</p>



Non-money market funds	Money market funds	Usage by funds
<b>6. Units of other funds of the FCP</b>		
<p>Must meet all non-money market fund requirements in rows 4 and 5.</p> <p>The target fund cannot invest, in turn, in the acquiring fund (reciprocal ownership).</p> <p>The acquiring fund surrenders all voting rights in shares of the target fund it acquires.</p> <p>When measuring whether a fund meets the minimum required asset level, the value of investment in target funds is not included.</p>	Same as row 4.	Non-MMF usage same as row 4, plus funds pay no annual management or advisory fees to any other funds.
<b>7. Real estate and commodities, including precious metals</b>		
<p>Direct ownership of commodities, or certificates representing them, is prohibited. Investment exposure is allowed only indirectly, through assets, techniques and transactions allowed under the 2010 Law. The financial indices used to obtain exposure to commodities through financial derivatives instruments comply with the requirements set out in the art. 9 of the Grand-Ducal Regulation of 8 February 2008.</p> <p>Direct ownership of real estate or other tangible property is prohibited. Investment exposure is allowed indirectly, through investments in other funds such as real estate investment trusts (REITs), complying with art. 2 of the Grand Ducal Regulation of 8 February 2008 and not containing embedded derivatives components as referred to in art. 10 of this regulation.</p>	Exposure not permitted in any form.	Usage likely to create material risk is described in "Fund Descriptions". Direct purchases of real or tangible property are unlikely.
<b>8. Deposits with credit institutions</b>		
<p>Must be repayable or withdrawable on demand, and any maturity date must be no more than 12 months in the future.</p> <p>The credit institutions either must have a registered office in an EU member state or, if not, be subject to prudential supervision rules the CSSF considers to be at least as stringent as EU rules.</p>	Same as for non-money market funds.	Commonly used by all funds and may be used extensively for temporary defensive purposes.
<b>9. Liquid assets</b>		
<p>Limited to a maximum of 20% in usual market conditions and to deposits on sight.</p> <p>This limit can be breached in exceptionally unfavourable market conditions and where such breach is justified having regard to the interests of the investors</p>	Same as for non-money market funds.	Commonly used by all funds, and may be used extensively for temporary defensive purposes.
<b>10. Derivatives and equivalent cash-settled instruments</b> See also "How the Funds Use Instruments and Techniques" on page 38		
<p>Underlying assets must be those described in rows 1, 2, 4, 5, 6 and 8 or must be financial indices (compliant with article 9 of the Grand-Ducal Regulation of 8 February 2008), interest rates, foreign exchange rates or currencies consistent with fund investment objectives and policies.</p> <p>All usage must be adequately captured by the risk management process described in "Management and Monitoring of Derivatives Risk" below.</p> <p>OTC derivatives must meet all of the following criteria:</p> <ul style="list-style-type: none"> <li>• be subject to reliable and verifiable independent daily valuations</li> <li>• be able to be sold, liquidated or closed by an offsetting transaction at their fair value at any time at the FCP's initiative</li> <li>• be with counterparties that are institutions subject to prudential supervision and that belong to categories approved by the CSSF</li> </ul>	<p>Limited to 10% of portfolio assets.</p> <p>Underlying assets are limited to interest rates, foreign exchange rates and currencies, or to indices representing any of these.</p> <p>Usage is limited to hedging interest rate or foreign exchange risks, and cannot form a central part of fund strategy.</p>	Material usage is described in "Fund Descriptions".

Non-money market funds	Money market funds	Usage by funds
<b>11. Securities lending, repurchase/reverse repurchase agreements</b> See also “How the Funds Use Instruments and Techniques” on page 38		
<p>Must be used for efficient portfolio management only.</p> <p>The volume of transactions must not interfere with a fund’s pursuit of its investment policy or its ability to meet redemptions. With loans of securities and with repurchase transactions, the fund must ensure that it has sufficient assets to settle the transaction.</p> <p>All counterparties must be subject to EU prudential supervision rules or to rules the CSSF considers to be at least as stringent.</p> <p>For each transaction, the fund must receive and hold collateral that is at least equivalent, at all times during the lifetime of the transactions, to the full current value of the securities lent.</p> <p>During the life of a repurchase contract, the fund cannot sell the securities that are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.</p> <p>A fund may lend securities:</p> <ul style="list-style-type: none"> <li>• directly to a counterparty</li> <li>• through a lending system organised by a financial institution that specialises in this type of transaction</li> <li>• through a standardised lending system organised by a recognised clearing institution</li> </ul> <p>The FCP cannot grant or guarantee any other type of loan to a third party.</p> <p>The fund must have the right to terminate any securities lending, repurchase or reverse repurchase transaction and to recall the securities that have been lent or are subject to the repurchase agreement.</p>	<p>Securities lending is not permitted.</p> <p>The MMF must have the right to terminate a repurchase or reverse repurchase agreement with no more than two working days’ notice; for reverse repurchase agreements, the MMF must receive back the full amount of cash (on either an accrued or mark-to-market basis; if the latter, that value must be used in calculating NAV).</p> <p>Repurchase agreements must meet all of the following criteria:</p> <ul style="list-style-type: none"> <li>• be no longer than 7 working days</li> <li>• be used only to manage temporary liquidity</li> <li>• the counterparty cannot sell, invest, pledge or otherwise transfer assets provided as collateral without the fund’s prior consent</li> <li>• the cash received must not exceed 10% of MMF assets and must be placed in deposits or invested in assets that are issued or guaranteed by one or more EU-level issuers or a central authority or central bank of a third country and that have received, for both issuer and issue, favourable internal credit assessments</li> </ul> <p>Assets received through reverse repurchase agreements must meet all of the following:</p> <ul style="list-style-type: none"> <li>• market value must at all times at least equal cash paid out</li> <li>• they are money market instruments as described in row 2 above</li> <li>• they are issued by an entity that is independent from the counterparty and not expected display high correlation with it</li> <li>• the MMF cannot sell, invest, pledge or otherwise transfer assets provided as collateral without the counterparty’s prior consent</li> <li>• they do not create more than 15% exposure to any one issuer except an EU and international issuer</li> </ul> <p>Assets received through reverse repurchase agreements in accordance with the exceptions column of row A in the “Diversification requirements” table below.</p>	<p>Material usage is described in “Fund Descriptions”. For securities lending, the funds require higher collateral than regulations specify.</p>
<b>12. Borrowing</b>		
<p>The FCP is not allowed to borrow in principle except if it on a temporary and represents no more than 10% of fund assets.</p> <p>The FCP may however acquire foreign currency via back-to-back loans.</p>	<p>Not permitted in any form.</p>	<p>No funds currently intend to borrow from banks.</p>
<b>13. Short exposure</b>		
<p>Direct short sales are prohibited. Short positions may be acquired only indirectly, through derivatives.</p>	<p>Exposure not permitted in any form.</p>	<p>Any usage likely to create material risk is described in “Fund Descriptions”.</p>

\* May include ETFs. A UCITS or other UCI is considered to be linked to the FCP if both are managed or controlled by the same management company or another affiliated management company.

## Limits on concentration of ownership

These limits are intended to prevent the FCP or a fund from the risks that could arise (for itself or an issuer) if it were to own a significant percentage of a given security or issuer. For purposes of this table and the diversification table below, companies that share consolidated accounts (whether in accordance with Directive 83/349/EEC or with recognised international rules) are considered to be a single issuer. A fund does not need to comply with the investment limits described below when exercising subscription rights attaching to transferable securities or money market instruments that form part of its assets, so long as any resulting violations of the investment restrictions are corrected as described in the introduction to “General Investment Powers and Restrictions”.

Category of securities	Maximum ownership, as a % of the total value of the securities issued	
<b>NON-MONEY MARKET FUNDS</b>		
<b>Securities carrying voting rights</b>	Less than would enable the FCP to exercise significant influence over the management of an issuer	
<b>Non-voting securities of any one issuer</b>	10%	<p>These limits can be disregarded at purchase if at that time the gross amount of bonds or money market instruments, or the net amount of the instruments in issue, cannot be calculated.</p>
<b>Debt securities of any one issuer</b>	10%	
<b>Money market securities of any one issuer</b>	10%	
<b>Units of any sub-fund of an umbrella UCITS or UCI</b>	25%	
<p>These rules do not apply to:</p> <ul style="list-style-type: none"> <li>• securities described in row 1 of the table above</li> <li>• shares of a non-EU company that invests mainly in its home country and represents the only way for a portfolio to invest in that country in accordance with the 2010 Law</li> <li>• purchases or repurchases of shares of subsidiaries that provide only management, advice or marketing in their country, when done as a way of effecting transactions for FCP unitholders in accordance with the 2010 law</li> </ul>		
<b>MONEY MARKET FUNDS</b>		
<b>Money market instruments, securitisations and ABCPs of any one issuer</b>	10%	Does not apply to money market instruments issued or guaranteed by EU and international issuers.

## Diversification requirements

To ensure diversification, a fund cannot invest more than a certain amount of its assets in one issuer, as defined below. These diversification rules do not apply during the first 6 months of a fund's operation, but the fund must observe the principle of risk spreading.

For purposes of this table, companies that share consolidated accounts (whether in accordance with Directive 83/349/EEC or with recognised international rules) are considered to be a single issuer. The percentage limits indicated by the vertical brackets in the center of the table indicate the maximum aggregate investment in any single issuer for all bracketed rows.

Maximum investment/exposure, as a % of fund assets				
Category of securities	In any one issuer	In aggregate	Other	Exceptions
<b>NON-MONEY MARKET FUNDS</b>				
<b>A. Transferable securities and money market instruments issued or guaranteed by a sovereign nation, any EU public local authority, or any public international body to which one or more EU member states belongs.</b>	35%			<b>A fund may invest up to 100% of its assets in a single issuer, if it is investing in accordance with the principle of risk spreading and meets all of the following criteria:</b> <ul style="list-style-type: none"> <li>• it invests in at least 6 different issues</li> <li>• it invests no more than 30% in any one issue</li> <li>• the securities are issued by an EU member state, its local authorities or agencies, a member state of the OECD or of the G20, Singapore or by a public international bodies of which one or more EU member state belongs</li> </ul> <b>The exception described for Row C applies to this row as well.</b>
<b>B. Bonds issued by a credit institution whose registered office is in an EU member state and which is subject by law to special public supervision designed to protect bondholders*.</b>	25%		80% in any issuer in whose bonds a fund has invested more than 5% of assets.	
<b>C. Any transferable securities and money market instruments other than those described in rows A and B above.</b>	10%	35%	20% in transferable securities and money market instruments within the same group. 40% in aggregate in all issuers in which a fund has invested more than 5% of its assets (does not include deposits and OTC derivative contracts with financial institutions subject to prudential supervision and securities indicated in rows A and B).	For index-tracking funds, the 10% increases to 20% in the case of a published, sufficiently diversified index that is adequate as a benchmark for its market and is recognised by the CSSF. This 20% increases to 35% (but for one issuer only) in exceptional market conditions, such as when the security is highly dominant in the regulated market in which it trades.
<b>D. Deposits with credit institutions.</b>	20%	20%		
<b>E. OTC derivatives with a counterparty that is a credit institution as defined in row 8 above (first table in section).</b>	10% max risk exposure (OTC derivatives and efficient portfolio management techniques combined)			
<b>F. OTC derivatives with any other counterparty.</b>	5% max risk exposure			
<b>G. Units of UCITS or UCIs as defined in rows 4 and 5 above (first table in section).</b>	With no specific statement in the fund's objective and policies, 10% in one or more UCITS or other UCIs.  With a specific statement: <ul style="list-style-type: none"> <li>• 20% in anyone UCITS or UCI</li> <li>• 30% in aggregate in all UCIs other than UCITS</li> <li>• 100% in aggregate in all UCITS</li> </ul>		Target funds of an umbrella structure whose assets and liabilities are segregated are considered as a separate UCITS or other UCI.  Assets held by the UCITS or other UCIs do not count for purposes of complying with rows A - F of this table.	

Maximum investment/exposure, as a % of fund assets

Category of securities	In any one issuer	In aggregate	Other	Exceptions
<b>MONEY MARKET FUNDS</b>				
H. Money market instruments.	5%	5%		With regulator approval, and with disclosure in constitutional and marketing documents that includes a list of issuers in which 5% or more of assets may be invested, a fund may invest in as few as six issues that are issued by an EU member state, its local authorities or agencies, a member state of the OECD or of the G20, Singapore or by a public international bodies of which one or more EU member state belongs, up to 100% net exposure, if it is investing in accordance with the principle of risk spreading and invests no more than 30% in any one issue.
I. Securitisations and ABCPs.	5%			
J. Bonds issued by a credit institution whose registered office is in an European state and which is subject by law to special public supervision designed to protect bondholders*.	10%	15%		40% in aggregate in all issuers in whose bonds a fund has invested more than 5% of assets.
K. Deposits with credit institutions.	10%			
L. Reverse repurchase agreements.	15% in cash to any one counterparty			
M. OTC derivatives.	5% exposure to any one counterparty			Increases to 15% (and the aggregate limit of 15% on Row H through L exposures increases to 20%) if there are not enough viable credit institutions in the MMF's jurisdiction to allow it to meet the diversification requirement and it is not economically feasible to make deposits in another member state.  With local regulator approval, increases to 100% for instruments issued or guaranteed by EU and international issuers.

\* These bonds also must invest all sums deriving from their issuance in assets that, for the life of the bonds, are capable of covering all claims attaching to the bonds and in case of issuer bankruptcy would be used, on a priority basis, to reimburse principal and accrued interest.

### Management and monitoring of global risk

The management company uses a risk management process, approved and supervised by its board, to monitor and measure at any time the overall risk profile of each fund from direct investment, derivatives, techniques, collateral and all other sources. Global exposure assessments are calculated every trading day (whether or not the fund calculates a NAV for that day), and encompass numerous factors, including coverage for contingent liabilities created by derivative positions, counterparty risk, foreseeable market movements and the time available to liquidate positions.

Any derivatives embedded in transferable securities or money market instruments count as derivatives held by the fund, and any exposure to transferable securities or money market instruments gained through derivatives (except certain index-based derivatives) counts as investment in those securities or instruments.

**Risk monitoring approaches** There are 3 main risk measurement approaches: the commitment approach and the 2 forms of value at risk (VaR), absolute VaR and relative VaR. These approaches are described below, and the approach each fund uses is identified in "Fund Descriptions". The management company chooses the approach a fund will use based on its investment policy and strategy.

Approach	Description
<b>Absolute Value-at- Risk (Absolute VaR)</b>	The fund seeks to estimate the maximum potential loss due to market risk it could experience in a month (20 trading days) under normal market conditions. The estimate is based on the previous 12 months (250 business days) of the fund's performance, and requires that 99% of the time, the fund's worst outcome is no worse than a 20% decline in net asset value.
<b>Relative Value-at- Risk (Relative VaR)</b>	The same as absolute VaR, except that the worst-outcome estimate is an estimate of how much the fund could underperform a stated benchmark. The VaR of the fund cannot exceed 200% of the VaR of the benchmark.

Approach	Description
<b>Commitment</b>	The fund calculates its global exposure by taking into account either the market value of an equivalent position in the underlying asset or the derivative's notional value, as appropriate. This allows the fund to reduce its global exposure by taking into account the effects of any hedging or offsetting positions. Certain types of risk-free transactions, leverage-free transactions and non-leveraged swaps are therefore not included in the calculation. A fund using this approach must ensure that its overall market exposure does not exceed 210% of total assets (100% from direct investment, 100% from derivatives and 10% from borrowings).

**Gross leverage** Any fund that uses a VaR approach must also calculate its expected level of gross leverage, which is stated in “Fund Descriptions”. A fund’s expected leverage is a general indication, not a regulatory limit; the actual leverage may exceed the expected level from time to time. However, a fund’s use of derivatives will remain consistent with its investment objective, investment policies and risk profile, and will comply with its VaR limit.

Gross leverage is a measure of the leverage created by total derivative usage and by any instruments or techniques used for efficient portfolio management. It is calculated as the “sum of the notionals” (the exposure of all derivatives, without treating opposing positions as canceling each other out) and includes the fund’s portfolio. Since this calculation considers neither sensitivity to market movements nor whether a derivative is increasing or decreasing a fund’s overall risk, it may not be representative of a fund’s actual level of investment risk.

## How the Funds Use Instruments and Techniques

### Legal and regulatory framework

A fund may use the following instruments and techniques for the purposes of efficient fund management (as described below) consistent with the 2010 Law, the UCITS Directive, Grand Ducal regulation of 8 February 2008, CSSF Circulars 08/356 and 14/592, ESMA guidelines 14/937, the Securities Financing Transactions (SFT) regulation (EU) 2015/2365 and any other applicable law and regulation. Each fund’s usage must not increase its risk profile beyond what it otherwise would have been.

The risks associated with instruments and techniques are described in “Risk Descriptions”. The main risks are derivatives risk (with respect to derivatives only), counterparty risk (which incorporates custody and collateral risk), leverage risk, liquidity risk, operational risk, and the bullet on conflicts of interest found in the description of investment fund risk.

### Derivatives the funds can use

A derivative is a financial contract whose value depends on the performance of one or more reference assets (such as a security or basket of securities, an index or an interest rate).

The following are the most common derivatives (though not necessarily all derivatives) used by the funds:

*Core Derivatives – may be used by any fund, consistent with its investment policy*

- financial futures, such as futures on interest rates, indices or currencies
- options, such as options on equities, interest rates, indices (including commodity indices), bonds or currencies, and on futures
- rights and warrants
- forwards, such as foreign exchange contracts
- swaps (contracts where two parties exchange the returns from two different reference assets, such as foreign exchange or interest rate swaps and swaps on baskets of equities but NOT including total return, credit default, commodity index, volatility or variance swaps)
- credit derivatives, such as credit default swaps, or CDSs (contracts where one party receives a fee from the counterparty in exchange for agreeing that, in the event of a bankruptcy, default or other “credit event”, it will make payments to the counterparty designed to cover the latter’s losses)

*Additional Derivatives – any intent to use will be disclosed in “Fund Descriptions”*

- structured financial derivatives, such as credit-linked and equity-linked securities

- total return swaps, or TRSs (transaction in which one counterparty makes payments based on a fixed or variable rate to the other counterparty, who transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation, such as an equity, bond or index); this category includes contracts for difference (CFDs)

Futures are generally exchange-traded. All other types of derivatives are generally OTC (over the counter, meaning they are in effect private contracts between a fund and a counterparty).

TRSs can be funded or unfunded (with or without a required up-front payment). Assets, to which exposure will be gained, may include equities and equity-related securities, debt and debt-related instruments and financial indices and their components, according to investment policy of the fund.

A fund authorised to TRSs does it on a temporary basis, and irrespective of the specific market conditions that could occur.

TRSs are used mainly for implementing components of the investment strategy to enhance returns that can only be achieved through derivatives such as gaining short exposure to companies. TRSs may also be used for implementing elements of the investment strategy for efficient portfolio management such as gaining cost efficient long exposure.

The percentage of TRS used should remain close to the related expected level indicated in “Fund Descriptions”.

For any index-linked derivatives, the index provider determines the rebalancing frequency and there is no cost to the relevant fund when the index itself rebalances.

### What the funds can use derivatives for

A fund may use derivatives for any of the following purposes, consistent with its objective and policies as described in “Fund Descriptions”.

**Hedging** Hedging is taking a market position that is in the opposite direction from – and is no greater than – the position created by other fund investments, for the purpose of reducing or canceling out exposure to price fluctuations or certain factors that contribute to them.

- **Credit hedging** Typically done using credit default swaps. The goal is to hedge against credit risk. This includes purchasing or selling protection against the risks of specific assets or issuers as well as proxy hedging (taking an opposite position in a different investment that is likely to behave similarly to the position being hedged).
- **Currency hedging** Typically done using currency forwards. The goal is to hedge against currency risk. This can be done at the fund level and, with H units, at the unit class level. All currency hedging must involve currencies that are within the applicable fund’s benchmark or are consistent with its objectives and policies. When a fund holds assets denominated in multiple currencies, it might not hedge

against currencies that represent small portions of assets or for which a hedge is uneconomical or unavailable. A fund may engage in:

- direct hedging (same currency, opposite position)
- cross-hedging (reducing exposure to one currency while increasing exposure to another, the net exposure to the base currency being left unchanged), when it provides an efficient way of gaining the desired exposures
- proxy hedging (taking an opposite position in a different currency that is considered likely to behave similarly to the base currency)
- anticipatory hedging (taking a hedge position in anticipation of an exposure that is anticipated to arise as the result of a planned investment or other event)
- **Duration hedging** Typically done using interest rate swaps, swaptions and futures. The goal is to seek to reduce the exposure to rate shifts for longer-maturity bonds. Duration hedging can be done only at the fund level.
- **Price hedging** Typically done using options on indices (specifically, by selling a call or buying a put). Usage is generally limited to situations where there is sufficient correlation between the composition or performance of the index and that of the fund. The goal is to hedge against fluctuations in the market value of a position.
- **Interest rate hedging** Typically done using interest rate futures, interest rate swaps, writing call options on interest rates or buying put options on interest rates. The goal is to manage interest rate risk.

**Investment exposure** A fund can use any allowable derivative to gain exposure to permissible assets, in particular when direct investment is economically inefficient or impracticable.

**Leverage** A fund can use any allowable derivative to increase its total investment exposure beyond what would be possible through direct investment. Leverage typically increases fund volatility.

**Efficient portfolio management** Reducing risks or costs or generating additional capital or income.

## Instruments and techniques the funds can use

A fund can use the following instruments and techniques with respect to any and all securities it holds, but only for efficient fund management (as described above).

**Securities lending** Under these transactions, the fund lends assets (such as bonds and shares) to qualified borrowers, either for a set period or returnable on demand. In exchange, the borrower pays a loan fee plus any income from the securities, and furnishes collateral that meets the standards described in this prospectus.

A fund authorised to use securities lending does it on a continued basis, and irrespective of the specific market conditions that could occur, with the goal to generate additional income. The percentage of assets lent should remain close to the related expected level indicated in “Fund Descriptions”.

The fund limits securities lending to 90% of any given asset, and lends only when it receives the guarantee of a highly rated financial institution or the pledge of cash or securities issued by OECD governments and the loan is for more than 30 days.

**Repurchase and reverse repurchase agreement transactions** Under these transactions, the fund respectively buys or sells securities to a counterparty, against payment, and has either the right or the obligation to sell back or buy back (respectively) the securities at a later date and a specific (and typically higher) price.

A fund authorised to use repurchase and reverse repurchase transactions does it on a continued basis, and irrespective of the specific market conditions that could occur, with the goal to generate additional income. For the time being, the funds will not enter into repurchase and reverse repurchase transactions.

Only the following assets may be used for repurchase and reverse repurchase agreements:

- short-term bank certificates or money market instruments
- shares or units of investment-grade money market UCIs
- adequately liquid bonds of non-governmental issuers
- bonds issued or guaranteed by an OECD country (including the country’s local public authorities) or by a supranational institution or undertaking with regional (including EU) or world-wide scope
- units included in a main index and traded on an EU regulated market or a stock exchange of an OECD country

## Where usage and fees are disclosed

**Current use** The following are disclosed in “Fund Descriptions” for any fund that currently uses them:

- for total return swaps, contracts for difference and similar derivatives: the maximum and expected exposure, calculated using the commitment approach and expressed as a percentage of net asset value
- for repurchase and reverse repurchase agreement transactions: the maximum and expected limits expressed as a percentage of net asset value
- for securities lending: the maximum and expected limits expressed as a percentage of net asset value

The following are disclosed in financial reports:

- the usage of all instruments and techniques used for efficient fund management
- in connection with this usage, the revenues received, and the direct and indirect operational costs and fees incurred by each fund
- who received payment for the above costs and fees and any relationship a recipient might have with any affiliates of Intesa Sanpaolo Group or the depositary
- information on the nature, use, reuse and safekeeping of collateral
- the counterparties the FCP has used during the period covered by the report, including the major counterparties for collateral

**Future use** For any derivative or technique for which expected and maximum usage is specifically provided in “Fund Descriptions”, a fund may at any time increase its usage up to the stated maximum.

If no provision for use currently appears in “Fund Descriptions” or here in “How the Funds Use Instruments and Techniques”:

- for total return swaps, contracts for difference and similar derivatives, and for repurchase and reverse repurchase transactions: the fund description in the prospectus must be updated to comply with “Current use” above before the fund can start using these derivatives
- for securities lending: the fund description in the prospectus must be updated to comply with “Current use” above before the fund can start lending securities

## Counterparties to derivatives and techniques

The management company must approve counterparties before they can serve as such for the FCP. In addition to the requirements stated in Rows 10 and 11 in “General Investment Powers and Restrictions” table, a counterparty will be assessed on the following criteria:

- regulatory status
- protection provided by local legislation
- operational processes
- creditworthiness analysis including review of available credit spreads or external credit ratings; for CDSs and variance swaps, the counterparty must be a first-rate financial institution
- degree of experience and specialisation in the particular type of derivative or technique concerned

Legal status and country of origin or domicile are not in themselves directly considered as selection criteria.

Unless otherwise stated in this prospectus, no counterparty to a fund derivative can serve as an investment manager of a fund or otherwise have any control or approval over the composition or management of a fund's investments or transactions or over the assets underlying a derivative. Affiliated counterparties are allowed provided that the transactions are conducted at arm's length.

The lending agent will continuously assess the ability and willingness of each securities borrower to meet its obligations, and the FCP retains the right to rule out any borrower or to terminate any loan at any time. The generally low levels of counterparty risk and market risk associated with securities lending are further mitigated by counterparty default protection from the lending agent and the receipt of collateral.

## Collateral policies

These policies apply to assets received from counterparties in connection with transactions in securities lending, reverse repurchase transactions and OTC derivatives.

**Acceptable collateral** All securities accepted as collateral must be high quality. The main specific types are shown in the table at the end of this section.

Non-cash collateral must be traded on a regulated market or multilateral trading facility with transparent pricing and must be able to be sold quickly for close to its pre-sale valuation. To ensure that collateral is suitably independent from the counterparty as far as both credit risk and investment correlation risk, collateral issued by the counterparty or its group is not accepted. The collateral is not expected to display a high correlation with the performance of the counterparty. Counterparty credit exposure is monitored against credit limits. All collateral should be capable of being fully enforced by the fund at any time without reference to, or approval from, the counterparty.

Collateral received from a counterparty in any transaction may be used to offset the overall exposure to that counterparty.

To avoid having to handle small collateral amounts, the FCP may set a minimum collateral amount (amount below which it will not require collateral) or a threshold (incremental amount above which it will not require additional collateral).

For funds that receive collateral for at least 30% of their assets, the associated liquidity risk is assessed through regular stress tests that assume normal and exceptional liquidity conditions.

**Diversification** All collateral held by the FCP must be diversified by country, market and issuer, with exposure to any issuer no greater than 20% of a fund's net assets. If stated in the fund description, a fund could be fully collateralised by different transferable securities and money market instruments issued or guaranteed by a member state, one or more of its local authorities, a third country, or a public international body to which one or more member states belong. In this case, the fund should receive collateral from at least 6 different issues, with no issue exceeding 30% of the fund's total net assets.

**Reuse and reinvestment of collateral (currently not done by any fund)** Cash collateral will either be placed on deposit or invested in high-quality government bonds, reverse repurchase transactions or short-term money market funds (as defined in the Guidelines on a Common Definition of European Money Market Funds) that calculate a daily net asset value and are rated AAA or equivalent. All investments must meet diversification requirements disclosed above.

If a fund invests collateral from securities lending in reverse repurchase transactions, the limits that apply to securities lending will extend to reverse repurchase transactions.

Non-cash collateral will not be sold, reinvested or pledged.

**Custody of collateral** Collateral (as well as other securities that can be held in custody) transferred by title to a fund will be held by the depositary or a sub-custodian. With other types of

collateral arrangements, such as a pledge agreement, collateral can be held by a third party custodian that is subject to prudential supervision and is unrelated to the collateral provider.

**Valuation and haircuts** All collateral is marked to market (valued daily using available market prices), taking into account any applicable haircut (a discount to the value of collateral intended to protect against any decline in collateral value or liquidity). A fund may demand additional collateral (variation margin) from the counterparty to ensure that the collateral value at least equals the corresponding counterparty exposure.

The haircut rates currently applied by the funds are shown below. The rates take account of the factors likely to affect volatility and risk of loss (such as credit quality, maturity and liquidity), as well as the results of any stress tests which may be performed from time to time. The management company may adjust these rates at any time, without advance notice, but incorporating any changes into an updated version of the prospectus.

The value of collateral received should, during the duration of the contract, be at least equal to 102% of the global valuation of the securities concerned by such transactions or techniques.

Allowable as collateral	Haircut
Cash	0% - 8%
OECD government bonds	2% - 20%
Corporate bonds	2% - 20%
Equities*	8% - 10%

\* Admitted to or dealt in on a regulated market of an EU member state or a stock exchange of an OECD member state, Hong Kong or Singapore, and also included in a main index.

Cash haircuts vary depending on the currency. No haircut is typically applied when the currency is the same as the base currency of the fund. Bond haircuts vary depending on maturity. Equity haircuts vary depending on type of securities lent.

## Revenues paid to the funds

In general, any revenues from the use of derivatives and techniques will be paid to the applicable fund, in particular:

- from repurchase and reverse repurchase transactions and total return swaps: all gross revenues (the costs of collateral management being included in the annual operating and administration fee)
- from securities lending: funds lending securities will pay a reasonable fee to the lending agent for its services and the guaranty it provides equivalent to maximum 15% of the gross revenues generated from any lending of their securities and retain at least 85% of these revenues

## Money Market Fund Regulation

Legal and regulatory framework The money market fund regulation (officially Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds) applies to all money market funds domiciled or offered in the EU. The regulation seeks to make money market funds more resilient and to ensure that they are able to maintain liquidity during times of market stress or high redemption, stressed market situations and substantial and sudden redemptions.

**Types of money market funds** The regulation permits funds in the following categories:

Type of fund	Short-term	Standard
Public debt constant NAV	●	-
Low volatility NAV	●	-
Variable NAV	●	●



**Credit and stress testing procedures** Each fund that is an MMF has prudent, fund-specific internal procedures for determining credit quality of intended investments (partly to avoid over-reliance on agency ratings), with new assessments required whenever there is a material change, in particular a downgrade below the two highest short-term credit ratings. These credit procedures follow a clear and documented set of rules that can be monitored and the methodologies employed are communicated, upon request, to investors and regulatory authorities.

At least twice a year, the funds that are MMFs conduct stress testing and take steps to address any vulnerabilities revealed.

**Prohibition on external support** No fund that is an MMF receives any direct or indirect support from a third party, including the sponsor of the MMF. This extends to cash injections, the purchase of portfolio assets at an inflated price, the issuing of a guarantee, or any other action whose intention or effect would be to guarantee the liquidity of the MMF or the stability of its NAV.

**Other requirements** Other requirements of the money market fund regulation are described in the section "General Investment Powers and Restrictions".

# Investing in the Funds

## Unit Classes

Within each fund, the FCP can create and issue unit classes. All unit classes within a fund invest commonly in the same portfolio of securities but may have different fees, investor eligibility requirements and other characteristics, to accommodate the needs of different investors. Investors will be asked to document their eligibility to invest in a given unit class, such as proof of institutional investor or non-US person status, before making an initial investment.

Each unit class is identified first by one of the base unit class labels (described in the table below) and then by any applicable supplemental labels (described following the table). For example, "RHD2" would indicate Class R units that intend to distribute accrued income, intend to hedged currency risk between the unit class currency and the main currencies of portfolio assets, and are denominated in US dollars. Within any given unit class of any fund, all units have equal rights of ownership. Any fund can issue any base unit class with the features described below.

### Base unit class characteristics See notes below

Base class	Available to	Minimum initial investment per fund	Minimum holding in FCP	Maximum fees	
				Entry	Exit
<b>C, Y</b>	Reserved for financial intermediaries (including distributors and platform) that are prohibited, by law or contract, from retaining inducements	-	-	-	-
<b>E</b>	All investors	EUR 250,000	-	-	-
<b>I, X</b>	Institutional investors	EUR 3 million	EUR 3 million	-	-
<b>M</b>	Institutional investors (feeder funds only*)	EUR 3 million	EUR 3 million	-	-
<b>R</b>	All investors	EUR 500	-	4.00%	-

\*Managed either by the FCP's management company or a third party (subject to an approval by the management company).

## NOTES

**Institutional investors** Investors within the meaning of article 174 of the 2010 Law, such as credit institutions and other financial professionals investing on the behalf of themselves or other investors (whether retail on the basis of a discretionary management agreement or institutional), as well as insurance companies, pension funds or other UCIs.

**Legal entities** Examples include sole shareholder companies, partnerships (including limited and unlimited), joint-stock companies, private limited liability companies, mutual companies, institutions, foundations, associations and religious congregations.

**Minimum initial and holding amounts** For non-EUR currencies, these amounts apply in a value equivalent to the value in EUR. For initial investments, the equivalency is measured at the time of investment, and thus may vary over time.

**Maximum fees** These are deducted from your investment or your redemption proceeds, and are paid to sales agents and authorised intermediaries. The charges shown are maximums. To find out the actual fee for a transaction, contact your financial adviser or the transfer agent (see "Management and Business Operations"). Fees that are calculated as a percent of the investment are deducted from the investment to give the net amount invested (example: given a EUR 100 investment and a 4.00% entry fee, the net amount invested is EUR 96). There are currently no exchange fees on any unit class.

## Supplemental labels

Suffixes are added after the base unit class designation to indicate certain characteristics.

**D** Indicates that the units are distribution units. If the letter "D" does not appear after the base class letter, the units are accumulation units. (See "Distribution policy" below.)

**U, H** Indicates that the units are a form of currency hedged units, and are denominated in a different currency than the base currency of the fund.

- "Unit currency hedged" units (U) seek to cancel out the effect of exchange rate fluctuations between the unit class currency and the base currency of the fund. These units may have a higher level of leverage than indicated in "Fund Descriptions".
- "Portfolio currency hedged" units (H) seek to cancel out most of the effect of exchange rate fluctuations between the unit class currency and the currency or currencies in which a major portion of the portfolio's holdings are denominated (or to which the portfolio is otherwise exposed). It is unlikely that this hedging will eliminate 100% of the difference.
- "Benchmark currency hedged" units (H) seek to cancel out most of the effect of exchange rate fluctuations between the unit class currency and the currency or currencies in which a major portion of the fund's benchmark is denominated.

For more on currency hedging, see "How the Funds Use Instruments and Techniques".

If neither the letters "U" or "H" appear, the units are not currency hedged in any way and the investor is exposed to any fluctuations in exchange rates between the unit class currency, fund base currency, and portfolio currencies.

**Currency codes** Each unit class that is not denominated in the fund's base currency carries a numerical code for the currency in which it is denominated. If no numerical code appears, the unit class currency is the same as the fund base currency.

Currency name	Standard code	Unit class code
Australian dollar	AUD	4
Chinese renminbi (offshore)	CNH	3
Great Britain pound (Sterling)	GBP	6
Hungarian Forint	HUF	9
Japanese yen	JPY	5
Polish zloty	PLN	8
Swiss franc	CHF	7
US dollar	USD	2

## Distribution policy

**Accumulation units** These units retain all net investment income in the unit price and generally do not distribute any dividends, although the board may declare a stock dividend.

**Distribution units** These units intend (but do not guarantee) to make periodic distributions to unitholders. Distributions, if any, are declared at least once a year, and paid within 10 business days of declaration. When a dividend is declared, the NAV of the relevant unit class is reduced by the amount of the dividend.

Distributions are paid only on units that were owned as of the declaration date (the date on which dividends are declared). Note that with any unit classes that pay distributions before the end of a calendar year, there is a risk that a portion of the distribution will be a return of your investment, potentially taxable as income. A high distribution yield does not necessarily imply a high, or even positive, total return. Distributions of capital reduce your potential for investment growth and if continued over time can reduce the value of your investment to zero.

No interest is paid on unclaimed dividend payments, and after 5 years these payments will be returned to the fund. No fund will make a dividend payment if the assets of the FCP are below the minimum capital requirement, or if paying the dividend would cause that situation to occur.

The anticipated frequency for listed classes when they have D as a suffix is as follows:

Base class	Anticipated schedule	Basis of dividend
C, E, R, Y	Declares dividends the 15th of the first month (or next business day, if that is not a business day) of each calendar quarter, with the amount set at the beginning of each calendar quarter for the following quarter.	Net investment income.
I, M, X	Declares dividends the 15th of the first month (or next business day, if that is not a business day) of each calendar quarter, with the amount set at the beginning of each calendar quarter for the following quarter.	At least 80% of net investment income.

Distributions of net investment income include the net dividend and interest received from fund investments and bank accounts, minus management and administrative fees, interest paid, taxes and other charges. They may also include some or all of the fund's net realised or unrealised gains, from the current period or earlier. For funds mainly invested in debt and debt-related instruments, the amount to be distributed may be estimated on the basis of the minimum net yield they can expect from these instruments. A breakdown of the origin of each distribution appears in the financial reports.

## Available classes

The information above describes all currently existing base unit classes and suffixes. In practice, not all base unit classes and unit class configurations are available in all funds. Some unit classes (and funds) that are available in certain jurisdictions may not be available in others. For the most current information on available unit classes, go to [eurizoncapital.com](http://eurizoncapital.com) or request a list free of charge from the management company.

## Issuance and ownership

**Forms in which units are issued** We issue units primarily in registered form. With these units, the owner's name is recorded in the FCP's register of unitholders and the owner receives a confirmation of subscription. Ownership can only be transferred

by notifying the transfer agent of a change of ownership. Forms for this purpose are available from the FCP and the transfer agent.

We do not issue bearer units or certificates documenting ownership of registered units.

**Investing through a financial intermediary vs. directly with the FCP** If you invest through a financial intermediary that holds your units under its own name (a nominee account), that financial intermediary is recorded as the owner in the FCP's register of unitholders and, so far as the FCP is concerned, is entitled to all rights of ownership, including voting rights. Unless otherwise provided by local law, any investor holding units in a nominee account with a distribution agent has the right to claim, at any time, direct title to units subscribed through the financial intermediary. The financial intermediary maintains its own records and provides each investor it serves with information as to the holdings and transactions in fund units associated with that investor.

When an NAV error/non-compliance with the investment rules applicable to a fund occurs - within the meaning of CSSF Circular 24/856 - at the level of a Fund and compensation is to be paid to investors, your compensation rights may be affected if you invest through a financial intermediary that holds your units under its own name (a nominee account).

## Other policies

Units are issued to one one-thousandth of a unit (3 decimal places). Fractional units receive their pro rata portion of any dividends, reinvestments and liquidation proceeds, but do not carry voting rights.

Units carry no preferential or preemptive rights. No fund is required to give existing unitholders any special rights or terms for subscribing for new units. All units must be fully paid up.

## Fund Fees and Costs

In general, fee rates are presented in "Fund Descriptions". Minor fees, and expenses that are deducted directly from fund assets, are described here, along with further information about the fees and costs presented elsewhere.

### Management fee

This fee is described for each fund in "Fund Descriptions" and is paid to the management company as the main entity with responsibility for the business management, investment management, marketing and sales of the FCP. This fee does not exceed the rates described for each fund in "Fund Descriptions" and is accrued daily and paid each month in arrears.

Out of this fee, the management company pays the investment management fee to investment managers and the investment advisory fee to the investment advisors.

### Administration fee

This fee is described for each fund in "Fund Descriptions" and is paid to the management company as the main entity with responsibility for operational, compliance, accounting and legal activities of the FCP.

Out of this fee, the management company also pays the services provided by the administrator, depositary, registrar, transfer agent and paying agent. This fee does not exceed 0.25% per year of the fund's average net asset value. Any change in this fee will be indicated in the financial reports. This fee is accrued daily and paid each month in arrears.

### Performance fee

This fee is charged only on certain funds and unit classes (except to base unit classes M, X and Y). The performance fee is a percentage of a fund's outperformance of a specified standard and its amount is capped as a percentage of fund average assets. For distribution units, the fee is calculated as if

dividends were reinvested. Although performance fees are calculated on a daily basis, these fees can only be deducted from fund assets in the following circumstances:

- after the end of a full financial year (usually in the course of the first month of the following calendar year).
- when orders for switching or redeeming units are processed (performance fee deducted from those units only)
- in connection with a fund merger or liquidation

The calculation method is designed to ensure that no performance fee is paid simply for recovering from any previous underperformance. For each applicable unit class and fund, the fee is calculated and accrued every time the relevant NAV is calculated. In case of creation of a new fund or unit class in an existing Fund in the course of a financial year, performance fee may not be crystallised before the last valuation day of the following financial year.

No performance fee is paid if there is a negative return for the unit class on the financial year.

### Performance fee method – High Water Mark

The performance fee calculation is based on a comparison of the Net Asset Value per unit against the High Water Mark where the High Water Mark is defined as the highest net asset value per share recorded at the end of the five previous financial years (Reference NAV), unless otherwise defined in each Fund Description, increased by the year-to-date return of each Fund's Benchmark or Performance Fee hurdle rate (the Reference Indicator).

The Benchmark or Performance Fee hurdle rate applicable to each Fund are set according to the Management Company's product governance policies and are aimed at reflecting each Fund's Objective, Investment Policy and risk-reward profile. The performance fee rate, Benchmark or Performance Fee hurdle rate used to calculate the performance fee are indicated in the Fund Descriptions.

The return of the Benchmark and/or Performance Fee hurdle rate, if negative, is set to zero.

A Calculation Period, for the performance fee calculation purpose, is defined as a period that begins on the last valuation day of the previous financial year and ends on the last valuation day of the following financial year.

In case of overperformance on the last valuation day of the Calculation Period, performance fee is crystallized and paid to the Management Company.

Performance fee is adjusted in case of subscriptions to avoid artificial increase of the performance fee.

Formula: Reference NAV excess return × performance fee rate × total assets – subscription adjustment

- **Reference NAV excess return** The year-to-date NAV performance in excess of the high water mark (in %).
- **Reference Indicator** The Benchmark or Performance Fee hurdle rate.
- **High water mark** Unless otherwise defined in the Fund Descriptions, the highest NAV of the previous 5 end-of-calendar years or the NAV at inception, whichever is higher, increased by the Reference Indicator year-to-date return, if positive.
- **Total assets** The unit class Calculation Period's initial price × total number of units.

**Examples** These examples are illustrative only and do not intend to reflect any past performance or potential future performance. In the examples, a performance fee rate of 20% and a performance fee cap of 1.00% are used.

Year 1 – The NAV performance of a unit class over the financial year and the Reference Indicator are positive. The Net Asset Value per unit at end of the financial year exceeds the High water mark.

Reference NAV per unit	EUR 100.00
Annual return of Reference Indicator	2.00%
High water mark	EUR 100.00 x (1 + 2.00%) = EUR 102.00
Overperformance per unit	EUR 104.00 – EUR 102.00 = EUR 2.00
Performance Fee per unit	20% x EUR 2.00 = EUR 0.40
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 104.00 – EUR 0.40 = EUR 103.60</b>

*A performance fee per unit equal to 0.40 Euro is crystallized and paid to the Management Company. The new Reference NAV is 103.60 Euro. Since the reference NAV excess return multiplied by the performance fee remains lower than the performance fee cap, the performance fee cap does not apply.*

Year 2 – The NAV performance of a unit class over the financial year and the Reference Indicator are positive. The Net Asset Value per unit at end of the financial year exceeds the High water mark.

<b>NAV/unit before Performance Fee</b>	<b>EUR 114.00</b>
Reference NAV per unit	EUR 103.60
Annual return of Reference Indicator	4.00%
High water mark	EUR 103.60 x (1 + 4.00%) = EUR 107.74
Overperformance per unit	EUR 114.00 – EUR 107.74 = EUR 6.26
Performance Fee per unit	20% x EUR 6.26 = EUR 1.25 capped at EUR 114.00 x 1.00% = EUR 1.14
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 114.00 – EUR 1.14 = EUR 112.86</b>

*A performance fee per unit equal to 1.14 Euro is crystallized and paid to the Management Company. The new Reference NAV is 112.86 Euro. Since the reference NAV excess return multiplied by the performance fee is higher than the performance fee cap, the performance fee cap does apply.*

Year 3 – The NAV performance of a unit class over the financial year is positive and the Reference Indicator is negative. The Net Asset Value per unit at end of the financial year exceeds the High water mark.

<b>NAV/unit before Performance Fee</b>	<b>EUR 117.00</b>
Reference NAV per unit	EUR 112.86
Annual return of Reference Indicator	-1.50% (set to zero)
High water mark	EUR 112.86 x (1 + 0.00%) = EUR 112.86
Overperformance per unit	EUR 117.00 – EUR 112.86 = EUR 4.14
Performance Fee per unit	20% x EUR 4.14 = EUR 0.83
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 117.00 – EUR 0.83 = EUR 116.17</b>

*A performance fee per unit equal to 0.83 Euro is crystallized and paid to the Management Company. The new Reference NAV is 116.17 Euro. Since the reference NAV excess return multiplied by the performance fee remains lower than the performance fee cap, the performance fee cap does not apply.*

<b>NAV/unit before Performance Fee</b>	<b>EUR 104.00</b>
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Year 4 – The NAV performance of a unit class over the financial year and the Reference Indicator are negative. The NAV performance exceeds the Reference Indicator return but the Net Asset Value per unit at end of the financial year does not exceed the High water mark.

<b>NAV/unit before Performance Fee</b>	<b>EUR 114.00</b>
Reference NAV per unit	EUR 116.17
Annual return of Reference Indicator	-6.00% (floored at zero)
High water mark	EUR 116.17 x (1 + 0.00%) = EUR 116.17
Overperformance per unit	None (as EUR 114.00 < EUR 116.17)
Performance Fee per unit	None
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 114.00</b>
<i>No performance fee per unit is crystallized and paid to the Management Company. The Reference NAV remains 116.17 Euro.</i>	

Year 5 – The NAV performance of a unit class over the financial year and the Reference Indicator are positive. The Net Asset Value per unit at end of the financial year does not exceed the High water mark.

<b>NAV/unit before Performance Fee</b>	<b>EUR 115.00</b>
Reference NAV per unit	EUR 116.17
Annual return of Reference Indicator	1.50%
High water mark	EUR 116.17 x (1 + 1.50%) = EUR 117.91
Overperformance per unit	None (as EUR 115.00 < EUR 117.91)
Performance Fee per unit	None
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 115.00</b>
<i>No performance fee per unit is crystallized and paid to the Management Company. The Reference NAV remains 116.17 Euro.</i>	

Year 6 – The NAV performance of a unit class over the financial year is negative and the Reference Indicator is positive.

<b>NAV/unit before Performance Fee</b>	<b>EUR 114.00</b>
Reference NAV per unit	EUR 116.17
Annual return of Reference Indicator	1.75%
High water mark	EUR 116.17 x (1 + 1.75%) = EUR 118.21
Overperformance per unit	None (as EUR 114.00 < EUR 118.21)
Performance Fee per unit	None
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 114.00</b>
<i>No performance fee per unit is crystallized and paid to the Management Company. The Reference NAV remains 116.17 Euro.</i>	

Year 7 – The NAV performance of a unit class over the financial year and the Reference Indicator are positive. The Net Asset Value per unit at end of the financial year does not exceed the High water mark.

<b>NAV/unit before Performance Fee</b>	<b>EUR 115.50</b>
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Reference NAV per unit	EUR 116.17
Annual return of Reference Indicator	3.00%
High water mark	EUR 116.17 x (1 + 3.00%) = EUR 119.66
Overperformance per unit	None (as EUR 115.50 < EUR 119.66)
Performance Fee per unit	None
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 115.50</b>
<i>No performance fee per unit is crystallized and paid to the Management Company. The Reference NAV remains 116.17 Euro.</i>	

Year 8 – The NAV performance of a unit class over the financial year is negative and the Reference Indicator is positive.

<b>NAV/unit before Performance Fee</b>	<b>EUR 114.75</b>
Reference NAV per unit	EUR 116.17
Annual return of Reference Indicator	2.00%
High water mark	EUR 116.17 x (1 + 2.00%) = EUR 118.50
Overperformance per unit	None (as EUR 115.50 < EUR 118.50)
Performance Fee per unit	None
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 114.75</b>
<i>No performance fee per unit is crystallized and paid to the Management Company. The Reference NAV remains 116.17 Euro.</i>	

Year 9 – The NAV performance of a unit class over the financial year and the Reference Indicator are positive. The Reference NAV per unit is older than 5 years. The Net Asset Value per unit at end of the financial year does not exceed the High water mark.

<b>NAV/unit before Performance Fee</b>	<b>EUR 116.50</b>
Reference NAV per unit	EUR 115.50 (as previous Reference NAV of EUR 116.17 reached in Year 3 is now older than 5 years, it is replaced by highest Net Asset Value per unit after performance observed during the period Year 4 – Year 9)
Annual return of Reference Indicator	1.00%
High water mark	EUR 115.50 x (1 + 1.00%) = EUR 116.66
Overperformance per unit	None (as EUR 116.50 < EUR 116.66)
Performance Fee per unit	None
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 116.50</b>
<i>No performance fee per unit is crystallized and paid to the Management Company. The new Reference NAV is 116.50 Euro as higher than current Reference NAV per unit (115.50 Euro).</i>	

Year 10 – The NAV performance of a unit class over the financial year and the Reference Indicator are positive. The Net Asset Value per unit at end of the financial year exceeds the High water mark.

<b>NAV/unit before Performance Fee</b>	<b>EUR 119.00</b>
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Reference NAV per unit	EUR 116.50
Annual return of Reference Indicator	1.75%
High water mark	EUR 116.50 x (1 + 1.75%) = EUR 118.54
Overperformance per unit	EUR 119.00 – EUR 118.54 = EUR 0.46
Performance Fee per unit	20% x EUR 0.46 = EUR 0.09
<b>Net Asset Value per Unit after Performance Fee</b>	<b>EUR 118.91</b>

A performance fee per unit equal to 0.09 Euro is crystallized and paid to the Management Company. The new Reference NAV is 118.91 Euro. Since the reference NAV excess return multiplied by the performance fee remains lower than the performance fee cap, the performance fee cap does not apply.

## Expense breakdown

The FCP pays its management, distribution and administrative expenses out of unitholder assets. Examples of these expenses are shown below.

*Expenses included in the fees described immediately above:*

- management company expenses
- custody, depositary and safekeeping charges
- transfer, registrar and payment agency fees
- compensation to distributors or platforms for their services in connection with marketing and distributing fund units
- administration, domiciliary and fund accounting services
- legal expenses for advice on behalf of the FCP
- audit fees
- ongoing registration fees
- fees related to listing fund units on an exchange (if applicable)
- documentation costs, such as preparing, printing, translating and distributing the prospectus, Key Investor Information Documents and financial reports
- formation expenses (which can be amortised over as long as 5 years from the formation date of a fund)
- costs associated with the required collection, reporting and publication of data about the FCP, its investments and unitholders
- costs of publishing fund performance data
- financial index licensing fees
- fees for operating hedged unit classes

*Expenses not included in the fees described immediately above:*

- duties, taxes and transaction costs associated with buying and selling fund assets
- brokerage fees and commissions
- interest on borrowing and bank charges incurred in negotiating borrowing
- litigation or tax reclaim expenses
- any extraordinary expenses or other unforeseen charges
- the *taxe d'abonnement* (subscription tax), see page 48

All expenses that are paid from unitholder assets are reflected in NAV calculations, and the actual amounts paid are documented in the FCP's annual reports.

Recurring expenses will be charged first against current income, then against realised capital gains, and lastly against capital.

Each fund and class pays all costs it incurs directly and also pays its pro rata share (based on net asset value) of costs not attributable to a specific fund or class. For each unit class whose currency is different from the base currency of the fund, all costs associated with maintaining the separate unit class

currency (such as currency hedging and foreign exchange costs) will be charged solely to that unit class to the extent practicable.

Expenses are calculated each business day for each fund and class and paid monthly in arrears.

## Buying, Exchanging and Selling Units

### Options for submitting investment requests

- If you are investing through a financial advisor or other intermediary: contact the intermediary.
- Via a pre-established electronic platform.
- Fax to the registrar agent: 00 352 24 52 91 45.
- Mail to your local authorised distributor.
- Mail to the transfer agent:  
State Street Bank International GmbH  
Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg

### Information that applies to all transactions except transfers

**Placing requests** You can submit requests to buy, exchange or sell (redeem) units at any time, using the options shown above.

When placing any request, you must include all necessary identifying information, including the account number and the name and address of the account holder exactly as they appear on the account. Your request must indicate the fund, unit class, reference currency, and size and type of transaction (buying, exchanging, selling). For purchases, the size of the transaction must be indicated as a currency amount. For exchanges or sales, you may indicate either a currency amount or a unit amount. If you have unit certificates, you will need to provide these before your exchange or sell request can be processed.

Once you have placed a request, you can withdraw it only if there is a suspension of transactions in units of the relevant fund.

No request will be accepted or processed in any way that is inconsistent with this prospectus.

**Cut-off times and processing schedule** These are indicated for each fund in "Fund Descriptions". Except during suspensions in unit transactions, requests that have been received and accepted by the transfer agent by the cut-off time on a given business day (T) will usually be processed the following business day (T+1), at the NAV that is calculated as of the cut-off time on the day the order was accepted (T). If one or more following days are not business days, the NAV will be determined on the first following business day, using same market price references as if the NAV had been determined on T+1.

For funds that are mainly investing in securities that are traded in the Asia and Pacific region, requests that have been received and accepted by the transfer agent by the cut-off time on a given business day (T) will usually be processed the following business day (T+1) at the NAV of the following business day that is also a trading day on the fund's main markets (T+1).

The calendar of processing days for each fund is available at [eurizoncapital.com](http://eurizoncapital.com) and upon request at the management company.

Orders that arrive after the cut-off time on any given business day will be accepted as of the next cut-off time.

Note that the NAV at which any request is processed cannot be known at the time a request is placed.

A confirmation notice will be sent by mail or fax to the registered unitholder or the unitholder's agent within 2 weeks after the request was processed.

See "Fund Descriptions" for settlement schedules.

**Pricing** Units are priced at the NAV for the relevant unit class. All requests to buy, exchange or sell units are processed at that price, adjusted for any charges. Each NAV is calculated in the fund's base currency, then converted, at current market rates, into any currencies of unit class denomination. Except for initial offering periods, during which the price is the initial offer price, the unit price for a transaction will be the NAV calculated for the day on which the transaction request is processed.

**Currencies** We accept and make payments only in the base currency of the unit class concerned. The management company may agree to accept requests in currencies that require conversion, and if it does, the conversion will be done at normal banking rates, prior to acceptance of the request.

**Fees** Any purchase, exchange or sale may involve fees. For the maximum fees charged by each base unit class, see the applicable fund description and the "Base unit class characteristics" table. To find out the actual fees involved in a transaction, contact your intermediary or the transfer agent. Other parties involved in the transaction, such as a bank, intermediary, or paying agent may charge their own fees. Some transactions may generate tax liabilities. You are responsible for all costs and taxes associated with each request you place.

**Late or missing payments to unitholders** The payment of a dividend or sale proceeds to any unitholder may be delayed for reasons of fund liquidity, and may be delayed, reduced, or withheld if required by foreign exchange rules, other rules imposed by the unitholder's home jurisdiction, or for other external reasons. In such cases we cannot accept responsibility, nor do we pay interest on amounts withheld.

**Investing through regular investment plans** If you are investing through a regular investment plan offered by a distributor, platform or other intermediary who we have approved, you must follow the general terms and conditions set by the plan in addition to all applicable terms and conditions in this prospectus. Your investment plan provider is required to provide you with their terms and conditions.

**Changes to account information** You must promptly inform us of any changes in personal or bank information, particularly any information that might affect eligibility for any unit class. We will require adequate proof of authenticity for any request to change the bank account associated with your fund investment.

**Buying units** *Also see "Information that Applies to All Transactions Except Transfers" above.*

To make an initial investment, submit a completed application form and all account opening documentation (such as all required tax and anti-money laundering information) using one of the options described above. Be sure to provide all requested identification documents with your application form, and your bank account and wire instructions, to avoid delays in receiving proceeds when you wish to sell units.

Once an account has been opened, you can place additional orders as shown in the box on previous page. All holdings in an account must be in the same currency (the designated currency of the first units purchased), meaning that maintaining investments in multiple currencies requires multiple accounts. Guard all account numbers well, as they are considered the primary proof of unitholder identity.

All purchase requests must be accompanied either by full payment before the settlement deadline stated in "Fund Descriptions", or by a documented, irrevocable guarantee, acceptable to the distributor or the management company, that full payment will be received before the deadline. If we do not receive full payment for your units within the time indicated for settlement, we may sell (redeem) your units, cancel their issuance and return the payment to you, less any investment loss and any costs incurred in cancelling these units.

Note that some intermediaries may have their own account opening and purchase payment requirements.

For optimal processing of investments, send money via bank transfer (net of any bank charges) in the currency denomination of the units you want to buy.

**Exchanging units** *Also see "Information that Applies to All Transactions Except Transfers" above.*

You can exchange (switch) units of any fund into the same class of units in any other fund in the FCP. You can also exchange into a different unit class, either within the same fund or as part of an exchange into a different fund; in this case, you must indicate your desired unit class on your request.

All exchanges are subject to the following conditions:

- you must meet all eligibility and minimum initial investment requirements for the unit class into which you are requesting to exchange
- for any money exchanging into units with a higher subscription fee than what you paid, you will be charged the difference
- we will exchange without a currency conversion if possible; otherwise, any necessary currency conversion will be processed on the day the exchange occurs, at that day's applicable rate
- the exchange must not violate any restrictions stated in this prospectus (including in "Fund Descriptions")

We will let you know if any exchange you request is not permitted by this prospectus.

We process all exchanges of units on a value-for-value basis, using the NAVs of the two investments (and, if applicable, any currency exchange rates) that are in effect as at the time we process the exchange. If there is a difference in cut-off times, the earlier one applies. Because an exchange can only be processed on a day on which both funds are processing transactions in units, an exchange request may be held until such a day occurs.

Because an exchange is considered two separate transactions (a simultaneous redemption and subscription) it may create tax or other implications. The purchase and sale components of an exchange are subject to all terms of each respective transaction.

**Selling units** *Also see "Information that Applies to All Transactions Except Transfers" above.*

Note that any redemption proceeds will only be paid out once all investor documentation has been received, including any requested in the past that was not adequately provided.

We pay redemption proceeds only to the unitholder(s) identified in the FCP's register of unitholders, by wire to the bank account details we have on file for the account. If any required information is missing, your request will be held until it arrives and can be properly verified. All payments to you are made at your expense and risk.

Sale proceeds are paid in the currency of your account. To have your proceeds converted to a different currency, contact your intermediary or the transfer agent before placing your request.

**Transferring units**

As an alternative to exchanging or selling, you may transfer ownership of your units to another investor. Note, however, that all of the ownership eligibility requirements for your units apply to the new owner (for example, institutional units cannot be transferred to non-institutional investors) and if a transfer to an ineligible owner occurs, the board will either void the transfer, require a new transfer to an eligible owner, or forcibly redeem the units.

## How We Calculate NAV

### Timing and formula

Unless indicated otherwise in “Fund Descriptions”, we calculate the NAV for each unit class of each fund on a daily basis, according to the calendar of processing days available at [eurizoncapital.com](https://eurizoncapital.com) and upon request at the management company. Each NAV is calculated in the base currency of the fund and the currency of each relevant unit class. Because of differences in, for example, fees and distribution policies, different unit classes of a given fund may have different prices.

All NAVs whose pricing involves currency conversion of an underlying NAV are calculated at the same exchange rate as those used for calculating the NAV. NAVs are rounded up or down to the smallest commonly used fractional currency amount.

To calculate NAV for each unit class of each fund, we use this general formula:

$$\frac{(\text{assets} - \text{liabilities})}{\text{number of outstanding units}} = \text{NAV}$$

For money market funds that calculate both a NAV and a stable NAV, the NAV is typically calculated using mark-to-market or market model valuations, and the stable NAV is calculated using amortised cost valuations. These funds must publish both NAVs as well as the difference between their values.

For complete information on our NAV calculation methods, see the management regulations.

### Asset Valuations

In general, we determine the value of each fund's assets as follows. Note that for any type of security, we may use fair value methods instead of the method stated here (see description following the bullets).

- **Cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued but not yet received.** Valued at full value, adjusted for any appropriate discount or premium we may apply based on our assessments of any circumstances that make the full payment unlikely.
- **Short-term debt and liquid assets.** Generally valued at nominal value plus interest or amortised cost, subject to correction if regular reviews reveal any material discrepancy with market quotations.
- **Money market instruments.**  
*Non-money market funds* Valued as described in the bullet immediately above.  
*Money market funds* Valued at mark-to-market (mid-market value if asset can be closed out at that value, otherwise the more prudent side of bid and offer); if mark-to-market is not viable (including because market data of sufficient quality is not available), valued at conservative mark-to-model (a conservative valuation that is benchmarked, extrapolated or otherwise calculated from or more market inputs). Both mark-to-market and mark-to-model methods use good quality, up-to-date data on market volume and turnover of the asset in question and the portion of the issue the fund plans to buy or sell. Mark-to-market also considers the number and quality of counterparties, while mark-to-model also considers the market, interest rate and credit risks of the asset.
- **Transferable securities that are traded on an official stock exchange or other regulated market.** Valued at the last closing price quoted on the market where they are principally traded. For funds investing mainly in markets whose closing prices have already been published by the cut-off time for orders, the closing price for the next day is used.
- **Listed futures and options.** Valued at the closing settlement price.

- **OTC and other non-listed derivatives.** Valued at net cash-in value, on a basis that is constantly applied for each type of contract, using internal models that consider such factors as the value of the underlying security, interest rates, dividend yields and estimated volatility.
- **Shares or units of UCITS or UCIs.** Valued at the most recent NAV reported by the UCITS/UCI.
- **Credit default swaps and contracts for difference.** Valued at market value, with reference to the applicable rate curve.
- **All other swaps.** Valued using the difference between forecasted inflows and outflows.
- **Currencies.** Valued at the average of the latest foreign exchange bid and ask prices (applies to currencies held as assets, to hedging positions, and when translating values of securities denominated in other currencies into the base currency of the fund).
- **Unlisted securities and all other assets.** Valued at fair value (see below).

All valuation methodologies (including fair value) are established by the management company and use auditable valuation principles. For any asset in a non-money market fund, the management company can designate a different valuation method if it believes that method may result in a fairer valuation.

**Fair value** We may value any asset in a non-money market fund at fair value (a prudent estimate of its near-term liquidation value) when we believe any of the following is true:

- it is not possible to calculate with accuracy or confidence using the usual method
- unusual market conditions exist
- the latest available prices no longer reflect accurate values
- the values from usual sources and methods are not current or accurate, or are unavailable

Any valuations the fund arrives at by legitimate methods may differ from quoted or published prices or may be materially different from what the fund is actually able to realise as a sale price.

For more information on our asset valuation methods, see the management regulations.

### Swing pricing

On business days when the net number of a fund's units purchased or redeemed exceeds 2% of the fund's total net assets, the management company may value that fund's assets at offer price or bid price, respectively. This adjustment reflects an assessment of the overall costs incurred in buying and selling investments to satisfy purchases or sales of units (understanding that a fund generally maintains adequate daily liquidity to handle ordinary cash flows with little or no impact on ordinary investment operations).

Swing pricing is intended to reduce the impact of these costs on unitholders who are not trading their units at that time. Swing pricing can have the effect of somewhat amplifying volatility.

### Taxes

*The following is summary information and is provided for general reference only. Investors should consult their own tax advisors.*

#### Taxes paid from fund assets

The FCP is subject to the Luxembourg tax d'abonnement (subscription tax) at the following rates:

- All unit classes of money market funds (MMFs): 0.01%.
- All other funds, classes C, E, R and Y: 0.05%.
- All other funds, classes I,M and X: 0.01%.



This tax is calculated and payable quarterly, on the aggregate net asset value of the outstanding units of the FCP at the end of the quarter. Any assets coming from another Luxembourg UCI on which the *taxe d'abonnement* has already been paid are not subject to further *taxe d'abonnement*.

The FCP is not currently subject to any Luxembourg stamp, withholding, municipal business, net worth or estate tax, or taxes on income, profits or capital gains.

To the extent that any country in which a fund invests imposes withholding taxes on income or gains earned in that country, these taxes will be deducted before the fund receives its income or proceeds. Some of these taxes may be recoverable. The fund might also have to pay other taxes on its investments. The effects of taxes will be factored into fund performance calculations. See also "Taxation risks" in the "Risk descriptions" section.

While the above tax information is accurate to the best of the board's knowledge, it is possible that a tax authority may modify existing taxes or impose new ones (including retroactive taxes) or that the Luxembourg tax authorities may determine, for example, that any class currently identified as being subject to the 0.01% *taxe d'abonnement* should be reclassified as being subject to the 0.05% rate. The latter case could happen for an institutional unit class of any fund for any period during which an investor not entitled to hold institutional units was found to have held such units.

## Taxes you are responsible for paying

**Taxes in your country of tax residence** Luxembourg tax residents are generally subject to Luxembourg taxes, such as those mentioned above that do not apply to the FCP.

Unitholders in other jurisdictions are generally not subject to Luxembourg taxes (with some exceptions, such as the gift tax on Luxembourg-notarised gift deeds). However, an investment in a fund may have tax implication in these jurisdictions.

**International tax agreements** Several international tax agreements require the FCP to report certain information about fund unitholders to the Luxembourg tax authorities every year, and for those authorities to automatically forward that information to other countries, as follows:

- **Directive on Administrative Cooperation (DAC) and Common Reporting Standard (CRS)** Collected: financial account information, such as interest and dividend payments, capital gains, and account balances. Forwarded to: the home countries of any unitholder located in the EU (DAC) or in the more than 50 OECD and other countries that have agreed to CRS standards.
- **US Foreign Account Tax Compliance Act (FATCA)** Collected: information on direct and indirect ownership of non-US accounts or entities by certain US Persons. Forwarded to: US Internal Revenue Service (IRS).

Future agreements, or expansions of existing ones, could increase the countries to which unitholder information is communicated. Any unitholder who fails to comply with the FCP's information or documentation requests may be subject to penalties from their jurisdiction of residence and may be held liable for any penalties imposed on the FCP that are attributable to the unitholder's failure to provide the documentation. However, unitholders should be aware that such a violation on the part of another unitholder could reduce the value of all other unitholders' investments, and that it is unlikely the FCP will be able to recover the amount of such losses.

With FATCA, there is a 30% withholding tax on certain US-originated income paid to, or for the benefit of, a US person by a foreign source. Under a Luxembourg-US tax agreement, this withholding tax applies to any US-originated income, dividends or gross proceeds from sales of assets paid out to unitholders who are considered to be US investors. Any unitholders who do not provide all FATCA-related information requested, or who we believe are US investors, may be subject to this withholding tax on all or a portion of any redemption or dividend payments paid

by any fund. Likewise, we may impose the withholding tax on investments made through any intermediary who we are not completely satisfied is FATCA-compliant.

While the management company will make good-faith efforts to ensure compliance with all applicable obligations of tax law, the FCP cannot guarantee that it will be exempt from withholding requirements or that it will provide all necessary information for unitholders to comply with their tax reporting requirements.

## Measures to Prevent Improper and Illegal Behavior

### Money laundering, terrorism and fraud

To comply with Luxembourg laws, regulations, circulars, etc. aimed at preventing crime and terrorism, including money laundering, all investors must provide documentation to prove identity (either before opening an account or at any time afterward).

In general, we will consider investors investing via financial professionals in a country that honors the conventions of the Financial Action Task Force (FATF) to have been adequately documented by their financial professional. In other cases, we typically request the following types of identification:

- natural persons: an identity card or passport copy duly certified by a public authority (such as a notary, police official or ambassador) in his or her country of residence
- corporations and other entities investing on their own behalf: a certified copy of the entity's incorporation documents or other official statutory document, plus, for the entity's owners or other economic beneficiaries, the identification described above for natural persons
- financial intermediaries: a certified copy of the entity's incorporation documents or other official statutory document, plus certification that the account owner has obtained necessary documentation for all end investors

We also are required to verify the legitimacy of transfers of money that come to us from financial institutions that are not subject to Luxembourg verification standards or the equivalent.

For any investor, we may ask for additional documents at any time if we feel it is necessary, and we may delay or deny the opening of your account and any associated transaction requests (including exchanges and redemptions) until we receive, and judge to be satisfactory, all requested documents. We may also make comparable requirements to financial intermediaries. We will not be liable for any resulting costs, losses, or lost interest or investment opportunities.

### Market timing and excessive trading

The funds are in general designed to be long-term investments and not vehicles for frequent trading or for market timing.

These types of trading are not acceptable as they may disrupt fund management and drive up fund expenses, to the detriment of other unitholders. We do not knowingly allow any market timing transactions (although we cannot promise we will identify or prevent all of them), and we may take various measures to protect unitholder interests, including monitoring for and rejecting, suspending or canceling any request we believe represents excessive trading or that we believe may be linked to an investor, group of investors, or trading pattern associated with market timing. We may also block your account for future purchases or exchanges (but not redemptions), until we receive assurance we consider acceptable that no marketing timing or excessive trading will occur going forward.

With accounts held by intermediaries, the FCP considers the volumes and frequencies associated with each intermediary as well as market norms, historical patterns and the intermediary's asset levels when evaluating. However, the FCP can take any measures it considers appropriate, including asking the intermediary to review its account transactions, set transaction blocks or limits, or terminate the relationship with the intermediary.

## Late trading

We take measures to ensure that any request to buy, exchange or sell units that arrives after the cut-off time for a given NAV will not be processed at that NAV.

## Privacy of Personal Information

**Nature and usage of personal data** Personal data about investors is required for various purposes, such as to process requests, carry out unitholder services, guard against unauthorised account access and to enable the FCP to comply with various laws and regulations, including commercial laws, anti-money laundering laws, FATCA and CRS.

Personal data includes, for example, your name, address, bank account number, quantity and value of units held, and the name and address of your individual representative(s) and the beneficial owner (if it is not the unitholder). Personal data includes data provided to us at any time by you or on your behalf.

For more information on personal data processing, see the account opening application form.

## Rights We Reserve

Within the limits of the law and the management regulations, we reserve the right to do any of the following at any time:

- **Reject or cancel any application to open an account or any request to subscribe for units, for any reason.** We can reject the entire amount or part of it. If a request to subscribe for units is rejected, monies will be returned at the purchaser's risk within 7 business days, without interest and minus any incidental expenses.
- **Modify restrict or terminate the exchange privilege,** at any time, with 60 days' notice to unitholders.
- **Declare additional dividends** or change (temporarily or permanently) the method used for calculating dividends.
- **Require unitholders to prove beneficial ownership of units or eligibility to hold units, or compel an ineligible unitholder to relinquish ownership.** If the management company believes that units are being held in whole or in part by or for an investor who is, or appears likely to become, ineligible to own those units, we can send notice to the unitholder of our intention to redeem the units. If we do not receive adequate documentation of eligibility, we can redeem the units without the owner's consent as soon as 10 days after transmission of the notice. We may also prevent investors from acquiring units if we believe it is in the interests of existing unitholders to do so. We may take these steps to ensure the FCP's compliance with law and regulation, to avoid the adverse financial consequences for the FCP (such as tax charges), or for any other reason. The FCP will not be held liable for any gain or loss associated with these redemptions.
- Temporarily suspend the calculation of NAVs or transactions in a fund's units when any of the following is true, and when a suspension would be consistent with the interests of unitholders:
  - the principal stock exchanges or markets associated with a substantial portion of the fund's investments are closed during a time when they normally would be open, or their trading is restricted or suspended
  - a disruption of communication systems or other situation exists (not created or controllable by the management company) that has made it impractical to value fund assets in a timely and reliable way
  - a state of emergency or national crisis exists (not created or controllable by the management company) that makes it impracticable to value or liquidate assets, or otherwise appropriate to suspend transactions in fund units

- the fund is unable to repatriate monies needed to pay out redemption proceeds, or is unable to liquidate assets or exchange monies needed for operations or redemptions at what the board considers to be a normal price or exchange rate
- the fund or FCP is being liquidated or merged

A suspension could apply to any unit class and fund, or to all, and to any type of request (buy, exchange, sell).

All requests whose processing has been delayed because of a suspension of transactions will be held in queue and executed at the next NAV to be calculated.

- **Implement special procedures during times of peak buy, exchange or sell requests.** If on any business day a fund receives and accepts buy, exchange or sell requests whose net value exceeds 10% of the fund's total net assets, the management company may limit payment of redemptions to 10%. In such a case, redemption requests are processed pro rata. The unprocessed portion of each request will be held in queue (ahead of any requests received and accepted at a later date) and executed at the next NAV to be calculated, subject to the same limitation, except that in no case will the delay be longer than 3 business days.
- **Close a fund or unit class to further investment,** temporarily or indefinitely, without notice, when the management company believes it is in the best interests of unitholders (such as when a fund has reached the size where further growth appears likely to be detrimental to performance). A closure may apply only to new investors or to further investments from existing unitholders as well.
- **Accept securities as payment for units, or fulfill redemption payments with securities (in-kind payments).** If you wish to request a subscription or redemption in kind, you must get advance approval from the management company. You must generally pay all costs associated with the in-kind nature of the transaction (valuation of the securities, broker fees, any required auditors' report, etc.). Any securities accepted as a payment in kind for a subscription of units must be consistent with the fund's investment policy, and acceptance of these securities must not affect the fund's compliance with the 2010 law.

If you receive approval for an in-kind redemption, we will seek to provide you with a selection of securities that closely or fully matches the overall composition of the fund's holdings at the time the transaction is processed.

The board may request that you accept securities instead of cash in fulfillment of part or all of a redemption request. If you agree to this, the FCP may provide an independent valuation report from its auditor and other documentation.
- **Reduce or waive any stated sales charge, or minimum investment amount, for any fund, investor, or request,** especially for investors who are committing to invest a certain amount over time, so long as it is consistent with equal treatment of unitholders. We may also allow distributors to set different minimum investment requirements.
- **Reduce or waive some or all of the fees the management company receives** in order to reduce the impact on performance. These waivers may be applied to any fund or unit class, for any amount of time and to any extent, as determined by the management company.
- **Calculate a new NAV and reprocess transactions at that NAV.** If there has been a material change in the market prices affecting a substantial portion of a fund's investments, we may, in order to safeguard the interests of the unitholders and the FCP, cancel the first valuation and calculate a second one, which will then be applied to all transactions in fund units for that day. Any transactions that were already processed at the old NAV will be reprocessed at the later NAV.

## Notices and Publications

The following table shows which material (in its most recent version) is made available through which channels. Items in the first 6 rows are typically available through financial advisors.

Information/document	Sent	Media	Online	Office
KIDS, prospectus, financial reports			•	•
Unitholder notices with material changes	•		•	•
Unitholders notice of FCP liquidation	•	•	•	•
Other unitholder notices			•	•
NAVs (unit prices) and the start and end of any suspension of the processing of unit transactions			•	•
The daily NAV, net yield, maturity breakdown, credit profile, weighted average maturity (WAM), weighted average life (WAL), 10 largest holdings, and total net assets of each money market fund			•	
Dividend announcements			•	•
Statements/confirmations	•			
Management regulations			•	•
Core agreements (agreements with the investment manager, depositary, administrator and other major service providers)				•
Information on inducements (financial and non-financial) available to the management company, list of current distribution agents/nominees, and a description of the depositary's current duties and related conflicts of interest				•
Information on past voting of portfolio shares			•	
Core policies (conflicts of interest, best execution, remuneration, voting, complaints handling, benchmarks, etc.) as well as a current list of sub-custodians			•	•

## KEY

**Sent** Sent to all unitholders directly registered in the FCP's unitholder list at the address of record (physically, electronically, or as an emailed link).

**Media** Published, as required by law or as determined by the board, in newspapers or other media in Luxembourg and other countries where units are available, or electronic platforms, such as Bloomberg, where daily NAVs are published, as well as the Recueil Electronique des Sociétés et Associations.

**Online** Posted online on [eurizoncapital.com](http://eurizoncapital.com).

**Office** Available free upon request from the registered offices of the management company, and available for inspection at those offices. Many items are also available free on request from the administrator, depositary and local distributors. The management regulations are also available free upon request from, and for inspection at, the offices of the Luxembourg Commercial Register.

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*Unitholder notices include notices of prospectus changes, the mergers or closings of funds or unit classes (along with the rationale for the decision), the start and end of suspensions of the processing of units, and all other items for which notice is required. Statements and confirmations are sent when there are transactions in your account. Other items are sent when issued.*

*Audited annual reports are issued within four months of the end of the financial year. Unaudited semi-annual reports are issued within two months of the end of the period they cover. Information on past performance, by fund and unit class, appears in the applicable KID and on [eurizoncapital.com](http://eurizoncapital.com).*

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# Management and Business Operations

## The FCP

### Name and registered office

Epsilon Fund  
28, Boulevard de Kockelscheuer  
L-1821, Luxembourg

**Legal structure** Open-ended investment scheme organised as a fonds commun de placement (FCP)

**Legal jurisdiction** Luxembourg

**Incorporated** 21 April 2008 (as Eurizon Stars Fund)

**Duration** Indefinite

**Management regulations** First published in the Mémorial, Recueil Spécial des Sociétés et Associations on 8 May 2008; latest amendments published in the Recueil Electronique des Sociétés et Associations on 10 January 2020

### Regulatory authority

Commission de Surveillance du Secteur Financier  
283, route d'Arlon, L-1150 Luxembourg

**RCS registration number** K349

**Financial year** 1 January to 31 December.

**Capital** Sum of the net assets of all of the funds

**Minimum capital (under Luxembourg law)** EUR 1,250,000 or equivalent in any other currency (to be reached within 6 months from the authorisation date)

**Par value of units** None

**Unit capital and reporting currency** EUR

**Qualification as a UCITS** The FCP qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) under Part 1 of the 2010 Law.

**Financial independence of the funds** The FCP functions as an “umbrella fund” under which the funds are created and operate. The assets and liabilities of each fund are segregated from those of other funds; there is no cross-liability, and a creditor of one fund has no recourse to the assets of any other fund.

**Co-management of assets** To lower costs, the funds may commingle certain assets with those of other funds and manage them as a single pool. In such a case, the assets of each fund will remain segregated as far as accounting and ownership is concerned, and the allocation of income, capital gains and costs is assigned to each fund pro rata. The rights and obligations of unitholders will remain unchanged, and no material tax impacts are anticipated.

**Resolution of disputes** Disputes arising among the unitholders, the management company and the depositary will be settled according to Luxembourg law and subject to the jurisdiction of the District Court of Luxembourg. However, with disputes involving investors who are residents of other countries, or transactions in units occurring in other countries, the management company or the depositary may choose to submit themselves, and the FCP, to the jurisdiction of courts or laws of those countries.

The ability for a unitholder to bring a claim against the FCP expires 5 years after the event on which the claim would be based (30 years in the case of claims concerning entitlement to the proceeds of a liquidation).

## The Management Company

### Management Company and Promoter

Eurizon Capital S.A.  
28, Boulevard de Kockelscheuer  
L-1821 Luxembourg

**Website** [eurizoncapital.com](http://eurizoncapital.com)

**Legal structure** Société anonyme

**Legal jurisdiction** Luxembourg

**Incorporated** 27 July 1988 (as Sanpaolo Gestion Internationale S.A.)

### Regulatory authority

Commission de Surveillance du Secteur Financier  
283, route d'Arlon, L-1150 Luxembourg

**RCS registration number** B 28536

**Authorisations** Discretionary management of financial instruments and investment funds under the 2010 Law; alternative investment fund manager under the Luxembourg Law of 12 July 2013

**Capital** EUR 7,974,600 (paid in full)

**Other funds managed** See [eurizoncapital.com](http://eurizoncapital.com)

## Board of Directors

### Daniel Gros *Chair*

Independent Director, Belgium

### Saverio Perissinotto *Vice Chair*

CEO and General Manager, Eurizon Capital SGR S.p.A., Italy

### Marco Bus *Managing Director*

Conducting Officer, Eurizon Capital S.A., Luxembourg

### Jérôme Debertolis

Conducting Officer, Eurizon Capital S.A., Luxembourg

### Sandrine Dubois

Independent Director, Luxembourg

### Giuseppe Distefano

Independent Director, Luxembourg

### Massimo Mazzini

Head of Marketing and Business Development, Eurizon Capital SGR S.p.A., Italy

### Rosario Strano

Director, Italy

The Independent Directors form the Independent Directors Committee within the Board of Directors of the Management Company which has advisory and investigation tasks in the management of conflicts of interest. The Independent Directors Committee also supports the Board of Directors in all activities relating to remuneration.

## Conducting Officers

### Marco Bus

Managing Director and General Manager, Eurizon Capital S.A., Luxembourg

### Jérôme Debertolis

Co-General Manager, Eurizon Capital S.A., Luxembourg

### Gianluca Rossi

Conducting Officer, Eurizon Capital S.A., Luxembourg

## Management company rights and responsibilities

The management company is responsible for the overall management and administration of the FCP and, as described more fully in the management regulations, and has broad powers to act on its behalf, within applicable law and regulation and consistent with the interests of unitholders. These powers include:

- maintaining and modifying the management regulations with the agreement of the depositary
- investment management of the funds
- appointing and reviewing the actions of the service providers
- taking all decisions regarding the launch, modification, merger or discontinuation of funds and unit classes, including such matters as fund design and strategy, timing, pricing, fees, distribution policy and payment of dividends, and other conditions
- determining eligibility requirements for investors in any fund or unit class, and what steps may be taken in the case of any violation
- determining the availability of any unit class to any investor or distributor or in any jurisdiction
- determining when and how the FCP will exercise its rights and will distribute or publicise unitholder communications
- ensuring that the depositary is adequately capitalised and that its appointment is consistent with the 2010 Law and any applicable contracts of the FCP
- marketing and distributing the funds
- determining whether to list any units on the Luxembourg stock exchange, or any other recognised stock exchange (this is not currently done)
- designating benchmarks (including replacement benchmarks if a current benchmark ceases to exist, to be compliant with regulations, or to be appropriate for a fund)

The management company is responsible for the information in this prospectus and has taken all reasonable care to ensure that it is materially accurate and complete. The prospectus will be updated as required when funds are added or dropped, benchmarks are changed, or other material changes are made.

**Delegation of powers** Consistent with the management regulations, and with applicable Luxembourg law and regulation, the management company has the option of delegating to qualified third parties some or all of its responsibilities. In such case, the management company must pay the fees and costs associated with the third party, except as noted otherwise in this prospectus.

For example, so long as it retains supervision, implements appropriate controls and procedures, and updates the prospectus in advance, the management company can appoint one or more investment managers to handle the management of fund assets, or an investment advisor.

An investment manager in turn can, with the approval of the management company and the supervisory authority, and at its own expense, delegate some or all of its functions to other entities, such as sub-investment managers.

The management company must require any delegated entity to comply with the provisions of the prospectus, management regulations and other applicable provisions. Also, regardless of the nature and extent of its delegations, the management company remains fully liable for the actions of its delegates.

**Engagement terms of service providers** All service providers engaged by the FCP have service agreements that extend for an indefinite period and must provide periodic reports relating to their services. The management company may terminate any of these service agreements immediately if it determines that a material breach of contract has occurred. Otherwise, a holder of any of these service agreements can resign or be replaced by the management company upon 3 months' notice. Regardless of the circumstances of termination,

any professional firm must cooperate fully with a transition of its duties, consistent with its service agreement, its duties under law, and the instructions of the management company. In addition, the depositary must continue to serve until a new depositary has been appointed, which must happen no later than 2 months after the end of the notice period.

## Investment Managers and Service Providers

### Investment managers

#### Eurizon Capital S.A.

28, Boulevard de Kockelscheuer  
L-1821 Luxembourg

#### Eurizon Capital SGR S.p.A.

Via Melchiorre Gioia, 22  
I-20124 Milan, Italy

#### Epsilon Associati SGR S.p.A.

Via Melchiorre Gioia, 22  
I-20124 Milan, Italy

Investment managers handle the day-to-day management of each fund for which they have been assigned responsibility. This includes determining investment strategies and effecting securities trades for each fund's portfolio.

### Depositary, administrator, registrar, transfer agent, main paying agent

#### State Street International GmbH, Luxembourg Branch

49, Avenue J.F. Kennedy  
L-1855 Luxembourg

#### Global sub-custodian

#### State Street Bank and Trust Company

100, Avenue Huntington, Boston  
Massachusetts 02116, USA

The depositary provides such services as:

- providing safekeeping of the assets of the FCP (custody of assets that can be held in custody and ownership verification and recordkeeping of other assets)
- ensuring that the activities defined in the depositary bank and principal paying agent agreement are carried out in accordance with the board's instructions and, above all, with the 2010 Law and the management regulations; these activities include the calculation of NAV, the processing of fund units and the receipt and allocation of income and revenues to each fund and unit class, among others
- cash flow monitoring

The depositary must use reasonable care in exercising its functions and is liable to the FCP and investors for any losses that result from failing to properly perform its duties, as defined in the depositary bank and principal paying agent agreement. It may entrust assets to third party banks, financial institutions or clearinghouses, but this will not affect its liability.

Where the law of a third country requires that certain investments be held in custody by a local entity but no local entities satisfy the delegation requirement, the depositary may nevertheless delegate to a local entity so long as the FCP has informed investors and has given the depositary appropriate instructions, and only for as long as no other local entity exists that meets the delegation requirements.

The depositary has no influence or control over the funds' investment decisions, and is not allowed to carry out activities with regard to the FCP that may create conflicts of interest between the FCP, the unitholders and the depositary itself (including its delegates), unless it has properly identified any such potential conflicts of interest, has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the FCP and its unitholders. In particular, the fact that the depositary also performs other functions for the

FCP does not affect its liabilities as depositary (or the management company's liabilities with respect to ensuring the performance of all service providers). Up-to-date information on the depositary and any conflicts of interest that may arise is available upon request from the registered offices of the management company and depositary.

The depositary has delegated certain safekeeping duties to one of its affiliates, the global sub-custodian, who in turn has appointed other entities as local sub-custodians.

Up-to-date information on the depositary, the safe-keeping functions it has delegated and the list of delegates and sub-delegates is available at

[statestreet.com/about/office-locations/luxembourg/subcustodians.html](http://statestreet.com/about/office-locations/luxembourg/subcustodians.html).

The administrator handles the administrative work required by law, as detailed in an administration agreement, such as calculating NAVs, sending notices to unitholders and keeping the books and records of the FCP.

The registrar and transfer agent provides such services as maintaining the FCP's register of unitholders, opening and closing accounts, processing requests for transactions in fund units, and providing documentation of these transactions to unitholders.

The paying agent is in charge of payment of the FCP's dividends and of proceeds from the redemption of units.

Fees for the services of the registrar and transfer agent are paid out of the operating and administrative expenses.

## Auditor

### Ernst & Young, Société anonyme

35E, Avenue J.F. Kennedy  
L-1855 Luxembourg

The auditor provides independent review of the financial statements of the FCP and all funds once a year.

## Primary distributor

### Italy

Eurizon Capital SGR S.p.A.  
Via Melchiorre Gioia, 22  
I – 20124 Milan

### Slovakia

#### Eurizon Asset Management Slovakia, správ. spol., a.s.

Mlynské nivy 1  
Bratislava 820 04

The primary distributor is responsible for developing and maintaining a distribution network in its stated geographical area that complies with Luxembourg and FATF standards

## Other distributors and agents

The management company may engage local distributors or other agents in certain countries or markets. In some countries, use of an agent is mandatory, and the agent may not merely facilitate transactions but may hold units in its own name on behalf of investors. Fees of distributors and agents are paid out of the management fee.

Distributors can act as nominees, which may affect your rights as an investor.

## Local representatives and paying agents

### Austria

#### Facility agent

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### Belgium

#### Facility agent

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### Denmark

#### Facility agent

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### Finland

#### Facility agent

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### Italy

#### Facility agent

Eurizon Capital SGR S.p.A.  
Via Melchiorre Gioia, 22  
I – 20124 Milan

#### Paying agents

State Street Bank International GmbH (acting through its Italian Branch)

10, via Ferrante Aporti  
I-20125 Milan

Allfunds Bank S.A.U. – Milan Branch

6, via Bocchetto  
I-20123 Milan

Société Générale Securities Services S.p.A.

19A - MAC2, Via Benigno Crespi  
I-20159 Milan

CACEIS Bank S.A. – Italian Branch

2, Piazza Cavour  
I-20121 Milan

Banca Sella Holding S.p.A.

1, Piazza Gaudenzio Sella  
I-13900 Biella

### France

#### Facility agent and centralising correspondent

State Street Bank International GmbH (acting through its Paris Branch)

Défense Plaza, 23-25 rue Delarivière-Lefoullon  
F-92064 Paris, La Défense Cedex

### Germany

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### Hungary

#### Facility agent

CIB Bank ZRT.  
4-14 Medve utca  
1027 Hungary

### The Netherlands

#### Facility agent

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### Norway

#### Facility agent

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### Portugal

#### Facility agent

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

#### **Slovak Republic**

*Facility and paying agent*

Všeobecná úverová banka, a.s.  
1, Mlynské nivy  
SK-829 90 Bratislava

#### **Slovenia**

*Facility agent*

Intesa Sanpaolo Bank, d.d.  
Pristaniška ulica 14  
600 Koper

#### **Spain**

*Facility agent*

Allfunds Bank S.A.U  
Padres Dominicos,7,  
28050 Madrid

#### **Sweden**

*Facility agent*

PwC Société coopérative – Global Fund Distribution  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg

### **Lending agent**

#### **State Street Bank International GmbH, Frankfurt Branch**

Solmsstrasse 83  
60486 Frankfurt am Main, Germany

The lending agent manages securities lending for the funds, including collateral management and the selecting of counterparties.

## **Management Company Policies**

*More information about these and other corporate conduct policies is available either at the links indicated below or as indicated in "Notices and Publications" at the end of "Investing in the Funds".*

### **Benchmarks regulation**

EU-based administrators of benchmarks that are used for tracking or performance fee calculation must be registered with ESMA. Administrators based outside the EU must register each benchmark individually, and have until 31 December 2023 to do so; until that date, any UCITS can use these benchmarks whether they are registered or not. Non ESMA registered benchmarks and administrators are indicated in "Fund Descriptions".

The management company maintains robust written plans detailing the steps to be taken if a benchmark materially changes, ceases to be provided, or loses its applicable ESMA registration.

#### **Benchmark administrators**

**Bloomberg Index Services Limited** Bloomberg Euro Treasury Bills Index®.

**J.P. Morgan Securities PLC** JP Morgan EMU Gov. Bond Index®.

**STOXX Ltd.** Euro Stoxx®.

### **Conflicts of interest and self-dealing**

The members of the board of the management company, the management company itself, the investment manager(s), the depositary, and the other service providers of the FCP (including their respective affiliates, members, employees, or other persons connected with them) may be subject to various conflicts of interest in their relationships with the FCP.

The management company, investment managers and certain distributors are part of Intesa Sanpaolo Group, a worldwide, full-service private banking, investment banking, asset management and financial services organisation and a major participant in the global financial markets. As such, Intesa Sanpaolo affiliates may have other direct or indirect interests in the financial markets in which the FCP invests.

Potential conflicts of interest or duties may arise because an Intesa Sanpaolo Group affiliate may have invested directly or indirectly in the FCP, or the FCP may have invested in a different UCITS managed by Eurizon or another affiliate. Eurizon or another such affiliate could hold a relatively large proportion of units in the FCP. Furthermore, a potential conflict may arise because an affiliate is related to a legal entity of Eurizon that provides other products or services to the FCP, or is a counterparty to a derivative or transaction with the FCP.

The management company and Intesa Sanpaolo Group and its affiliates seek to identify, manage and where necessary prohibit any action or transaction that may pose a conflict between the interests of all affiliates and the FCP or its investors. The management company also appoints independent directors and gives them responsibility for avoiding and controlling conflicts of interest.

Intesa Sanpaolo Group, as well as the management company, strive to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, both have implemented procedures designed to ensure that any business activities involving a conflict that may harm the interest of the FCP or its investors are carried out with an appropriate level of independence and that any conflicts are resolved fairly.

Notwithstanding its due care and best effort, there is a risk that the policies and procedures in place are not sufficient to ensure, with reasonable confidence, that conflicts of interest that could disadvantage the FCP or its unitholders will be prevented. Any non-neutralised conflicts of interest detected, as well as the decisions taken to address them, will be reported to investors in an appropriate manner (such as in the notes to the financial statements of the FCP).

More detailed information is available at [eurizoncapital.com](https://eurizoncapital.com).

### **Remuneration**

The management company has implemented a remuneration policy that applies to all relevant categories of staff, including senior management, any other employees in the same remuneration bracket, control functions, and risk takers (including risk takers whose professional activities have a material impact on the risk profiles of the management company or the FCP).

The policy is designed to:

- foster proper governance and compliance
- promote, and be consistent with, sound and effective risk management, including the integration of sustainability risks in accordance with SFDR
- avoid encouraging any risk-taking that is inconsistent with the risk profiles, rules, or instruments of incorporation of the FCP
- align with the business strategy, objectives, values and interests of the FCP, its unitholders, and the management company
- include measures to avoid conflicts of interest
- provide a multi-year framework for assessing performance
- ensure that fixed compensation represents a high enough proportion of total remuneration that variable remuneration can be as flexible as appropriate (including as little as zero)

A copy of the policy is available at [eurizoncapital.com](https://eurizoncapital.com).

## Best execution

While the investment manager, consistent with its duty to act in the best interests of unitholders, must place portfolio transactions with the broker-intermediary who offers the “best execution”, it has some flexibility in determining what “best execution” means.

For example, the investment manager can choose a particular broker-intermediary if it believes, in good faith, that the broker-intermediary’s commission is reasonable in light of the value of certain goods or services furnished by the broker-intermediary, and that the goods and services enhance the quality of the service. Examples of goods and services may include research, consulting services or information technology. Personal travel, entertainment, compensation, or other benefits are specifically prohibited from consideration. Disclosure on best execution arrangements appears in the financial reports.

## Voting rights of portfolio securities

The right to make all decisions about exercising voting rights on securities held in the funds rests solely with the management company. In practice, the management company generally abstains from voting unless it believes that the vote is particularly important to protect the interests of the investors. The management company has no obligation, however, to abstain.

## Liquidation or Merger

Unitholder meetings are convened only as necessary for voting on the management company’s proposal to merge the assets of the FCP or of one or several funds with another fund governed by non-Luxembourg laws. There are no regular unitholder meetings.

## Liquidation

The management company may at any time decide to liquidate any unit class, any fund, or the FCP itself, particularly if the management company believes any of the following is true:

- the value of the net assets of the fund or unit class has fallen below a level that does not allow an efficient and rational management (defined as EUR 1 million, 5 million or 50 million respectively for a unit class, a fund, and the FCP)
- there has been a notable change in the prevailing economic or political circumstances
- to do so would be in the interests of unitholders or the management company
- any other case provided for by law exists

With respect to the FCP only, the management company may also decide on liquidation if any of the following is true:

- the FCP’s capital has fallen below two-thirds of the minimum capital required under Luxembourg law
- the management company has ceased its activities and has not been replaced
- the management company has dissolved

The FCP will not liquidate or split in response to any request from a current or prospective unitholder.

Once notice of a liquidation has been duly published, no further requests for buying, exchanging or selling units will generally be accepted, although the management company may choose to accept exchange or redemption requests at the NAV in effect at the time the request is processed, without any exit charges.

Assets will be liquidated in the best interest of unitholders, and the net proceeds (after deduction of liquidation costs) will be distributed to the applicable unitholders in proportion to their holdings. With the approval of unitholders, assets from the liquidation of the FCP may be distributed in kind.

Amounts from any liquidations that are not claimed promptly by unitholders will be deposited in escrow with the Caisse de Consignation for the period established by law. Amounts still unclaimed after that period will be forfeited according to Luxembourg law.

## Mergers

The management company may decide to merge any fund with any other UCITS fund (whether the other fund is within the FCP or in a different UCITS) if any the first three bullets under “Liquidation” above is true. However, for any merger with a fund from outside the FCP, only those unitholders who approve the merger will participate in it. The management company may also split any fund into more than one fund. The FCP may also merge with another UCITS as permitted by the 2010 Law. The management company can approve mergers of other UCITS into the FCP. A merger of the FCP into another UCITS must be approved by a majority of votes cast at a general meeting of unitholders (no quorum requirement).

Unitholders whose investments are involved in any merger will receive at least one month’s advance notice of the merger, during which they will be able to sell or exchange their units free of any exit or exchange charges and any taxes. At the end of the notice period, unitholders who still own units in a fund and class that is being merged into another and who have not expressly indicated their unwillingness to participate in the merger will receive units of the receiving fund.

## Interpreting this Prospectus

*The following rules apply unless law, regulation or context require otherwise.*

- terms that are defined in the 2010 Law but not here have the same meaning as in the 2010 Law
- the name of each fund is understood to begin with “Epsilon Fund –”, whether this part of the name is present or not
- terms used or defined in other documents that are clearly intended to be analogous to terms used or defined in this document should be considered equivalent; for example, “Fund” and “Sub-Fund” elsewhere would correspond respectively to “the FCP” and “fund”, and “Eligible Market” would correspond to “eligible market”
- the word “include”, in any form, does not denote comprehensiveness
- a reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement in writing and any certificate, notice, instrument and document of any kind

- a reference to a document, agreement, regulation or legislation refers to the same as it has been amended or replaced (except as prohibited by this prospectus or applicable external controls), and a reference to a party includes the party’s successors or permitted substitutes and assigns
- a reference to legislation includes reference to any of its provision and any rule or regulation promulgated under the legislation
- any conflict in meaning between this prospectus and the management regulations will be resolved in favor of the prospectus for “Fund Descriptions” and in favor of the management regulations in all other cases
- When a fund is categorised as SFDR’s Article 8 or 9, this reference is indicated in the “Fund Descriptions”



# Appendix D – SFDR pre-contractual disclosure

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For each Fund that has (E) environmental and (S) social characteristics and promotes investment into assets which follow good governance (G) practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”), this part of the Prospectus gathers the pre-contractual information set out according to the template provided in the SFDR regulatory technical standards.

# Product name: Epsilon Fund - Emerging Bond Total Return

Legal entity identifier: 549300V0XHVHIIVFPN16

## Environmental and/or social characteristics

**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.

### 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 \_\_\_% 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 fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined as follows:

**ESG Score integration:** in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, selection, and composition of its investments.

**Sector exclusion:** the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible".

**Issuer exclusion:** the fund does not invest in "critical" issuers (i.e. with a lower ESG sustainability rating level in the equity and bond investment universe) for which an escalation process is activated.

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

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product:

**Sector exclusion:** weight in the fund of issuers operating in sectors deemed not to be "socially and environmentally responsible", identified on the basis of data provided by specialised ESG and SRI infoproviders.

**Issuer exclusion:** weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: "critical" issuers), identified on the basis of data provided by specialised ESG infoproviders.

**ESG Score integration:** "ESG Score" of the fund as determined by the specialised ESG infoprovider "MSCI ESG Research" on the basis of environmental, social and governance profile of the investee companies.

**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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

- **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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

*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 not 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.*

**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.



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

Yes, the identification of the main negative effects of investment choices on sustainability factors and the definition of the related mitigation actions are an integral part of Eurizon Capital S.A.'s approach to sustainability. Eurizon has adopted a specific framework which provides for specific environmental, social and governance indicators for the assessment of the negative effects on the sustainability deriving from investments according to the characteristics and objectives of the individual financial products, which provide for the use of:

- negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors considered as not "socially responsible" (including, in particular, the exposure to the fossil fuels sector and to the unconventional weapons sector) or characterized by critical environmental, social or corporate governance;
- positive integration of ESG factors in the analysis, selection and composition of financial portfolios (Score ESG).

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund, as here below indicated.

The indicators applicable to investments in corporate securities are the following:

- Greenhouse Gas (GHG) Emissions intensity of investee companies: intensity of the direct GHG emissions that occur from sources that are controlled or owned (i.e.: Scope 1) and of the indirect GHG emissions from the generation of purchased electricity consumed (i.e.: Scope 2) of each investee company per million euro of sales generated;
- Exposure to fossil fuel companies: investments in companies that generate revenues from mineral exploration and mining, or from any other extractive activities, from the production, processing, refinement, distribution (including the transportation), the storage and trading of fossil fuels;
- Activities that adversely affect biodiversity sensitive areas: investments in companies established or doing business in or near sensitive areas for biodiversity, whose activities adversely affect those areas;
- Gender diversity on the board of directors: average ratio between women and men within the administration, management or supervisory body of the investee companies expressed as a percentage of the total holdings;

- Exposure to controversial weapons: investments in companies involved in the manufacture or in the sale of unconventional weapons (including, in particular, Land-mines, Cluster bombs, Biological weapons and Chemical weapons).

The indicators applicable to investments in sovereign and supranational securities are the following:

- Greenhouse Gas (GHG) Emissions intensity: intensity of the direct GHG emissions (i.e.: Scope 1) that occur from the economic activities and of the indirect GHG emissions from electricity generated elsewhere (i.e.: Scope 2) of each country per million euro of gross domestic product (GDP).

In the best interest of its own financial products, Eurizon Capital S.A. commits (i) to continue to develop its own Sustainability Policies and (ii) to activate specific engagement actions with regard to the issuers that show significant deviations from specific environmental, social and governance indicators or that show significant negative effects on several indicators, with the aim of directing them towards improving their sustainability practices, evaluating, only as a last resort, the disposal of their investments.

Additional information regarding the main adverse impacts indicators will be reported in a specific section of the annual report of the fund.

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 fund invests mainly in short or medium term debt or debt-related instruments of any kind, including for example bonds and money market instruments, denominated in any currency and issued either on domestic markets or on international markets by governments, their agencies or private issuers located in or established under the laws of emerging countries. For additional information regarding the fund's investment policy please refer to the prospectus.

The analysis of ESG factors is a qualifying element of the fund's strategy.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least:

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

Indeed, in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, and composition of its investments. The ESG score is representative of the environmental, social, and corporate governance opportunities and risks to which an issuer is exposed and takes into account the issuer's management of these risks. The fund's ESG score is calculated as a weighted average of the ESG scores of the issuers of the financial instruments held in the fund's portfolio.

In addition, the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands. In addition, the fund does not invest in "critical" issuers for which an escalation process is activated. "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level in the equity and bond investment universe.

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

### ● 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 used to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- it shall assess the ESG profile of its portfolio investments through an ESG scoring methodology that covers at least:
  - (iii) 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments)
  - (iv) 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments)
- the pursuit of an ESG score higher than that of its investment universe
- the exclusion from the fund's investment universe of the issuers operating in sectors deemed not "socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands

- the exclusion from the fund's investment universe of the companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") ("critical issuers")

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy of the fund.

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

Corporate issuers that do not comply with good governance practices are those that (i) do not include independent members in the governing body, (ii) have negative opinions from the external auditor (iii) have disputes in relation to Principle No. 10 of the United Nations Global Compact (the "UNGC") concerning the commitment against corruption in all its forms, including extortion and bribery, (iv) have disputes in relation to Principle No. 3 UNGC relating to freedom of association and recognition of the right to collective bargaining, (v) have disputes in relation to UNGC Principle No. 6 relating to the elimination of discrimination in employment and occupation, and (vi) have disputes relating to tax compliance.

Issuers are identified from those included in the "MSCI ESG Ratings - World," "MSCI ESG Ratings - Emerging Markets," and "MSCI ESG Ratings - Fixed Income Corporate" services of "MSCI ESG Research".

Such issuers are ex-ante excluded from the investment universe of the fund and, at the time of the portfolio valorisation, an ex-post control also takes place based on the latest available list of excluded issuers.

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



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The fund promotes environmental and/or social characteristics.

The investments aligned with the environmental or social characteristics have a minimum proportion of 80% of the fund's net assets (#1 Aligned with E/S characteristics).

In addition, please be informed that the fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

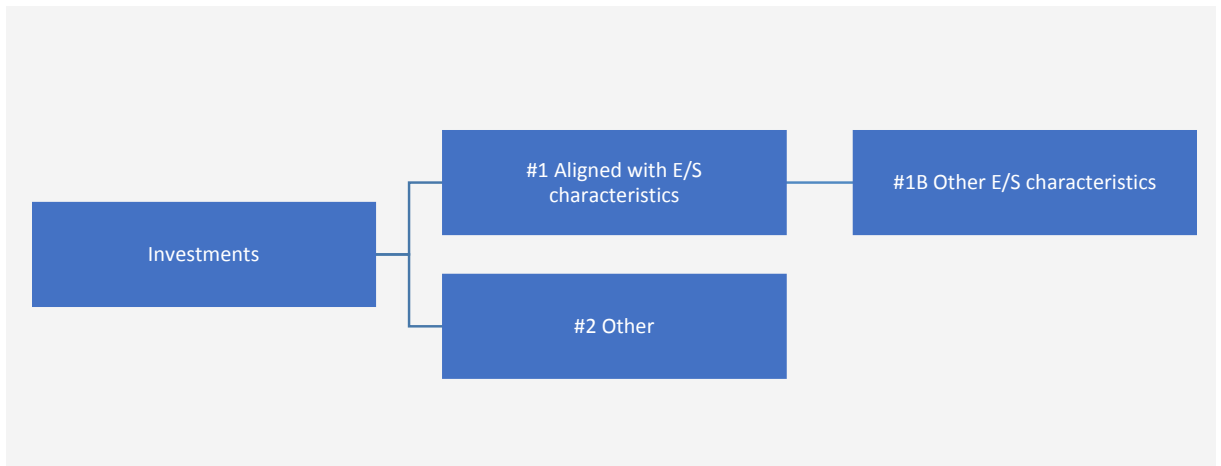
- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

The fund does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities. Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under "#2 Other", there are no minimum environmental or social safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure. The fund does not use derivatives for attaining the environmental or social characteristics it promotes.



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

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

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

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

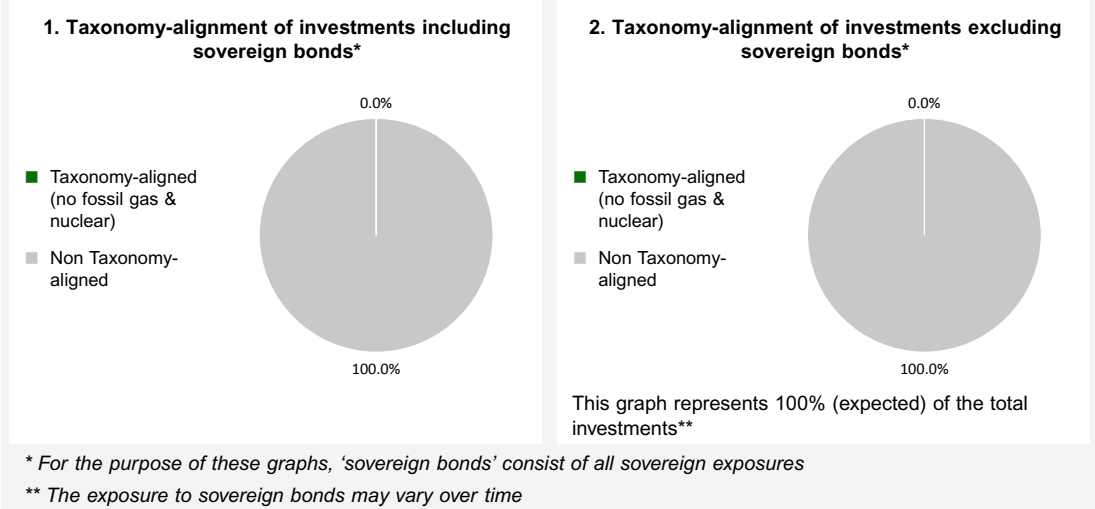
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>1</sup> 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.

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.

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.



**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

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

Not applicable considering that the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities.

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. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.



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

The following investments are included under “#2 Other”: (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under “#2 Other”, there are no minimum environmental or social 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?

No specific index has been designated as a reference benchmark to determine whether the fund is aligned with the environmental and/or social characteristics that it promotes..

**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.



## Where can I find more product specific information online?

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

<https://www.eurizoncapital.com/en/our-offer/documentation>



## Product name: Epsilon Fund - Emerging Bond Total Return Enhanced

Legal entity identifier: 549300WE9UI0PEFRDK22

### Environmental and/or social characteristics

**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.

#### 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 \_\_\_% 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 fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined as follows:

**ESG Score integration:** in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, selection, and composition of its investments.

**Sector exclusion:** the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible".

**Issuer exclusion:** the fund does not invest in "critical" issuers (i.e. with a lower ESG sustainability rating level in the equity and bond investment universe) for which an escalation process is activated.

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

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product:

**Sector exclusion:** weight in the fund of issuers operating in sectors deemed not to be "socially and environmentally responsible", identified on the basis of data provided by specialised ESG and SRI infoproviders.

**Issuer exclusion:** weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: "critical" issuers), identified on the basis of data provided by specialised ESG infoproviders.

**ESG Score integration:** "ESG Score" of the fund as determined by the specialised ESG infoprovider "MSCI ESG Research" on the basis of environmental, social and governance profile of the investee companies.

**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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

- **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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

*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 not 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.*

**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.



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

Yes, the identification of the main negative effects of investment choices on sustainability factors and the definition of the related mitigation actions are an integral part of Eurizon Capital S.A.'s approach to sustainability. Eurizon has adopted a specific framework which provides for specific environmental, social and governance indicators for the assessment of the negative effects on the sustainability deriving from investments according to the characteristics and objectives of the individual financial products, which provide for the use of:

- negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors considered as not "socially responsible" (including, in particular, the exposure to the fossil fuels sector and to the unconventional weapons sector) or characterized by critical environmental, social or corporate governance;
- positive integration of ESG factors in the analysis, selection and composition of financial portfolios (Score ESG).

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund, as here below indicated.

The indicators applicable to investments in corporate securities are the following:

- Greenhouse Gas (GHG) Emissions intensity of investee companies: intensity of the direct GHG emissions that occur from sources that are controlled or owned (i.e.: Scope 1) and of the indirect GHG emissions from the generation of purchased electricity consumed (i.e.: Scope 2) of each investee company per million euro of sales generated;
- Exposure to fossil fuel companies: investments in companies that generate revenues from mineral exploration and mining, or from any other extractive activities, from the production, processing, refinement, distribution (including the transportation), the storage and trading of fossil fuels;
- Activities that adversely affect biodiversity sensitive areas: investments in companies established or doing business in or near sensitive areas for biodiversity, whose activities adversely affect those areas;
- Gender diversity on the board of directors: average ratio between women and men within the administration, management or supervisory body of the investee companies expressed as a percentage of the total holdings;

- Exposure to controversial weapons: investments in companies involved in the manufacture or in the sale of unconventional weapons (including, in particular, Land-mines, Cluster bombs, Biological weapons and Chemical weapons).

The indicators applicable to investments in sovereign and supranational securities are the following:

- Greenhouse Gas (GHG) Emissions intensity: intensity of the direct GHG emissions (i.e.: Scope 1) that occur from the economic activities and of the indirect GHG emissions from electricity generated elsewhere (i.e.: Scope 2) of each country per million euro of gross domestic product (GDP).

In the best interest of its own financial products, Eurizon Capital S.A. commits (i) to continue to develop its own Sustainability Policies and (ii) to activate specific engagement actions with regard to the issuers that show significant deviations from specific environmental, social and governance indicators or that show significant negative effects on several indicators, with the aim of directing them towards improving their sustainability practices, evaluating, only as a last resort, the disposal of their investments.

Additional information regarding the main adverse impacts indicators will be reported in a specific section of the annual report of the fund.

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 fund mainly invests in debt or debt-related instruments of any kind, including for example bonds and money market instruments, denominated in any currency and issued either on domestic markets or on international markets by governments, their agencies or private issuers located in or established under the laws of Emerging Countries. For additional information regarding the fund's investment policy please refer to the prospectus.

The analysis of ESG factors is a qualifying element of the fund's strategy.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least:

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

Indeed, in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, selection, and composition of its investments. The ESG score is representative of the environmental, social, and corporate governance opportunities and risks to which an issuer is exposed and takes into account the issuer's management of these risks. The fund's ESG score is calculated as a weighted average of the ESG scores of the issuers of the financial instruments held in the fund's portfolio.

In addition, the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands. In addition, the fund does not invest in "critical" issuers for which an escalation process is activated. "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level in the equity and bond investment universe.

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

### ● 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 used to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- it shall assess the ESG profile of its portfolio investments through an ESG scoring methodology that covers at least:
  - (iii) 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments)
  - (iv) 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments)
- the pursuit of an ESG score higher than that of its investment universe
- the exclusion from the fund's investment universe of the issuers operating in sectors deemed not "socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands

- the exclusion from the fund's investment universe of the companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") ("critical issuers")

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy of the fund.

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

Corporate issuers that do not comply with good governance practices are those that (i) do not include independent members in the governing body, (ii) have negative opinions from the external auditor (iii) have disputes in relation to Principle No. 10 of the United Nations Global Compact (the "UNGC") concerning the commitment against corruption in all its forms, including extortion and bribery, (iv) have disputes in relation to Principle No. 3 UNGC relating to freedom of association and recognition of the right to collective bargaining, (v) have disputes in relation to UNGC Principle No. 6 relating to the elimination of discrimination in employment and occupation, and (vi) have disputes relating to tax compliance.

Issuers are identified from those included in the "MSCI ESG Ratings - World," "MSCI ESG Ratings - Emerging Markets," and "MSCI ESG Ratings - Fixed Income Corporate" services of "MSCI ESG Research".

Such issuers are ex-ante excluded from the investment universe of the fund and, at the time of the portfolio valorisation, an ex-post control also takes place based on the latest available list of excluded issuers.

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



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The fund promotes environmental and/or social characteristics.

The investments aligned with the environmental or social characteristics have a minimum proportion of 80% of the fund's net assets (#1 Aligned with E/S characteristics).

In addition, please be informed that the fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

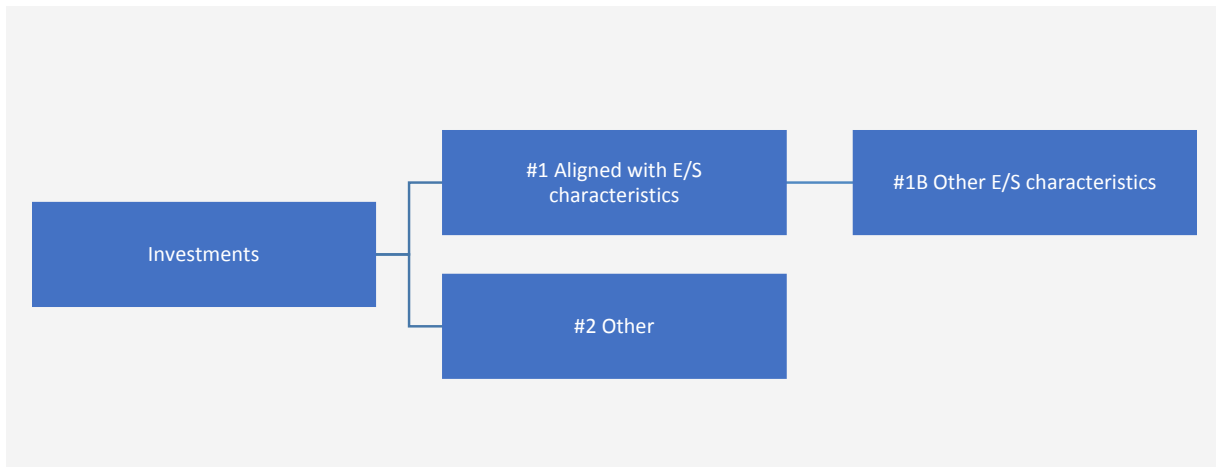
- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

The fund does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities. Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under "#2 Other", there are no minimum environmental or social safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure. The fund does not use derivatives for attaining the environmental or social characteristics it promotes.



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

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

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

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

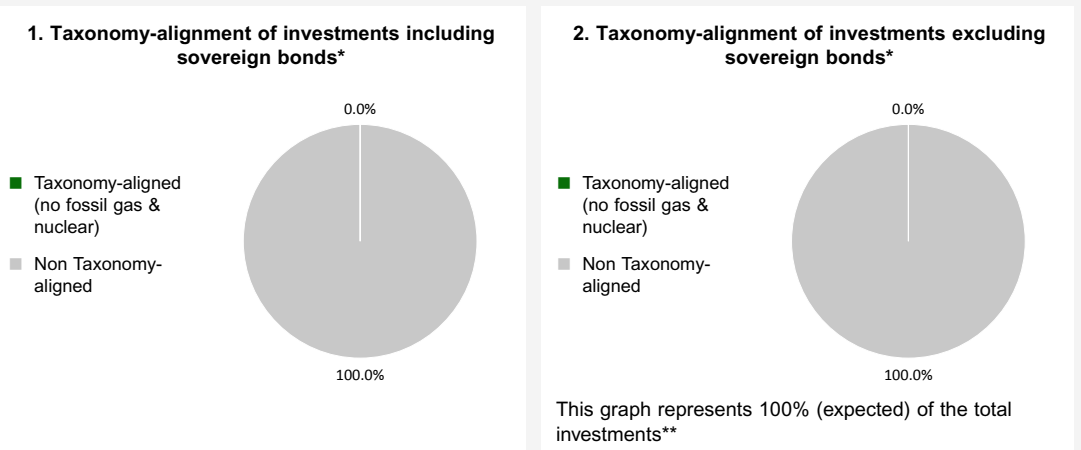
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>1</sup> 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.

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.

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  
 \*\* The exposure to sovereign bonds may vary over time

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

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

Not applicable considering that the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088. The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities.

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. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.



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

The following investments are included under “#2 Other”: (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under “#2 Other”, there are no minimum environmental or social 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?

No specific index has been designated as a reference benchmark to determine whether the fund 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?**

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.



## Where can I find more product specific information online?

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

<https://www.eurizoncapital.com/en/our-offer/documentation>

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

## Product name: Epsilon Fund - Euro Bond

Legal entity identifier: 549300X4WXDSY506LR45

### Environmental and/or social characteristics

**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.

#### 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 \_\_\_% 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 fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined as follows:

**ESG Score integration:** in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its benchmark, through the integration of ESG factors in the analysis, selection, and composition of its investments.

**Sector exclusion:** the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible".

**Issuer exclusion:** the fund does not invest in "critical" issuers (i.e. with a lower ESG sustainability rating level in the equity and bond investment universe) for which an escalation process is activated.

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

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product:

**Sector exclusion:** weight in the fund of issuers operating in sectors deemed not to be "socially and environmentally responsible", identified on the basis of data provided by specialised ESG and SRI infoproviders.

**Issuer exclusion:** weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: "critical" issuers), identified on the basis of data provided by specialised ESG infoproviders.

**ESG Score integration:** "ESG Score" of the fund as determined by the specialised ESG infoprovider "MSCI ESG Research" on the basis of environmental, social and governance profile of the investee companies.

**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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

- **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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

*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 not 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.*

**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.



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

Yes, the identification of the main negative effects of investment choices on sustainability factors and the definition of the related mitigation actions are an integral part of Eurizon Capital S.A.'s approach to sustainability. Eurizon has adopted a specific framework which provides for specific environmental, social and governance indicators for the assessment of the negative effects on the sustainability deriving from investments according to the characteristics and objectives of the individual financial products, which provide for the use of:

- negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors considered as not "socially responsible" (including, in particular, the exposure to the fossil fuels sector and to the unconventional weapons sector) or characterized by critical environmental, social or corporate governance;
- positive integration of ESG factors in the analysis, selection and composition of financial portfolios (Score ESG).

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund, as here below indicated.

The indicators applicable to investments in corporate securities are the following:

- Greenhouse Gas (GHG) Emissions intensity of investee companies: intensity of the direct GHG emissions that occur from sources that are controlled or owned (i.e.: Scope 1) and of the indirect GHG emissions from the generation of purchased electricity consumed (i.e.: Scope 2) of each investee company per million euro of sales generated;
- Exposure to fossil fuel companies: investments in companies that generate revenues from mineral exploration and mining, or from any other extractive activities, from the production, processing, refinement, distribution (including the transportation), the storage and trading of fossil fuels;
- Activities that adversely affect biodiversity sensitive areas: investments in companies established or doing business in or near sensitive areas for biodiversity, whose activities adversely affect those areas;
- Gender diversity on the board of directors: average ratio between women and men within the administration, management or supervisory body of the investee companies expressed as a percentage of the total holdings;

- Exposure to controversial weapons: investments in companies involved in the manufacture or in the sale of unconventional weapons (including, in particular, Land-mines, Cluster bombs, Biological weapons and Chemical weapons).

The indicators applicable to investments in sovereign and supranational securities are the following:

- Greenhouse Gas (GHG) Emissions intensity: intensity of the direct GHG emissions (i.e.: Scope 1) that occur from the economic activities and of the indirect GHG emissions from electricity generated elsewhere (i.e.: Scope 2) of each country per million euro of gross domestic product (GDP).

In the best interest of its own financial products, Eurizon Capital S.A. commits (i) to continue to develop its own Sustainability Policies and (ii) to activate specific engagement actions with regard to the issuers that show significant deviations from specific environmental, social and governance indicators or that show significant negative effects on several indicators, with the aim of directing them towards improving their sustainability practices, evaluating, only as a last resort, the disposal of their investments.

Additional information regarding the main adverse impacts indicators will be reported in a specific section of the annual report of the fund.

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 fund mainly invests in debt and debt-related instruments of any kind, including for example bonds and money market instruments, with an Investment Grade credit rating, issued or guaranteed by governments, their agencies or public international bodies either on the domestic market or on the international markets and denominated in Euro, as well as in deposits with credit institutions. For additional information regarding the fund's investment policy please refer to the prospectus.

The analysis of ESG factors is a qualifying element of the fund's strategy.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least:

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

Indeed, in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its benchmark, through the integration of ESG factors in the analysis, selection, and composition of its investments. The ESG score is representative of the environmental, social, and corporate governance opportunities and risks to which an issuer is exposed and takes into account the issuer's management of these risks. For additional information regarding the fund's investment policy please refer to the prospectus.

In addition, the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands. In addition, the fund does not invest in "critical" issuers for which an escalation process is activated. "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level in the equity and bond investment universe.

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

### ● 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 used to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- it shall assess the ESG profile of its portfolio investments through an ESG scoring methodology that covers at least:
  - (iii) 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments)
  - (iv) 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments)
- the pursuit of an ESG score higher than that of its benchmark
- the exclusion from the fund's investment universe of the issuers operating in sectors deemed not "socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands

- the exclusion from the fund's investment universe of the companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") ("critical issuers")

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy of the fund.

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

Corporate issuers that do not comply with good governance practices are those that (i) do not include independent members in the governing body, (ii) have negative opinions from the external auditor (iii) have disputes in relation to Principle No. 10 of the United Nations Global Compact (the "UNGC") concerning the commitment against corruption in all its forms, including extortion and bribery, (iv) have disputes in relation to Principle No. 3 UNGC relating to freedom of association and recognition of the right to collective bargaining, (v) have disputes in relation to UNGC Principle No. 6 relating to the elimination of discrimination in employment and occupation, and (vi) have disputes relating to tax compliance.

Issuers are identified from those included in the "MSCI ESG Ratings - World," "MSCI ESG Ratings - Emerging Markets," and "MSCI ESG Ratings - Fixed Income Corporate" services of "MSCI ESG Research".

Such issuers are ex-ante excluded from the investment universe of the fund and, at the time of the portfolio valorisation, an ex-post control also takes place based on the latest available list of excluded issuers.

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



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The fund promotes environmental and/or social characteristics.

The investments aligned with the environmental or social characteristics have a minimum proportion of 80% of the fund's net assets (#1 Aligned with E/S characteristics).

In addition, please be informed that the fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

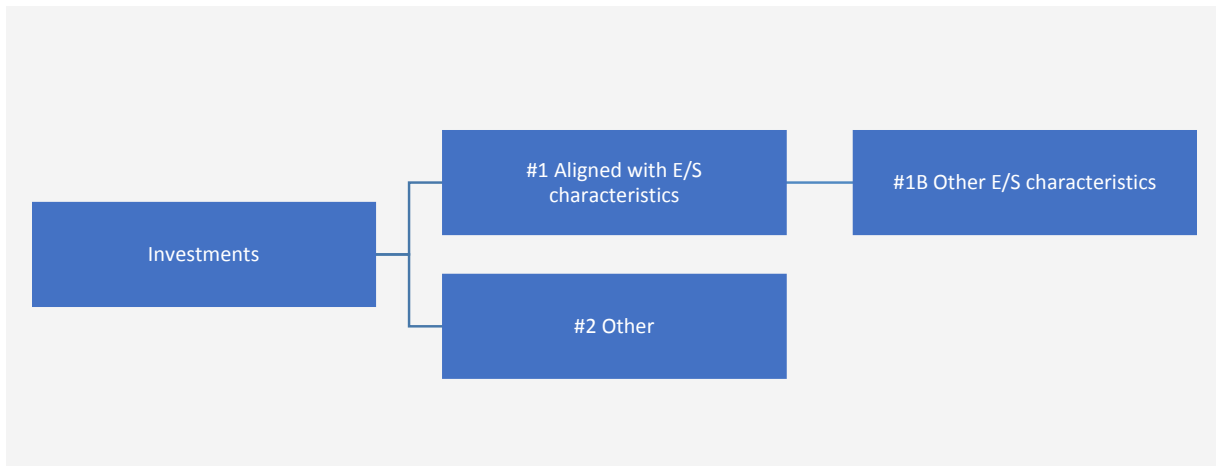
- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

The fund does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities. Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under "#2 Other", there are no minimum environmental or social safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure. The fund does not use derivatives for attaining the environmental or social characteristics it promotes.



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

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

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

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

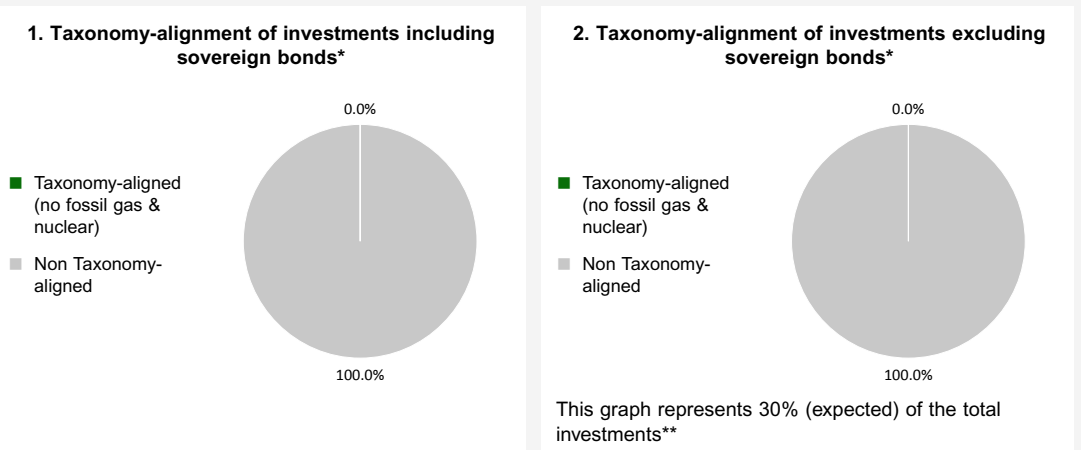
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>1</sup> 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.

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.

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  
 \*\* The exposure to sovereign bonds may vary over time

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

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

Not applicable considering that the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088. The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities.

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. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.



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

The following investments are included under “#2 Other”: (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under “#2 Other”, there are no minimum environmental or social 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?

No specific index has been designated as a reference benchmark to determine whether the fund 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?**

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.



## Where can I find more product specific information online?

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

<https://www.eurizoncapital.com/en/our-offer/documentation>

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

## Product name: **Epsilon Fund - Euro Cash**

Legal entity identifier: **549300CK0EJMOWV6RK13**

### Environmental and/or social characteristics

**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.

#### 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 \_\_\_% 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 fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined as follows:

**Sovereign ESG integration:** the fund adopts processes for selecting government issuers that use the indicators provided by the so-called "Sustainable Development Report" which assesses the progress made by each country in achieving the 17 goals of sustainable development (i.e.: the "Sustainable Development Goals" or "SDGs") promoted by the United Nations and also considers potentially negative spillovers with respect to the achievement of such goals; in addition, the main environmental and social adverse impacts on government issuers are monitored. This objective is achieved by investing at least 70% of assets in such issuers.

**Sector exclusion:** the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible".

**Issuer exclusion:** the fund does not invest in "critical" issuers (i.e. with a lower ESG sustainability rating level in the equity and bond investment universe) for which an escalation process is activated.

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

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product:

**Sector exclusion:** weight in the fund of issuers operating in sectors deemed not to be "socially and environmentally responsible", identified on the basis of data provided by specialised ESG and SRI infoproversiders.

**Issuer exclusion:** weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: "critical" issuers), identified on the basis of data provided by specialised ESG infoproversiders.

**Sovereign ESG Integration:** percentage of assets invested in government issuers exceeding the screening based on (i) the indicators provided by the so-called "Sustainable Development Report" which assesses the progress made by each country in achieving the 17 UN-sponsored SDGs, the potentially negative spillovers with respect to the achievement of such goals, as well as (ii) the main environmental and social adverse impacts with respect to the government issuers

**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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

- **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 fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

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

Not applicable. The fund does not pursue a sustainable investment objective within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

*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 not 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.*

**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.



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

Yes, the identification of the main negative effects of investment choices on sustainability factors and the definition of the related mitigation actions are an integral part of Eurizon Capital S.A.'s approach to sustainability. Eurizon has adopted a specific framework which provides for specific environmental, social and governance indicators for the assessment of the negative effects on the sustainability deriving from investments according to the characteristics and objectives of the individual financial products, which provide for the use of:

- negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors considered as not "socially responsible" (including, in particular, the exposure to the fossil fuels sector and to the unconventional weapons sector) or characterized by critical environmental, social or corporate governance;
- positive integration of ESG factors in the analysis, selection and composition of financial portfolios (Score ESG).

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund, as here below indicated.

The indicators applicable to investments in corporate securities are the following:

- Exposure to fossil fuel companies: investments in companies that generate revenues from mineral exploration and mining, or from any other extractive activities, from the production, processing, refinement, distribution (including the transportation), the storage and trading of fossil fuels;
- Exposure to controversial weapons: investments in companies involved in the manufacture or in the sale of unconventional weapons (including, in particular, Land-mines, Cluster bombs, Biological weapons and Chemical weapons).



The indicators applicable to investments in sovereign and supranational securities are the following:

- Greenhouse Gas (GHG) Emissions intensity: intensity of the direct GHG emissions (i.e.: Scope 1) that occur from the economic activities and of the indirect GHG emissions from electricity generated elsewhere (i.e.: Scope 2) of each country per million euro of gross domestic product (GDP);
- Investee countries subject to social violations: presence of social violations in each country referring to international treaties, UN principles or local regulations.

In the best interest of its own financial products, Eurizon Capital S.A. commits (i) to continue to develop its own Sustainability Policies and (ii) to activate specific engagement actions with regard to the issuers that show significant deviations from specific environmental, social and governance indicators or that show significant negative effects on several indicators, with the aim of directing them towards improving their sustainability practices, evaluating, only as a last resort, the disposal of their investments.

Additional information regarding the main adverse impacts indicators will be reported in a specific section of the annual report of the fund.

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 fund mainly invests in Euro-denominated money market instruments that received a favourable credit quality assessment pursuant to the Management Company's internal credit quality assessment procedure among an investment universe of Investment Grade credit rating instruments and deposits with credit institutions. The fund generally favours direct investment but may at times invest through derivatives. For additional information regarding the fund's investment policy please refer to the prospectus.

The analysis of ESG factors is a qualifying element of the fund's strategy.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least:

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

In addition, the fund adopts processes for selecting government issuers that use the indicators provided by the so-called "Sustainable Development Report" which assesses the progress made by each country in achieving the 17 goals of sustainable development (i.e.: the "Sustainable Development Goals" or "SDGs") promoted by the United Nations and also considers potentially negative spillovers with respect to the achievement of such goals; in addition, the main environmental and social adverse impacts on government issuers are monitored. This objective is achieved by investing at least 70% of assets in such issuers.

In addition, the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands. In addition, the fund does not invest in "critical" issuers for which an escalation process is activated. "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level in the equity and bond investment universe.

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

### ● **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 used to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- it shall assess the ESG profile of its portfolio investments through an ESG scoring methodology that covers at least:
  - (i) 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments)
  - (ii) 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments)
- the investment of at least 70% of its net assets in government issuers that use the indicators provided by the so-called "Sustainable Development Report" which assesses the progress made by each country in achieving the 17 goals of sustainable development (i.e.: the "Sustainable Development Goals" or "SDGs") promoted by the United Nations and also considers potentially negative spillovers with respect to the achievement of such goals

- the exclusion from the fund's investment universe of the issuers operating in sectors deemed not "socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands
- the exclusion from the fund's investment universe of the companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") ("critical issuers")

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy of the fund.

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

Corporate issuers that do not comply with good governance practices are those that (i) do not include independent members in the governing body, (ii) have negative opinions from the external auditor (iii) have disputes in relation to Principle No. 10 of the United Nations Global Compact (the "UNGC") concerning the commitment against corruption in all its forms, including extortion and bribery, (iv) have disputes in relation to Principle No. 3 UNGC relating to freedom of association and recognition of the right to collective bargaining, (v) have disputes in relation to UNGC Principle No. 6 relating to the elimination of discrimination in employment and occupation, and (vi) have disputes relating to tax compliance.

Issuers are identified from those included in the "MSCI ESG Ratings - World," "MSCI ESG Ratings - Emerging Markets," and "MSCI ESG Ratings - Fixed Income Corporate" services of "MSCI ESG Research".

Such issuers are ex-ante excluded from the investment universe of the fund and, at the time of the portfolio valorisation, an ex-post control also takes place based on the latest available list of excluded issuers.

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



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The fund promotes environmental and/or social characteristics.

The investments aligned with the environmental or social characteristics have a minimum proportion of 80% of the fund's net assets (#1 Aligned with E/S characteristics).

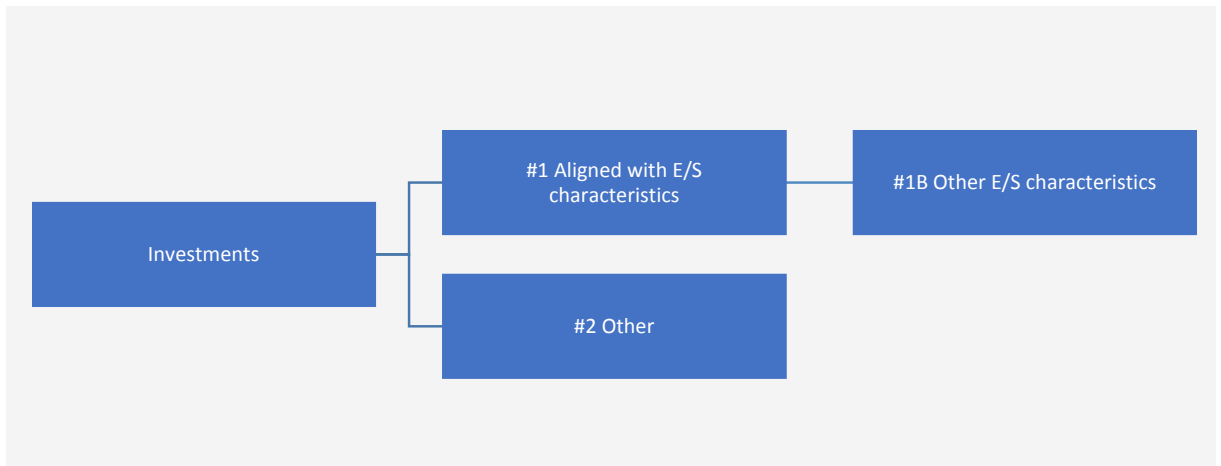
In addition, please be informed that the fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

The fund does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities. Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets. For the investments included under "#2 Other", there are no minimum environmental or social safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund may use derivatives for reducing risks (hedging) and costs. The fund does not use derivatives for attaining the environmental or social characteristics it promotes.



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

The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

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

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

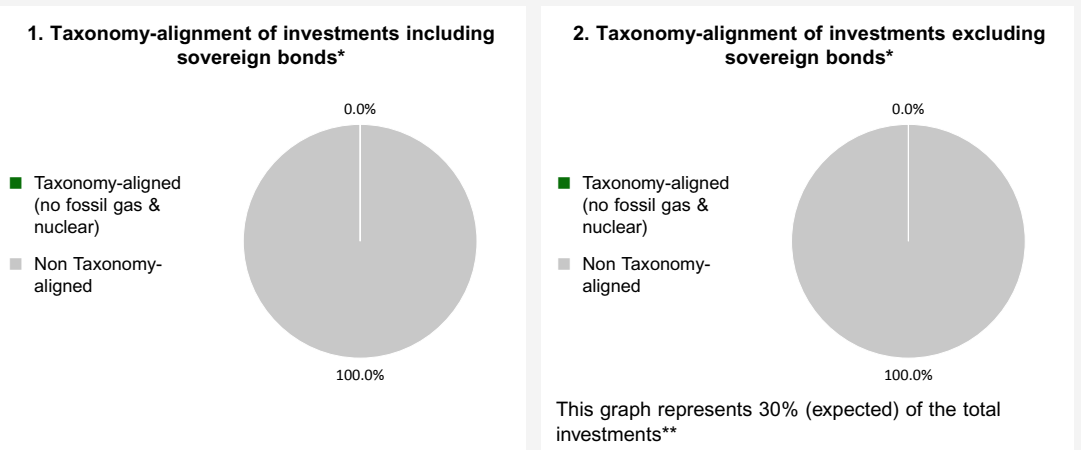
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>1</sup> 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.

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.

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  
 \*\* The exposure to sovereign bonds may vary over time

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

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

Not applicable considering that the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%.

**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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088. The fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities.

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. The fund promotes environmental and/or social characteristics but it does not commit itself to make sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.



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

The following investments are included under “#2 Other”: (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets.

For the investments included under “#2 Other”, there are no minimum environmental or social 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?

No specific index has been designated as a reference benchmark to determine whether the fund 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?**

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.



## Where can I find more product specific information online?

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

<https://www.eurizoncapital.com/en/our-offer/documentation>

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

## Product name: **Epsilon Fund - Euro Q-Equity**

Legal entity identifier: **549300796CDY3E0FR451**

### Environmental and/or social characteristics

**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.

#### 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 **40.00%** 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 fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined as follows:

**ESG Score integration:** in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its benchmark, through the integration of ESG factors in the analysis, selection, and composition of its investments

**Active ownership - engagement:** the fund also promotes a proactive engagement with issuers by exercising participating and voting rights and by engagement with the investee companies by encouraging an effective communication with the management of the companies.

**Sector exclusion:** the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible".

**Issuer exclusion:** the fund does not invest in "critical" issuers (i.e. with a lower ESG sustainability rating level in the equity and bond investment universe) for which an escalation process is activated.

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

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product:

**Active ownership:** please refer to the "Report on participation at shareholder meetings of companies with securities under portfolios of Eurizon Capital S.A." available at [eurizoncapital.com](http://eurizoncapital.com)

**Sector exclusion:** weight in the fund of issuers operating in sectors deemed not to be "socially and environmentally responsible", identified on the basis of data provided by specialised ESG and SRI infoproviders.

**Issuer exclusion:** weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: "critical" issuers), identified on the basis of data provided by specialised ESG infoproviders.

**ESG Score integration:** "ESG Score" of the fund as determined by the specialised ESG infoprovider "MSCI ESG Research" on the basis of environmental, social and governance profile of the investee companies.

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

Sustainable investments are defined as investments in issuers contributing, through their own products and services or production processes, to the realization of the SDGs promoted by the United Nations and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects (green/social/sustainability-labelled bonds).

The degree of alignment of an issuer with the SDGs is assessed through an internal methodology ("pass/fail" method) that uses data made available by the specialist info-provider "MSCI ESG Research"; specifically, the methodology assigns, for each SDG, a specific score (on a scale of -10 "Strongly Misaligned" to +10 "Strongly Aligned") to an issuer's "Product Alignment" (that estimates revenues derived from products and services that meet the relevant SDG and identifies products and services that determine potentially negative impacts with respect to the achievement of the SDGs – so called "net alignment") and "Operational Alignment" (that looks at the degree to which issuing companies' production processes - including internal policies, objectives and practices implemented - are aligned with specific SDGs).

Issuers achieving scores equal to or less than -2 are considered "Misaligned"; a score equal or higher than 2 is necessary to be assessed as "Aligned".

A company can be considered "sustainable" if the issuer has at least one SDG with a score equal to "Aligned" or "Strongly Aligned" and no SDG with a score equal to "Misaligned" or "Strongly Misaligned".

The minimum proportion of sustainable investments is therefore calculated as the sum of: (i) investments in issuers having, with reference to their own products and services or production processes, a positive "net alignment" with at least 1 of the 17 SDGs and no "net misalignment" with any of the 17 SDGs, and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects relative to all investments.

- **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?**

Eurizon Capital S.A. has adopted a methodology for the selection of sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations. This methodology aims to select instruments issued by companies whose activities contribute to one or more of the SDG (aiming to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues) through their own products and services or production processes, provided that (i) such investments do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) the companies benefiting from such investments comply with good governance practices.

However, the fund does not promote the specific environmental objectives stated in Regulation (EU) 2020/852. The fund might invest in activities that are environmentally sustainable selected according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental objectives.

- **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?**

Eurizon Capital S.A. selects instruments issued by companies whose activities contribute to one or more of the sustainable development goals, such as the Sustainable Development Goals (SDGs) promoted by the United Nations, provided that (i) such investments do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) the companies benefiting from such investments comply with good governance practices. In particular, the contribution to one or more of the sustainable development goals is assessed on the basis of selected metrics, including the exposure to controversies, which measure the adverse impacts potentially caused by the issuer.

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

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund.

Although the negative effects of investment decisions on sustainability factors should be considered according to the different range of assets, geographic areas and sectors to which managed products are exposed, Eurizon Capital S.A. believes that adequate monitoring of exposure to social and environmental issues is a priority in order to mitigate the potential negative effects of its investments.

In particular, the methodology to select sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations considers principal adverse impacts through quantitative and qualitative metrics as, for example, the exposure of the issuer to eventual controversies.

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

The methodology to select sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations adopted by Eurizon Capital S.A. considers principal adverse impacts through quantitative and qualitative metrics as, for example, the exposure of the issuer to eventual controversies. Within this context, Eurizon Capital S.A. assesses, for example, the issuers involvement in controversies regarding human rights, worker rights and own business conduct.

**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 not 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 identification of the main negative effects of investment choices on sustainability factors and the definition of the related mitigation actions are an integral part of Eurizon Capital S.A.'s approach to sustainability. Eurizon has adopted a specific framework which provides for specific environmental, social and governance indicators for the assessment of the negative effects on the sustainability deriving from investments according to the characteristics and objectives of the individual financial products, which provide for the use of:

- negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors considered as not "socially responsible" (including, in particular, the exposure to the fossil fuels sector and to the unconventional weapons sector) or characterized by critical environmental, social or corporate governance;
- positive integration of ESG factors in the analysis, selection and composition of financial portfolios (Score ESG).

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund, as here below indicated.

The indicators applicable to investments in corporate securities are the following:

- Greenhouse Gas (GHG) Emissions intensity of investee companies: intensity of the direct GHG emissions that occur from sources that are controlled or owned (i.e.: Scope 1) and of the indirect GHG emissions from the generation of purchased electricity consumed (i.e.: Scope 2) of each investee company per million euro of sales generated;
- Exposure to fossil fuel companies: investments in companies that generate revenues from mineral exploration and mining, or from any other extractive activities, from the production, processing, refinement, distribution (including the transportation), the storage and trading of fossil fuels;
- Activities that adversely affect biodiversity sensitive areas: investments in companies established or doing business in or near sensitive areas for biodiversity, whose activities adversely affect those areas;
- Gender diversity on the board of directors: average ratio between women and men within the administration, management or supervisory body of the investee companies expressed as a percentage of the total holdings;
- Exposure to controversial weapons: investments in companies involved in the manufacture or in the sale of unconventional weapons (including, in particular, Land-mines, Cluster bombs, Biological weapons and Chemical weapons).

The indicators applicable to investments in sovereign and supranational securities are the following:

- Greenhouse Gas (GHG) Emissions intensity: intensity of the direct GHG emissions (i.e.: Scope 1) that occur from the economic activities and of the indirect GHG emissions from electricity generated elsewhere (i.e.: Scope 2) of each country per million euro of gross domestic product (GDP).

In the best interest of its own financial products, Eurizon Capital S.A. commits (i) to continue to develop its own Sustainability Policies and (ii) to activate specific engagement actions with regard to the issuers that show significant deviations from specific environmental, social and governance indicators or that show significant negative effects on several indicators, with the aim of directing them towards improving their sustainability practices, evaluating, only as a last resort, the disposal of their investments.

Additional information regarding the main adverse impacts indicators will be reported in a specific section of the annual report of the fund.

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 fund mainly invests in equity or equity-related instruments of any kind, including for example shares and bonds convertible into shares, listed on regulated markets in member countries of the Economic and Monetary Union (EMU) and/or issued by companies or institutions established in or having operations in or deriving part of their revenue from such countries. For additional information regarding the fund's investment policy please refer to the prospectus.

The analysis of ESG factors is a qualifying element of the fund's strategy.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least:

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).



Indeed, in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its benchmark, through the integration of ESG factors in the analysis, selection, and composition of its investments. The ESG score is representative of the environmental, social, and corporate governance opportunities and risks to which an issuer is exposed and takes into account the issuer's management of these risks. The fund's ESG score is calculated as a weighted average of the ESG scores of the issuers of the financial instruments held in the fund's portfolio.

In addition, the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands. In addition, the fund does not invest in "critical" issuers for which an escalation process is activated. "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level in the equity and bond investment universe.

The fund will have a minimum proportion of 40% of sustainable investments by investing in issuers whose activities contribute to one or more of the Sustainable Development Goals (SDGs) or investments in bonds whose proceeds aim at financing environmental and/or social projects, provided that (i) they do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) they comply with good governance practices. The Sustainable Development Goals promoted by the United Nations aim to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues.

However, the fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities. Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

● **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 used to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- it shall assess the ESG profile of its portfolio investments through an ESG scoring methodology that covers at least:
  - (iii) 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments)
  - (iv) 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments)
- the pursuit of an ESG score higher than that of its benchmark
- the exclusion from the fund's investment universe of the issuers operating in sectors deemed not "socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands
- the exclusion from the fund's investment universe of the companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") ("critical issuers")
- a minimum proportion of 40% of sustainable investments

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy of the fund.

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

Corporate issuers that do not comply with good governance practices are those that (i) do not include independent members in the governing body, (ii) have negative opinions from the external auditor (iii) have disputes in relation to Principle No. 10 of the United Nations Global Compact (the "UNGC") concerning the commitment against corruption in all its forms, including extortion and bribery, (iv) have disputes in relation to Principle No. 3 UNGC relating to freedom of association and recognition of the right to collective bargaining, (v) have disputes in relation to UNGC Principle No. 6 relating to the elimination of discrimination in employment and occupation, and (vi) have disputes relating to tax compliance.

Issuers are identified from those included in the "MSCI ESG Ratings - World," "MSCI ESG Ratings - Emerging Markets," and "MSCI ESG Ratings - Fixed Income Corporate" services of "MSCI ESG Research".

Such issuers are ex-ante excluded from the investment universe of the fund and, at the time of the portfolio valorisation, an ex-post control also takes place based on the latest available list of excluded issuers.

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



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The fund promotes environmental and/or social characteristics.

The investments aligned with the environmental or social characteristics have a minimum proportion of 80% of the fund's net assets (#1 Aligned with E/S characteristics).

In addition, please be informed that the fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

The fund will have a minimum proportion of 40% of sustainable investments (#1A Sustainable).

The fund will have a minimum proportion of 1% of sustainable investments with an environmental objective (Other environmental) and of 1% of socially sustainable investments (Social).

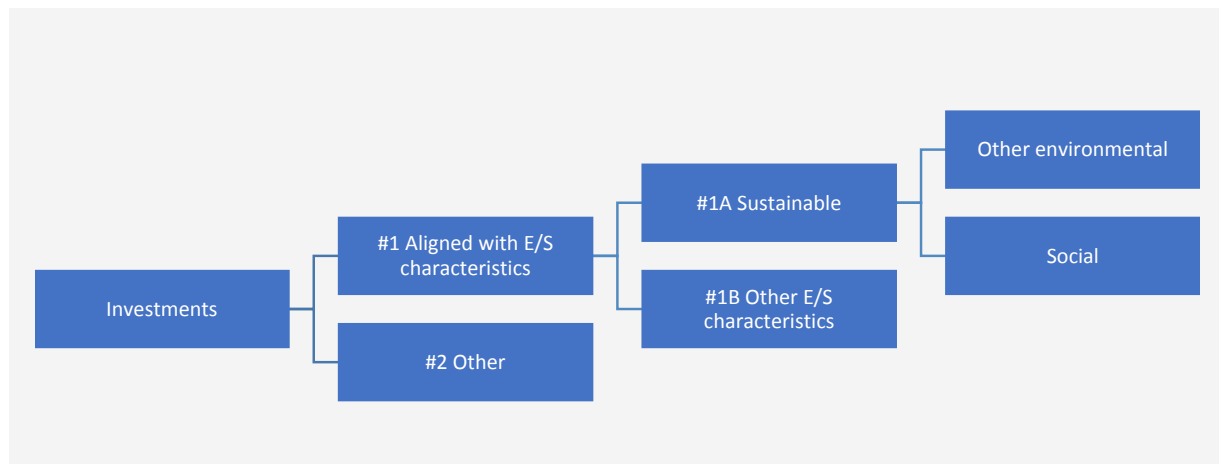
Sustainable investments are defined as investments in issuers whose activities contribute to one or more of the Sustainable Development Goals (SDGs) or investments in bonds whose proceeds aim at financing environmental and/or social projects, provided that (i) they do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) they comply with good governance practices.

The SDGs promoted by the United Nations aim to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues. An issuer's contribution to one or more of the SDGs is assessed on the basis of selected metrics, including the exposure to controversies, which measure the adverse impacts potentially caused by the issuer.

The proportion of sustainable investments is calculated as the sum of: (i) investments in issuers having, with reference to their own products and services or production processes, a positive "net alignment" with at least 1 of the 17 SDGs and no "net misalignment" with any of the 17 SDGs, and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects relative to all investments.

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under "#2 Other", there are no minimum environmental or social safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure. The fund does not use derivatives for attaining the environmental or social characteristics it promotes.



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

The fund promotes environmental and/or social characteristics and commits itself to have minimum proportion of 40% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

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.

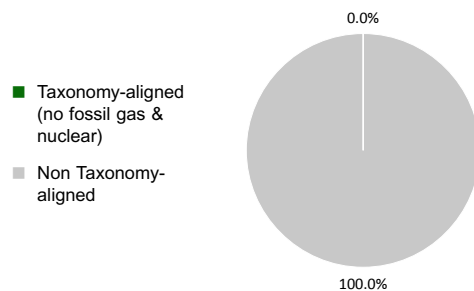
### ● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

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

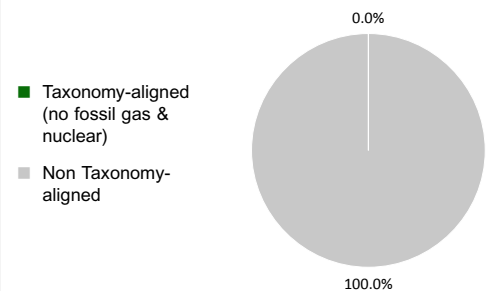
Taxonomy-aligned activities are expressed as a share of:  
- **turnover** reflecting the share of revenue from green activities of investee companies  
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.  
- **operational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

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 100% (expected) of the total investments\*\*

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

\*\* The exposure to sovereign bonds may vary over time

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

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

Not applicable considering that the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%.

**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.

<sup>1</sup> 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.



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

Even if the fund does not have a sustainable investment objective it commits itself to have minimum proportion of 40% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

While the sum of sustainable investments with an environmental objective and socially sustainable investments adds up to the fund's minimum proportion of sustainable investments, there is a commitment to a reduced minimum share of sustainable investments with an environmental objective because the fund's investment strategy does not have a specific environmental investment objective.

Therefore, the minimum share of sustainable investments with an environmental objective is 1%.



## What is the minimum share of socially sustainable investments?

Even if the fund does not have a sustainable investment objective it commits itself to have minimum proportion of 40% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

While the sum of sustainable investments with an environmental objective and socially sustainable investments adds up to the fund's minimum proportion of sustainable investments, there is a commitment to a reduced minimum share of socially sustainable investments because the fund's investment strategy does not have a specific socially sustainable investment objective.

Therefore, the minimum share of socially sustainable investments is 1%.



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

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under “#2 Other”, there are no minimum environmental or social 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?

No specific index has been designated as a reference benchmark to determine whether the fund 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?**

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.



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

**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.eurizoncapital.com/en/our-offer/documentation>

## Product name: Epsilon Fund - Q-Flexible

Legal entity identifier: 549300BKM7JVW9U1UU78

### Environmental and/or social characteristics

**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.

#### 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 **10.00%** 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 fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined as follows:

**ESG Score integration:** in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, selection, and composition of its investments.

**Active ownership - engagement:** the fund also promotes a proactive engagement with issuers by exercising participating and voting rights and by engagement with the investee companies by encouraging an effective communication with the management of the companies.

**Sector exclusion:** the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible".

**Issuer exclusion:** the fund does not invest in "critical" issuers (i.e. with a lower ESG sustainability rating level in the equity and bond investment universe) for which an escalation process is activated.

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

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product:

**Active ownership:** please refer to the "Report on participation at shareholder meetings of companies with securities under portfolios of Eurizon Capital S.A." available at [eurizoncapital.com](http://eurizoncapital.com)

**Sector exclusion:** weight in the fund of issuers operating in sectors deemed not to be "socially and environmentally responsible", identified on the basis of data provided by specialised ESG and SRI infoproviders.

**Issuer exclusion:** weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: "critical" issuers), identified on the basis of data provided by specialised ESG infoproviders.

**ESG Score integration:** "ESG Score" of the fund as determined by the specialised ESG infoprovider "MSCI ESG Research" on the basis of environmental, social and governance profile of the investee companies.

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

Sustainable investments are defined as investments in issuers contributing, through their own products and services or production processes, to the realization of the SDGs promoted by the United Nations and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects (green/social/sustainability-labelled bonds).

The degree of alignment of an issuer with the SDGs is assessed through an internal methodology ("pass/fail" method) that uses data made available by the specialist info-provider "MSCI ESG Research"; specifically, the methodology assigns, for each SDG, a specific score (on a scale of -10 "Strongly Misaligned" to +10 "Strongly Aligned") to an issuer's "Product Alignment" (that estimates revenues derived from products and services that meet the relevant SDG and identifies products and services that determine potentially negative impacts with respect to the achievement of the SDGs – so called "net alignment") and "Operational Alignment" (that looks at the degree to which issuing companies' production processes - including internal policies, objectives and practices implemented - are aligned with specific SDGs).

Issuers achieving scores equal to or less than -2 are considered "Misaligned"; a score equal or higher than 2 is necessary to be assessed as "Aligned".

A company can be considered "sustainable" if the issuer has at least one SDG with a score equal to "Aligned" or "Strongly Aligned" and no SDG with a score equal to "Misaligned" or "Strongly Misaligned".

The minimum proportion of sustainable investments is therefore calculated as the sum of: (i) investments in issuers having, with reference to their own products and services or production processes, a positive "net alignment" with at least 1 of the 17 SDGs and no "net misalignment" with any of the 17 SDGs, and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects relative to all investments.

- **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?**

Eurizon Capital S.A. has adopted a methodology for the selection of sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations. This methodology aims to select instruments issued by companies whose activities contribute to one or more of the SDG (aiming to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues) through their own products and services or production processes, provided that (i) such investments do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) the companies benefiting from such investments comply with good governance practices.

However, the fund does not promote the specific environmental objectives stated in Regulation (EU) 2020/852. The fund might invest in activities that are environmentally sustainable selected according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental objectives.

- **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?**

Eurizon Capital S.A. selects instruments issued by companies whose activities contribute to one or more of the sustainable development goals, such as the Sustainable Development Goals (SDGs) promoted by the United Nations, provided that (i) such investments do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) the companies benefiting from such investments comply with good governance practices. In particular, the contribution to one or more of the sustainable development goals is assessed on the basis of selected metrics, including the exposure to controversies, which measure the adverse impacts potentially caused by the issuer.

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

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund.

Although the negative effects of investment decisions on sustainability factors should be considered according to the different range of assets, geographic areas and sectors to which managed products are exposed, Eurizon Capital S.A. believes that adequate monitoring of exposure to social and environmental issues is a priority in order to mitigate the potential negative effects of its investments.

In particular, the methodology to select sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations considers principal adverse impacts through quantitative and qualitative metrics as, for example, the exposure of the issuer to eventual controversies.

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

The methodology to select sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations adopted by Eurizon Capital S.A. considers principal adverse impacts through quantitative and qualitative metrics as, for example, the exposure of the issuer to eventual controversies. Within this context, Eurizon Capital S.A. assesses, for example, the issuers involvement in controversies regarding human rights, worker rights and own business conduct.

**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 not 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 identification of the main negative effects of investment choices on sustainability factors and the definition of the related mitigation actions are an integral part of Eurizon Capital S.A.'s approach to sustainability. Eurizon has adopted a specific framework which provides for specific environmental, social and governance indicators for the assessment of the negative effects on the sustainability deriving from investments according to the characteristics and objectives of the individual financial products, which provide for the use of:

- negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors considered as not "socially responsible" (including, in particular, the exposure to the fossil fuels sector and to the unconventional weapons sector) or characterized by critical environmental, social or corporate governance;
- positive integration of ESG factors in the analysis, selection and composition of financial portfolios (Score ESG).

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund, as here below indicated.

The indicators applicable to investments in corporate securities are the following:

- Greenhouse Gas (GHG) Emissions intensity of investee companies: intensity of the direct GHG emissions that occur from sources that are controlled or owned (i.e.: Scope 1) and of the indirect GHG emissions from the generation of purchased electricity consumed (i.e.: Scope 2) of each investee company per million euro of sales generated;
- Exposure to fossil fuel companies: investments in companies that generate revenues from mineral exploration and mining, or from any other extractive activities, from the production, processing, refinement, distribution (including the transportation), the storage and trading of fossil fuels;
- Activities that adversely affect biodiversity sensitive areas: investments in companies established or doing business in or near sensitive areas for biodiversity, whose activities adversely affect those areas;
- Gender diversity on the board of directors: average ratio between women and men within the administration, management or supervisory body of the investee companies expressed as a percentage of the total holdings;
- Exposure to controversial weapons: investments in companies involved in the manufacture or in the sale of unconventional weapons (including, in particular, Land-mines, Cluster bombs, Biological weapons and Chemical weapons).

The indicators applicable to investments in sovereign and supranational securities are the following:

- Greenhouse Gas (GHG) Emissions intensity: intensity of the direct GHG emissions (i.e.: Scope 1) that occur from the economic activities and of the indirect GHG emissions from electricity generated elsewhere (i.e.: Scope 2) of each country per million euro of gross domestic product (GDP).

In the best interest of its own financial products, Eurizon Capital S.A. commits (i) to continue to develop its own Sustainability Policies and (ii) to activate specific engagement actions with regard to the issuers that show significant deviations from specific environmental, social and governance indicators or that show significant negative effects on several indicators, with the aim of directing them towards improving their sustainability practices, evaluating, only as a last resort, the disposal of their investments.

Additional information regarding the main adverse impacts indicators will be reported in a specific section of the annual report of the fund.

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 fund mainly invests in equity, equity-related instruments, debt and debt-related instruments of any kind, including for example shares, bonds convertible into shares, bonds and money market instruments, denominated in any currency. For additional information regarding the fund's investment policy please refer to the prospectus.

The analysis of ESG factors is a qualifying element of the fund's strategy.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least:

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).



Indeed, in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, selection, and composition of its investments. The ESG score is representative of the environmental, social, and corporate governance opportunities and risks to which an issuer is exposed and takes into account the issuer's management of these risks. The fund's ESG score is calculated as a weighted average of the ESG scores of the issuers of the financial instruments held in the fund's portfolio.

In addition, the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands. In addition, the fund does not invest in "critical" issuers for which an escalation process is activated. "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level in the equity and bond investment universe.

The fund will have a minimum proportion of 10% of sustainable investments by investing in issuers whose activities contribute to one or more of the Sustainable Development Goals (SDGs) or investments in bonds whose proceeds aim at financing environmental and/or social projects, provided that (i) they do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) they comply with good governance practices. The Sustainable Development Goals promoted by the United Nations aim to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues.

However, the fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities. Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

● **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 used to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- it shall assess the ESG profile of its portfolio investments through an ESG scoring methodology that covers at least:
  - (iii) 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments)
  - (iv) 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments)
- the pursuit of an ESG score higher than that of its investment universe
- the exclusion from the fund's investment universe of the issuers operating in sectors deemed not "socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands
- the exclusion from the fund's investment universe of the companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") ("critical issuers")
- a minimum proportion of 10% of sustainable investments

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy of the fund.

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

Corporate issuers that do not comply with good governance practices are those that (i) do not include independent members in the governing body, (ii) have negative opinions from the external auditor (iii) have disputes in relation to Principle No. 10 of the United Nations Global Compact (the "UNGC") concerning the commitment against corruption in all its forms, including extortion and bribery, (iv) have disputes in relation to Principle No. 3 UNGC relating to freedom of association and recognition of the right to collective bargaining, (v) have disputes in relation to UNGC Principle No. 6 relating to the elimination of discrimination in employment and occupation, and (vi) have disputes relating to tax compliance.

Issuers are identified from those included in the "MSCI ESG Ratings - World," "MSCI ESG Ratings - Emerging Markets," and "MSCI ESG Ratings - Fixed Income Corporate" services of "MSCI ESG Research".

Such issuers are ex-ante excluded from the investment universe of the fund and, at the time of the portfolio valorisation, an ex-post control also takes place based on the latest available list of excluded issuers.

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



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

The fund promotes environmental and/or social characteristics.

The investments aligned with the environmental or social characteristics have a minimum proportion of 80% of the fund's net assets (#1 Aligned with E/S characteristics).

In addition, please be informed that the fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

The fund will have a minimum proportion of 10% of sustainable investments (#1A Sustainable).

The fund will have a minimum proportion of 1% of sustainable investments with an environmental objective (Other environmental) and of 1% of socially sustainable investments (Social).

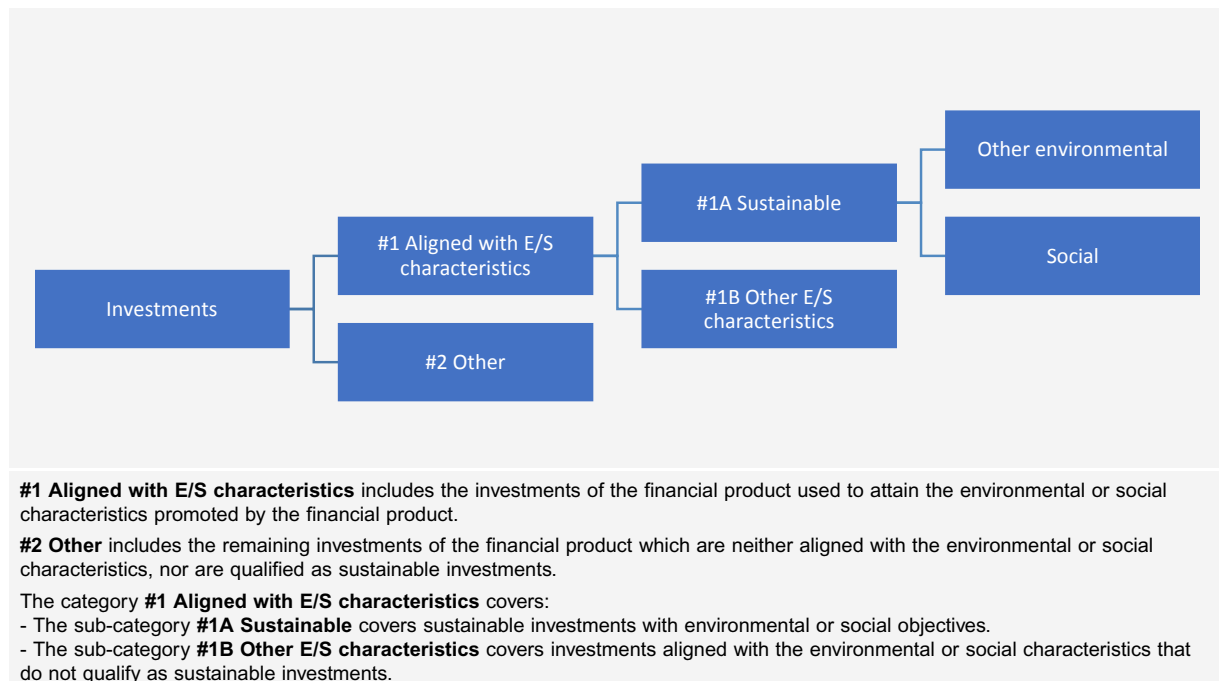
Sustainable investments are defined as investments in issuers whose activities contribute to one or more of the Sustainable Development Goals (SDGs) or investments in bonds whose proceeds aim at financing environmental and/or social projects, provided that (i) they do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) they comply with good governance practices.

The SDGs promoted by the United Nations aim to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues. An issuer's contribution to one or more of the SDGs is assessed on the basis of selected metrics, including the exposure to controversies, which measure the adverse impacts potentially caused by the issuer.

The proportion of sustainable investments is calculated as the sum of: (i) investments in issuers having, with reference to their own products and services or production processes, a positive "net alignment" with at least 1 of the 17 SDGs and no "net misalignment" with any of the 17 SDGs, and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects relative to all investments.

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under "#2 Other", there are no minimum environmental or social safeguards.



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

The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure. The fund does not use derivatives for attaining the environmental or social characteristics it promotes.



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

The fund promotes environmental and/or social characteristics and commits itself to have minimum proportion of 10% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

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.

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

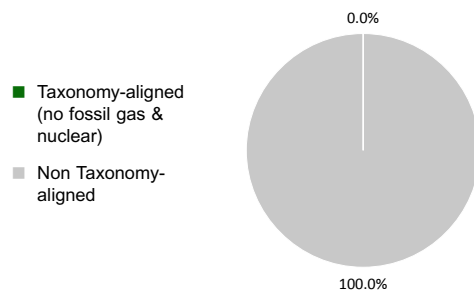
- Yes:
- In fossil gas    In nuclear energy
- No

Taxonomy-aligned activities are expressed as a share of:

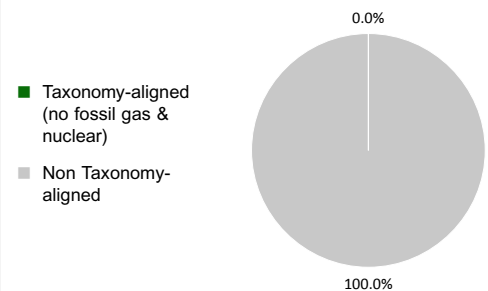
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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

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 100% (expected) of the total investments\*\*

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

\*\* The exposure to sovereign bonds may vary over time

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

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

Not applicable considering that the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%.

**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.

<sup>1</sup> 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.



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

Even if the fund does not have a sustainable investment objective it commits itself to have minimum proportion of 10% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

While the sum of sustainable investments with an environmental objective and socially sustainable investments adds up to the fund's minimum proportion of sustainable investments, there is a commitment to a reduced minimum share of sustainable investments with an environmental objective because the fund's investment strategy does not have a specific environmental investment objective.

Therefore, the minimum share of sustainable investments with an environmental objective is 1%.



## What is the minimum share of socially sustainable investments?

Even if the fund does not have a sustainable investment objective it commits itself to have minimum proportion of 10% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

While the sum of sustainable investments with an environmental objective and socially sustainable investments adds up to the fund's minimum proportion of sustainable investments, there is a commitment to a reduced minimum share of socially sustainable investments because the fund's investment strategy does not have a specific socially sustainable investment objective.

Therefore, the minimum share of socially sustainable investments is 1%.



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

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under “#2 Other”, there are no minimum environmental or social 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?

No specific index has been designated as a reference benchmark to determine whether the fund 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?**

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.

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

**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.eurizoncapital.com/en/our-offer/documentation>

## Product name: Epsilon Fund - Q-Multiasset ML Enhanced

Legal entity identifier: 391200NKKBM5W41W3V92

### Environmental and/or social characteristics

**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.

#### 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 **10.00%** 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 fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined as follows:

**ESG Score integration:** in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, selection, and composition of its investments.

**Active ownership - engagement:** the fund also promotes a proactive engagement with issuers by exercising participating and voting rights and by engagement with the investee companies by encouraging an effective communication with the management of the companies.

**Sector exclusion:** the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible".

**Issuer exclusion:** the fund does not invest in "critical" issuers (i.e. with a lower ESG sustainability rating level in the equity and bond investment universe) for which an escalation process is activated.

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

The following sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product:

**Active ownership:** please refer to the "Report on participation at shareholder meetings of companies with securities under portfolios of Eurizon Capital S.A." available at [eurizoncapital.com](http://eurizoncapital.com)

**Sector exclusion:** weight in the fund of issuers operating in sectors deemed not to be "socially and environmentally responsible", identified on the basis of data provided by specialised ESG and SRI infoproviders.

**Issuer exclusion:** weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: "critical" issuers), identified on the basis of data provided by specialised ESG infoproviders.

**ESG Score integration:** "ESG Score" of the fund as determined by the specialised ESG infoprovider "MSCI ESG Research" on the basis of environmental, social and governance profile of the investee companies.

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

Sustainable investments are defined as investments in issuers contributing, through their own products and services or production processes, to the realization of the SDGs promoted by the United Nations and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects (green/social/sustainability-labelled bonds).

The degree of alignment of an issuer with the SDGs is assessed through an internal methodology ("pass/fail" method) that uses data made available by the specialist info-provider "MSCI ESG Research"; specifically, the methodology assigns, for each SDG, a specific score (on a scale of -10 "Strongly Misaligned" to +10 "Strongly Aligned") to an issuer's "Product Alignment" (that estimates revenues derived from products and services that meet the relevant SDG and identifies products and services that determine potentially negative impacts with respect to the achievement of the SDGs – so called "net alignment") and "Operational Alignment" (that looks at the degree to which issuing companies' production processes - including internal policies, objectives and practices implemented - are aligned with specific SDGs).

Issuers achieving scores equal to or less than -2 are considered "Misaligned"; a score equal or higher than 2 is necessary to be assessed as "Aligned".

A company can be considered "sustainable" if the issuer has at least one SDG with a score equal to "Aligned" or "Strongly Aligned" and no SDG with a score equal to "Misaligned" or "Strongly Misaligned".

The minimum proportion of sustainable investments is therefore calculated as the sum of: (i) investments in issuers having, with reference to their own products and services or production processes, a positive "net alignment" with at least 1 of the 17 SDGs and no "net misalignment" with any of the 17 SDGs, and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects relative to all investments.

- **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?**

Eurizon Capital S.A. has adopted a methodology for the selection of sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations. This methodology aims to select instruments issued by companies whose activities contribute to one or more of the SDG (aiming to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues) through their own products and services or production processes, provided that (i) such investments do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) the companies benefiting from such investments comply with good governance practices.

However, the fund does not promote the specific environmental objectives stated in Regulation (EU) 2020/852. The fund might invest in activities that are environmentally sustainable selected according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental objectives.

- **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?**

Eurizon Capital S.A. selects instruments issued by companies whose activities contribute to one or more of the sustainable development goals, such as the Sustainable Development Goals (SDGs) promoted by the United Nations, provided that (i) such investments do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) the companies benefiting from such investments comply with good governance practices. In particular, the contribution to one or more of the sustainable development goals is assessed on the basis of selected metrics, including the exposure to controversies, which measure the adverse impacts potentially caused by the issuer.

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

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund.

Although the negative effects of investment decisions on sustainability factors should be considered according to the different range of assets, geographic areas and sectors to which managed products are exposed, Eurizon Capital S.A. believes that adequate monitoring of exposure to social and environmental issues is a priority in order to mitigate the potential negative effects of its investments.

In particular, the methodology to select sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations considers principal adverse impacts through quantitative and qualitative metrics as, for example, the exposure of the issuer to eventual controversies.

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

The methodology to select sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations adopted by Eurizon Capital S.A. considers principal adverse impacts through quantitative and qualitative metrics as, for example, the exposure of the issuer to eventual controversies. Within this context, Eurizon Capital S.A. assesses, for example, the issuers involvement in controversies regarding human rights, worker rights and own business conduct.

**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 not 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 identification of the main negative effects of investment choices on sustainability factors and the definition of the related mitigation actions are an integral part of Eurizon Capital S.A.'s approach to sustainability. Eurizon has adopted a specific framework which provides for specific environmental, social and governance indicators for the assessment of the negative effects on the sustainability deriving from investments according to the characteristics and objectives of the individual financial products, which provide for the use of:

- negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors considered as not "socially responsible" (including, in particular, the exposure to the fossil fuels sector and to the unconventional weapons sector) or characterized by critical environmental, social or corporate governance;
- positive integration of ESG factors in the analysis, selection and composition of financial portfolios (Score ESG).

On the basis of controls it defined, Eurizon Capital S.A. considers specific environmental and social indicators for the assessment of the principal adverse sustainability impacts determined by the investment activities of the fund, as here below indicated.

The indicators applicable to investments in corporate securities are the following:

- Greenhouse Gas (GHG) Emissions intensity of investee companies: intensity of the direct GHG emissions that occur from sources that are controlled or owned (i.e.: Scope 1) and of the indirect GHG emissions from the generation of purchased electricity consumed (i.e.: Scope 2) of each investee company per million euro of sales generated;
- Exposure to fossil fuel companies: investments in companies that generate revenues from mineral exploration and mining, or from any other extractive activities, from the production, processing, refinement, distribution (including the transportation), the storage and trading of fossil fuels;
- Activities that adversely affect biodiversity sensitive areas: investments in companies established or doing business in or near sensitive areas for biodiversity, whose activities adversely affect those areas;
- Gender diversity on the board of directors: average ratio between women and men within the administration, management or supervisory body of the investee companies expressed as a percentage of the total holdings;
- Exposure to controversial weapons: investments in companies involved in the manufacture or in the sale of unconventional weapons (including, in particular, Land-mines, Cluster bombs, Biological weapons and Chemical weapons).

The indicators applicable to investments in sovereign and supranational securities are the following:

- Greenhouse Gas (GHG) Emissions intensity: intensity of the direct GHG emissions (i.e.: Scope 1) that occur from the economic activities and of the indirect GHG emissions from electricity generated elsewhere (i.e.: Scope 2) of each country per million euro of gross domestic product (GDP).

In the best interest of its own financial products, Eurizon Capital S.A. commits (i) to continue to develop its own Sustainability Policies and (ii) to activate specific engagement actions with regard to the issuers that show significant deviations from specific environmental, social and governance indicators or that show significant negative effects on several indicators, with the aim of directing them towards improving their sustainability practices, evaluating, only as a last resort, the disposal of their investments.

Additional information regarding the main adverse impacts indicators will be reported in a specific section of the annual report of the fund.

No



## What investment strategy does this financial product follow?

The fund mainly invests, either directly or through derivatives, in equities and corporate and government bonds denominated in any currency. These investments may be from anywhere in the world, including China and other emerging markets.

For additional information regarding the fund's investment policy please refer to the prospectus.

The analysis of ESG factors is a qualifying element of the fund's strategy.

The fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least:

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).

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



- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

Indeed, in accordance with good governance practices, the fund aims to pursue an "ESG score" - calculated at the overall portfolio level - higher than that of its investment universe, through the integration of ESG factors in the analysis, selection, and composition of its investments. The ESG score is representative of the environmental, social, and corporate governance opportunities and risks to which an issuer is exposed and takes into account the issuer's management of these risks. The fund's ESG score is calculated as a weighted average of the ESG scores of the issuers of the financial instruments held in the fund's portfolio.

In addition, the fund does not invest in issuers operating in sectors considered "not socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands. In addition, the fund does not invest in "critical" issuers for which an escalation process is activated. "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level in the equity and bond investment universe.

The fund will have a minimum proportion of 10% of sustainable investments by investing in issuers whose activities contribute to one or more of the Sustainable Development Goals (SDGs) or investments in bonds whose proceeds aim at financing environmental and/or social projects, provided that (i) they do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) they comply with good governance practices. The Sustainable Development Goals promoted by the United Nations aim to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues.

However, the fund does not promote the specific environmental objectives set out in Regulation (EU) 2020/852. Indeed, the sustainable investments made by the funds do not take into account the European Union's technical criteria for environmentally sustainable economic activities. Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

### ● **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 used to select the investments to attain each of the environmental or social characteristics promoted by the fund are:

- it shall assess the ESG profile of its portfolio investments through an ESG scoring methodology that covers at least:
  - (iii) 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments)
  - (iv) 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments)
- the pursuit of an ESG score higher than that of its investment universe
- the exclusion from the fund's investment universe of the issuers operating in sectors deemed not "socially and environmentally responsible", that is, (i) in companies characterized by a clear direct involvement in the manufacture of unconventional weapons, (ii) in companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) in companies that derive at least 10% of their turnover from the extraction of oil sands
- the exclusion from the fund's investment universe of the companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") ("critical issuers")
- a minimum proportion of 10% of sustainable investments

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy of the fund.

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

Corporate issuers that do not comply with good governance practices are those that (i) do not include independent members in the governing body, (ii) have negative opinions from the external auditor (iii) have disputes in relation to Principle No. 10 of the United Nations Global Compact (the "UNGC") concerning the commitment against corruption in all its forms, including extortion and bribery, (iv) have disputes in relation to Principle No. 3 UNGC relating to freedom of association and recognition of the right to collective bargaining, (v) have disputes in relation to UNGC Principle No. 6 relating to the elimination of discrimination in employment and occupation, and (vi) have disputes relating to tax compliance.

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

Issuers are identified from those included in the "MSCI ESG Ratings - World," "MSCI ESG Ratings - Emerging Markets," and "MSCI ESG Ratings - Fixed Income Corporate" services of "MSCI ESG Research".

Such issuers are ex-ante excluded from the investment universe of the fund and, at the time of the portfolio valorisation, an ex-post control also takes place based on the latest available list of excluded issuers.



## What is the asset allocation planned for this financial product?

### Asset allocation

describes the share of investments in specific assets.

The fund promotes environmental and/or social characteristics.

The investments aligned with the environmental or social characteristics have a minimum proportion of 80% of the fund's net assets (#1 Aligned with E/S characteristics).

In addition, please be informed that the fund assesses the ESG profile of portfolio investments through an ESG scoring methodology that covers at least (expressed in percentages of fund's net assets or issuers in the portfolio):

- 90% of investments in each of these asset classes: large capitalisation equities and sovereign debt from developed countries, and investment grade debt securities (including money market instruments).
- 75% of investments in each of these asset classes: large capitalisation equities and sovereign debt from emerging countries, small and mid-capitalisation equities, and below investment grade debt securities (including money market instruments).

The fund will have a minimum proportion of 10% of sustainable investments (#1A Sustainable).

The fund will have a minimum proportion of 1% of sustainable investments with an environmental objective (Other environmental) and of 1% of socially sustainable investments (Social).

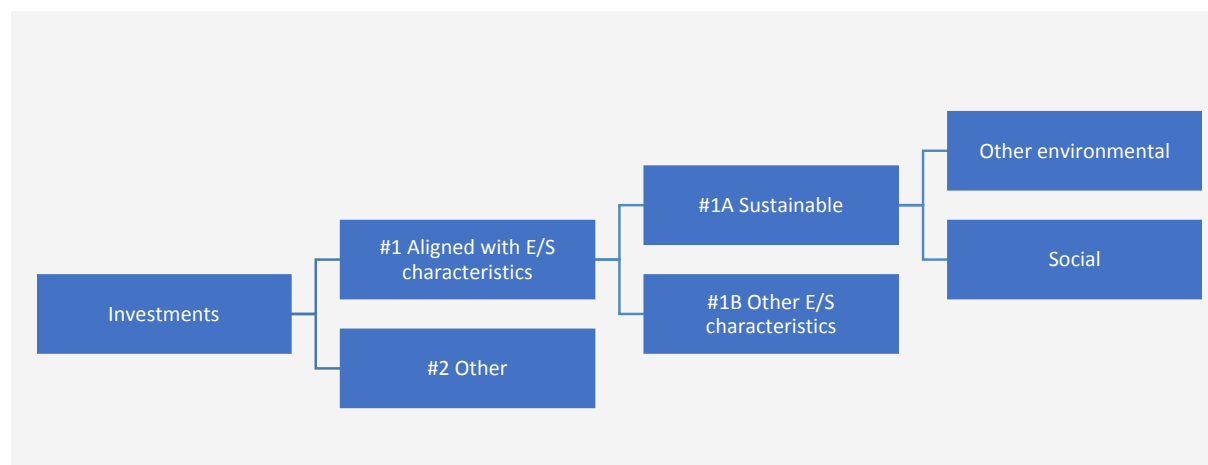
Sustainable investments are defined as investments in issuers whose activities contribute to one or more of the Sustainable Development Goals (SDGs) or investments in bonds whose proceeds aim at financing environmental and/or social projects, provided that (i) they do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) they comply with good governance practices.

The SDGs promoted by the United Nations aim to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues. An issuer's contribution to one or more of the SDGs is assessed on the basis of selected metrics, including the exposure to controversies, which measure the adverse impacts potentially caused by the issuer.

The proportion of sustainable investments is calculated as the sum of: (i) investments in issuers having, with reference to their own products and services or production processes, a positive "net alignment" with at least 1 of the 17 SDGs and no "net misalignment" with any of the 17 SDGs, and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects relative to all investments.

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under "#2 Other", there are no minimum environmental or social safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure. The fund does not use derivatives for attaining the environmental or social characteristics it promotes.



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

The fund promotes environmental and/or social characteristics and commits itself to have minimum proportion of 10% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

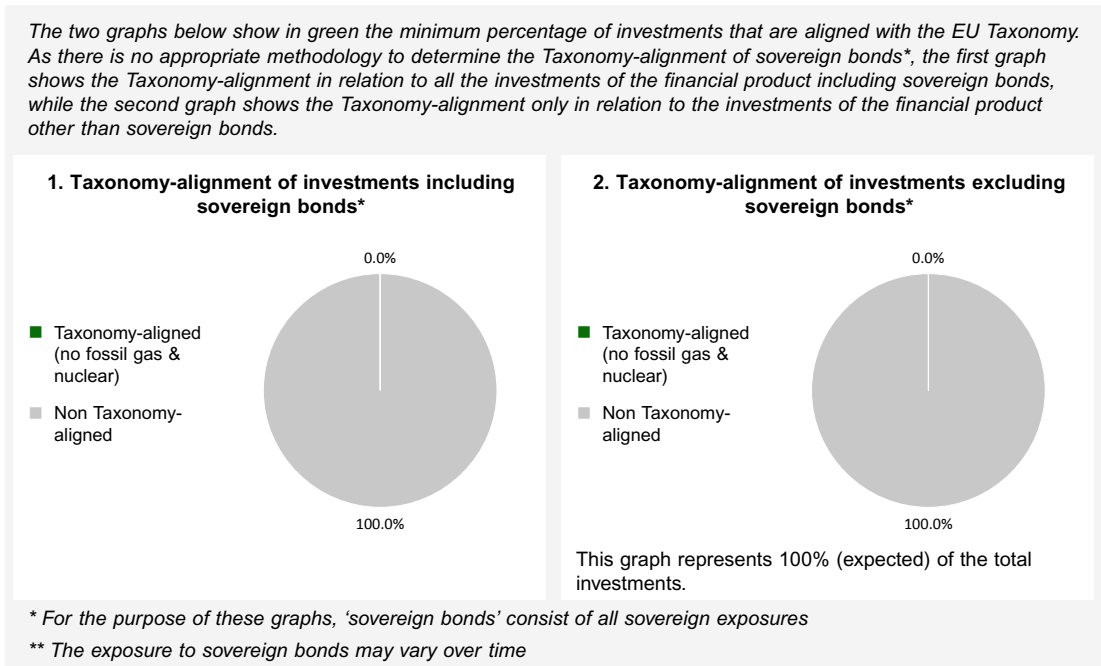
Currently, the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%. However, the fund might invest in activities that may be considered as environmentally sustainable according to its investment policy, but such investments are not per se decisive to the attainment of the fund's environmental characteristics.

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

- 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.

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.



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

Not applicable considering that the fund's proportion of environmentally sustainable investments within the meaning of Regulation (EU) 2020/852 is equal to 0%.

**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

<sup>1</sup> 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.

and among others have greenhouse gas emission levels corresponding to the best performance.



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

Even if the fund does not have a sustainable investment objective it commits itself to have minimum proportion of 10% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

While the sum of sustainable investments with an environmental objective and socially sustainable investments adds up to the fund's minimum proportion of sustainable investments, there is a commitment to a reduced minimum share of sustainable investments with an environmental objective because the fund's investment strategy does not have a specific environmental investment objective.

Therefore, the minimum share of sustainable investments with an environmental objective is 1%.



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?

Even if the fund does not have a sustainable investment objective it commits itself to have minimum proportion of 10% of sustainable investments within the meaning of art. 2(17) of Regulation (EU) 2019/2088.

While the sum of sustainable investments with an environmental objective and socially sustainable investments adds up to the fund's minimum proportion of sustainable investments, there is a commitment to a reduced minimum share of socially sustainable investments because the fund's investment strategy does not have a specific socially sustainable investment objective.

Therefore, the minimum share of socially sustainable investments is 1%.



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

The following investments are included under "#2 Other": (i) potential investments in issuers with no ESG score; (ii) derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure; (iii) liquid assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets; (iv) instruments and techniques only used for efficient fund management.

For the investments included under “#2 Other”, there are no minimum environmental or social 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?

No specific index has been designated as a reference benchmark to determine whether the fund is aligned with the environmental and/or social characteristics that it promotes.

**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.



## Where can I find more product specific information online?

More product-specific information can be found on the website:  
<https://www.eurizoncapital.com/en/our-offer/documentation>

