

Product name: Ailis MSCI USA ESG Screened Index

Legal entity identifier 5493005XL6W3J7J12I34

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective**: _%

It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 0.00% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

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

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

with a social objective

It made **sustainable investments with a social objective**: _%

It promoted E/S characteristics, but **did not make any sustainable investments**

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.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

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

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

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

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

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

● ***How did the sustainability indicators perform?***

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

The tracking error of the Sub-fund's performance vis-à-vis the Index was the indicator used to measure the attainment of the social and environmental characteristics promoted by the Sub-fund. The tracking error was inferior to 1%.

● ***...and compared to previous periods?***

Not applicable, given that no prior periodic disclosure, as mandated by Regulation 2022/1288, has been presented.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable, the product promotes environmental and social characteristics but does not have a sustainable investment objective.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable, the product promotes environmental and social characteristics but does not have a sustainable investment objective.

— ***How were the indicators for adverse impacts on sustainability factors taken into account?***

Not applicable, the product promotes environmental and social characteristics but no commitment to make investments with a sustainable objective has been made.

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

Not applicable, the product promotes environmental and social characteristics but does not have a sustainable investment objective.

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

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

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



How did this financial product consider principal adverse impacts on sustainability factors?

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

The Sub-fund’s Management Company verified the PAI data through a periodic monitoring report, where the values of the indicators are consulted at product level and, where present and possible, at the respective benchmark level to include this information in the investment decision-making process.

However, considering the large variability of PAI data at sectoral and geographical level, as well as their retrospective nature, no thresholds or stringent limits are set at portfolio level.



What were the top investments of this financial product?

| Largest Investments | Sector | % Assets | Country |
|-----------------------------|---|----------|---------------|
| APPLE INC | MANUFACTURING | 8.24% | United States |
| MICROSOFT CORP | INFORMATION AND COMMUNICATION | 6.40% | United States |
| AMAZON.COM INC | INFORMATION AND COMMUNICATION | 3.53% | United States |
| NVIDIA CORP | MANUFACTURING | 3.39% | United States |
| ALPHABET INC-CL A | INFORMATION AND COMMUNICATION | 2.24% | United States |
| ALPHABET INC-CL C | INFORMATION AND COMMUNICATION | 2.04% | United States |
| TESLA INC | MANUFACTURING | 2.03% | United States |
| META PLATFORMS INC-CLASS A | INFORMATION AND COMMUNICATION | 1.81% | United States |
| BERKSHIRE HATHAWAY INC-CL B | FINANCIAL AND INSURANCE ACTIVITIES | 1.30% | United States |
| ELI LILLY & CO | MANUFACTURING | 1.25% | United States |
| UNITEDHEALTH GROUP INC | HUMAN HEALTH AND SOCIAL WORK ACTIVITIES | 1.23% | United States |
| JPMORGAN CHASE & CO | FINANCIAL AND INSURANCE ACTIVITIES | 1.18% | United States |
| JOHNSON & JOHNSON | MANUFACTURING | 1.16% | United States |
| VISA INC-CLASS A SHARES | FINANCIAL AND INSURANCE ACTIVITIES | 1.12% | United States |
| BROADCOM INC | MANUFACTURING | 1.07% | United States |

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is:
31/08/2023 - 31/08/2023



What was the proportion of sustainability-related investments?

● What was the asset allocation?

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

Asset allocation

describes the share of investments in specific assets.

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

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



● **In which economic sectors were the investments made?**

| Sector | Sub-sector | % Assets |
|--|------------|----------|
| MANUFACTURING | C | 38.66% |
| INFORMATION AND COMMUNICATION | J | 26.80% |
| FINANCIAL AND INSURANCE ACTIVITIES | K | 12.93% |
| WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES | G | 4.52% |
| REAL ESTATE ACTIVITIES | L | 2.57% |
| HUMAN HEALTH AND SOCIAL WORK ACTIVITIES | Q | 2.45% |
| PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES | M | 2.12% |
| ACCOMMODATION AND FOOD SERVICE ACTIVITIES | I | 2.11% |
| ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES | N | 2.09% |
| TRANSPORTATION AND STORAGE | H | 2.04% |
| ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY | D | 1.77% |
| MINING AND QUARRYING | B | 0.89% |
| WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES | E | 0.49% |
| CONSTRUCTION | F | 0.29% |
| ARTS, ENTERTAINMENT AND RECREATION | R | 0.22% |

Enabling activities directly enable other activities to make a substantial contribution to an environmental



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

Investments in environmentally sustainable economic activities aligned with the EU taxonomy represented 0,0% of the portfolio.

● **Did the financial product invest in fossil gas and/or nuclear energy**

objective.
Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

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.

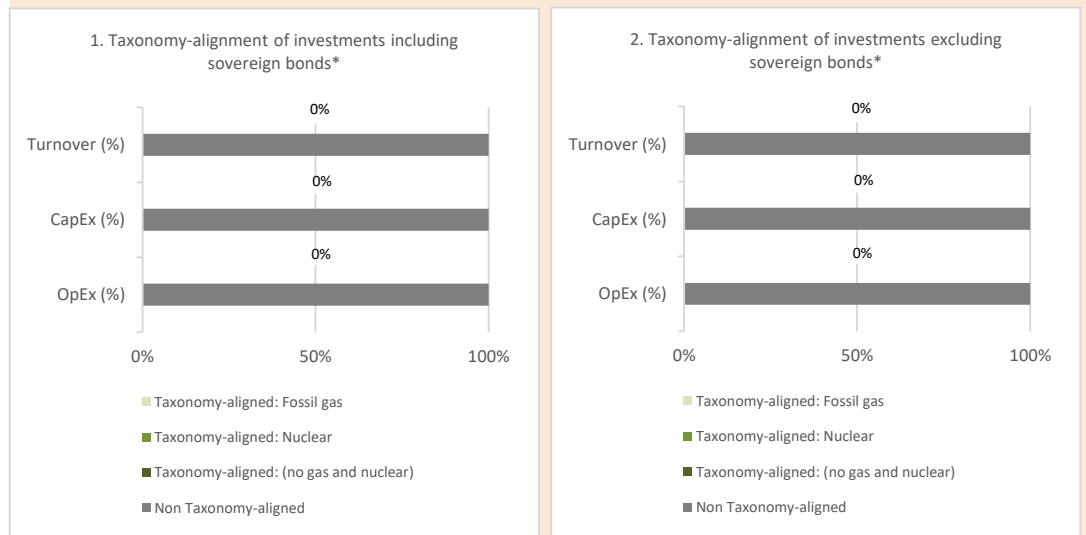
related activities complying with the EU Taxonomy? ¹

Yes

In fossil gas In nuclear energy

No

The graphs below show in green the percentage of investments that were 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.



This graph represents 100 % of the total investment.


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

What was the share of investments made in transitional and enabling activities?

The share of investments in transitional and enabling activities was 0%.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable, given that no prior periodic disclosure, as mandated by Regulation 2022/1288, has been presented.

 are sustainable investments with an environmental objective that **do not take into account the**



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable, the financial product does not have sustainable investment objectives.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy 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 was the share of socially sustainable investments?

Not applicable, the financial product does not have sustainable investment objectives.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The remaining portfolio may also hold instruments not subject to the ESG integration process such as cash and cash equivalent instruments or for risk balancing purposes and derivatives for risk balancing purposes and efficient portfolio management. This category may also include securities for which relevant data is not available. There are no guarantees on the respect of the minimum environmental and social safeguards criteria regarding the investments under the category “#2 Others”.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research to identify companies that are involved in the following business activities:

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

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



How did this financial product perform compared to the reference benchmark?

The Sub-fund tracked the performance of the index “MSCI USA ESG Screened Net Total Return”, while minimising as far as possible the tracking error between the Sub-fund’s performance and that of the Index. The Index, which constituted the “Exposed Strategy”, was published by MSCI, (the “Benchmark Administrator”) and it was an equity index designed to represent the performance of the USA large and mid-cap stocks. The Index was a net total return Index and measured the performance of a sub-set of equity securities which were part of the MSCI USA Index (the “Parent Index”) which excluded companies from the Parent Index based on the Benchmark Administrator’s ESG exclusionary criteria.

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

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

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

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

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

● ***How does the reference benchmark differ from a broad market index?***

The Index, which constituted the “Exposed Strategy”, was published by MSCI, (the “Benchmark Administrator”) and it was an equity index designed to represent the performance of the USA large and mid-cap stocks. The Index was a net total return Index and measured the performance of a sub-set of equity securities which were part of the MSCI USA Index (the “Parent Index”) which excluded companies from the Parent Index based on the Benchmark Administrator’s ESG exclusionary criteria.

● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

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

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

● ***How did this financial product perform compared with the reference benchmark?***

The Index, which constituted the “Exposed Strategy”, was published by MSCI, (the “Benchmark Administrator”) and it was an equity index designed to represent the performance of the USA large and mid-cap stocks. The Index was a net total return Index and measured the performance of a sub-set of equity securities which were part of the MSCI USA Index (the “Parent Index”) which excluded companies from the Parent Index based on the Benchmark Administrator’s ESG exclusionary criteria.

● ***How did this financial product perform compared with the broad market index?***

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

In addition to the above, companies that failed to comply with the United Nations Global Compact Principles were also excluded from the Indexes that the financial product tracks. The Index was calculated and published by the Benchmark Administrator.