

## SUPPLEMENT 23

### **New World Indexed Global Aggregate ex USD-Securitised Bond Fund**

This Supplement contains information relating specifically to the **New World Indexed Global Aggregate ex USD-Securitised Bond Fund** (the "Fund"), a sub fund of Beresford Funds ICAV (the "ICAV"), an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between Funds authorised by the Central Bank of Ireland (the "Central Bank") on 22<sup>nd</sup> May, 2007 as a UCITS pursuant to the UCITS Regulations.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the ICAV dated 24 May, 2022 (together the "Prospectus") which immediately precedes this Supplement and is incorporated herein.**

The Directors of the ICAV whose names appear in the Prospectus under the heading "Management and Administration" accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

#### **1. Interpretation**

The expressions below shall have the following meanings:

"Business Day"	means any day (except Saturday or Sunday) on which banks in Ireland and the United States of America are generally open for business or such other day or days as may be determined by the Directors, in consultation with the Manager and the Investment Manager, and notified to Shareholders.
"Dealing Day"	means each Business Day or less frequent dates as may be determined by the Directors, in consultation with the Manager and the Investment Manager, and notified to Shareholders provided that there shall be at least one Dealing Day per fortnight.
"Distributor"	means Irish Life Investment Managers Limited.
"Eurozone"	means, at the date of this Supplement, Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
"Green Bonds"	mean fixed income securities in which the proceeds will be exclusively and formally applied to projects or activities that promote climate or other environmental sustainability purposes through their use of proceeds.

"Index"	means the Bloomberg MSCI Global Aggregate ex USD-Securitised Sustainable & Green Bond SRI Unhedged EUR Index. <sup>1</sup>
"Initial Offer Period"	means the period in which the Shares of the Fund will be first offered at the Initial Price.
"Initial Price"	means €0.01 in respect of Class A, €1 in respect of Class P1 Shares and €10,000 in respect of the Class B and Class C.
"Investment Manager"	means Irish Life Investment Managers Limited. A description of the Investment Manager can be found under the heading "Management and Administration-Investment Manger" in the Prospectus.
"Redemption Deadline"	means 11am Irish time on any Dealing Day or such other time as the Directors, in consultation with the Manager, may determine and notify to Shareholders provided always that the Redemption Deadline is no later than the Valuation Point.
"Subscription Deadline"	means 11am Irish time on any Dealing Day or such other time as the Directors, in consultation with the Manager, may determine and notify to Shareholders provided always that the Subscription Deadline is no later than the Valuation Point.
"Valuation Point"	means close of business in the relevant market(s) on the relevant Dealing Day or after the close of the Initial Offer Period.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency of Class A, B, C and P1 Shares shall be Euro. The Net Asset Value per Share will be published and settlement and dealing will be effected in Euro.

## **3. Profile of Typical Investor**

Investment in the Fund is suitable for investors who understand the degree of risks involved and believe that the investment is suitable based upon investment objectives and financial needs. This investment is more suitable for medium to long-term investors.

## **4. Investment Objective**

The investment objective of the Fund is to provide investors with a total return, taking into account both capital and income returns, and which reflects the total return of the Index. The Fund will aim to match the performance of the Index as part of this objective.

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<sup>1</sup> This Fund is not sponsored, endorsed, sold or promoted by Bloomberg. Please see Appendix I to this Supplement for further disclaimer information from Bloomberg.

## 5. Investment Policy

The Fund utilises a passive investment approach, which aims to deliver an investment performance in line with the Index by investing directly in bonds that are constituents of the Index. The Index is designed to measure the performance of bonds issued by governments, government-related, securitized and corporate issuers in multiple currencies and includes liquid, bullet<sup>2</sup> and fixed income bonds. As at the date of this Supplement, the Index currently includes bonds issued in the local currency of the following countries and regions: Australia, Canada, Switzerland, Chile, China, Colombia, the Czech Republic, Denmark, the Eurozone, Great Britain, Hong Kong, Hungary, Indonesia, Israel, Japan, South Korea, Mexico, Malaysia, Norway, New Zealand, Peru, Poland, Romania, Sweden, Singapore, Thailand and the United States.<sup>3</sup> There is a minimum size requirement for the inclusion of fixed income bonds in the Index. The minimum size differs based on the currency of the bond and is USD 300 million for US dollar denominated bonds and €300 million for Euro denominated bonds for example. The Index includes bond issuers based on credit ratings with only investment grade instruments qualifying for inclusion in the Index. The Index credit quality classification methodology takes the middle rating of Moody's, Fitch and S&P ratings to qualify as an investment grade issuer for the Index.

As part of the Fund's passive investment policy, it promotes environmental and/or social characteristics in line with those promoted by the Index which are further described below under the section headed "**The environmental and social characteristics promoted by the Fund**".

The Index methodology uses MSCI for calculating the ESG metrics. MSCI, a Morningstar Company, is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies.

Details of Bloomberg's index construction methodology for fixed income indices such as the Index, which sets out the criteria for constituents, can be found on Bloomberg's website at <https://assets.bbhub.io/professional/sites/27/Fixed-Income-Index-Methodology.pdf> and further details on the Index are available on Bloomberg's website <https://assets.bwbx.io/documents/users/iqjWHBFdfxIU/rrrK1gzvHLI0/v0>

Further details on this Index construction can be found on Bloomberg NSN Q9LTARDWRGGL <go> or for the current constituents using I36951EU. The current constituents will be made available free of charge upon request from the Investment Manager.

The Fund will measure its performance against the Index. Investors should keep in mind that an index fund has operating expenses and costs, whereas a market index (also referred to as a benchmark for tracking purposes) does not. Therefore, an index fund, while expected to track a specific index as closely as possible, typically will not match the performance of the targeted index exactly.

The Index is reviewed and rebalanced on a monthly basis by the Index provider. The costs incurred by the Fund, which are associated with gaining exposure to the Index, will be impacted by the level of turnover of Index constituents when the Index is rebalanced.

The anticipated level of tracking error in normal market conditions is 0.50%.

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<sup>2</sup> Refers to bonds where the entire principal is paid on maturity of the bond.

<sup>3</sup> The list of countries represented in the Index may change from time to time.

The Fund invests directly in government, government-related, covered bonds, securitized and corporate bonds that are constituents of the Index and seeks to reflect the Index weightings within tight tolerances. The bonds in which the Fund invests will be fixed income and rated investment grade. The Fund may hold non-investment grade securities where an existing holding has been downgraded to non-investment grade. Up to 100% of the net asset value of the Fund may be held in financial derivative instruments as outlined below.

It will not be practicable to fully replicate the Index given the number of issues in the Index. The Fund uses a sampling process, meaning that it holds a range of securities that, in the aggregate, approximate the full Index in terms of key financial risk factors and other financial characteristics, including, but not limited to, country and currency weights, sector weights, yield, modified duration, issuance size, coupon, issuer and other financial characteristics of bonds and thus look for the Fund to track the Index returns closely. The extent of sampling will diminish as the Fund increases in value and the number of holdings will also increase, such that the Fund will have financial characteristics that are more closely aligned with the Index.

For more information on the potential implications of this strategy to investors please refer to Section 14 – Risk Factors headed “**Index Tracking**” and “**Index Tracking Risks**”.

The Index administrator, Bloomberg Index Services Limited, is availing of the transitional arrangements pursuant to the Benchmark Regulation and accordingly does not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. Investors should note that the ICAV has a contingency policy in place setting out the actions that the ICAV will take in the event that the Index materially changes or ceases to be provided. A copy of the contingency arrangements in place are available on request from the ICAV.

A small value of the Fund may also be invested in index futures contracts, forwards, options, and interest rate swaps for cash management and cash equitisation purposes (i.e., by using cash balances in the Fund to gain exposure to the bond markets), or as an alternative to acquiring the underlying or the related bonds where such investment may be accomplished in a more efficient or less costly way through the use of derivatives. Such instruments may also be used to maintain or manage exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling transferable securities. The Fund will not generate synthetic short positions for investment purposes using financial derivatives.

In relation to the above use of financial derivatives, it is expected that any leverage that arises as a result of using these financial derivatives for efficient portfolio management purposes as further described in the main body of the Prospectus will be minimal, and in any event aggregate exposure to the financial derivatives will not exceed 100% of the Fund’s Net Asset Value. The commitment approach will be used to calculate the Funds global exposure. The commitment approach requires the Fund to convert each derivative position into the market value of an equivalent position in the underlying asset of that derivative. The Fund may take into account netting and hedging arrangements when calculating its global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure. Details of the risks regarding the use of derivatives is set out under the heading “Derivatives and Techniques and Instruments Risk” in the Prospectus.

It should be noted that in accordance with investment restrictions the Fund is required to diversify its investments. Consequently, it will not be possible for movements in the Index to

be replicated completely in the Fund if one or more investments would exceed those limits, as measured by the percentage-weight within the Index.

The Fund may invest, subject to a maximum limit of 10% in aggregate of its Net Asset Value, in other collective investment schemes. Where investment is made in a different fund of the ICAV, management fees or investment management fees will not be charged to the Fund in respect of that portion of the Fund's assets invested in the other fund of the ICAV. Investment will not be made in a different fund of the ICAV which itself holds shares in another fund of the ICAV. Any investment in collective investment schemes will be for the purposes of meeting the Fund's objective, although the investment will not be a constituent part of the Index.

Changes in the exchange rates between the Base Currency and the currencies in which the Fund's assets are invested may lead to a depreciation of the value of such assets. Exchange rate movements may therefore lead to a depreciation in the value of those Shares which are unhedged. A Class of Share of a Fund may be hedged against exchange rate fluctuations between the Base Currency of the Fund and the currencies in which the assets of the Fund are invested.

The Class A, Class B and Class C shares will hedge non-Euro currency exposure back to Euro using currency forwards specific to the individual share classes. Class P1 shares will retain non-Euro currency exposure and will not use any financial derivative instruments specific to the individual share classes. Any financial instruments used to implement hedging of the hedged Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund.

The only distinction between the currency hedged classes and the other classes is that the currency hedged classes will have their exposure to currencies other than the Base Currency hedged back into the Base Currency. The effect of the hedging will be to track the total return of the Index hedged back into Euro on a monthly basis. The currency exposure will be hedged on a monthly basis following the same methodology used to calculate the currency hedged version of the Index.

The currency hedged version of the Index hedges the currency exposure of the Index on a rolling one monthly basis. More specifically, each non-base currency exposure at the end of each month is hedged back into the base currency using one-month forward foreign exchange rate contracts. The return on the currency hedged index is equal to the return on the Index plus any profit or minus any loss on the currency hedges. The Fund will not be leveraged as a result of these transactions. Intra-month subscriptions and redemptions will be invested in line with existing portfolio holdings and currency hedges.

The Fund will employ a risk management process which will enable it to accurately monitor, manage and measure the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Fund will not utilise financial derivatives which have not been included in the risk management process. The Fund will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the investments.

A list of the stock exchanges and markets in which the Fund is permitted to invest, in accordance with the requirements of the Central Bank is contained in Appendix II to the Prospectus and

should be read in conjunction with, and subject to, the Fund's investment objective and investment policy, as detailed above. The Central Bank does not issue a list of approved markets. With the exception of permitted investments in unlisted securities, investment will be restricted to those stock exchanges and markets listed in Appendix II to the Prospectus.

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

### **Classification for SFDR purposes**

The Investment Manager has categorised the Fund as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and social characteristics, as further described below.

### **The environmental and social characteristics promoted by the Fund**

The Fund is passively managed. Its objective is to track the performance of the Index. Accordingly, the environmental and/or social characteristics promoted by the Index and in turn, promoted by the Fund, comprise of good governance practices of issuers (excluding government bonds) i.e. ownership and control, reasonable pay, board diversity, accounting practices, tax transparency and business ethics and the six environmental categories defined by MSCI ESG Research i.e., alternative energy, energy efficiency, pollution prevention and control, sustainable water, green building, and climate adaptation.

The Index offers broad exposure to investment grade debt of corporate, covered bonds, securitised, government and government related issuers worldwide. Investment grade qualifying bonds are weighted within the Index based on their outstanding debt amount and a range of sustainability criteria, including but not limited to environmental, social and governance metrics and whether the bond is classified as a Green Bond.

For further information on the Fund's ESG strategy, please refer to the Appendix II to this Supplement.

### **How the environmental and social characteristics are promoted by the Fund**

In order to meet the environmental and social characteristics promoted by the Index and in turn, the Fund, the Fund aims, in so far as is possible, for full replication of the underlying constituents of the Index. As previously outlined, the Investment Manager may use a sampling process to achieve this, meaning that it holds a range of securities that, in the aggregate, approximate the full Index in terms of key financial risk factors and other financial characteristics and to ensure compliance with the social and/or environmental characteristics outlined above on an ongoing basis. Underlying investments can also consist of assets that are not relevant to the environmental and social characteristics promoted by the Fund, including but not limited to hedging instruments, derivatives, or money market instruments.

In identifying investments which allow the Index to promote environmental or social characteristics, the following strategies are adopted and have the effect of reducing the eligible investment universe for the Index and in turn, the Fund:

*ESG Score Screen:* The Index screens out securities based on an assessment of their adherence to ESG criteria. Non-Green Bonds which are eligible for investment, i.e., securities from Corporate, Covered Bonds, Agency and Supranationals sectors, must have an MSCI ESG

Rating of BBB or higher. Securities unrated by MSCI for ESG purposes in these sectors are excluded from the Index's universe. Sovereign Green Bond issuers are upweighted in the process described below under "Green Bond Upweighting".

*Business Involvement Screen:* The Index screens out securities based on an assessment of their involvement in the following business lines/activities. Involvement is defined for each restricted activity and may be based on a percentage of revenue, total revenue, or any tie regardless of revenue.

<b>Business Lines/Activities</b>	<b>Exclusions</b>
Adult Entertainment	All companies either deriving 5% or more revenue from the production of adult entertainment materials, or deriving 15% or more aggregate revenue from the production, distribution, and retail of adult entertainment materials.
Alcohol	All companies either deriving 5% or more revenue from the production of alcohol related products, or deriving 15% or more aggregate revenue from the production, distribution, retail, and supply of alcohol related products.
Gambling	All companies either deriving 5% or more revenue from ownership of operation of gambling related business activities or deriving 15% or more aggregate revenue from gambling related business activities.
Tobacco	All companies either classified as a "producer" or deriving 5% or more of their aggregate revenue from the production, distribution, retail, supply, and licensing of tobacco related products.
Conventional weapons	All companies either deriving 5% or more revenue from the production of conventional weapons and components, or deriving 15% or more aggregate revenue from weapons systems, components, and support systems and services.
Civilian firearms	All companies either classified as "producer" of firearms and small arms ammunitions for civilian markets. It does not include companies that cater to the military, government, and law enforcement markets, or companies deriving 5% or more aggregate revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.
Nuclear weapons	<p>All companies that manufacture nuclear warheads and/or whole nuclear missiles.</p> <p>All companies that manufacture components that were developed or are significantly modified for exclusive use in nuclear weapons (warheads and missiles).</p> <p>All companies that manufacture or assemble delivery platforms that were developed or significantly modified for the exclusive delivery of nuclear weapons.</p> <p>All companies that provide auxiliary services related to nuclear weapons.</p> <p>All companies that manufacture components that were not developed or not significantly modified for exclusive use in nuclear weapons (warheads and missiles) but can be used in nuclear weapons.</p> <p>All companies that manufacture or assemble delivery platforms that were not developed or not significantly modified for the exclusive</p>

	delivery of nuclear weapons but have the capability to deliver nuclear weapons. All companies that manufacture components for nuclear-exclusive delivery platforms.
Controversial Weapons	All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments, and incendiary weapons).
Nuclear Power*	All companies generating 5% or more of their total electricity from nuclear power in a given year. All companies that have 5% or more of installed capacity attributed to nuclear sources in a given fiscal year. All companies deriving 15% or more aggregate revenue from nuclear power activities. <i>* The Green Bond component of the Index does not exclude issuers involved in nuclear power activities.</i>
Thermal Coal	All companies deriving 5% or more revenue (either reported or estimated) from thermal coal-based power generation.
Fossil Fuels	All companies with evidence of owning proven & probable coal reserves and/or proven oil and natural gas reserves used for energy purposes. All companies deriving any revenue from thermal coal mining or unconventional oil and gas extraction.
Genetically Modified Organisms	All companies deriving 5% or more revenue from activities like genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption.

**Controversies:** MSCI ESG Controversies measures an issuer's involvement in major ESG controversies and how well they adhere to international norms and principles. MSCI ESG Controversies is a scoring and flagging system which falls on a 0-10 scale, with "0" being the most severe controversy i.e., the relevant company is implicated in one or more controversy cases where there are credible allegations that the company or its management inflicted serious large-scale harm in violation of global norms. Companies scored between 1 to 4 are those which have been implicated in one or more controversy cases that are serious and warrant ongoing monitoring but, based on information available to date, do not constitute a major breach of global norms. Companies scored between 5 to 10 have not been implicated in any controversy case constituting a major breach of global norms within the last three years according to MSCI ESG Controversies' methodology. The Index excludes any issuer with a "Red" MSCI ESG Controversies score (equal to 0), and non-Green Bond corporates that are not covered by MSCI ESG Controversies' research.

**UN Sanctions:** Based on the UN broad arms embargo sanctions, Treasury, Sovereign, and Local Authority debt from the following countries is excluded as at the date of this Supplement: Central African Republic, Kyrgyzstan, Iran, Lebanon, Libya, North Korea, Somalia, Sudan, Yemen. The list of countries ineligible for the Index due to the above sanctions is reviewed on an annual basis.

**Green Bond Upweighting:** The Index is tilted to allocate at least 10% of the market value to securities classified as Green Bonds (including sovereign Green Bonds), and to allocate the remaining percentage towards non-Green Bond eligible global aggregate securities at each monthly rebalance.



Further details on the Index and the above strategies can be found on Bloomberg's website: <https://assets.bwbx.io/documents/users/iqjWHBFdfxIU/rrrK1gzvHLl0/v0>

The Index assesses the governance practices of issuers (excluding government bonds) through the strategies outlined above entitled "*ESG Score Screen*" and "*Controversies*".

The Fund has designated the Index as a reference benchmark in order to attain its environmental and/or social characteristics on an ongoing basis. As a passively managed Fund which tracks the Index, it is continuously aligned with each of the environmental/social characteristics promoted by the Index. The Investment Manager ensures the alignment of the investment strategy with the methodology of the Index on a continuous basis by full replication of the underlying constituents of the Index or the use of a sampling process as described above.

## **Sustainability Risk**

The management of sustainability risk forms an important part of the due diligence process implemented by the Investment Manager.

When assessing the sustainability risk associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition ("ESG Event"). Sustainability risks deemed relevant to this Fund include minimum ESG scores for corporate, quasi-sovereign and securitised bonds as well as business involvement, controversy and UN sanctions based standards.

Prior to acquiring investments on behalf of a Fund, the Investment Manager uses ESG metrics of third party data providers such as MSCI in order to screen the relevant investment against sustainability risk and to identify whether it is vulnerable to such risk. This process incorporates applying both an exclusion policy (whereby potential investments are removed from the investment universe on the basis that they pose too great a sustainability risk to the Fund) and positive screening whereby those investments which have a low sustainability risk rating as well as strong financial performance are included in the investment universe.

Applying the Fund's ESG methodology as of 30 June, 2023 leads to an 8.1% improvement in overall ESG scores, the key metric for the Fund's sustainability measurement, compared to a market capitalisation weighted strategy with no ESG process for investment grade issuers in the various fixed income asset classes.

## **6. Efficient Portfolio Management - Securities Financing Transactions**

The Fund may engage in securities financing transactions, namely securities lending. The Fund will only engage in securities lending for efficient portfolio management purposes and subject to and in accordance with the conditions and limits set out in the Central Bank UCITS Regulations. The types of assets that will be subject to securities lending will be bonds. Details in respect of the Manager's collateral policy and counterparty procedures are set out in the Prospectus under "Collateral Management".

The maximum exposure of the Fund to securities lending will be 100% of the net assets of the Fund.

## **7. Offer**

Class A and Class B Shares are available on any Dealing Day at the Net Asset Value per Share.

Shares in the Fund will be offered at an Initial Price of €1 in respect of Class P1 Shares and €10,000 in respect of Class C Shares from 9am (Irish time) on 17<sup>th</sup> December, 2021 to the earlier of 11am (Irish time) on the date subscriptions are first received in respect of the relevant Share Class(es) or to 5pm (Irish time) on 4<sup>th</sup> October, 2023 (the "Initial Offer Period") subject to acceptance of applications for Shares by the Administrator and will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

A sales commission as detailed below under the heading "Sales Commission" may be added to the Initial Price (however it is not the current intention of the Directors to charge a sales commission). The Initial Offer Period may be shortened or extended by the Directors. The first Valuation Point for the Fund will be the Dealing Day on which the Initial Offer Period for the relevant Class(es) of Shares in the Fund closes. Thereafter, Shares will be available for issue on the Dealing Day following the close of the Initial Offer Period.

## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor must subscribe a minimum of €50,000 and must retain Shares having a Net Asset Value of €10,000. A Shareholder may make subsequent subscriptions, conversions and redemptions, each subject to a minimum transaction size of €10,000.

Subject to the requirements of the Central Bank, the Directors reserve the right to differentiate between Shareholders as to and waive or reduce the Minimum Subscription, Minimum Holding and minimum transaction size for certain investors in accordance with the principle of fair treatment of all investors.

## **9. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form) on behalf of the ICAV. Applications received by the Administrator on behalf of the ICAV prior to the Subscription Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Subscription Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in consultation with the Manager in their absolute discretion otherwise determine(s) to accept one or more applications received after the Subscription Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Administrator so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax as may be permitted by the Directors in consultation with the Manager without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the ICAV in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies are payable in Base Currency. However, the ICAV may accept payment in such other currencies as the ICAV may agree at the prevailing exchange rate quoted by the Administrator. The cost and risk of converting currency will be borne by the investor.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 2 Business Days after the relevant Dealing Day provided that the ICAV reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the ICAV or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at EURIBOR + 1%, which will be paid into the Fund together with an administration fee of €200, which is payable to the ICAV. The ICAV may waive either of such charges in whole or in part in accordance with the principle of fair treatment of all investors.

In addition, the ICAV has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the ICAV in order to meet such charges.

### *Operation of Umbrella Cash Accounts in the name of the ICAV; Subscriptions*

Subscription monies received from an investor in advance of a Dealing Day in respect of which an application for Shares has been, or is expected to be, received will be held in an Umbrella Cash Account in the name of the ICAV and will be treated as an asset of the Fund upon receipt and will not benefit from the application of any investor money protection rules (i.e. the subscription monies in such circumstance will not be held on trust as investor monies for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the Fund with respect to the amount subscribed and held by the ICAV until such Shares are issued on the relevant Dealing Day.

In the event of an insolvency of the Fund or the ICAV, there is no guarantee that the Fund or the ICAV will have sufficient funds to pay unsecured creditors in full. Investors who have forwarded subscription monies in advance of a Dealing Day as detailed above and which are

held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore, in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account in relation to the application for Shares.

Your attention is drawn to the section of the Prospectus entitled “Risk Factors” “Operation of Umbrella Cash Accounts”.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will be sent to Shareholders within 24 hours of the purchase being made. Title to Shares will be evidenced by the entering of the investor’s name on the ICAV’s register of Shareholders.

### **10. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the ICAV by facsimile or written communication as may be permitted by the Directors in consultation with the Manager and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Redemption Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Redemption Deadline for a Dealing Day will be processed on the next Dealing Day unless the ICAV in its absolute discretion determines otherwise provided they are received prior to the Valuation Point. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions.

No redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the ICAV (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed. In such circumstances, the Administrator will process any redemption request received by a Shareholder, however the proceeds of that redemption shall remain an asset of the Fund and the Shareholder will rank as a general creditor of the ICAV until such time as the Administrator is satisfied that its anti-money laundering and anti-fraud procedures have been fully complied with, following which, redemption proceeds will be released.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the minimum transaction size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the ICAV may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. The Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share and may exercise their discretion in this respect if they have reason to believe that any Shareholder requesting redemption is attempting any form of arbitrage on the yield of Shares in the Fund. Shareholders should view their investment as medium to long term.

### *Operation of Umbrella Cash Accounts in the name of the ICAV; Redemptions*

Redemption monies payable to an investor subsequent to a Dealing Day of the Fund as of which Shares of that investor were redeemed (and consequently the investor is no longer a Shareholder of the Fund as of the relevant Dealing Day) will be held in an Umbrella Cash Account and will be treated as an asset of the Fund until paid to that investor and will not benefit from the application of any investor money protection rules (i.e. the redemption monies in such circumstance will not be held on trust for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the Fund with respect to the redemption amount held by the ICAV until paid to the investor.

In the event of an insolvency of the Fund or the ICAV, there is no guarantee that the Fund or the ICAV will have sufficient funds to pay unsecured creditors in full. Investors due redemption monies which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore, in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account for onward transmission to that investor.

Your attention is drawn to the section of the Prospectus entitled “Risk Factors” – “Operation of Umbrella Cash Accounts” above.”

### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments will only be made to the account of record of a Shareholder.

### *Currency of Payment*

Shareholders will normally be repaid in the Base Currency. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid on/within 4 Business Days of the Redemption Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the ICAV or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed, and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **11. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

## **12. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading “Suspension of Valuation of Assets”. Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **13. Fees and Expenses**

### *Manager's Fees*

Pursuant to the Management Agreement, the Manager is entitled to charge the Fund an annual fee not to exceed 0.03% of the Net Asset Value of the Fund, subject to a minimum annual fee not to exceed €40,000 per Fund, which fee shall be allocated pro-rata to all Funds of the ICAV. The Manager's fee shall be subject to the imposition of VAT if required. The fee will be calculated and accrued daily and is payable monthly in arrears. The Manager's fee may be waived or reduced by the Manager, in consultation with the Directors. It is not the current intention of the Manager to charge an annual management fee, and any decision to charge a management fee will be notified in advance to shareholders.

The Manager shall be entitled to be reimbursed by the Fund for reasonable out of pocket expenses properly incurred and any VAT on all fees and expenses payable to or by it.

### *Administrator's Fees*

The fees payable to the Administrator are set out under section 3 of the Prospectus and will be subject to a minimum annual fee of €20,000.00.

### *Depositary's Fee*

The fees payable to the Depositary are set out under section 3 of the Prospectus and will be subject to a minimum annual fee of €6,000 for the Fund.

### *Investment Manager Fee*

The Investment Manager is entitled to receive an annual fee accrued at each Valuation Point and payable monthly in arrears out of the assets of the Fund as a percentage of the Net Asset Value of each Class of Shares in the Fund at the rates stated below;

- (i) Class A Shares; 0% of the Net Asset Value of the Fund attributable to Class A Shares, and
- (ii) Class B, Class C and Class P1 Shares; up to 0.50% (plus VAT, if any) of the Net Asset Value of the Fund attributable to Class B, Class C and Class P1 Shares respectively.

The fees and operating expenses of the ICAV are set out in detail under the heading "Fees and Expenses" in the Prospectus. The fees payable out of the Fund's assets to the Distributor(s) as sales commissions are as follows:

#### *Sales Commission*

Shareholders may be subject to a sales commission calculated as a percentage of subscription monies subject to a maximum of 2% per annum of the Net Asset Value per Share held by Shareholders. It is not the current intention of the Directors to charge a sales commission.

#### *Redemption Fee*

A redemption fee not exceeding 3% of the Net Asset Value of Shares being redeemed may be imposed on the redemption of Shares which shall be retained by the Fund for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders in accordance with the principle of fair treatment of all investors. It is not the Directors current intention to impose any redemption fee at present.

#### *Conversion Fee*

A conversion fee not exceeding 5% of the Net Asset Value of Shares in the original Fund may be imposed on the conversion of Shares in any Fund to Shares in another Fund. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the conversion fee chargeable to certain Shareholders in accordance with the principle of fair treatment of all investors. It is not the Directors current intention to impose any conversion fee at present. Should this intention change, the Supplement will be updated and cleared with the Central Bank in advance.

#### *Establishment Costs*

The costs and expenses of establishing the Fund and the expenses associated with the issue of Shares, including the costs incurred in connection with the preparation and publication of this Supplement and all legal and printing costs, which are estimated to amount to approximately €20,000 will be paid out of the assets of the Fund, and amortised over the first five years of the Fund's operation or such other period and in such manner as the Directors may in their discretion determine.

## **14. Dividends and Distributions**

The Fund is an accumulating Fund and, therefore, it is not currently intended to distribute dividends to the Shareholders. The income and earnings and gains of the Fund will be accumulated and reinvested on behalf of Shareholders.

The Directors, in consultation with the Manager, may at any time determine to change the policy of the Fund with respect to distribution. If the Directors so determine full details of any such

change will be disclosed in an updated prospectus or supplement and all shareholders will be notified in advance of such change becoming effective.

## **15. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled “The ICAV”.

In addition, investors should note the following risk factors:

### ***Index Tracking Risk***

The Fund is expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index. Although the Investment Manager will regularly monitor the level of correspondence of the performance of a Fund with the performance of the Index (i.e. the “tracking accuracy”), there can be no assurance that any Fund will achieve any particular level of tracking accuracy.

The following factors may adversely affect the tracking by the Fund of the Index:

- (a) the Fund must pay various expenses, while an index does not reflect any expenses;
- (b) the Fund must comply with regulatory constraints, such as the investment and borrowing restrictions that do not affect the calculation of the Index;
- (c) the existence of uninvested assets in the Fund (including cash and deferred expenses);
- (d) the temporary unavailability of certain securities comprising an Index;
- (e) the presence of small, illiquid components in an Index which the Fund may not be able to, or may chose not to, acquire;
- (f) the extent that the Fund is not invested identically in respect of the composition and/or weighting of the constituent securities of the Index, and securities in which it is underweighted or overweighted in relation to the Index perform differently from the Index as a whole;
- (g) the extent to which coupons are reinvested in the Fund; and
- (h.) the extent that the level of currency hedging for the hedged Share Classes differs from that the in the currency hedged version of the Index.

In seeking to track an index, the Investment Manager will not normally reduce or increase the Fund’s holdings in or exposure to any constituent security of an index when to do so would reduce the tracking accuracy. Therefore, if a constituent security of an index is decreasing in value, the Fund will generally continue to hold such security (or any other securities which give exposure or equivalent price performance to such a constituent security’s price performance) until the weight of the constituent security is reduced in the index, or the constituent security is removed from the Index, by the index provider.



### ***Index Sampling Risk***

As it may be inefficient or impracticable to hold all of the component securities of the Index tracked by the Fund and to reflect their proportionate index weightings (an indexing strategy called “full replication”), the Fund instead may use an index “sampling” process of selecting securities. Where this limited replication strategy is employed, the Fund holds a representative sample of securities which approximates the full index in terms of key risk factors and other characteristics. While a sampling Fund keeps currency, country, industry sector and sub-sector exposure within tight boundaries compared with that of its index, there is the risk that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the relevant index.

### ***General Risks Associated With Indexing***

Indexed strategies are subject to the risks associated with the indexes that such strategies track and clients should be prepared to bear the risk of loss associated with these strategies.

Index strategies are passively managed and do not take defensive positions in declining markets. There is no guarantee that a portfolio managed to an index strategy (“index portfolio”) will achieve its investment objective. In addition, strategies constructed under the sampling approach carry a risk that the tracking error experience will be higher than under the full replication approach due to the selection of the representative stocks from the full Index constituents.

Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio’s ability to adjust its exposure to the required levels in order to track its underlying index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time and may have an adverse impact on a portfolio managed to the index. The index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices and does not guarantee that the Index will be in line with its described index methodology. Errors and rebalances carried out by the index provider to the underlying index may increase the costs and market exposure risk of a portfolio.

**25<sup>th</sup> August, 2023**

## **Appendix I**

### **Bloomberg Indexes**

“BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. MSCI® is a trademark and service mark of MSCI Inc. (collectively with its affiliates, “MSCI”), used under license.

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Investors acquire the Global Aggregate ESG ex USD-Securitized Bond Fund from Beresford Funds ICAV and investors neither acquire any interest in the Bloomberg MSCI Global Aggregate ex USD-Securitized Sustainable & Green Bond SRI Unhedged EUR Index nor enter into any relationship of any kind whatsoever with Bloomberg or MSCI upon making an investment in the Global Aggregate ESG ex USD-Securitized Bond Fund. The Global Aggregate ESG ex USD-Securitized Bond Fund is not sponsored, endorsed, sold or promoted by Bloomberg or MSCI. Neither Bloomberg nor MSCI makes any representation or warranty, express or implied, regarding the advisability of investing in the Global Aggregate ESG ex USD-Securitized Bond Fund or the advisability of investing in securities generally or the ability of the Bloomberg MSCI Global Aggregate ex USD-Securitized Sustainable & Green Bond SRI Unhedged EUR Index to track corresponding or relative market performance. Neither Bloomberg nor MSCI has passed on the legality or suitability of the Bloomberg MSCI Global Aggregate ex USD-Securitized Sustainable & Green Bond SRI Unhedged EUR Index with respect to any person or entity. Neither Bloomberg nor MSCI is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Global Aggregate ESG ex USD-Securitized Bond Fund to be issued. Neither Bloomberg nor MSCI has any obligation to take the needs of the Issuer or the owners of the Global Aggregate ESG ex USD-Securitized Bond Fund or any other third party into consideration in determining, composing or calculating the Bloomberg MSCI Global Aggregate ex USD-Securitized Sustainable & Green Bond SRI Unhedged EUR Index. Neither Bloomberg nor MSCI has any obligation or liability in connection with administration, marketing or trading of the Global Aggregate ESG ex USD-Securitized Bond Fund. Any licensing agreement(s) between Bloomberg and MSCI are solely for the benefit of Bloomberg and MSCI and not for the benefit of the owners of the Global Aggregate ESG ex USD-Securitized Bond Fund, investors or other third parties. In addition, the licensing agreement between Irish Life Investment Managers LTD, a Named Affiliate of Great-West Lifeco Inc., and Bloomberg is solely for the benefit of Irish Life Investment Managers LTD and Bloomberg and not for the benefit of the owners of the Global Aggregate ESG ex USD-Securitized Bond Fund, investors or other third parties.

**NEITHER BLOOMBERG NOR MSCI SHALL HAVE ANY LIABILITY TO THE ISSUER, INVESTORS OR OTHER THIRD PARTIES FOR THE QUALITY, ACCURACY AND/OR**

COMPLETENESS OF THE BLOOMBERG MSCI GLOBAL AGGREGATE EX USD-SECURITISED SUSTAINABLE & GREEN BOND SRI UNHEDGED EUR INDEX OR ANY DATA INCLUDED THEREIN OR FOR INTERRUPTIONS IN THE DELIVERY OF THE BLOOMBERG MSCI GLOBAL AGGREGATE EX USD-SECURITISED SUSTAINABLE & GREEN BOND SRI UNHEDGED EUR INDEX. NEITHER BLOOMBERG NOR MSCI MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, THE INVESTORS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BLOOMBERG MSCI GLOBAL AGGREGATE EX USD-SECURITISED SUSTAINABLE & GREEN BOND SRI UNHEDGED EUR INDEX OR ANY DATA INCLUDED THEREIN. NEITHER BLOOMBERG NOR MSCI MAKES ANY EXPRESS OR IMPLIED WARRANTIES, AND EACH HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BLOOMBERG MSCI GLOBAL AGGREGATE EX USD-SECURITISED SUSTAINABLE & GREEN BOND SRI UNHEDGED EUR INDEX OR ANY DATA INCLUDED THEREIN. BLOOMBERG RESERVES THE RIGHT TO CHANGE THE METHODS OF CALCULATION OR PUBLICATION, OR TO CEASE THE CALCULATION OR PUBLICATION OF THE BLOOMBERG MSCI GLOBAL AGGREGATE EX USD-SECURITISED SUSTAINABLE & GREEN BOND SRI UNHEDGED EUR INDEX, AND NEITHER BLOOMBERG NOR MSCI SHALL BE LIABLE FOR ANY MISCALCULATION OF OR ANY INCORRECT, DELAYED OR INTERRUPTED PUBLICATION WITH RESPECT TO ANY OF THE BLOOMBERG MSCI GLOBAL AGGREGATE EX USD-SECURITISED SUSTAINABLE & GREEN BOND SRI UNHEDGED EUR INDEX. NEITHER BLOOMBERG NOR MSCI SHALL BE LIABLE FOR ANY DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, OR ANY LOST PROFITS, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH, RESULTING FROM THE USE OF THE BLOOMBERG MSCI GLOBAL AGGREGATE EX USD-SECURITISED SUSTAINABLE & GREEN BOND SRI UNHEDGED EUR INDEX OR ANY DATA INCLUDED THEREIN OR WITH RESPECT TO THE GLOBAL AGGREGATE ESG EX USD-SECURITISED BOND FUND.

## APPENDIX II

**Product name:** New World Indexed Global  
Aggregate ex USD-Securitised Bond Fund

**Legal entity identifier:**  
635400RF6V9RL7MJKW51

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

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

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

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

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

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

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% 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 environmental and/or social characteristic promoted by the Fund is to increase the Fund's exposure to companies with improved sustainability and lower environmental, social, governance ("ESG") risk scores (relative to the appropriate broad market benchmark).

The Index has been designated as a referenced benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics promoted by the Fund.

### Sustainability

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

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

The indicators used to measure the outcomes of this approach are:

- Overall ESG Score
- Country Risk Score
- Country Carbon Intensity score

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

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

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



### Does this financial product consider principal adverse impacts on sustainability factors?

**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.

☐

Yes,

☒

No, The Fund does not explicitly target Principal Adverse Impacts (“PAIs”) in the investment process because the PAIs definitions and methodology have limited scope for investment in sovereign debt.



### What investment strategy does this financial product follow?

The Fund is passively managed and invests in investment grade bonds issued by sovereigns, quasi-sovereigns, securitized and corporate issuers and is a medium risk fund. The Fund aims to perform in line with the Bloomberg MSCI Global Aggregate ex USD-Securitized Sustainable & Green Bond SRI Unhedged EUR Index (the “Index”). The Fund follows a benchmark index designed by Bloomberg MSCI to enhance exposure to positive ESG factors and improved exposure to green bonds. Qualifying bonds must have a maturity of greater than twelve months, a fixed coupon schedule and a minimum amount outstanding differing by currency of issue. For US dollar bonds the minimum is USD 300 million. The Fund follows

a benchmark index designed by Bloomberg MSCI to enhance exposure to positive ESG factors and improved exposure to green bonds.

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

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager follows the Index.

The Fund follows a benchmark index designed by Bloomberg MSCI to enhance exposure to positive ESG factors and improved exposure to green bonds. These enhancements include ensuring minimum ESG rating scores of BBB apply for non-sovereign issuers and also overweighting green bond issues relative to a broad market index. Green bonds are fixed income securities in which the proceeds will be exclusively and formally applied to projects or activities that promote climate or other environmental sustainability purposes through their use of proceeds.

The Fund applies screening for issuers based on their business involvement and also excludes issuers involved in significant controversies.

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

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

This Fund is a passively managed sovereign bond fund and aims to perform in line with the Index. The Index is designed to enhance exposure to positive ESG factors and improved exposure to green bonds. The Index excludes non-sovereign issuers based on their ESG scores. The ESG score rates companies based on their ESG performance. The worst performing issuers from an ESG score perspective are removed. Governance considerations are a key component of the ESG score. ILIM also ensures that corporates that are involved in significant controversies are not held by the Fund. The Index excludes any issuer with a “Red” MSCI ESG Controversies score.



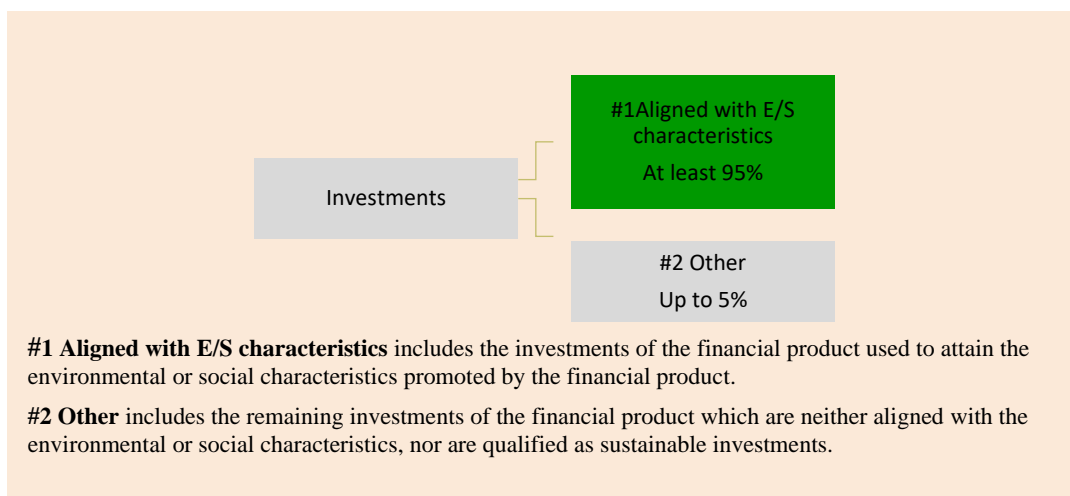
**What is the asset allocation planned for this financial product?**

The Fund invests in investment grade bonds issued by sovereigns, quasi-sovereigns, securitized and corporate issuers and may have carry a small cash balance for liquidity purposes. At least 95% of investments are expected to be allocated to assets which promote E/S characteristics and up to 5% may be allocated to “other” investments which may comprise of a small cash balance for liquidity purposes or equity derivatives. However, in normal market conditions, the Investment Manager expects the investments used to meet the environmental and/or social characteristics is equal to circa 100%.

### Asset allocation

describes the share of investments in specific assets.

The Fund's minimum proportion of investments used to meet the environmental and/or social characteristics is equal to circa 100% (#1).



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.



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

Although the Fund promotes environmental and social characteristics, as at the date of this document, it is expected that the minimum proportion of investments aligned with the EU Taxonomy criteria will be 0% of the net assets of the Fund.

#### ● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>4</sup>?

☐

Yes

☐

In fossil gas

☐

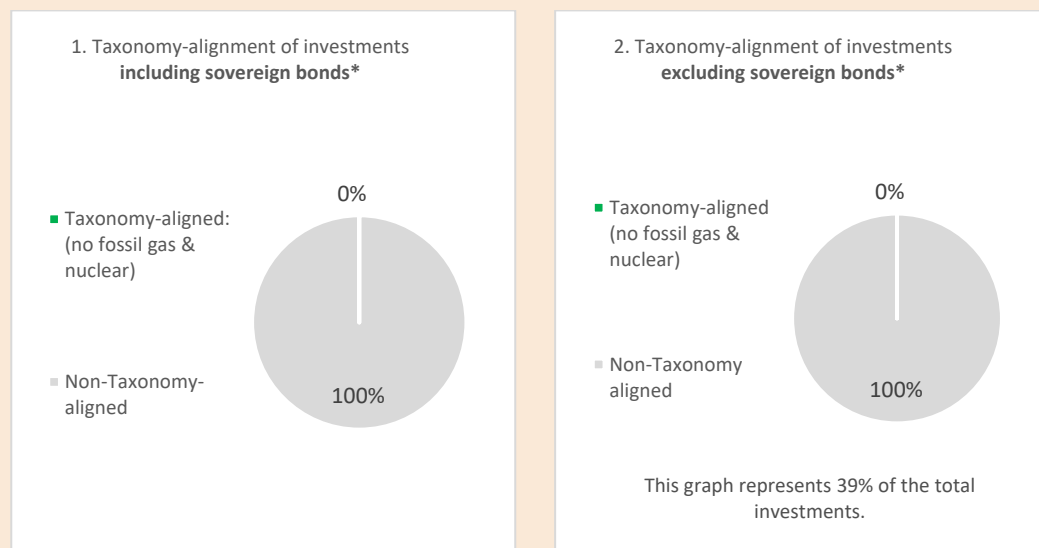
In nuclear energy

☒

No

<sup>4</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.

**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

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

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

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





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

The Fund will invest in investment grade bonds issued by sovereigns, quasi-sovereigns, securitized and corporate issuers. The Fund may also invest in cash, fixed income derivatives such as future contracts and also FX derivatives such as FX forwards. Fixed income derivatives may be used to maintain or manage exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling transferable securities. The Fund will not generate synthetic short positions for investment purposes using financial derivatives. Given the nature of derivative investments, no minimum environmental or social safeguards can be applied. For cash holdings, no cash is held with banks which are on ILIM’s exclusion list.



## **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?**

The Index has been designated as a referenced benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics promoted by the Fund. The Fund follows a passive management strategy and aims to deliver returns in line with the Index. The Index is created by the benchmark provider, Bloomberg MSCI, and is designed to promote the environmental and/or social characteristics of the Fund.

**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?**

The Index is created by Bloomberg-MSCI and is designed to promote the environmental and/or social characteristics of the Fund. It is a rules-based benchmark which integrates ESG data to ensure the reference benchmark is continuously aligned with the environmental and/or social characteristics promoted by the Fund. Through the passive management strategy of the Fund, the Fund mimics the constituent weights of the Index.

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

The Fund follows a passive management strategy and aims to track the performance of the Index. As a result, the investment strategy of the Fund is aligned with the methodology of the Index on a continuous basis

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

The designated index is based on the constituents of the broad market index. Through a rules-based methodology applied by the benchmark provider to the broad market index, the designated index incorporates environmental and/or social characteristics by integrating ESG data. The broad market index, Bloomberg

Global Aggregate ex MBS Index, does not consider the promotion of environmental and/or social characteristics and is weighted based on market capitalisation. The designated index is based on the constituents of the broad market index.

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

The methodology pertaining to the reference benchmark is available at the below website link:

<https://assets.bwbx.io/documents/users/iqjWHBFdfxIU/rrrK1gzvHLI0/v0>



**Where can I find more product specific information online?**

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

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