

## KBI GLOBAL SMALL CAP EQUITY FUND

### SUPPLEMENT 12 DATED 12<sup>th</sup> June, 2024 to the Prospectus issued for KBI Funds ICAV

This Supplement contains information relating to the KBI Global Small Cap Equity Fund (the "Fund"), a Fund of KBI Funds ICAV (the "ICAV"). The ICAV is an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between Funds, registered and authorised by the Central Bank to carry on business as an ICAV pursuant to Part 2 of the Act. The ICAV has been authorised by the Central Bank 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 4<sup>th</sup> April, 2024 (the "Prospectus") which immediately precedes this Supplement and is incorporated herein.**

The other existing Funds of the ICAV, details of which are set out in relevant Supplements are KBI Water Fund, KBI Global Energy Transition Fund, KBI GESS Fund, KBI Emerging Markets Equity Fund, KBI Eurozone Equity Fund, KBI Global Equity Fund, KBI Developed Equity Fund, KBI 50/50 Global/Eurozone Equity Fund, KBI North America Equity Fund, KBI ACWI Equity Fund, KBI Integris Global Equity Fund, KBI Global Sustainable Infrastructure Fund, KBI Eco Water Fund (ICAV), KBI Diversified Growth Fund and KBI Circular Economy Fund.

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. **An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

#### 1. Interpretation

The expressions below shall have the following meanings:

"Business Day" means every day, other than a Saturday or Sunday, which are bank business days in Ireland and the U.S. and in such other market or markets to which the Fund has, in the reasonable opinion of the Investment Manager, a substantial exposure or such other day or days as the Directors may determine and notify in advance to Shareholders.

"Dealing Day" means every Business Day or such other day or days as may be determined by the Directors and notified in advance to Shareholders provided that there shall be at least one dealing day per fortnight.

"Dealing Deadline"	means 11 a.m. Irish time on the relevant Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders.
"Index"	means the MSCI Global Small Cap Index that captures small cap representation across developed market countries worldwide. With 4,177 constituents, the Index covers approximately 14% of the free float-adjusted market capitalization in each country.  As at the date of this Prospectus, the administrator of the Index, namely MSCI appears on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.
"Initial Offer Period"	means the initial offer period for the relevant Shares Class as set out in Section 6 of this Supplement.
"Initial Price"	means the initial offer price for the relevant Share Class as set out in Section 6 of this Supplement.
"Valuation Point"	means close of business in the relevant market on the relevant Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided, always, that the Dealing Deadline falls before the Valuation Point.

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

## **2. Classes of Shares**

The following Share Classes are being offered in the Fund:

US Dollar Class A, US Dollar Class A (Distributing), US Dollar Class B, US Dollar Class B (Distributing), US Dollar Class C, US Dollar Class C (Distributing), US Dollar Class D, US Dollar Class D (Distributing), US Dollar Class E, US Dollar Class E (Distributing), Sterling Class A, Sterling Class A (Distributing), Sterling Class B, Sterling Class B (Distributing), Sterling Class C, Sterling Class C (Distributing), Sterling Class D, Sterling Class D (Distributing), Sterling Class E, Sterling Class E (Distributing), Euro Class A, Euro Class A (Distributing), Euro Class B, Euro Class B (Distributing), Euro Class C, Euro Class C (Distributing), Euro Class D, Euro Class D (Distributing), Euro Class E, Euro Class E (Distributing), Euro Class F, Euro Class F (Distributing), Euro Class G, Euro Class G (Distributing), Euro Class H, Euro Class H (Distributing), Euro Class I, Euro Class I (Distributing), Canadian Dollar Class A, Canadian Dollar Class A (Distributing), Canadian Dollar Class B, Canadian Dollar Class B (Distributing), Canadian Dollar Class C, Canadian Dollar Class C (Distributing), Canadian Dollar Class D, Canadian Dollar Class D (Distributing), Swiss Franc Class A, Swiss Franc Class A (Distributing), Swiss Franc Class B, Swiss Franc Class B (Distributing), Swiss Franc Class C, Swiss Franc Class C (Distributing), Swiss Franc Class D, Swiss Franc Class D (Distributing) Shares, Czech Koruna Class A and Czech Koruna Class B.

### **3. Base Currency**

Euro.

### **4. Investment Objective**

The Fund's investment objective is to outperform the Index and to achieve long-term growth by investing in a portfolio of small cap equity and equity-related securities of companies located in developed markets.

### **5. Investment Policy**

In pursuit of its investment objective, the Fund will invest primarily, either directly or indirectly (through investment in underlying collective investment schemes), in small cap equity and equity-related securities (including, but not limited to, warrants, convertibles, rights which are issued by a company to allow holders to subscribe for additional securities issued by that company, ADRs and GDRs) listed or traded on Recognised Exchanges in developed markets.

The Fund may invest, from time to time, up to 10% of net assets in UCITS and alternative investment funds (which fall within the requirements set out in the Central Bank's guidance), which have an investment policy in line with the investment policy of the Fund. Such UCITS will be domiciled in the EU and such alternative investment funds will be domiciled worldwide.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, the Fund's assets may be held in money market instruments, including but not limited to certificates of deposit, floating rate notes and commercial paper listed or traded on Recognised Exchanges, and in cash deposits denominated in such currency or currencies as the Directors may determine having consulted with the Investment Manager.

The Fund is considered to be actively managed in reference to the Index by virtue of the fact that it seeks to outperform the Index and it uses the Index as a universe from which to select securities. The majority of the Fund's securities may be components of and may have similar weightings to the Index, however the Investment Manager will use its discretion to invest in securities or sectors not included in the Index in order to take advantage of investment opportunities. The investment strategy will restrict the extent to which the Fund's holdings may deviate from the Index which may be limited. This is likely to influence the extent to which the Fund can outperform the Index.

#### *Investment Strategy*

The Investment Manager believes that dividends and profits are highly correlated and that there is a rich source of alpha (risk-adjusted return in excess of the benchmark) in higher dividend paying companies that is broadly ignored by many investors. Part of this alpha source is the inefficiency with which the market continually under-prices the earnings potential of higher dividend paying companies while, at the same time, overpaying for growth. In pursuing the investment objective, the Investment Manager employs a systematic, disciplined methodology that builds on this theme by isolating small cap stocks in global developed markets with above

average dividend yields and using their sustainability analysis to screen out those stocks that do not intentionally pay out high sustainable levels of dividend but may have a high yield due to price decline reasons. The Investment Manager then applies an asset allocation overlay that is broadly neutral on an industry group and region basis. This methodology is intended to prevent the portfolio from carrying too much exposure to those sectors characterized by high dividend paying companies (e.g. utilities, real estate companies and diversified financial companies such as brokers and asset management companies as well as stock exchange and consumer finance companies) and thus, avoids one of the drawbacks (i.e., overweighting in particular industries) of traditional high dividend funds.

#### *Environmental, Social and Governance Factors*

The Fund promotes environmental and social characteristics in a way that meets the criteria contained in Article 8 of SFDR. The environmental and social characteristics promoted by the product are reductions in harm to the environment and climate arising from the emissions of greenhouse gases and better corporate practices that contribute to a more just society. Further information in relation to the environmental and social characteristics promoted by the Fund is set out in the Annex attached to this Supplement.

#### *Efficient Portfolio Management and Financial Derivative Instruments*

The Fund may employ (subject to the conditions and within the limits laid down by the Central Bank) techniques and instruments relating to transferable securities, comprising forward foreign exchange contracts, futures and swaps for efficient portfolio management purposes. The Fund may employ techniques and instruments intended to provide protection against exchange rate risks in the context of the management of its assets and liabilities.

Efficient portfolio management transactions referred to above may be entered into by the Investment Manager with one of the following aims a) a reduction of risk, or b) a reduction of cost with no increase or a minimal increase in risk.

The Fund may, subject to the conditions and limits laid down by the Central Bank, enter stocklending, repurchase agreements and reverse repurchase agreements for the purpose of generating additional capital or income with no, or an acceptably low level of risk (relative to the expected return).

The Fund may, subject to the conditions and limits set out in the Central Bank UCITS Regulations, enter into futures contracts on equity securities and currencies. The Fund may use the foregoing techniques for efficient portfolio management and to hedge against changes in (i) exchange rates, (ii) securities prices.

Forward currency contracts may, subject to the conditions and limits laid down by the Central Bank, be used in order to hedge currency exposures of the Fund in accordance with the requirements of the Central Bank. Such currency exposure will arise where the assets in which the Fund invests are denominated in a different currency than the Base Currency of the Fund.

The Fund may enter into foreign exchange swap agreements with respect to currencies. The Fund may use these techniques to protect against changes in currency exchange rates.

In respect of currencies, the Fund may utilise foreign exchange swap contracts where the Fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or currencies at a floating rate of exchange for currencies at a fixed rate of exchange. These contracts allow the Fund to manage its exposures to currencies in which it holds investment. For these instruments the Fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

The Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to financial derivative instruments shall not exceed 100% of the Net Asset Value of the Fund and will be measured using the commitment approach.

## **6. Offer**

The Initial Offer Period in respect of US Dollar Class A, US Dollar Class A (Distributing), US Dollar Class B, US Dollar Class B (Distributing), US Dollar Class C, US Dollar Class C (Distributing), US Dollar Class D, US Dollar Class D (Distributing), US Dollar Class E, US Dollar Class E (Distributing), Sterling Class A, Sterling Class A (Distributing), Sterling Class B, Sterling Class B (Distributing), Sterling Class C, Sterling Class C (Distributing), Sterling Class D, Sterling Class D (Distributing), Sterling Class E, Sterling Class E (Distributing), Euro Class A (Distributing), Euro Class B, Euro Class B (Distributing), Euro Class C, Euro Class C (Distributing), Euro Class D, Euro Class D (Distributing), Euro Class E, Euro Class E (Distributing), Euro Class F, Euro Class F (Distributing), Euro Class G, Euro Class G (Distributing), Euro Class H, Euro Class H (Distributing), Euro Class I, Euro Class I (Distributing), Canadian Dollar Class A, Canadian Dollar Class A (Distributing), Canadian Dollar Class B, Canadian Dollar Class B (Distributing), Canadian Dollar Class C, Canadian Dollar Class C (Distributing), Canadian Dollar Class D, Canadian Dollar Class D (Distributing), Swiss Franc Class A, Swiss Franc Class A (Distributing), Swiss Franc Class B, Swiss Franc Class B (Distributing), Swiss Franc Class C, Swiss Franc Class C (Distributing), Swiss Franc Class D and Swiss Franc Class D (Distributing) Shares shall continue to run from 9 a.m. on the first Business Day following the date of this Supplement until 5 p.m. on 31<sup>st</sup> December, 2021.

The Initial Offer Period in respect of Czech Koruna Class A and Czech Koruna Class B will run from 9a.m. on the first Business Day following the date of this Supplement until 12<sup>th</sup> December, 2024.

During the Initial Offer Period for each Share Class, Shares shall be offered at the Initial Price for the relevant Class as set out below and subject to acceptance of applications for Shares by the ICAV and will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period. The Initial Offer Period for the relevant Share Class may be shortened or extended by the Directors. The Central Bank will be notified of any such extension. Following the Initial Offer Period for the relevant Share Class, Shares in the Fund will be issued at the Net Asset Value per Share of the relevant Class.

The Initial Price shall be US\$10 in the case of US Dollar Share Classes, Stg£10 in the case of Sterling Share Classes, Euro10 in the case of Euro Share Classes, CAD\$10 in the case of Canadian Dollar Share Classes, CHF10 in the case of Swiss Franc Share Classes and CZK10 in the case of Czech Koruna Share Classes.

Euro Class A Shares are available at the Net Asset Value of Euro Class A on the relevant Dealing Day.

## **7. Minimum Subscription and Minimum Transaction Size**

The Minimum Subscription in respect of each Shareholder is €10,000 (or currency equivalent). There is no minimum subsequent subscription amount.

The Minimum Holding in respect of each Shareholder is €10,000 (or currency equivalent).

The ICAV may compulsorily redeem the Shares of any Shareholder who holds less than the Minimum Holding except where such breach of the Minimum Holding results from a depreciation in the value of that Shareholder's holding.

The Directors have the right at their discretion to waive these restrictions at any time, provided that Shareholders in the same position in the same Class shall be treated equally and fairly.

## **8. Application for Shares**

Applications for Shares may be made through the Administrator or Paying Agent. Applications accepted by the Administrator or Paying Agent on behalf of the Fund and received by the Administrator or Paying Agent prior to the Dealing Deadline for any Dealing Day will be dealt with on that Dealing Day. The Paying Agent is responsible for forwarding applications for Shares it receives to the Administrator. Any applications received after the Dealing Deadline for a particular Dealing Day will be dealt with on the following Dealing Day unless in exceptional circumstances the ICAV in its absolute discretion otherwise determines to accept one or more applications received within one hour after the Dealing 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 Account Opening Form obtained from the Administrator or Paying Agent. Subsequent purchases of Shares following the initial subscription may be made to the Administrator or Paying Agent by way of written communication or such other means and should contain such information as may be specified from time to time by the Directors or their delegate. Applications should be accompanied by such other documentation as the Directors or their delegate may from time to time specify or request. 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*

Fractions of Shares may be issued to four decimal places provided, however, that fractional shares shall not carry any voting rights.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by wire or electronic transfer to the bank account specified in the Account Opening Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the ICAV. 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 the currency of denomination of the relevant Share Class. However, the ICAV may accept payment in such other currencies as the ICAV may agree at the prevailing exchange rate quoted by the relevant Distributor or Paying Agent. 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 3 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 together with an administration fee of Euro 100, which is payable to the Fund. The ICAV may waive either of such charges in whole or in part. 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.

### *Confirmation of Ownership*

Written confirmation of ownership of Shares will be sent to Shareholders within 48 hours of the purchase being made. Title to Shares will be evidenced by the entering of the investor's on the ICAV's register of Shareholders and no certificates will be issued.

## **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Distributor or Paying Agent by way of written communication or such other means and should include such information as may be specified, from time to time by the Directors or their delegate. The Distributor or Paying Agent is responsible for forwarding redemption requests to the Administrator. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be dealt with on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be dealt with on the next Dealing Day unless in exceptional circumstances the ICAV in its absolute

discretion determines otherwise. Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Account Opening Form or as subsequently notified in writing to the Distributor or Paying Agent for onward transmission to the Administrator.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Distributor or Paying Agent (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Subject to receipt of all required documentation by the Administrator, redemption proceeds in respect of Shares will be paid within 3 Business Days of the relevant Dealing Deadline or such other period as the Directors or their delegate may determine, provided that the redemption proceeds will be paid within 10 Business Days of the relevant Dealing Deadline.

#### *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 Redemption*

All the Shares of the Fund may be compulsorily redeemed in the circumstances described in the Prospectus under the heading "Compulsory Redemption of Shares".

## **10. Conversion of Shares**

Subject to the Minimum Subscription and minimum transaction requirements of the relevant Fund or Classes, Shareholders may convert 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 formula specified in the Prospectus under the heading "Conversion of Shares".

Applications for conversion of Shares should be made to the Distributor or Paying Agent by way of written communication or such other means and should include such information as may be specified from time to time by the Directors or their delegate. The Distributor or Paying Agent is responsible for forwarding conversion requests to the Administrator. Requests for conversion should be received prior to the earlier of the Dealing Deadline for redemptions in the Fund from which conversion is requested and the Dealing Deadline for subscriptions in the Fund into which conversion is requested. Any applications received after such time will be dealt with on the next



Dealing Day which is a dealing day for the relevant Funds, unless in exceptional circumstances the ICAV in its absolute discretion otherwise determines. Conversion requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the Fund, fractions of Shares may be issued to four decimal places provided, however, that fractional shares shall not carry any voting rights.

#### *Withdrawal of Conversion Requests*

Conversion requests may not be withdrawn save with the written consent of the ICAV or its authorised agent or in the event of a suspension of calculation of the Net Asset Value of the Funds in respect of which the conversion request was made.

### **11. 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.

### **12. Fees and Expenses**

The Fund shall bear (i) the fees and expenses relating to the establishment of the Fund which shall not exceed €10,000 and which may be amortised over the first five Accounting Periods of the Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair; and (ii) its attributable portion of the fees and operating expenses of the ICAV.

The fees and operating expenses of the ICAV are set out in detail under the heading "Fees and Expenses" in the Prospectus.

#### *Manager's Fees*

The Manager shall be entitled to receive out of the assets of the Fund an annual fee at a rate not to exceed 0.015% of the Net Asset Value of each relevant Class of the Fund (plus VAT if any thereon), subject to the Minimum Annual Management Fee, further information in relation to which is detailed in the "Fees and Expenses" section of the Prospectus under the sub-section titled "Manager's Fee".

#### *Investment Manager's Fees*

The Investment Manager shall be entitled to receive out of the assets of the Fund an annual fee of up to 2.5% per annum of the Net Asset Value of the Fund (plus VAT, if any). Within this

maximum permitted limit, the Investment Manager's fees may differ between Classes of the Fund as outlined below in the section headed Class Specific Fee Rates.

#### *Administrator's Fees*

The Administrator shall be entitled to receive out of the assets of the Fund an annual fee at a rate not to exceed 0.10% of the Net Asset Value of each relevant Class (plus VAT if any thereon). Minimum fees may apply depending on Fund value and will be payable by the Fund.

#### *Depository's Fees*

The Depository shall be entitled to receive out of the assets of the Fund an annual fee at a rate not to exceed 0.10% of the Net Asset Value of each relevant Class (plus VAT if any thereon). Minimum fees may apply depending on Fund value and will be payable by the Fund.

#### *Distribution Fee*

The Investment Manager shall also be entitled to receive for its own use and benefit a distribution fee of up to 1% per annum of the Net Asset Value of the Fund (plus VAT, if any). Within this maximum permitted limit, the distribution fee may differ between Classes of the Fund as outlined below in the section headed Class Specific Fee Rates.

#### *Initial Charge*

The Shares shall be subject to an initial charge not to exceed 5% of the Net Asset Value per Share purchased by Shareholders. Within this maximum permitted limit, the initial charge may differ between Classes of the Fund as outlined below in the section headed Class Specific Fee Rates. Any such initial charge will be payable directly to the Distributor or Paying Agent as the case may be for its absolute use and benefit.

Shares in each Class may be subject to an initial charge in the circumstances set out on page 70 of the Prospectus under the heading "Abusive Trading Practices/Market Timing".

#### *Redemption Fee*

Except as set out on page 70 of the Prospectus under the heading "Abusive Trading Practices/Market Timing", the Shares shall not be subject to a redemption fee.

#### *Conversion Fee*

No conversion fee will apply.

#### *Swing Pricing*

In order to prevent a dilution effect as a result of costs related to investments and/or divestment of assets being borne by the Fund, the Directors have determined that a "swing pricing adjustment" will be applied which will result in the Net Asset Value per Share to be adjusted

upwards or downwards by the swing factor disclosed below where the Net Capital Activity exceeds, as a consequence of the aggregate transactions in the Fund on a Dealing Day, a threshold agreed by the Manager and the ICAV.

The swing factor shall not exceed 0.25% of the Net Asset Value of the Fund. For the purposes of calculating the fees and expenses of the Fund, the Administrator will continue to use the un-swung Net Asset Value.

Further information is set out in the section of the Prospectus entitled “**Swing Pricing**”.

*Class Specific Fee Rates*

The Investment Manager’s investment management fee and distribution fee and the initial charge differ from Class to Class as outlined below.

<b>Class of Share</b>	<b>Currency</b>	<b>Investment Manager's Fee</b>	<b>Initial Charge</b>	<b>Distribution Fee</b>
US Dollar Class A	Dollar	Up to 1.50% per annum of Net Asset Value attributable to US Dollar Class A	Not applicable	Not applicable
US Dollar Class A (Distributing)	Dollar	Up to 1.50% per annum of Net Asset Value attributable to US Dollar Class A (Distributing)	Not applicable	Not applicable
US Dollar Class B	Dollar	Up to 0.75% per annum of Net Asset Value attributable to US Dollar Class B	Not applicable	Not applicable
US Dollar Class B (Distributing)	Dollar	Up to 0.75% per annum of Net Asset Value attributable to US Dollar Class B (Distributing)	Not applicable	Not applicable
US Dollar Class C	Dollar	Up to 2.0% per annum of Net Asset Value attributable to US Dollar Class C	Not applicable	Not applicable
US Dollar Class C (Distributing)	Dollar	Up to 2.0% per annum of Net Asset Value attributable to US Dollar Class C (Distributing)	Not applicable	Not applicable
US Dollar Class D	Dollar	0% per annum of Net Asset Value attributable to US Dollar Class D	Not applicable	Not applicable

<b>Class of Share</b>	<b>Currency</b>	<b>Investment Manager's Fee</b>	<b>Initial Charge</b>	<b>Distribution Fee</b>
US Dollar Class D (Distributing)	Dollar	0% per annum of Net Asset Value attributable to US Dollar Class D (Distributing)	Not applicable	Not applicable
US Dollar Class E	Dollar	Up to 1.0% per annum of Net Asset Value attributable to US Dollar Class E	Not applicable	Not applicable
US Dollar Class E (Distributing)	Dollar	Up to 1.0% per annum of Net Asset Value attributable to US Dollar Class E (Distributing)	Not applicable	Not applicable
Sterling Class A	Sterling	Up to 0.75% per annum of Net Asset Value attributable to Sterling Class A	Not applicable	Not applicable
Sterling Class A (Distributing)	Sterling	Up to 0.75% per annum of Net Asset Value attributable to Sterling Class A (Distributing)	Not applicable	Not applicable
Sterling Class B	Sterling	Up to 1.5% per annum of Net Asset Value attributable to Sterling Class B	Not applicable	Not applicable
Sterling Class B (Distributing)	Sterling	Up to 1.5% per annum of Net Asset Value attributable to Sterling Class B (Distributing)	Not applicable	Not applicable
Sterling Class C	Sterling	Up to 0.5% per annum of Net Asset Value attributable to Sterling Class C	Not applicable	Not applicable
Sterling Class C (Distributing)	Sterling	Up to 0.5% per annum of Net Asset Value attributable to Sterling Class C (Distributing)	Not applicable	Not applicable
Sterling Class D	Sterling	0% per annum of Net Asset Value attributable to Sterling Class D	Not applicable	Not applicable
Sterling Class D (Distributing)	Sterling	0% per annum of Net Asset Value attributable to Sterling Class D (Distributing)	Not applicable	Not applicable

<b>Class of Share</b>	<b>Currency</b>	<b>Investment Manager's Fee</b>	<b>Initial Charge</b>	<b>Distribution Fee</b>
Sterling Class E	Sterling	Up to 1.0% per annum of Net Asset Value attributable to Sterling Class E	Not applicable	Not applicable
Sterling Class E (Distributing)	Sterling	Up to 1.0% per annum of Net Asset Value attributable to Sterling Class E (Distributing)	Not applicable	Not applicable
Euro Class A	Euro	0% per annum of Net Asset Value attributable to Euro Class A	Not applicable	Not applicable
Euro Class A (Distributing)	Euro	0% per annum of Net Asset Value attributable to Euro Class A (Distributing)	Not applicable	Not applicable
Euro Class B	Euro	Up to 0.375% per annum of Net Asset Value attributable to Euro Class B	Not applicable	Not applicable
Euro Class B (Distributing)	Euro	Up to 0.375% per annum of Net Asset Value attributable to Euro Class B (Distributing)	Not applicable	Not applicable
Euro Class C	Euro	Up to 0.50% per annum of Net Asset Value attributable to Euro Class C	Not applicable	Not applicable
Euro Class C (Distributing)	Euro	Up to 0.50% per annum of Net Asset Value attributable to Euro Class C (Distributing)	Not applicable	Not applicable
Euro Class D	Euro	Up to 0.75% per annum of Net Asset Value attributable to Euro Class D	Not applicable	Not applicable
Euro Class D (Distributing)	Euro	Up to 0.75% per annum of Net Asset Value attributable to Euro Class D (Distributing)	Not applicable	Not applicable
Euro Class E	Euro	Up to 1.0% per annum of Net Asset Value attributable to Euro Class E	Not applicable	Not applicable
Euro Class E (Distributing)	Euro	Up to 1.0% per annum of Net Asset Value attributable to Euro Class E (Distributing)	Not applicable	Not applicable

<b>Class of Share</b>	<b>Currency</b>	<b>Investment Manager's Fee</b>	<b>Initial Charge</b>	<b>Distribution Fee</b>
Euro Class F	Euro	Up to 1.50% per annum of Net Asset Value attributable to Euro Class F	Not applicable	Not applicable
Euro Class F (Distributing)	Euro	Up to 1.50% per annum of Net Asset Value attributable to Euro Class F (Distributing)	Not applicable	Not applicable
Euro Class G	Euro	Up to 2.00% per annum of Net Asset Value attributable to Euro Class G	Not applicable	Not applicable
Euro Class G (Distributing)	Euro	Up to 2.00% per annum of Net Asset Value attributable to Euro Class G (Distributing)	Not applicable	Not applicable
Euro Class H	Euro	Up to 0.60% per annum of Net Asset Value attributable to Euro Class H	Not applicable	Not applicable
Euro Class H (Distributing)	Euro	Up to 0.60% per annum of Net Asset Value attributable to Euro Class H (Distributing)	Not applicable	Not applicable
Euro Class I	Euro	Up to 1.50% per annum of Net Asset Value attributable to Euro Class I	Up to 5%	Not applicable
Euro Class I (Distributing)	Euro	Up to 1.50% per annum of Net Asset Value attributable to Euro Class I (Distributing)	Up to 5%	Not applicable
Canadian Dollar Class A	Canadian Dollar	Up to 0.75% per annum of Net Asset Value attributable to Canadian Dollar Class A	Not applicable	Not applicable
Canadian Dollar Class A (Distributing)	Canadian Dollar	Up to 0.75% per annum of Net Asset Value attributable to Canadian Dollar Class A (Distributing)	Not applicable	Not applicable
Canadian Dollar Class B	Canadian Dollar	Up to 1.5% per annum of Net Asset Value attributable to Canadian Dollar Class B	Not applicable	Not applicable
Canadian Dollar Class B (Distributing)	Canadian Dollar	Up to 1.5% per annum of Net Asset Value	Not applicable	Not applicable

<b>Class of Share</b>	<b>Currency</b>	<b>Investment Manager's Fee</b>	<b>Initial Charge</b>	<b>Distribution Fee</b>
		attributable to Canadian Dollar Class B (Distributing)		
Canadian Dollar Class C	Canadian Dollar	Up to 2.0% per annum of Net Asset Value attributable to Canadian Dollar Class C	Not applicable	Not applicable
Canadian Dollar Class C (Distributing)	Canadian Dollar	Up to 2.0% per annum of Net Asset Value attributable to Canadian Dollar Class C (Distributing)	Not applicable	Not applicable
Canadian Dollar Class D	Canadian Dollar	0% per annum of Net Asset Value attributable to Canadian Dollar Class D	Not applicable	Not applicable
Canadian Dollar Class D (Distributing)	Canadian Dollar	0% per annum of Net Asset Value attributable to Canadian Dollar Class D (Distributing)	Not applicable	Not applicable
Swiss Franc Class A	Swiss Franc	Up to 0.75% per annum of Net Asset Value attributable to Swiss Franc Class A	Not applicable	Not applicable
Swiss Franc Class A (Distributing)	Swiss Franc	Up to 0.75% per annum of Net Asset Value attributable to Swiss Franc Class A (Distributing)	Not applicable	Not applicable
Swiss Franc Class B	Swiss Franc	Up to 1.5% per annum of Net Asset Value attributable to Swiss Franc Class B	Not applicable	Not applicable
Swiss Franc Class B (Distributing)	Swiss Franc	Up to 1.5% per annum of Net Asset Value attributable to Swiss Franc Class B (Distributing)	Not applicable	Not applicable
Swiss Franc Class C	Swiss Franc	Up to 2.0% per annum of Net Asset Value attributable to Swiss Franc Class C	Not applicable	Not applicable
Swiss Franc Class C (Distributing)	Swiss Franc	Up to 2.0% per annum of Net Asset Value attributable to Swiss Franc Class C (Distributing)	Not applicable	Not applicable

<b>Class of Share</b>	<b>Currency</b>	<b>Investment Manager's Fee</b>	<b>Initial Charge</b>	<b>Distribution Fee</b>
Swiss Franc Class D	Swiss Franc	0% per annum of Net Asset Value attributable to Swiss Franc Class D	Not applicable	Not applicable
Swiss Franc Class D (Distributing)	Swiss Franc	0% per annum of Net Asset Value attributable to Swiss Franc Class D (Distributing)	Not applicable	Not applicable
Czech Koruna Class A	Czech Koruna	1.8% per annum of the Net Asset Value attributable to Czech Koruna Class A	5%	Not applicable
Czech Koruna Class B	Czech Koruna	Up to 2% per annum of the Net Asset Value attributable to Czech Koruna Class B	5%	Not applicable

In the case of US Dollar Class A (Distributing), US Dollar Class B (Distributing), US Dollar Class C (Distributing), US Dollar Class D (Distributing), US Dollar Class E (Distributing), Sterling Class A (Distributing), Sterling Class B (Distributing), Sterling Class C (Distributing), Sterling Class D (Distributing), Sterling Class E (Distributing), Euro Class A (Distributing), Euro Class B (Distributing), Euro Class C (Distributing), Euro Class D (Distributing), Euro Class E (Distributing), Euro Class F (Distributing), Euro Class G (Distributing), Euro Class H (Distributing), Euro Class I (Distributing), Canadian Dollar Class A (Distributing), Canadian Dollar Class B (Distributing), Canadian Dollar Class C (Distributing), Canadian Dollar Class D (Distributing) Shares, Swiss Franc Class A (Distributing), Swiss Franc Class B (Distributing), Swiss Franc Class C (Distributing) and Swiss Franc Class D (Distributing), management fees, investment management fees and recurring expenses, or a portion thereof, will be charged against the capital of the relevant Class in such manner as the Directors may from time to time decide. Shareholders should note that capital of the relevant Class may be eroded and income shall be achieved by foregoing the potential for future capital growth. Thus, on redemptions of holdings Shareholders of the relevant Class may not receive back the full amount invested. The policy of charging management fees, investment management fees and recurring expenses, or a portion thereof, to capital seeks to maximise distributions but it will also have the effect of lowering the capital value of your investment and constraining the potential for future capital growth.

In respect of all other Share Classes of the Fund, recurring expenses (excluding management and investment management fees) will be charged to capital in such manner as the Directors may from time to time decide. Shareholders of accumulating Share Classes should note that capital of the relevant Class may be temporarily eroded as a result of this charging method. Upon redemptions of holdings, Shareholders in accumulating Share Classes receive both capital and income, accordingly, while they may not receive back the full amount of capital invested, the overall redemption amount is unaffected. The policy of charging recurring expenses, or a portion thereof, to capital in respect of accumulating Share Classes will have the effect of temporarily increasing the income element of your investment but it will also have the effect of lowering the capital value of your investment, until such time as income is capitalised (which is currently every six months).



### 13. Dividends and Distributions

With the exception of US Dollar Class A (Distributing), US Dollar Class B (Distributing), US Dollar Class C (Distributing), US Dollar Class D (Distributing), US Dollar Class E (Distributing), Sterling Class A (Distributing), Sterling Class B (Distributing) Sterling Class C (Distributing), Sterling Class D (Distributing), Sterling Class E (Distributing), Euro Class A (Distributing), Euro Class B (Distributing), Euro Class C (Distributing), Euro Class D (Distributing), Euro Class E (Distributing), Euro Class F (Distributing), Euro Class G (Distributing), Euro Class H (Distributing), Euro Class I (Distributing), Canadian Dollar Class A (Distributing), Canadian Dollar Class B (Distributing), Canadian Dollar Class C (Distributing), Canadian Dollar Class D (Distributing), Swiss Franc Class A (Distributing), Swiss Franc Class B (Distributing), Swiss Franc Class C (Distributing) and Swiss Franc Class D (Distributing) Shares, all Share Classes are accumulating shares. The income and earnings and gains of the Fund, attributable to the accumulating Share Classes will be accumulated and reinvested on behalf of the relevant Shareholders.

The Directors may declare a dividend once a year (or more frequently at their discretion) out of the income available for distribution in relation to the US Dollar Class A (Distributing), US Dollar Class B (Distributing), US Dollar Class C (Distributing), US Dollar Class D (Distributing), US Dollar Class E (Distributing), Sterling Class A (Distributing), Sterling Class B (Distributing) Sterling Class C (Distributing), Sterling Class D (Distributing), Sterling Class E (Distributing), Euro Class A (Distributing), Euro Class B (Distributing), Euro Class C (Distributing), Euro Class D (Distributing), Euro Class E (Distributing), Euro Class F (Distributing), Euro Class G (Distributing), Euro Class H (Distributing), Euro Class I (Distributing), Canadian Dollar Class A (Distributing), Canadian Dollar Class B (Distributing), Canadian Dollar Class C (Distributing), Canadian Dollar Class D (Distributing), Swiss Franc Class A (Distributing), Swiss Franc Class B (Distributing), Swiss Franc Class C (Distributing) and Swiss Franc Class D (Distributing), (whether in the form of dividends, interest or otherwise), subject to certain adjustments. The Directors may also declare interim dividends on the same basis. Dividends will normally be paid on or before the date falling four months after the previous financial year end in respect of the amount available for distribution as at that previous financial year end. All distributing Share Classes shall rank for dividends as and from the beginning of the accounting period in which they were issued. If declared, dividends will be paid to holders of the relevant Share Class. Dividends will normally be paid by electronic or telegraphic transfer. All dividends unclaimed after a period of six years shall be forfeited and shall revert to the Fund and be attributed to the relevant Share Class. Dividends shall not bear interest against the Fund.

The ICAV will automatically re-invest any distribution entitlements in further Shares of the relevant Class of the Fund if distributions are less than US\$100 (or equivalent), £50 or €100 in value (depending on the relevant denomination of the Shares) unless the ICAV has received instructions in writing to the contrary from the relevant Shareholder.

It is the Directors' intention to treat Sterling Class A, Sterling Class A (Distributing), Sterling Class B, Sterling Class B (Distributing), Sterling Class C, Sterling Class C (Distributing), Sterling Class D, Sterling Class D (Distributing), Sterling Class E and Sterling Class E (Distributing) Shares as Reporting Shares once issued. Although the Directors will endeavour to ensure that all the unissued Shares listed above are approved by HM Revenue & Customs as Reporting Shares

and that the issued Shares continue to be so approved, it cannot be guaranteed that this result will be achieved or maintained at all times. The ICAV currently intends that all other Share Classes in this Fund will be Non-Reporting Shares, however, the ICAV cannot guarantee that this position will not change.

UK potential investors are advised to review the section headed “Additional Information for Investors in the United Kingdom” on page 134 of the Prospectus for more information.

## 14. Risk Factors

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

### *Sustainability Risks*

The Investment Manager has responsible investment and corporate responsibility as one of its founding pillars, based on the conviction that economic and financial actors have a greater responsibility towards sustainable society and that the Environmental, Social and Governance (“ESG”) characteristics of companies can be a long-term driver of financial performance.

The Investment Manager considers that, in addition to economic and financial aspects, the integration within the investment decision process of ESG dimensions, including sustainability factors and sustainability risks, allows a more comprehensive assessment of investment risks and opportunities. Accordingly, the management of sustainability risk forms an important part of the due diligence process implemented by the Investment Manager.

The integration of sustainability risk into the investment decision-making process of the Investment Manager is set out in detail under the heading “**Sustainability Risks**” in the Prospectus and is achieved mainly through the integration of ESG metrics as further described thereunder, into the investment decision making process which includes but is not limited to the integration of sustainability considerations and the management of sustainability risk.

Sustainability risks that may be deemed relevant to this Fund include but are not limited to greenhouse gas emissions, energy management, water and wastewater management, waste and hazardous materials management, product quality and safety, customer welfare, selling products and product labelling, product design and lifecycle management, supply chain management, material sourcing and efficiency.

Assessment of sustainability risks is complex and requires subjective judgements, which may be based on data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Investment Manager will correctly assess the impact of sustainability risks on the Fund’s investments.

The Investment Manager has determined that the sustainability risk (being the risk that the value of the Fund could be materially negatively impacted by an ESG Event) faced by the Fund is moderate.

Although the ESG practices of a company may influence its long-term value, there can be no guarantee regarding the performance of individual investments, nor on the returns of the Fund as a whole despite the integration of sustainability risks.

**15. Profile of a Typical Investor**

The Fund is suitable for investors seeking long-term investment returns, who are prepared to accept high volatility.

**16. German Tax requirement**

The Directors of the ICAV confirm that in line with the investment strategy and Fund profile, the Fund will invest continuously more than 51% in equities.

**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.

ANNEX

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** KBI Global Small Cap Equity Fund (the "product")

**Legal entity identifier:** 635400148FPOJI8KJD29

## Environmental and/or social characteristics

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

**Yes**

   **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>25%</b> of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



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

## What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the product are reductions in harm to the environment and climate arising from the emissions of greenhouse gases and better corporate practices that contribute to a more just society, by, for example, enhancing human capital or providing improved social opportunities to services such as finance, health care, and communications. While the product promotes carbon emission reduction and better corporate practices, investors should be aware that this product does not have reduction of carbon emissions as its objective within the meaning of Article 9(3) of SFDR.

The MSCI Global Small Cap Index (the “Index”) is used to compare the ESG performance of the product against the ESG performance of the Index. However, the investment strategy of the product is not continuously aligned with the index and the index is not used for the purpose of determining the attainment of the environmental and social characteristics promoted by the product. The Index is a broad market index and is not aligned with the environmental and social characteristics promoted by the product.

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

The Investment Manager monitors a range of sustainability indicators to measure the environmental and social characteristics of the product, including:

- The weighted average ESG rating of the portfolio, as determined by the use of ESG ratings of companies, supplied by an external data provider of ESG research and ratings.
- The carbon intensity of the portfolio measured by an external provider of carbon footprint measurement services.

### ● **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?**

This product will invest partially in sustainable investments.

The objectives of these sustainable investments are the reduction in harm to the environment and climate arising from the emissions of greenhouse gases and better corporate practices that contribute to a more just society by, for example, enhancing human capital or providing improved social opportunities to services such as finance, health care, and communications. The sustainable investments contribute to these objectives through the reduction in the carbon intensity of the portfolio and through the promotion of improved corporate practices that contribute to a more just society.

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

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The sustainable investments of the product are assessed to ensure that they do not cause significant harm to any environmental or social objective. This assessment makes use of Principal Adverse Impact Indicators (“PAI Indicators”), where applicable and where data is sufficiently available, and ensures that certain minimum standards are reached for each applicable PAI Indicator. The PAI Indicators relate to a number of potential negative impacts, including but not limited to greenhouse gas emissions, social and employee matters, respect for human rights, involvement with fossil fuels, gender balance on boards, whether a company is in breach of the Principles of the UN Global Compact, and anti-corruption and anti-bribery matters.

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

The indicators for adverse impacts on sustainability factors are taken into account by applying certain exclusion strategies aligned to the PAI Indicators and by monitoring the PAI Indicators in the following manner:

1. As explained above, the Investment Manager makes use of the PAI Indicators when ensuring that a sustainable investment does not cause significant harm to any environmental or social objective and the Investment Manager ensures that certain minimum standards are reached for each applicable PAI Indicator.
2. The product does not invest in any companies materially engaged in certain activities which, in the opinion of the Investment Manager, are associated with a particularly adverse impact on sustainability. These include but are not limited to companies involved in the manufacture of tobacco products, companies with any involvement in certain types of controversial weapons, and companies with a high degree of involvement in coal extraction or coal-fired electricity generation.
3. The Investment Manager engages with companies in which it invests on a range of issues, including engagement with companies which have high adverse impact (as measured by the PAI Indicators and by other factors), with a view to influencing the company to change its activities in a manner which will reduce the adverse impact.

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

The product does not invest in any company which violates, repeatedly and seriously, one or more of the ten principles of the UN Global Compact. To implement this, the Investment Manager uses data from data providers which rely on international conventions such as the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, as sources of data to determine risk exposure of companies’ geographies of operation and business segments.

Sustainable investments align with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

through the use of environmental and UNGC (UN Global Compact) controversies screening as an indication for alignment with OECD guidelines / UN guiding principles along with other tools including ESG scores and research as part of the investment process.

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

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

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



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

- Yes  
 No

This product considers principal adverse impacts on sustainability factors. This is done in a number of ways.

1. A minimum proportion of the investments held in this product must be sustainable investments. In determining whether an investment is a sustainable investment, the PAI Indicators of the investment are considered, and where the adverse impact is considered to be excessive, in the judgement of the Investment Manager, based on whether the adverse impact breaches certain thresholds set by the Investment Manager, such investments are not deemed to be sustainable investments.
2. The Investment Manager’s decision on whether to make an investment in a company, and the size of that investment, takes into account a wide range of PAI Indicators relating to the social, environmental and governance characteristics of that company, including the adverse impact that the company is having on sustainability.
3. The product does not invest in any companies materially engaged in certain activities which, in the opinion of the Investment Manager, are associated with a particularly adverse impact on sustainability. These include but are not limited to companies involved in the manufacture of tobacco products, companies with any involvement in certain types of controversial weapons, and companies with a high degree of involvement in coal extraction or coal-fired electricity generation.
4. The Investment Manager engages with companies in which it invests on a range of issues, including engagement with companies which have high adverse impact, with a view to influencing the company to change its activities in a manner which will reduce the adverse impact.

The product’s annual financial statements will disclose how principal adverse

impacts have been considered on sustainability factors.



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

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

## What investment strategy does this financial product follow?

Please see response in the next section below.

- ***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 integrates an analysis of companies' ESG performance into its investment analysis and investment decisions. Companies are rated on an AAA-CCC scale relative to the standards and performance of their industry peers, which is then translated into an ESG score. The Investment Manager gets a single ESG score for all stocks for which scores are available from MSCI ESG Research (the "Data Provider"), each of these stocks receiving a score of between 0 and 10, with the highest scoring company receiving a 10. The Investment Manager favours higher score stocks where possible and its aim is for the portfolio to have an equal or higher weighted ESG score than its comparable benchmark.

The portfolio construction process excludes holdings deemed inconsistent with the Investment Manager's Responsible Investment Policy or that are involved with certain controversial sectors, as determined by the Investment Manager's Responsible Investing Committee. Further, the product cannot invest in companies which are involved in certain activities including tobacco manufacturing, coal extraction and coal-fired electricity generation, in excess of certain thresholds. Full details of the exclusions and thresholds can be found at the link below under the question "Where can I find more product specific information online".

The product is managed with the aim of progressively reducing net carbon emissions of investee companies and of eventually reaching net zero emissions by 2050.

The product also seeks to have a carbon intensity level lower than the Index. The Investment Manager monitors the carbon intensity of companies in which the product invests. Carbon intensity is a measure of greenhouse gas emissions, in tonnes, relative to the revenue of the company or portfolio. The Investment Manager obtains carbon intensity data from the Data Provider.

**While the product promotes carbon emission reduction and better corporate practices, investors should be aware that this product does not have reduction of carbon emissions as its objective within the meaning of Article 9(3) of SFDR. Further, the investment strategy of the product is not continuously aligned with the Index and the Index is not used for the purpose of determining the attainment of the environmental and social characteristics promoted by the product. The Index is a broad market index and is not aligned with the environmental and social characteristics promoted by the product.**



- ***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.

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

The Investment Manager assesses the governance practices and governance performance of all companies in which the product invests. This assessment is based on (i) the Investment Manager's own research and knowledge of the company based on its direct interactions with companies and its analysis of the financial statements and related materials of companies; and/or (ii) information including specialised governance information and ratings from at least one external data provider, in order to satisfy itself that the relevant issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

When assessing the governance practices of investee companies, the Investment Manager (and/or its data provider, as applicable), has regard to a range of issues including but not limited to:

- Corporate governance: the impact that a company's ownership, board and other corporate governance practices (including the pay of senior management) have on investors.
- Corporate behaviour: the extent to which companies may face ethics issues such as fraud, executive misconduct, corruption, money laundering, or tax-related controversies.
- Staff remuneration: the extent to which pay of the CEO exceeds average pay per employee.
- Labour management: the relationship between management and labour.
- Tax compliance: a company's revenue-reporting transparency and involvement in tax controversies.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

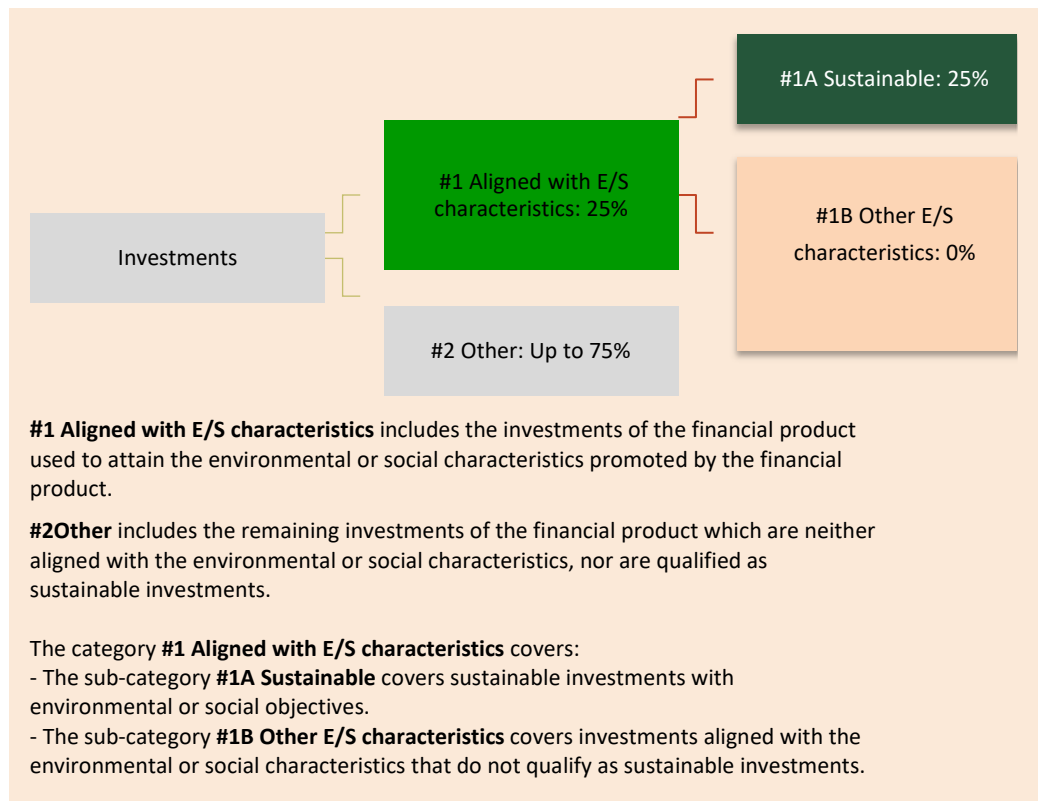
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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

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

A minimum of 25% of the investments of the product are used to meet the environmental and/or social characteristics promoted by the product in accordance with the binding elements of the investment strategy.

While the product does not have sustainable investing as its objective, the product seeks to invest a minimum of 25% of its assets in sustainable investments with an environmental and/or social objective.

The purpose of the remaining proportion of the investments, if any, that are not used to meet the environmental characteristics promoted by the product is investment growth, efficient portfolio management and/or to provide ancillary liquidity in accordance with the investment policy of the product. Minimum environmental and social safeguards continue to apply in the selection of these investments including ESG-related exclusions (more details on the Investment Manager's exclusions are included above).



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

Derivatives are not used to attain the environmental and social characteristics promoted by the product. As set out in the product's Supplement, derivatives may be used for the purpose of efficient portfolio management purposes.

**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.



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

As at the date hereof, it is expected that the minimum proportion of investments of the product in environmentally sustainable economic activities aligned with the EU Taxonomy shall be 0%. The Investment Manager will disclose the actual proportion of investments aligned with EU Taxonomy on an annual basis on its website and in the periodic reporting of the product.

In order to attain the environmental and social characteristics promoted by this product, the product invests in sustainable investments even though such investments do not meet all of the detailed criteria for “environmentally sustainable investments” within the meaning of Taxonomy Regulation.

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



Yes:

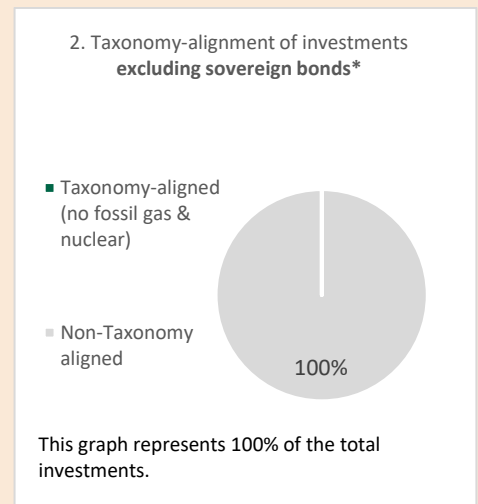
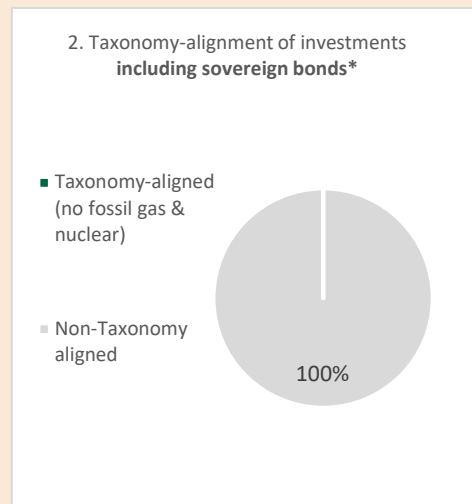
*In fossil gas*

*In nuclear energy*



No

*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



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 investments in transitional and enabling activities?**

The minimum share of investments in transitional activities is 0.0% of the product's assets.

The minimum share of investments in enabling activities is 0.0% of the product's assets.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The product commits to invest at least 25% of its assets in sustainable investments. Within this overall commitment, there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. This means that the proportion of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy will vary. Minimum percentages are subject to change and updates can be found on the website as referred to in the last question of this Annex.

In order to attain the environmental characteristics promoted by this product, the product invests in sustainable investments which contribute to specific environmental objectives. However, such investments do not meet all of the detailed criteria for "environmentally sustainable investments" within the meaning of the Taxonomy Regulation. Further information on the objectives of the sustainable investments held by the product is provided under the heading "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investments contribute to such objectives?".



**What is the minimum share of socially sustainable investments?**

The product commits to invest at least 25% of its assets in sustainable investments. Within this overall commitment, there is no minimum share of sustainable investments with specifically a social objective. This means that the proportion of sustainable investments with a social objective will vary. Minimum percentages are subject to change and updates can be found on the website as referred to in the last question of this Annex.



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

From time to time some investments may not be aligned with the Environmental or Social characteristics of the product. Examples include, but are not limited to, equity securities for the purpose of investment growth, instruments for efficient portfolio management and cash or cash equivalents to provide ancillary liquidity, in accordance with the investment policy of the product. Minimum environmental and social safeguards continue to apply in the selection of these investments including the exclusion of companies that violate, repeatedly and seriously, one or more of the ten principles of the UN Global Compact.



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

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

N/A

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

N/A

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

N/A

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

N/A

**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.kbiglobalinvestors.com/sfdr-icavproduct-info/kbscf/>