

## **Coho ESG US Large Cap Equity Fund**

### **Supplement to the Prospectus dated 22 July 2021 for Candoris ICAV**

This Supplement contains specific information in relation to the Coho ESG US Large Cap Equity Fund (the **Fund**), a sub-fund of Candoris ICAV (the **ICAV**) an umbrella type Irish collective asset-management vehicle with segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank.

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 22 July 2021 and the Addendum to the Prospectus dated 19 January 2023 (the Prospectus).** In the event of any inconsistency between the Prospectus and this Supplement, this Supplement shall prevail.

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

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

**Dated: 22 October 2024**

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## 1. INVESTMENT OBJECTIVE

The investment objective is to achieve a return greater than the overall US equity market as defined by the S&P 500 index by primarily investing in US large cap and midcap equities, while seeking to promote environmental, social, and governance (“ESG”) characteristics.

## 2. INVESTMENT POLICIES

The Fund intends to invest at least 80% of its Net Asset Value in equity securities, primarily common stock issued by companies which are either established in the US or which derive significant revenue and/or profits from the US. The Fund may invest in large cap companies which are companies that have a market capitalisation in excess of \$10 billion. The Fund may also invest in midcap companies which are companies that have a market capitalisation between \$3 billion and \$10 billion. It is expected that the Fund will predominantly invest in large cap companies. The Fund's investments undergo an ESG-related review to help to determine their potential eligibility for inclusion in the Fund's investable universe. ESG factors utilised in the review process reflect a variety of key sustainability issues and span a range of metrics.

The Investment Manager may also invest up to 20% of its Net Asset Value in equity related securities in circumstances where direct exposure to certain securities is uneconomic, impractical or not possible. Equity related securities include the following or similar types of securities: securities of issuers directly or indirectly in the form of Global depository receipts (GDRs), American depository receipts (ADRs), International depository receipts (IDRs), and European depository receipts (EDRs).

For defensive purposes, the Fund may keep up to 20% of its Net Asset Value in cash or cash equivalent instruments such as short-term government obligations and fixed income government bonds with a minimum rating of Aa+ (Moody's, Fitch, S&P). The Investment Manager uses its discretion as to when to invest in these asset classes, based on conditions in equity markets and will do so with the aim of reducing the effects of the volatility of equity markets on the Fund's portfolio and preserving the capital of the Fund.

The Fund may utilise foreign exchange futures, forwards and swaps with the aim of decreasing risk for the holders of Euro Institutional Hedged Shares by hedging the foreign currency risk associated with the Euro Institutional Hedged Class being designated in a currency other than the Base Currency. Using foreign exchange futures, forwards and swaps for hedging purposes will assist in managing the exposure of the holders of Euro Institutional Hedged Shares to currency risk and assist in mitigating NAV fluctuations in the Euro Institutional Hedged Class caused by fluctuations between Euro, the currency in which Euro Institutional Hedged Shares are designated and US Dollar, the Base Currency of the Fund.

The Fund may utilise foreign exchange futures, forwards and swaps with the aim of decreasing risk for the holders of GBP Hedged Institutional Class (Cap) Shares and GBP Hedged Distributing Class Shares by hedging the foreign currency risk associated with the GBP Hedged Institutional Class (Cap) and GBP Hedged Distributing Class being designated in a currency other than the Base Currency. Using foreign exchange futures, forwards and swaps for hedging purposes will assist in managing the exposure of the holders of GBP Hedged Institutional Class (Cap) Shares and GBP Hedged Distributing Class Shares to currency risk and assist in mitigating NAV fluctuations in the GBP Hedged Institutional Class (Cap) Shares and GBP Hedged Distributing Class Shares caused by fluctuations between Pound Sterling, the currency in which GBP Hedged Institutional Class (Cap) Shares and GBP Hedged Distributing Class Shares are designated and US Dollar, the Base Currency of the Fund.

The Fund's investments in equities and equity-related securities will be listed or traded on Markets, provided however that the Fund may invest up to 10% of Net Asset Value in such securities and/or other eligible ancillary liquid assets which are not listed or traded on Markets.

For the purposes of classifying the Fund as an equity fund under the German Investment Tax Act, the Fund continuously invests at least 51% of its Net Asset Value in the equity securities of large capitalisation companies.

### **Index**

The Fund is actively managed and the S & P 500 Index (the "**Index**") is used for performance measurement only. The Index is not used for asset allocation and the Fund's investment policy is not constrained by the extent to which the weightings in the portfolio differ to the Index and the Fund is not required to have any target with regard to tracking error. The Index is not used to define the portfolio composition of the Fund or as a performance target.

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of US equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index - each stock's weight is proportionate to its market value. The S&P 500 has not been designated as a reference benchmark for the Fund to determine the environmental and social characteristics being promoted.

### **Investment Strategy**

The Fund aims to achieve its objective through the investment process as described below.

The Investment Manager aims to promote environmental, social, and governance characteristics through the investment selection process as described below and such considerations are implemented on a continuous basis as part of this process.

The Investment Manager has selected the following seven relevant metrics as specific environmental and social characteristics promoted by the Fund:

- energy intensity per sales (MWh/1m USD sales);
- greenhouse gas intensity per Sales (mt/1m USD sales);
- Water Intensity per Sales (cbm/1m USD Sales);
- companies with supplier guidelines;
- companies with human rights policies;
- companies with 20% or more female directors; and
- companies with 75% or more independent directors.

Under normal market conditions, the Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of ESG Companies, as defined below. The Fund's investments in equity securities will primarily consist of common stocks. The Fund focuses its investments in dividend paying equity securities issued by larger capitalization ("**larger cap**") companies. The Fund generally considers a company to be a larger cap company if it has a market capitalization, at the time of purchase, over \$10 billion.

#### Sustainability indicators:

The Investment Manager applies a fully integrated approach to ESG research. The ESG process is anchored by four main pillars as follows:

- *Proprietary scores:* The Investment Manager's proprietary quantitative model provides a baseline assessment for each company. A wide range of metrics is reviewed, both numeric and policy based. Rate of change is considered an important driver of shareholder value; hence, there is a focus on multi-year trends.
- *Materiality maps:* The Investment Manager employs forward looking materiality-based qualitative assessments to supplement the backward-looking quantitative data.

- *Engagement:* The Investment Manager regularly engages with companies to refine inputs for its qualitative assessments. During these meetings, the Investment Manager advocates for positive progress on key ESG metrics and enhanced data disclosure.
- *Active ownership:* The Investment Manager believes thoughtful and responsible voting promotes board and management behaviours that should, over the long term, minimize risks for the underlying companies and translate into strong shareholder returns. The Investment Manager votes all proxies using its customized ESG proxy voting guidelines.

The Investment Manager begins with a screen of approximately 1,000 larger cap companies (“**large cap equity universe**”). Through a combination of quantitative and qualitative analyses, the Investment Manager further reduces the large cap equity universe to approximately 250 companies, which it believes have stable and predictable growth in earnings, revenues, and dividends. These companies are further screened to evaluate those prospective portfolio companies based on the promotion and following of ESG best practices. As part of this analysis, the Investment Manager uses an exclusionary approach to exclude companies in the tobacco, firearms, alcohol, military weapons, gambling, and mining industries. The Investment Manager’s evaluation of a particular company’s adherence to ESG best practices utilizes a proprietary quantitative process complemented with in-depth qualitative analysis. Industry-specific, material ESG value drivers are identified for each company based on the internally derived criteria and the Sustainability Accounting Standards Board (“**SASB**”) framework. Material ESG drivers are the most relevant and financially important ESG aspects of the company’s business model. These “drivers” can have a significant short or long-term impact on asset selection. An example of a material ESG value driver is improving access to healthcare for more people; however, for a manufacturing company, a material ESG value driver might be revenue derived from environmentally friendly products. The Investment Manager’s methodology determines what it believes the impact each of the drivers has on financial metrics such as revenue, margins and returns. These drivers serve as a tool to quantify a company’s ESG performance. The Investment Manager will review corporate sustainability reports, Carbon Disclosure Project scores, government databases, Bloomberg ESG analytics, MSCI ESG solutions, Glass Lewis reports, Institutional Shareholder Services Inc. (“**ISS**”) scores and conduct engagement with company management. The final step of the process incorporates a multi-factor scoring methodology and incorporates metrics from company financial filings, corporate responsibility reports and proxy disclosures.

Specific environmental factors evaluated by the Investment Manager include a company’s policy towards climate change, carbon emissions, air/water pollution and energy efficiency. The Investment Manager sources numerical data on metrics such as carbon emissions, water, waste, energy consumption, and policy-based information from company filings. The data is supplemented by qualitative analysis based on engagement with the company and third-party sources such as CDP, Bloomberg, and MSCI. The Investment Manager has selected these three environmental metrics as specific characteristics promoted by the Fund: (a) energy intensity per sales (MWh/1m USD sales); (b) greenhouse gas intensity per Sales (mt/1m USD sales); (c) Water Intensity per Sales (cbm/1m USD Sales).

From a social perspective, the Investment Manager reviews company labour standards, its community relations, and its human rights record and policies. The Investment Manager sources numerical data on metrics such as percent of women in the workforce, safety rates, community spending, and policies related to diversity, human rights, and supply chain from company filings. The information is supplemented by qualitative analysis based on company engagement and third-party sources such as MSCI, Bloomberg, and Glass Lewis. The Investment Manager has selected these two social metrics as specific characteristics promoted by the Fund: (a) companies with supplier guidelines; (b) companies with human rights policies.

In terms of governance, the Investment Manager incorporates an analysis of the company’s board composition, long-term sustainability incentives and transparency in disclosure. The Investment Manager also considers company’s leadership, audits and internal controls, compliance with laws and regulations, and shareholder rights. The Investment Manager has selected these two governance metrics as specific characteristics promoted by the Fund: (a) companies with 20% or more female directors; (b) companies with 75% or more independent directors.

The Investment Manager analyses these factors with a preference for positive and improving trends when considering individual stocks for purchase in the portfolio. The Investment Manager may supplement the internal research with data from third-party databases. Each third-party database will have its own custom ESG scoring methodology.

Both the quantitative and the qualitative processes focus on identifying and tracking the most relevant and/or material ESG factors for each industry and company. The result is an investable universe of companies that satisfy the Investment Manager's financial criteria and demonstrate a strong and/or improving commitment to ESG best practices ("**ESG Companies**"). Key characteristics are summarized below:

- *ESG driven* – securities in the portfolio have strong ESG characteristics; examples of ESG characteristics monitored at the company and portfolio level include Energy Intensity, GHG Intensity, Water Intensity, ESG Disclosure scores, Board Diversity, and Independence of the Board;
- *Stability* – low variability in earnings, revenues, and financial strength;
- *Growth* – absolute and relative growth in earnings, revenues, and dividends;
- *Profitability* – the ability to consistently generate revenues in excess of expenses and to minimize capital investment;
- *Quality* – balance sheet strength, management depth, integrity, and the ability to skillfully execute strategic objectives; and
- *Shareholder focus* – transparency of financials and operational strategy, capital allocation preferences, including dividends, buybacks, and acquisitions.

It is at this point that the Investment Manager utilizes a conservative, "bottom-up" approach, constructing and applying a dividend discount model to identify companies within this universe that possess reasonable valuations for inclusion in the Fund's investment portfolio. As an important component of its investment strategy, the Investment Manager also meets regularly with management of its portfolio and prospective portfolio companies, as well as their competitors, customers, and suppliers. Engagement and proactive dialogue on key ESG issues are also important aspects of the research process. The Investment Manager's portfolio construction process focuses on risk control and protecting principal in down markets, while capturing most of the upside performance. The Fund is generally comprised of 25 to 35 equity securities chosen because:

- They meet the Investment Manager's earnings and stability criteria, dividend and cash flow growth, and ESG practices;
- The Investment Manager has established comfort with the long-term qualitative aspects of the investments;
- The Investment Manager has talked with relevant management, competitors, customers and suppliers;
- The Investment Manager's dividend discount model reflects valuations that are compelling based on the expected rate of return estimates of the securities in the portfolio; and
- The Investment Manager objectively identifies and monitors material operating metrics, financial metrics, and sustainability metrics, which include stewardship and responsible use of resources to further social, economic and environmental good that it expects the companies to maintain or achieve at specific points in time.

The Fund falls within the scope of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**") through its promotion of environmental and social characteristics and does not have sustainable investment objectives or goals.

### ***Principal Adverse Impact Statement***

Taking due account of the nature, activities and investment policy of the Fund and the availability, or lack thereof, of Principal Adverse Impact (“**PAI**”) indicators data reported by companies in the investable universe or estimated by third-party data providers, neither the Manager nor the Investment Manager currently consider PAI indicators at the entity level as governed by Article 4(1)(b) of SFDR. The Investment Manager considers and, where appropriate, incorporates PAI indicators into its investment process at the product level, as governed by Article 7 of SFDR. The Manager and the Investment Manager consider this an appropriate and proportionate approach to compliance with their obligations under SFDR.

### ***Taxonomy Regulation (Regulation EU 2020/852) (the "EU Taxonomy")***

While the Fund falls within the scope of Article 8 of SFDR through its promotion of environmental and social characteristics, the Investment Manager does not currently intend to invest in economic activities that qualify as environmentally sustainable within the meaning of Article 3 of the Taxonomy Regulation and as a result the percentage of the Fund's investments that will be in economic activities that qualify as environmentally sustainable under the EU Taxonomy is 0%. The "do no significant harm" principle applies only to those investments underlying the Fund that take into account the EU Taxonomy's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU Taxonomy's criteria for environmentally sustainable economic activities.

**Pre-Contractual Disclosures in accordance with Commission Delegated Regulation of 6 April 2022 supplementing Regulation (EU) 2019/2088 ("SFDR Level II").**

**Further information can be found in the Fund's Pre-Contractual Disclosures Annex in accordance with SFDR Level II at Appendix 1.**

### **3. INVESTMENT MANAGER**

The ICAV and the Manager have appointed Coho Partners, Ltd (the "**Investment Manager**") whose registered office is 300 Berwyn Park, 801 Cassatt Road, Suite 100, Berwyn, PA 19312, United States of America, as investment manager to the Fund pursuant to an investment management agreement between the ICAV, the Manager and the Investment Manager dated 28 August 2017 (the "**Investment Management Agreement**"). The Investment Manager is authorised and regulated by the Securities and Exchange Commission and its main activity is providing investment management services. As of 31 December 2023, total combined assets including model advisement, discretionary, and non-discretionary were approximately \$7.5 billion.

The Investment Management Agreement provides that the appointment of the Investment Manager as investment manager will continue in force unless and until terminated by any party giving to the others 90 days' notice in writing although in certain circumstances the agreement may be terminated forthwith by notice in writing by any party to the others. Under this agreement, the Investment Manager shall not be liable to the ICAV or any Shareholders or otherwise for any error of judgement or loss suffered by the ICAV or any such Shareholder in connection with the Investment Management Agreement unless such loss arises from the negligence, fraud, bad faith, wilful default or wilful misfeasance in the performance or non-performance by the Investment Manager or persons designated by it of its obligations or duties under the agreement or breach of contract on the part of the Investment Manager or any of its agents or delegates or their agents.

### **4. ADVISORY AND MARKETING SUPPORT AGENT**

The ICAV and the Manager have appointed Candoris B.V. (the "**Advisory and Marketing Support Agent**") to: (i) provide advisory support services in respect of the Fund pursuant to the terms of an advisory agreement dated 28 August 2017 between the ICAV, the Manager and the Advisory and Marketing Support Agent; and (ii) provide marketing support services in respect of the Fund pursuant to the terms of a marketing support agreement dated 28 August 2017

between the ICAV, the Manager and the Advisory and Marketing Support Agent (together the **Advisory and Marketing Support Agreements**). In addition to assisting with client/investor relations, the Advisory and Marketing Support Agent will provide advice to the ICAV, the Manager and the Investment Manager regarding companies to exclude using ESG criteria in accordance with the guidelines for the observation and exclusion of companies set out under the heading "**Investment Strategy**" above.

## 5. **CONFLICTS OF INTEREST**

In addition to the details of the conflicts of interest with the ICAV set out in the Prospectus, at the date of this Supplement:

Dirk (Rick) van de Kamp and Martijn van Vliet are each Directors of the ICAV, and partners and directors of the Advisory and Marketing Support Agent.

## 6. **BORROWINGS**

In accordance with the general provisions set out in the Prospectus, the Fund may borrow up to 10% of its net assets on a temporary basis.

## 7. **LEVERAGE**

The Fund employs the commitment approach in measuring its global exposure. The leverage of the Fund arising from currency hedging transactions in respect of the Euro Institutional Hedged Class, GBP Hedged Institutional Class (Cap) and GBP Hedged Distributing Class will not exceed 100% of its net assets at any time. The Fund will not employ any leverage other than leverage arising on currency hedging transactions in respect of the Euro Institutional Hedged Class, GBP Hedged Institutional Class (Cap) and GBP Hedged Distributing Class. The global exposure of the Fund will be measured daily.

## 8. **INVESTMENT RESTRICTIONS**

The general investment restrictions set out under the heading "**Investment Restrictions**" in the Prospectus apply to the Fund.

In addition to the general investment restrictions set out in the Prospectus, the Fund will not invest in the equities of any companies that do not conform to the ESG criteria and which are included on a list of restricted companies maintained by the Fund. This list of restricted companies comprises those companies excluded for exposure to the tobacco, firearms, alcohol, military weapons, gambling, and mining industries as referred to in the "Investment Strategy" section of this Supplement. The Fund shall also not invest in those companies that have been included in the Norges Bank exclusion list. Additionally, the Fund also excludes companies subject to Paris-aligned Benchmark exclusion criteria including confirmed material UN Global Compact violations.

The Fund may not invest in other collective investment schemes. The Fund may not invest in any other sub-fund of the ICAV.

## 9. **RISK MANAGEMENT**

The Fund will employ the FDIs (which may be exchange-traded on Markets or OTC) listed above as provided for in the Fund's Risk Management Process, which has been cleared by the Central Bank. The Manager employs a Risk Management Process in respect of the Fund which enables it to accurately measure, monitor and manage the various risks associated with these FDIs. The ICAV will on request provide supplementary information to investors 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 main categories of investments in respect of the Fund.



## 10. HEDGING TRANSACTIONS

The Fund will seek to hedge the foreign currency exposure of the Euro Institutional Hedged Class which is denominated in Euro in order that investors in that Class receive a return in the currency of that Class substantially in line with the investment performance of the relevant Fund.

The Fund will seek to hedge the foreign currency exposure of the GBP Hedged Institutional Class (Cap) and GBP Hedged Distributing Class which are denominated in Pound Sterling in order that investors in those Classes receive a return in the currency of those Classes substantially in line with the investment performance of the relevant Fund.

There can be no assurance that such hedging transactions will be effective so far as the Euro Institutional Hedged Class, GBP Hedged Institutional Class (Cap) and GBP Hedged Distributing Class Shareholders are concerned. Further details of the allocation to the relevant Class of the gains/losses on and the costs of the relevant financial instruments relating to class specific hedging are included in the Prospectus under the heading "Hedged Share Classes". The ICAV will appoint a service provider (which may without limitation be the Depositary or an affiliate) to implement the share class currency hedging arrangements described in this Supplement on a non-discretionary basis. Fees payable to any such service provider shall be payable out of the assets of the Fund (attributable to the relevant Class) at normal commercial rates.

## 11. RISK FACTORS

The general risk factors set out under the heading **RISK FACTORS** section of the Prospectus apply to the Fund. These risk factors are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before making a subscription request for Shares. The investments of the Fund may be subject to market fluctuations, currency fluctuations, emerging markets risks, custody and settlement risks, registration risk and foreign exposure risk.

In addition, the following risk factors apply to the Fund:

### 11.1. General Risk

The net asset value of the Fund and investment return will fluctuate based upon changes in the value of its portfolio securities. The market value of a security may move up or down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. US and international markets have experienced, and may continue to experience, volatility, which may increase risks associated with an investment in the Fund. The market value of securities in which the Fund invests is based upon the market's perception of value and is not necessarily an objective measure of the securities' value. In some cases, for example, the stock prices of individual companies have been negatively affected even though there may be little or no apparent degradation in the financial condition or prospects of the issuers. Similarly, the debt markets have experienced substantially lower valuations, reduced liquidity, price volatility, credit downgrades, increased likelihood of default, and valuation difficulties. As a result of this significant volatility, many of the following risks associated with an investment in the Fund may be increased. Continuing market volatility may have adverse effects on the Fund.

### 11.2. Objective Risk

There can be no assurance that the Fund will achieve its investment objective. An investor should consider his personal tolerance for an investment based upon global equity securities before investing in the Fund.

### 11.3. Management Risk

The ability of the Fund to meet its investment objective is directly related to the Investment Manager's investment strategies for the Fund. The value of your investment in the Fund may vary with the effectiveness of the Investment Manager's research, analysis and asset allocation

among portfolio securities. If the Investment Manager's investment strategies do not produce the expected results, the value of your investment could be diminished or even lost entirely and the Fund could underperform against other funds with similar investment objectives.

#### **11.4. Concentration Risk**

The Fund may have a relatively high percentage of assets in a single or small number of issuers and may have fewer holdings than other funds. As a result, a decline in the value of an investment in a single issuer could cause the Fund's overall value to decline to a greater degree than if the Fund held a more diverse portfolio.

#### **11.5. Equities and Securities Risk**

As the Fund will invest primarily in equity securities, it may be more volatile than a fund that invests in fixed income securities but may also offer greater potential for growth. The value of the Fund's underlying investments may fluctuate in response to activities and results of individual companies, as well as in connection with general market conditions.

There is a risk that the stock price of one or more companies comprised within the assets of the Fund will fall or will fail to rise.

#### **11.6. Large Cap Company Risk**

The Fund's investments in larger, more established companies are subject to the risk that larger companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion. Larger, more established companies may be unable to respond quickly to new competitive challenges, such as changes in consumer tastes or innovative smaller competitors, potentially resulting in lower markets for their common stock.

#### **11.7. Mid-Cap Companies Risk**

The mid cap companies in which the Fund invests may not have the management experience, financial resources, product diversification and competitive strengths of large cap companies. Therefore, these securities may be more volatile and less liquid than the securities of larger, more established companies. Mid cap company stocks may also be bought and sold less often and in smaller amounts than larger company stocks. Because of this, if the Investment Manager wants to sell a large quantity of a mid-cap company stock, it may have to sell at a lower price than it might prefer, or it may have to sell in smaller than desired quantities over a period of time. Analysts and other investors may follow these companies less actively and therefore information about these companies may not be as readily available as that for large-cap companies.

#### **11.8. Settlement Risks**

The equity markets in different countries will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of a Fund are uninvested, and no return is earned thereon. The inability of the Fund to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result in either losses to a Fund due to subsequent declines in value of the portfolio security or, if it has entered into a contract to sell the security, it could result in a possible liability of it to the purchaser.

The United States moved from a T+2 to a T+1 settlement cycle as of the 28 May 2024. Separately, ESMA launched a consultation on the shortening of settlement cycles on 5 October 2023. T+1 settlement of securities trading will reduce post-trade processing time with the result that the Fund may be compelled to hold more cash for liquidity purposes and/or make increased use of contractual settlement arrangements subject to applicable limits on temporary borrowing arrangements for UCITS. The compression of liquidity and cash management processes for the trading of securities which settle on a T+1 basis may be challenging for cross-currency

transactions with a foreign exchange element and delays in confirmations of security purchases could cause significant knock-on effects to such transactions and may result in an increase in failed trades. Any increase in failed trades may in turn result in an increase in regulatory penalties payable by the Fund. Asymmetry in settlement times between the Fund and a particular securities market may lead to delays in trading by the Investment Manager and, in consequence, cash drag and/or opportunity costs to the Fund and subscribers for Shares should prices move unfavourably in the intervening period. The Fund seeks to mitigate against these risks by operating on a T+2 basis for subscription and redemption settlements.

#### 11.9. **Foreign Investment Risk**

As the Fund may invest in global equity securities, there is a risk of currency fluctuations, economic or financial insolvency, lack of timely or reliable financial information, possible imposition of foreign withholding taxes or unfavourable political, economic or legal developments.

#### 11.10. **Foreign Exchange Risk**

Changes in rates of exchange may have an adverse effect on the Net Asset Value of the Fund. In addition a change in foreign currency exchange rates may adversely affect cash flows or income from the Fund's US Dollar denominated investments. Foreign exchange investment strategies that may be employed to manage such risks might not be successful.

#### 11.11. **ADR Risk**

ADRs are generally subject to the same risks as the foreign securities because their values depend on the performance of the underlying foreign securities. ADRs may be purchased through "sponsored" or "unsponsored" facilities. A sponsored facility is established jointly by the issuer of the underlying security and a depository, whereas a depository may establish an unsponsored facility without participation by the issuer of the depository security. Holders of unsponsored ADRs generally bear all the costs of such ADRs, and the issuers of unsponsored ADRs frequently are under no obligation to distribute shareholder communications received from the company that issues the underlying foreign securities or to pass through voting rights to the holders of the ADRs. As a result, there may not be a correlation between such information and the market values of unsponsored ADRs.

#### 11.12. **Sustainability Risk**

Pursuant to the SFDR, the Manager in respect of the Fund is required to disclose the manner in which sustainability risks are integrated into the investment decision of the Funds and the results of the assessment of the likely impacts of sustainability risks on the returns of the Funds.

Such risks are principally linked to climate-related events resulting from climate change (the so-called physical risks) or to the society's response to climate change (the so-called transition risks), which may result in unanticipated losses that could affect the Funds' investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into sustainability risks.

The Investment Manager integrates sustainability risks into its investment decision making and risk monitoring of the Fund to the extent that they represent potential or actual material risks and/or opportunities to maximising the long-term risk-adjusted returns. Steps are taken by the Investment Manager to identify and assess sustainability risks as part of its decision making process. The Investment Manager's assessment is that the integration of sustainability risks into its processes should generally help to mitigate any potential material negative impact of such risks on the returns of the Fund, although there can be no assurance that all such risks will be mitigated in whole or in part, nor identified prior to the date of any investment.

#### 11.13. **General risks associated with ESG investing**

Use of ESG criteria by the Investment Manager to select investments for the Fund involves a degree of subjectivity on the part of the Investment Manager. There can be no assurance that the ESG criteria taken into account by the Investment Manager will result in the Fund's investments aligning with a Shareholder's specific values or beliefs. The ESG criteria may be amended at any time without prior notice being given to a Fund or its Shareholders.

The selection of investments based on the Investment Manager's ESG criteria may affect the Fund's ability to select, or maintain exposure to, certain investments. This may result in the performance of the Fund differing from a fund with a similar strategy that does not take ESG criteria into consideration.

#### 11.14. **Conflict of Interest Risk**

The ICAV and the Manager will rely on the Investment Manager in implementing its investment strategies. The Directors together with the Manager have determined the investment policies of the Fund as set out herein and the Investment Manager will monitor the performance of such investments on an on-going basis. Investors must rely on the judgement of the Directors and the Manager in determining to invest in the manner set out herein. The Investment Manager and its principals and affiliates will devote a portion of their business time to the ICAV's business. In addition, where valuations are provided by the Investment Manager there is a possible conflict of interest where their fees are based on or affected by the Net Asset Value of the Fund. Any conflicts of interest will be resolved fairly.

#### 11.15. **Default of Service Provider**

The Fund relies on services provided by a number of third parties. The bankruptcy or liquidation of any such third parties, including the Manager, the Investment Manager, the Administrator or the Depositary may have an adverse impact on the performance of the Fund and its Net Asset Value.

#### 11.16. **Limited Disposal Rights Risk**

There will be no secondary market for Shares of the Fund and transfers of Shares are only permitted to those persons who satisfy the criteria for permitted shareholders. Consequently, investors may be able to dispose of their Shares only by requesting the Fund to repurchase their Shares on a Dealing Day.

#### 11.17. **Taxation Risk**

A risk exists that the tax authorities in countries in which the Fund invests may, where relevant, not be prepared to permit persons in their jurisdictions to pay interest to the Fund (or its subsidiary if any is used) without the imposition of withholding tax in that foreign jurisdiction. Any such withholding tax will impinge upon the return payable by the Fund to investors.

#### 11.18. **Valuations of Net Asset Value Risk**

The valuation of the Fund's assets obtained for the purpose of calculating Net Asset Value may not be reflected in the prices at which such assets are sold. For details of the valuation of assets, please see the section in the Prospectus headed "**Valuation of Assets**".

#### 11.19. **Risks Arising from proposed Amendments to the UCITS Directive**

Directive (EU) 2024/927 of the European Parliament and of the Council (the "**Omnibus Amending Directive**") entered into force on 15 April 2024 and seeks to amend the UCITS Directive and also AIFMD (Directive 2011/61/EU), in particular, with respect to delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services, and loan origination activities. The Omnibus Amending Directive will need to be transposed by EU member states into their national law by 16 April 2026, at the latest, subject to the application of certain transitional provisions. The Fund and the Manager will be subject to certain requirements and restrictions under Omnibus Amending Directive, once transposed into

Irish law, which may have the potential to impact the operations of the Fund and the Manager, and which may require further amendments to the Instrument and/or the Prospectus.

## **12. DIVIDEND POLICY**

Under the Instrument, the Directors have the discretion to decide whether or not any distribution will be made from the income or capital gains of the ICAV in relation to any financial year and (if so) the amount to be distributed.

The Directors do not anticipate distributing dividends from net investment income in respect of the non-distributing Classes of Shares and accordingly, income and capital gains arising in respect of such Shares will be re-invested in the Fund and reflected in the Net Asset Value per Share of such Shares.

It is the current intention of the Directors to declare dividends in respect of the GBP Distributing Class and GBP Hedged Distributing Class only. Dividends shall be paid from net income (i.e., income less expenses).

Dividends will usually be declared annually on the last Business Day in January (or at a time and frequency to be determined at the discretion of the Directors following prior notification to the Shareholders) and will be distributed five Business Days later to the Shareholder of record as of the date of declaration of the dividend. Dividends will be automatically reinvested in additional Shares of the same Class of the relevant Fund unless the Shareholder has specifically elected on the application form or subsequently notified the Administrator in writing of its requirement to be paid in cash sufficiently in advance of the declaration of the next distribution payment.

Cash payments will be made by electronic transfer to the account of the Shareholder specified in the application form or, in the case of joint holders, to the name of the first Shareholder appearing on the register, within six (6) weeks of their declaration and in any event within four months of the year end. Any distribution which is unclaimed six (6) years from the date it became payable shall be forfeited and shall revert to the relevant Fund.

If the dividend policy of a Class should change, full details will be provided in an updated Supplement and Shareholders will be notified in advance of the change in policy.

## **13. PROFILE OF A TYPICAL INVESTOR**

The Fund is designed for retail and institutional investors seeking pooled exposure to the equity market, and who are comfortable with a higher level of investment risk. It is expected that the Fund will be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. Share prices will fluctuate and may fall in value. It is important to understand that the Fund should be viewed as a medium to long term investment.

## **14. KEY INFORMATION FOR BUYING AND SELLING**

### **Base Currency**

The Base Currency of the Fund is US Dollar.

### **Shares available for subscription**

Shares of the Fund are currently available for subscription in the following denominations:

- |    |           |               |
|----|-----------|---------------|
| 1. | US Dollar | Institutional |
| 2. | US Dollar | Retail        |
| 3. | Euro      | Retail        |

|    |      |                      |
|----|------|----------------------|
| 4. | Euro | Institutional Hedged |
| 5. | Euro | Institutional        |
| 6. | GBP  | Institutional Hedged |
| 7. | GBP  | Distributing         |
| 8. | GBP  | Hedged Distributing  |
| 9. | SEK  | Retail               |

#### **Minimum initial investment amount**

|                                       |                                                          |
|---------------------------------------|----------------------------------------------------------|
| US Dollar Institutional Class:        | US\$250,000 or equivalent in another acceptable currency |
| US Dollar Retail Class:               | US\$1 or equivalent in another acceptable currency       |
| Euro Retail Class:                    | €1 or equivalent in another acceptable currency          |
| Euro Institutional Hedged Class:      | €250,000 or equivalent in another acceptable currency    |
| Euro Institutional Class:             | €250,000 or equivalent in another acceptable currency    |
| GBP Hedged Institutional Class (Cap): | £250,000 or equivalent in another acceptable currency    |
| GBP Distributing Class:               | £250,000 or equivalent in another acceptable currency    |
| GBP Hedged Distributing Class:        | £250,000 or equivalent in another acceptable currency    |
| SEK (Acc) Retail Class:               | SEK 10 or equivalent in another acceptable currency      |

#### **Minimum additional investment amount**

|                                       |                                                      |
|---------------------------------------|------------------------------------------------------|
| US Dollar Institutional Class:        | US\$100 or equivalent in another acceptable currency |
| US Dollar Retail Class:               | US\$1 or equivalent in another acceptable currency   |
| Euro Retail Class:                    | €1 or equivalent in another acceptable currency      |
| Euro Institutional Hedged Class:      | €100 or equivalent in another acceptable currency    |
| Euro Institutional Class:             | €100 or equivalent in another acceptable currency    |
| GBP Hedged Institutional Class (Cap): | £100 or equivalent in another acceptable currency    |
| GBP Distributing Class:               | £100 or equivalent in another acceptable currency    |
| GBP Hedged Distributing Class:        | £100 or equivalent in another acceptable currency    |
| SEK (Acc) Retail Class:               | SEK 10 or equivalent in another acceptable currency  |

These minimum investment and minimum additional investment amounts may be reduced or waived at the discretion of the Directors, provided that Shareholders in the same Class shall be treated equally and fairly. The Directors will close the Initial Offer Period in accordance with the requirements of the Central Bank and the Fund will begin acquiring assets once the Fund has received €30 million in subscriptions, provided that the Directors may resolve to reduce this minimum amount in their absolute discretion.

#### **Minimum Fund Size**

If the Fund's assets fall below €20 million, the Directors may, at their absolute discretion, and following discussion with the Manager, resolve to terminate the Fund.

#### **Initial Offer Period**

As at the date of this Supplement, the US Dollar Institutional Class, the US Dollar Retail Class, the Euro Retail Class, the Euro Institutional Hedged Class, the Euro Institutional Class, the GBP Hedged Institutional Class (Cap), SEK (Acc) Retail Class, GBP Distributing Class and GBP Hedged Distributing Class have launched.

The Initial Offer Period of each Class of Shares may be extended or shortened as the Directors may determine in accordance with the requirements of the Central Bank.

#### **Initial Issue Price**

During the Initial Offer Period, the GBP Distributing Class and GBP Hedged Distributing Class will be available for subscription at £100.00 per Share and the SEK (Acc) Retail Class will be available for subscription at SEK 100.00 per Share (the "**Initial Issue Price**").

After the Initial Offer Period of each Class, such Class will be available for subscription at the Net Asset Value per Share.

#### **Business Day**

Any day (except Saturday or Sunday) on which the banks in Ireland and New York are open generally for business, or such other day as the Directors may, with the consent of the Depositary, determine and notify to Shareholders in advance.

#### **Dealing Day**

The Fund shall be open to dealing on every Business Day.

#### **Dealing Deadline**

In respect of a Dealing Day, the Dealing Deadline for Subscriptions and Redemptions is defined as 3:00 p.m. (Irish time) on the relevant Dealing Day or such other day or time as the Directors may determine provided it is prior to the relevant Valuation Point.

#### **Settlement Date**

Subscription monies must be received by and generally payment for Shares redeemed will normally be effected by the 2<sup>nd</sup> Business Day falling after the Dealing Day on which the redemption request was received, provided that the period must not exceed 10 calendar days from submission of a redemption request to payment of settlement proceeds. The ICAV may, at its absolute discretion, refuse to satisfy a redemption request or make any other payment to a Shareholder or at the direction of a Shareholder if such payment would result in a breach of the guidelines in operation from time to time in relation to the detection and prevention of money laundering. Redemption proceeds will be paid in the currency of the relevant Class.

#### **Valuation Point**

The Valuation Point shall be 11.00p.m. (Irish time) on the relevant Dealing Day, or such other time as the Directors may on an exceptional basis determine and notify in advance to Shareholders, provided that there shall always be a Valuation Point for each Dealing Day and the Valuation Point shall always be after the Dealing Deadline. This Supplement shall be updated in the event of a change of the Valuation Point.

#### **No Maximum Repurchase Amount on any Dealing Day**

The Directors shall not exercise their option to limit the number of Shares of the Fund which may be repurchased on any Dealing Day as provided for under the Prospectus such that the ICAV shall repurchase on any Dealing Day all the Shares that any Shareholders desire to have repurchased on such Dealing Day.

## 15. FEES AND EXPENSES

The fixed fees payable by the Fund are currently as set out below. The fees and out-of-pocket expenses of the Manager, the Investment Manager, the Advisory and Marketing Support Agent (in respect of the provision of marketing support services), the Administrator, the Depositary, the relevant portion of the Directors' fees payable by the ICAV which have been allocated to the Fund, administrative expenses of the Fund, sub-depositary fees (which shall be charged at normal commercial rates), the regulatory levy of the Fund, establishment costs, registration costs and Other Administrative Expenses as described under the heading "Fees and Expenses" in the Prospectus shall be discharged out of the Fixed TER specified below. For the avoidance of doubt, Extraordinary Expenses (as set out in the Prospectus) are not included in the Fixed TER.

The Fixed Management Fee covers the fees and out-of-pocket expenses of the Investment Manager and Advisory and Marketing Support Agent (in respect of the provision of advisory services). The other fees and expenses listed above will be paid out of the Fixed Service Fee.

In circumstances where the other fees and expenses accrued by the Fund, which are listed above as being paid out of the Fixed Service Fee, exceed the Fixed Service Fee set out below, those excess other fees and expenses shall be discharged from the Fixed Management Fee or Fixed Service Fee payable out of the assets of the Fund before it is paid to the Manager, Investment Manager and Advisory and Marketing Support Agent and the amount remaining for payment to such parties shall be reduced accordingly.

For the avoidance of doubt, the Fixed Management Fee and the Fixed Service Fee comprising the Fixed TER specified below are payable out of the assets of the Fund at the levels specified below in all cases, including for example where the fees and out-of-pocket costs and expenses of the Manager, Investment Manager and Advisory and Marketing Support Agent (in respect of the provision of advisory services) are less than the Fixed Management Fee and/or where the other fees, costs and expenses listed above as being paid out of the Fixed Service Fee are less than the Fixed Service Fee.

In no circumstances will fees and expenses be carried forward.

|                                             | <b>Fixed Management Fee</b> | <b>Fixed Service Fee</b> | <b>Fixed TER</b> |
|---------------------------------------------|-----------------------------|--------------------------|------------------|
| <b>USD Institutional</b>                    | 0.64% of NAV                | 0.15% of NAV             | 0.79% of NAV     |
| <b>USD Retail</b>                           | 1.25% of NAV                | 0.20% of NAV             | 1.45% of NAV     |
| <b>EUR Retail</b>                           | 0.64% of NAV                | 0.25% of NAV             | 0.89% of NAV     |
| <b>EUR Institutional Hedged</b>             | 0.64% of NAV                | 0.15% of NAV             | 0.79% of NAV     |
| <b>EUR Institutional</b>                    | 0.64% of NAV                | 0.15% of NAV             | 0.79% of NAV     |
| <b>GBP Hedged Institutional Class (Cap)</b> | 0.64% of NAV                | 0.15% of NAV             | 0.79% of NAV     |
| <b>GBP Distributing</b>                     | 0.64% of NAV                | 0.15% of NAV             | 0.79% of NAV     |
| <b>GBP Hedged Distributing</b>              | 0.64% of NAV                | 0.15% of NAV             | 0.79% of NAV     |
| <b>SEK (Acc) Retail Class</b>               | 1.50% of NAV                | 0.25% of NAV             | 1.75% of NAV     |

The Fixed Management Fee and Fixed Service Fee will accrue daily and are payable quarterly in arrears out of the assets of the Fund.



This section should be read in conjunction with the section entitled Fees and Expenses in the Prospectus.

Template 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: Coho ESG US Large Cap Equity Fund    Legal entity identifier: 635400D4RFO1TH1HS952

## Environmental and/or social characteristics

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

Yes
   No

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <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> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p> | <p><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>_10_%</b> of sustainable investments</p> <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 type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

The Fund aims to promote environmental and social characteristics in accordance with Article 8 of SFDR through its investment selection process. The Investment Manager defines environmental and social characteristics as those environmental, social or governance criteria that have a positive environmental and/or social impact.

The Investment Manager has a holistic approach to ESG analysis and integration. The Investment Manager has selected the following seven relevant metrics as specific environmental and social characteristics promoted by the Fund:

- energy intensity per sales (MWh/1m USD sales);
- greenhouse gas intensity per Sales (mt/1m USD sales);
- Water Intensity per Sales (cbm/1m USD Sales);
- companies with supplier guidelines;
- companies with human rights policies;
- companies with 20% or more female directors; and
- companies with 75% or more independent directors.

The Investment Manager supplements the internal research with data from third-party databases. Each third-party database will have its own custom ESG scoring methodology.

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

For the investment process, the Investment Manager applies a fully integrated approach to ESG research. ESG considerations are implemented on a continuous basis as part of the investment process. The ESG process is anchored by four main pillars as follows, which help indicate performance on sustainability:

- Proprietary scores: The Investment Manager's proprietary quantitative model provides a baseline assessment for each company. A wide range of metrics is reviewed, both numeric and policy based. Rate of change is considered an important driver of shareholder value; hence, there is a focus on multi-year trends.
- Materiality maps: The Investment Manager employs forward looking materiality-based qualitative assessments to supplement the backward-looking quantitative data.
- Engagement: The Investment Manager regularly engages with companies to refine inputs for its qualitative assessments. During these meetings, the Investment Manager advocates for positive progress on key ESG metrics and enhanced data disclosure.
- Active ownership: The Investment Manager believes thoughtful and responsible voting promotes board and management behaviour that should, over the long term, minimize risks for the underlying companies and translate into strong shareholder returns. The Investment Manager votes all proxies using its customized ESG proxy voting guidelines.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Investment Manager commits to invest at least 10% in “sustainable investments” as defined under SFDR. The Investment Manager does not take into account the EU Taxonomy criteria for environmentally sustainable economic activities as detailed in this Annex.

Consistent with the Investment Manager’s approach to ESG integration and research, the process of determining if individual investments qualify as sustainable investments involves both quantitative and qualitative assessments, with a focus on materiality, to provide a holistic evaluation of sustainability performance.

The Investment Manager determines a sustainable investment using the following three criteria:

- 1) an investment in an economic activity that contributes to the environmental objective;

(Specifically, for an investment to be considered sustainable, the Investment Manager requires investee companies to have committed to science-based emissions reduction targets recognized by the Science Based Targets initiative ("**SBTi**"). This contributes to the objective of reducing GHG emissions, considering the Paris Agreement goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The objective of reducing GHG emissions is explicitly listed in Article 2(17) of SFDR.

SBTi is a partnership between CDP, the United Nations Global Compact, the World Wildlife Fund for Nature and the World Resources Institute. SBTi seeks to define and promote best practice in emissions reductions and net-zero targets in line with climate science, and through its validation services arm, assesses and validates companies' net-zero or interim emissions reductions targets. The Investment Manager reviews the Science Based Targets Initiative website quarterly and downloads the target dashboard showing companies that have committed to SBTi. SBTi is currently one of the most commonly used frameworks to provide a clearly defined path for companies to reduce GHG emissions in line with the Paris Agreement goals. A UN High-Level Expert Group recommended the use of third-party verification to set net-zero climate targets and reduce total value-chain emissions, and explicitly mentioned SBTi as a verification body for this purpose.)

- 2) the investment does not significantly harm any environmental or social objective; and

(as described in the next section on "significant harm")

- 3) the investee companies follow good governance practices.

(as described in the section about "good governance practices")

***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 Investment Manager seeks to ensure that the sustainable investments in the financial product do no significant harm ("**DNSH**") to any environmental or social objectives. Sustainable investments must pass DNSH assessments as defined by the Investment Manager including the criteria below:

- Product impact using revenue-based exclusions for six sectors including alcohol, tobacco, gambling, mining, military weapons and firearms; Materiality is measured and applied at the company level, not at the industry/sector level. The following materiality thresholds are used: 5% for direct (producers) and 15% for indirect (distributors).
- The Norges Bank exclusion list;
- Paris-aligned Benchmark exclusion criteria including confirmed material UN Global Compact violations;
- PAI integration; and
- Controversy-based do no significant harm tests.

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

The Investment Manager uses the results of the company-level ESG-related DNSH due diligence to determine if an investee company qualifies as a sustainable investment and to make portfolio investment decisions, when required, in order to maintain the minimum stated proportion of sustainable investments.

Data for these DNSH assessments is primarily sourced from third-party research providers and accompanied by company disclosures when necessary. The Investment Team of the Investment Manager periodically reviews and discusses the data provided by third-party providers to ensure data quality and consistency, as well as to make additional assessments when necessary.

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

The Investment Manager integrates PAIs in the investment process, specifically as part of the DNSH assessment to determine if an investee company qualifies as a sustainable investment.

A proprietary framework is used to take into account adverse impacts related to all 14 mandatory PAI indicators as set out in Table 1 of Annex I under SFDR.

In order to provide a holistic evaluation of PAI indicators for determining sustainable investments, the following activities are performed by the Investment Manager for all 14 mandatory PAI indicators to determine whether significant harm is being caused:

- stock level data collection and analysis using a proprietary model for companies in the Investment Manager's large cap equity universe;
- quantitative and qualitative assessments for individual PAIs using thresholds, consistent with the Investment Manager's approach to ESG integration and research.

PAI 1: GHG Emissions, total GHG emissions including Scope 1, 2 and 3

PAI 2: Carbon Footprint

PAI 3: GHG Intensity of Investee Companies

PAI 4: Exposure to Companies in the Fossil Fuel Sector

PAI 5: Share of non-renewable energy consumption and production

PAI 6: Energy consumption intensity per high impact climate sector

PAI 7: Activities negatively affecting biodiversity-sensitive areas

PAI 8: Emissions to water

PAI 9: Hazardous waste and radioactive waste ratio

PAI 10: Violation of UN Global Compact Principles and OECD Guidelines for Multination Enterprises

PAI 11: Lack of Process and Compliance Mechanisms to Monitor Compliance with UN Global Compact and OECD Guidelines for Multinational Enterprise

PAI 12: Unadjusted gender pay gap

PAI 13: Board Gender Diversity

## PAI 14: Exposure to Controversial Weapons, Antipersonnel Mines, Cluster Munitions, Chemical Weapons, and Biological Weapons

Data is primarily sourced from third-party research providers and accompanied by company disclosures when necessary. When data availability and quality is not sufficient for one of the 14 mandatory PAI indicators, the Investment Manager engages with portfolio companies to close data gaps and actively votes to request increased disclosure. The Investment Manager also engages with its third-party research providers to request estimates of missing data. As the investment team incorporates data and estimates provided by third-party research providers, the output is reviewed regularly by the investment team to ensure data quality. Where appropriate, the Investment Manager uses proxy data fields in lieu of or in addition to Annex I PAI definitions in an attempt to fill data gaps. The Investment Manager's assessment approach, including any applicable potential exclusionary thresholds, for each PAI indicator may be adjusted over time as the availability and quality of reported or estimated data improves. The Investment Manager applies this general approach to the management of PAIs.

— — — *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 Investment Manager evaluates if investee companies have processes and compliance mechanisms to monitor compliance with global norms including those set out by the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, UN Global Compact (UNGC), and International Labour Organisation (ILO) Labor Standards. Aside from considering positive alignment with these global norms, the Investment Manager utilises third-party data providers to regularly monitor confirmed material violations of these global norms. In the consideration of sustainable investments, the Fund excludes any companies with confirmed material violations, unless the Investment Manager receives due diligence which evidences the violation occurred in the past, has been fully remediated by the company and there is limited risk that such violation will re-occur.



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

✘ Yes

The Investment Manager has chosen to consider the following 8 PAIs as set out in Table 1 of Annex I under SFDR at the portfolio level.

PAI 1: GHG Emissions, total GHG emissions including Scope 1, 2 and 3

PAI 2: Carbon Footprint

PAI 3: GHG Intensity of Investee Companies

PAI 4: Exposure to Companies in the Fossil Fuel Sector

PAI 10: Violation of UN Global Compact Principles and OECD Guidelines for Multination Enterprises

PAI 11: Lack of Process and Compliance Mechanisms to Monitor Compliance with UN Global Compact and OECD Guidelines for Multinational Enterprise

PAI 13: Board Gender Diversity

PAI 14: Exposure to Controversial Weapons, Antipersonnel Mines, Cluster Munitions, Chemical Weapons, and Biological Weapons

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

As described in the response to the section above entitled *'How have the indicators for adverse impacts on sustainability factors been taken into account?'*, the Investment Manager takes into account adverse impacts to determine whether significant harm is caused. In addition, the following activities are also performed in the process of considering PAIs at the portfolio level:

- engagement to mitigate adverse harm for PAI indicators;
- active voting by supporting shareholder proposals to mitigate adverse harm for PAI indicators;
- calculation of portfolio level PAI values; and
- portfolio level PAI analysis.

The Investment Manager has introduced procedures to mitigate potential adverse harm from the above indicators, including monitoring and engaging on weak performance and exercising voting rights accordingly. The focus is to improve any identified weak performance of individual PAI indicators for all companies owned in the portfolio.

The Investment Manager uses the results of stock-level assessments for individual PAIs along with portfolio-level PAI analysis to monitor ongoing ESG risks related to adverse impacts and to report to investors. The Investment Manager also actively engages with portfolio companies and actively votes to promote responsible and sustainable decision making by company management teams.

Details of the specific PAI consideration activities will be made available in the Fund's Periodic Reporting in Annex IV, as required by Article 11 under SFDR.

No

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

The Fund aims to achieve its objective through the following investment process.

The Investment Manager aims to promote environmental, social, and governance characteristics through the investment selection process as described below and such considerations are implemented on a continuous basis as part of this process. The Investment Manager applies a fully integrated approach to ESG research. The ESG process is anchored by four main pillars described above to help indicate performance on sustainability.

The Investment Manager begins with a screen of approximately 1,000 larger cap companies "large cap equity universe". Through a combination of quantitative and qualitative analyses, the Investment Manager further reduces the large cap equity universe to approximately 250 companies, which it believes have stable and predictable growth in earnings, revenues, and dividends. These companies are further screened to evaluate those prospective portfolio companies based on the promotion and following of ESG best practices. As part of this analysis, the Investment Manager uses an exclusionary approach to exclude companies in the tobacco, firearms, alcohol, military weapons, gambling, and mining industries. The Investment Manager's evaluation of a particular company's adherence to ESG best practices utilizes a proprietary quantitative process complemented with in-depth qualitative analysis. Industry-specific, material ESG value drivers are identified for each company based on the internally derived criteria and the Sustainability Accounting Standards Board ("**SASB**") framework. Material ESG drivers are the most relevant and financially important ESG aspects of the company's business model. These "drivers" can have a significant short or long-term impact on asset



selection. An example of a material ESG value driver is improving access to healthcare for more people; however, for a manufacturing company, a material ESG value driver might be revenue derived from environmentally friendly products. The Investment Manager's methodology determines what it believes the impact each of the drivers has on financial metrics such as revenue, margins and returns. These drivers serve as a tool to quantify a company's ESG performance.

The Investment Manager will review corporate sustainability reports, Carbon Disclosure Project scores, government databases, Bloomberg ESG analytics, MSCI ESG solutions, Glass Lewis reports, Institutional Shareholder Services Inc. ("ISS") scores, and conduct engagement with company management. The final step of the process incorporates a multi-factor scoring methodology and incorporates metrics from company financial filings, corporate responsibility reports and proxy disclosures.

Specific environmental factors evaluated by the Investment Manager include a company's policy towards climate change, carbon emissions, air/water pollution and energy efficiency. The Investment Manager sources numerical data on metrics such as carbon emissions, water, waste, energy consumption, and policy-based information from company filings. The data is supplemented by qualitative analysis based on engagement with the company and third-party sources such as CDP, Bloomberg, and MSCI. The Investment Manager has selected these three environmental metrics as specific characteristics promoted by the Fund: (a) energy intensity per sales (MWh/1m USD sales); (b) greenhouse gas intensity per Sales (mt/1m USD sales); (c) Water Intensity per Sales (cbm/1m USD Sales).

From a social perspective, the Investment Manager reviews company labour standards, its community relations, and its human rights record and policies. The Investment Manager sources numerical data on metrics such as percent of women in the workforce, safety rates, community spending, and policies related to diversity, human rights, and supply chain from company filings. The information is supplemented by qualitative analysis based on company engagement and third-party sources such as MSCI, Bloomberg, and Glass Lewis. The Investment Manager has selected these two social metrics as specific characteristics promoted by the Fund: (a) companies with supplier guidelines; (b) companies with human rights policies.

In terms of governance, the Investment Manager incorporates an analysis of the company's board composition, long-term sustainability incentives and transparency in disclosure. The Investment Manager also considers company's leadership, audits and internal controls, compliance with laws and regulations, and shareholder rights. The Investment Manager has selected these two governance metrics as specific characteristics promoted by the Fund: (a) companies with 20% or more female directors; (b) companies with 75% or more independent directors.

The Investment Manager analyses these factors with a preference for positive and improving trends when considering individual stocks for purchase in the portfolio. The Investment Manager may supplement the internal research with data from third-party databases. Each third-party database will have its own custom ESG scoring methodology.

Both the quantitative and the qualitative processes focus on identifying and tracking the most relevant and/or material ESG factors for each industry and company. The result is an investable universe of companies that satisfy the Investment Manager's financial criteria and demonstrate a strong and/or improving commitment to ESG best practices ("**ESG Companies**"). Key characteristics are summarized below:

- *ESG driven* – securities in the portfolio have strong ESG characteristics; examples of ESG characteristics monitored at the company and portfolio



level include Energy Intensity, GHG Intensity, Water Intensity, ESG Disclosure scores, Board Diversity, and Independence of the Board;

- *Stability* – low variability in earnings, revenues, and financial strength;
- *Growth* – absolute and relative growth in earnings, revenues, and dividends;
- *Profitability* – the ability to consistently generate revenues in excess of expenses and to minimize capital investment;
- *Quality* – balance sheet strength, management depth, integrity, and the ability to skilfully execute strategic objectives; and
- *Shareholder focus* – transparency of financials and operational strategy, capital allocation preferences, including dividends, buybacks, and acquisitions.

It is at this point that the Investment Manager utilizes a conservative, “bottom-up” approach, constructing and applying a dividend discount model to identify companies within this universe that possess reasonable valuations for inclusion in the Fund’s investment portfolio. As an important component of its investment strategy, the Investment Manager also meets regularly with management of its portfolio and prospective portfolio companies, as well as their competitors, customers, and suppliers. Engagement and proactive dialogue on key ESG issues are also important aspects of the research process. The Investment Manager’s portfolio construction process focuses on risk control and protecting principal in down markets, while capturing most of the upside performance. The Fund is generally comprised of 25 to 35 equity securities because:

- They meet the Investment Manager’s earnings and stability criteria, dividend and cash flow growth, and ESG practices;
- The Investment Manager has established comfort with the long-term qualitative aspects of the investments;
- The Investment Manager has talked with relevant management, competitors, customers and suppliers;
- The Investment Manager’s dividend discount model reflects valuations that are compelling based on the expected rate of return estimates of the securities in the portfolio; and
- The Investment Manager objectively identifies and monitors material operating metrics, financial metrics, and sustainability metrics, which include stewardship and responsible use of resources to further social, economic and environmental good that it expects the companies to maintain or achieve at specific points in time.

● ***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?***

While many factors may be considered in the assessment of any investment, the Fund shall be required to invest at least 80% of its NAV (plus any borrowings for investment purposes), under normal market conditions, in equity securities of ESG Companies (as defined in the Supplement under the heading "Investment Strategy"), namely, companies that satisfy the Investment Manager’s financial criteria and demonstrate a strong and/or improving commitment to ESG best practices. The Fund will seek to avoid

investing in companies which themselves or through entities such companies control, which produce or are involved in the following industries:

- Military weapons;
- Firearms;
- Mining;
- Tobacco;
- Alcohol; and
- Gambling.

In addition, the Investment Manager, with respect to the Fund, adheres to the Norges Bank Investment Management ESG exclusion list of companies. Securities will not be included in the Fund's portfolio if they are on the Norges Bank exclusion list of companies. The Norges Bank exclusion list is monitored on an ongoing basis by the Compliance Department of the Investment Manager. The Compliance Department completes periodic reviews of the new Norges Bank exclusion list against the previous Norges Bank exclusion list and provides any newly added companies to the Investment Team of the Investment Manager to confirm that the Fund has no exposure. In the unlikely event there was exposure, the Investment Manager would divest of the stock.

Additionally, the Fund also excludes companies subject to the Paris-aligned Benchmark exclusion criteria including confirmed material UN Global Compact violations.

The Compliance Department also receives advice from the Advisory and Marketing Support Agent regarding potential companies to exclude using ESG criteria, in accordance with the guidelines for the observation and exclusion of companies as set out above.

The Investment Manager is a signatory to the UN Principles for Responsible Investment ("UNPRI"), thereby undertaking to incorporate ESG issues into its analysis and decision-making processes in the investment area. The Investment Manager incorporates the principles of UNPRI in its evaluation of the environmental, social and governance considerations.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund does not have a committed minimum rate to reduce the scope of investments considered prior to the application of the investment strategy.

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

When analysing 'good governance' practices across the universe of potential investments, the Investment Manager considers several metrics in accordance with the Investment Manager's ESG assessment methodology, as described under the heading "*Investment Strategy*" in the Supplement.

In terms of governance, the Investment Manager incorporates an analysis of the investee company's leadership, board structure and composition, executive pay and incentive metrics including those related to sustainability, audits and internal controls, compliance with laws and regulations, and shareholder rights. The Investment Manager analyses these metrics with a preference for positive and improving trends when considering individual stocks for purchase in the portfolio.

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

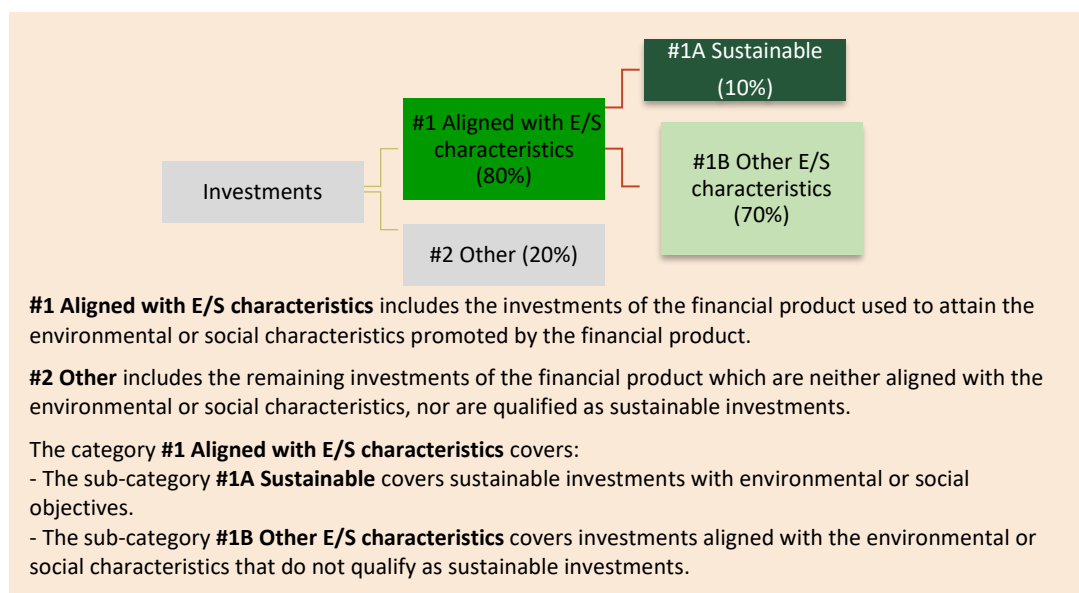
The Investment Manager actively engages with its investee companies on good governance practices during the due diligence process and on a regular basis upon inclusion in the Fund. As an important component of its investment strategy, the Investment Manager also meets regularly with management of its portfolio and prospective investee companies, as well as their competitors, customers, and suppliers. Engagement and proactive dialogue on key ESG issues are also important aspects of the research process.

ESG considerations are identified and implemented by the Fund's Investment Manager. The ICAV and the Manager have appointed an Advisory and Marketing Support Agent which provides non-discretionary advice on certain ESG considerations to the Investment Manager to support the assessment of 'good governance' practices.



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

The Fund invests at least 80% of its NAV, in normal market conditions, to investments in equity securities of ESG Companies. These investments can be categorised as "#1 Aligned with E/S characteristics". The Fund invests at least 10% of its NAV in sustainable investments with an environmental objective that is not aligned with the EU Taxonomy. The remaining investments in the Fund can be categorised as "#2 Other". Investments that might fall under "#2 Other" include cash or other cash equivalents and equity related securities, which include the following or similar types of securities: securities of issuers directly or indirectly in the form of Global depository receipts (GDRs), American depository receipts (ADRs), International depository receipts (IDRs), and European depository receipts (EDRs), and currency hedging instruments.



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

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

The Fund uses derivatives solely for currency hedging purposes and not to promote environmental or social characteristics.

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 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



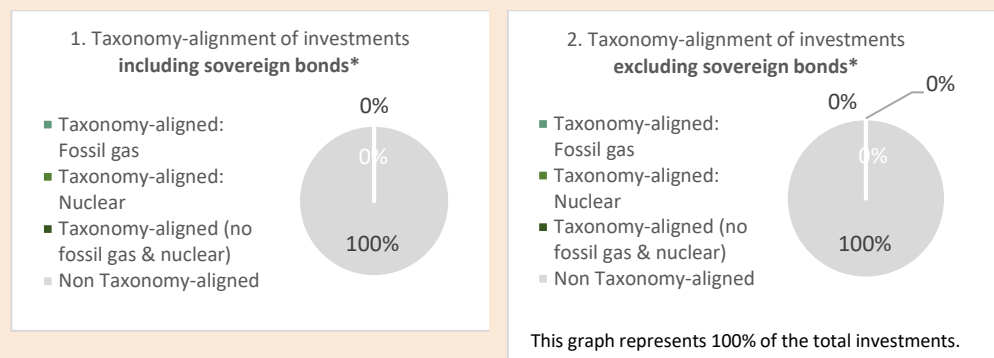
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not invest in sustainable investments with an environmental objective which are aligned with the EU Taxonomy. As a result, the percentage of the Fund's investments that will be in economic activities that qualify as environmentally sustainable under the EU Taxonomy is 0%.

### Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- Yes:
- In fossil gas  In nuclear energy
- No

*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

**What is the minimum share of investments in transitional and enabling activities?** The proportion of investments in environmentally sustainable economic activities is currently 0% of NAV, which comprises of 0% of NAV in transitional and 0% of NAV in enabling activities.



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

The Fund will have a minimum of 10% in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The

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



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Investment Manager does not take into account the EU Taxonomy criteria for environmentally sustainable economic activities.



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

The minimum share of socially sustainable investments is 0% of NAV.



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

Under #2 Other, and for defensive purposes, the Fund may keep up to 20% of its Net Asset Value in cash or cash equivalent instruments such as short-term government obligations and fixed income government bonds with a minimum rating of Aa+ (Moody's, Fitch, S&P). The Investment Manager may also invest up to 20% of its Net Asset Value in equity related securities in circumstances where direct exposure to certain securities is uneconomic, impractical or not possible. Equity related securities include the following or similar types of securities: securities of issuers directly or indirectly in the form of Global depository receipts (GDRs), American depository receipts (ADRs), International depository receipts (IDRs), and European depository receipts (EDRs), and currency hedging instruments.

The Investment Manager uses its discretion as to when to invest in these asset classes, based on conditions in equity markets and will do so with the aim of reducing the effects of the volatility of equity markets on the Fund's portfolio and preserving the capital of the Fund. Given the nature of such investments, there is no minimum environmental or social safeguards. Although the basic precondition used in the selection of the Fund's assets is the alignment to the E/S characteristics, there may be occasions when this is not the case.



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

**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?** An index has not been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***  
Not applicable, as above.
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
Not applicable, as above.
- ***How does the designated index differ from a relevant broad market index?***  
Not applicable, as above.
- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable, as above.



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

**More product-specific information can be found on the website:** Fund data, documents, supplemental information and contact information is available on <https://www.candoris.nl/fund-documents/>.