

(LF) FUND OF FUNDS – NEXT GEN FOCUS

This sub-fund promotes environmental and/or social (the “E/S”) characteristics and qualifies as financial product in accordance with article 8(1) of Regulation (EU) 2019/2088 (the “SFDR”)

Legal entity identifier: 213800VBMFPJQOJJ983

Summary

No sustainable investment objective

This financial product promotes E/S characteristics and while it does not have as its objective sustainable investment, it will invest a minimum of 25% of its net assets aligned with the E/S characteristics promoted by the Sub-Fund in sustainable investments, as defined under SFDR. Of this allocation, at least 10% will be in investments with an environmental objective (not aligned with the EU Taxonomy) and at least 5% in investments with a social objective. **Environmental or social characteristics of the financial products**

The Sub-Fund's investment strategy combines total return with equal focus on ESG factors, ensuring a tilt to responsible investing. To achieve this, the Sub-Fund will follow a flexible allocation strategy and invest at least 80% of its net assets in underlying funds that meet the ESG factors promoted. The Sub-Fund, amongst others, promotes a lower fossil fuel involvement, a positive contribution to the disruption of proliferation of controversial weapons and adherence with the United Nations Global Compact and/or the OECD Guidelines for Multinational Enterprises. The Sub-Fund seeks to align with United Nations Global Compact and/or the OECD Guidelines for Multinational Enterprises, through application of exclusion criteria and monitoring of principal adverse indicators (PAIs), including those relating to controversial weapons, where relevant.

Investment strategy

The Sub-Fund follows a flexible allocation strategy with ESG integration. As such, it may differentiate its risk profile under different market conditions by changing the percentage of assets invested in equity and/or fixed income UCITS. The Sub-Fund's investment process is based on E/S integration at fund selection, primarily when investing in underlying funds that have a pure equity, fixed income/bond or flexible allocation strategies. The process of fund selection involves:

1. Creation of relevant sub-universes of funds, i.e. Global Equities, Thematics, Aggregate Bonds, etc.

2. From each sub-universe, create investment lists with the best 60% of “Portfolio Corporate Sustainability Score” provided by Morningstar.
3. Rank each investment list with the in-house evaluation process.

Each target fund selected from these investment lists is weighted with the help of the internal fund selection and evaluation process that also considers ESG/sustainability scores from Sustainalytics as provided by Morningstar. When allocation in fixed-income UCITS is deemed necessary as part of the flexibility clause, Eurobank Asset Management Mutual Fund Management Company Single Member S.A. (the “Investment Manager”) will use mainly “Article 8” and “Article 9” SFDR UCITS funds with well demonstrated E/S characteristics. The latter may not apply when selecting money market instruments and/or other short-term liquidity UCITS. The overall investment strategy followed by the Sub-Fund is bound by the following elements:

1. Exclusion criteria as per the Investment Manager's Responsible Investment Policy: only 20% of the net asset of the Sub-Fund may fail to meet such exclusion criteria.
2. The Sub-Fund's investments in underlying funds which are not categorised as either “Article 8” or “Article 9” SFDR UCITS may not exceed 5% of its net assets.
3. The Sub-Fund invests only in underlying funds that rank on the top 60% of the “Portfolio Corporate Sustainability Score”, within their assigned peer group;
4. The Sub-Fund's percentage of net assets with severe controversies may not exceed 1% (weighted average of underlying funds' percent of AUM with “Severe Controversies” as measured by Morningstar).
5. The Sub-Fund's relevant Morningstar “Sustainability Rating” is aimed to be at least “above average”.
6. The Sub-Fund aims to retain a “Low Carbon Designation™” assigned by Morningstar. The Sub-Fund's aims to have a lower “Morningstar® Portfolio Fossil Fuel Involvement™” percentage compared to its Morningstar category or a more generic category if the former is not available.

Being a fund of funds, the Sub-Fund does not have a direct relationship with the investee companies. However, it encourages the underlying funds' managers to engage with the corporates they invest in in adherence with the E/S characteristics promoted by the Sub-Fund.

Proportion of investments

The Sub-Fund invests at least 80% of its net assets in "Article 8" and "Article 9" SFDR UCITS aligned with the E/S characteristics promoted by the ESG approach of the Sub-Fund. Furthermore, the Sub-Fund may not invest more than 5% of its net assets in any UCITS that does not meet Art. 8 or Art. 9 SFDR requirements. The Sub-Fund will not invest more than 20% of its net assets in money market and/or other short-term liquidity UCITS that are not aligned with the ESG characteristics promoted.

Monitoring of environmental or social characteristics

The Investment Manager monitors the ESG compliance of its investments in underlying funds on a regular basis to verify that their investment strategy is consistent with the E/S characteristics promoted by the Sub-Fund. The Investment Manager monitors the exclusion criteria updated monthly on Morningstar Direct. The Sub-Fund's percentage of net assets invested in funds that fail to meet the Level 2 exclusion criteria must not exceed 20%.

Methodologies

The methodologies used to attain the promoted E/S characteristics rely on a set of exclusion criteria developed by the "Responsible Investment Policy" of the Investment Manager and on a positive ESG integration in the selection of underlying funds.

Data sources and processing

The data used by the Investment Manager stems from different ESG third-party providers: Sustainalytics, Morningstar Direct, Bloomberg as well as relevant documents (such as pre-contractual documents) provided by the underlying funds management companies. The data are

gathered monthly and processed internally. The data quality is ensured through diversification of the data sources.

Limitations to methodologies and data

The Investment Manager uses data sourced or derived from third-party providers pursuant to commercial licenses, meaning that there is no direct control over the data collected. However, it encourages the managers of the underlying funds to engage with the corporations they invest in, in adhering to the E/S characteristics promoted by the Sub-Fund. The diversification on the data stemming from third-party providers ensures that such limitations do not affect the promoted E/S characteristics.

Due diligence

In order to qualify for initial investment, the investments into underlying funds must meet the criteria disclosed in the investment strategy. As an exception, when contradictory data are found, the Investment Manager will conduct further investigations. For instance, this may involve interviewing the underlying fund manager and seeking additional, alternative data sources. Taking into consideration all information gathered, the Investment Manager reserves the right to make the investment decision.

Engagement policies

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No designated reference benchmark

The Sub-Fund aims at having a better Portfolio Corporate Sustainability Score than the indices "MSCI All Country World Index" and/or "Morningstar Global TME Index" (comparison ex post). However, the Sub-Fund is actively managed and does not replicate any index for the purpose of attaining the promoted environmental or social characteristics.