ANNEX II

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: New Capital Dynamic European Equity Fund **Legal entity identifier:** 5493006ZRBDX2IIEUR78

Environmental and/or social characteristics

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

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

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

New Capital Dynamic European Equity Fund (the "**Financial Product**" or "**Sub-Fund**") promotes environmental and social (E/S) characteristics and, while it does not have as its objective a sustainable investment, it has a minimum proportion of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable according to Regulation (EU) 2020/852 (the "**EU Taxonomy**") and incorporates the "*principle of no significant harm*" ("**DNSH**") with respect to those investments.

To respect the requirements of art. 8 of Regulation (EU) 2019/2088 (the "**Sustainable Finance Disclosure Regulation**" or the "**SFDR**"), the Sub-Fund promotes the following environmental and social characteristics (or "**promotional characteristics**") that can be linked to some of the Sustainable Development Goals ("SDG"), as follows:

- Promotion of health and well-being (SDG 3)

- Better gender diversity and equal opportunities policies and practices (SDG 5)
- Improved water efficiency and management (SDG 6)
- Renewable energy production and consumption (SDG 7)
- Employment quality, health and safety and personal development opportunities (SDG 8)
- Environmental and sustainable product development. (SDG 9)
- Positive community impact (SDG 11)
- Responsible consumption and production (SDG 12)
- Reduced greenhouse gas emissions and climate policies (SDG 13)
- Respect of ecosystems and reduced impact on biodiversity (SDG 15)
- Fair and honest business practices (SDG 16)

Market factors and the Investment Manager's expectations dictate the balance of the investment in the promotional characteristics at any given time and it might not always be possible to promote all the above characteristics at the same time.

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

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

The Sub-Fund will measure the attainment of the environmental or social characteristics by measuring the percentage of investments that succeed to promote at least one of the SDG as detailed above. The attribution of the SDG will be based on the internal methodology "*Approach to ESG Promotion and Sustainable Investing*" that is available by accessing the link detailed in response to the question "*Where can I find more product specific information online?*" on the last page of this Annex. As examples, SDG characteristics are attributed by measuring healthcare or pharmaceutical related revenues, by measuring the percentage of renewable energy production/consumption on total energy produced/consumed by the underlying company or by measuring the ESG ratings of the proprietary ESG assessment tool (the "*Global Responsible Investment Platform*" or the "***GRIP***") that allow the Investment Manager to compare companies' promotional characteristics by creating synthetic scores covering policies, data, activities and controversies and selecting the firms that obtain higher than average ratings with respect to one or more specific SDG.

The GRIP allows the Investment Manager to assign an ESG rating to investee companies on a 0% to 100% scale whereby the companies that perform poorly receive a lower ESG rating. For each company assessed by the GRIP, there are multiple data points that are collected on aspects such as biodiversity, energy performance, greenhouse gas emissions, human rights, social and employee matters, anti-corruption and anti-bribery, water, waste, supply chain management, etc. that allow the Investment Manager to measure and monitor the performance of investee companies with respect to the environmental and social characteristics promoted as referenced above. All the data points are divided across different key performance indicators ("KPIs") that are selected and weighted according to the financial materiality for different industries. As an example, CO2 emissions are not material to insurance companies as their activities are not greenhouse gas intensive, however gender parity is more material and therefore would be more heavily weighted in determining the ESG rating of that insurance company. On the other side of the spectrum, greenhouse gases are more material for steel companies or utilities and as such are more heavily weighted in their ESG rating assessment. ESG scores calculated through the GRIP therefore incorporate the more important ESG aspects for the relevant industry groups. The same KPIs are also used to determine the SDG promotional scores of companies, where companies with a specific SDG score that is above the average of that specific SDG, are considered to be promoting the defined SDG. The data used by the GRIP is currently sourced from Refinitiv, RepRisk, Sustainalytics, CDP and internal analysis. More information on the proprietary ESG assessment tool GRIP can be found by accessing the link detailed in response to the question "*Where can I find more product specific information online?*" on the last page of this Annex.

Finally the Sub-Fund might promote better environmental and social characteristics by investing in securities that are not aligned with the above requirements but by engaging actively to reach improved outcomes in the promotional characteristics listed above.

When needed this approach can be complemented by a more qualitative assessment.

- ***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 objectives of the sustainable investments that the Sub-Fund partially intends to make are consistent with the need to decarbonize the economy or reduce the environmental harm economic activities cause to the planet and focus on companies aligned with "*Net Zero*" or on those that have activities that are deemed to be sustainable according to internal assessments such as clean energy, waste, or water management.

In particular, "Net Zero" companies are firms that are actively reducing their GHG emissions in line with the requirements of the Paris Agreement of 2015 thereby contributing to keep the warming of the planet "well below 2°C". Companies with environmentally sustainable activities are considered those that, thanks to their activities, facilitate the mitigation or the adaptation to climate change and more generally help humanity reducing its environmental footprint.

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

The sustainable investments that the Sub-Fund intends to make are screened to be sure that they are not harming other environmental or social objectives. The assessment is performed thanks to multiple indicators that allow the Investment Manager to capture negative externalities produced across the full set of mandatory PAI indicators as set out in Annex I of SFDR. This process is mainly based on analysis of controversies or on revenues obtained by certain activities that are deemed to be not sustainable. As such the following companies are either not invested or simply not considered sustainable: companies with significant controversies related to climate change, damage to water and marine resources, ecosystems, or creating significant waste issues or other form of extreme pollution. Companies with very significant controversies related to Gender parity or breaching standards such as United Nations Global Compact principles (UNGC), OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO Core Labour Conventions ("**Standards**"). Companies exposed to controversial weapons, or companies with more than 30% of revenues related to coal, unless a clear plan to reduce exposure is in place, are not considered sustainable. Companies with more than 50% of revenues derived from oil are also not considered sustainable unless they have credible net zero commitments.

Data related to controversies or breach of Standards are collected using:

- Sustainalytics DNSH indicator that screen for controversies using event indicators that are mapped to the environmental objectives of the EU Taxonomy. Their perspective is however broader than the one taken by the EU Taxonomy, and at the very core these events represent the violations of environmental practices and regulations, i.e., corresponding to the idea of significant harm. This assessment covers issues related to climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, waste prevention and recycling, pollution and prevention control and protection of healthy ecosystems.

- Sustainalytics, Minimum Safeguard and UNGC tests, that screen for violation of the Standards (as defined above).

- Controversies related to Gender on the basis of data provided by RepRisk.

- Exposure to controversial weapons on the basis of "Swiss Association for Responsible Investments" (SVVK-ASIR) list.

- Exposure to coal and fossil fuels on the basis of data provided by Urgewald and Sustainalytics.

More details about the methodology can be found in the "*Approach to ESG Promotion and Sustainable Investing*" document that is available by accessing the link detailed in response to the question "*Where can I find more product specific information online?*" on the last page of this Annex.

How have the indicators for adverse impacts on sustainability factors been considered?

In line with what is explained above in the "*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?*" paragraph, the mandatory PAI indicators as set out in Annex I of SFDR have been taken into account as part of the assessment of whether or not a relevant investment meets the DNSH threshold. All investments causing harm or suspected to cause harm due to an high number of controversies, are not considered sustainable or removed from the portfolio, when investments are considered to be in breach of UNGC, OECD or producing controversial weapons (ASI n.10, 14).

The Investment Manager believes that, more than absolute numbers (such as tons of GHG emissions or cubic meters of water consumed that are very much a function of sector exposure), measuring the level of controversies in the adverse impact indicators allows the Investment Manager to better capture any adverse impact on sustainability factors caused by investments.

Finally, the Investment Manager monitors quarterly the numeric PAI table to control the negative externalities produced by investments and to assess if some corrective actions, through portfolio reweighting, divestment, or engagement, might be needed with reference to investee companies.

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 Sub-Fund monitors the alignment of its investments to main recognized international standards such as UNGC, OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and ILO Core Labour Conventions exploiting data provided from Sustainalytics.

All companies considered to be in breach of those Standards are removed from the portfolio and blocked for investment. In exceptional cases the Investment Manager might request an override of the third-party source assessment, with a formal decision taken by the internal ESG Committee of the Investment Manager if satisfied with the rationale for overriding such an assessment.

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

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

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

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.

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

X **Yes**, the Sub-Fund considers the principle adverse impacts on sustainability factors.

All the mandatory PAI indicators set out in Annex I of SFDR are used to determine if an investment can be considered sustainable or not as better detailed above in the H*ow do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?* paragraph.

All the mandatory and the majority of the voluntary indicators for adverse impacts on sustainability factors are, directly or through proxies, integrated into the GRIP engine and contribute to the score of the "promotional characteristics" of the products and to the final ESG score of companies or are used to remove companies breaching main standards. The Investment Manager believes that considering principal adverse impacts (the "PAI") together with additional data allows it:

- to gain a more holistic picture of the sustainability risk that can have a material impact on the risk adjusted return of the investments and those that are already discounted by the price of the security.
- to better understand the real negative impact of investments. As an example, the simple number of reported CO2 emissions does not provide the direction of emissions nor the efforts in place by the company to reduce them. A company with significant GHG emissions but implementing a strong reduction might have a more positive impact than one with lower emissions but no reduction in sight.

The principal adverse Impact Indicators on sustainability factors in their simplest numeric form are also regularly monitored to assess if correction might be needed with respect to investee securities.

With regard to the PAI indicators the following families of indicators are mostly relevant:

- Greenhouse gas emissions, waste and water.
- Social and employee matters with particular reference to:
- violations of UN Global Compact principles.
- violation of Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
- exposure to controversial weapons (including but not limited to anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

More details on this will be made available in the Sub-Fund's Periodic Reporting as required under Article 11 of SFDR.

No

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

What investment strategy does this financial product follow

The investment strategy of the Investment Manager is to create a diversified portfolio of European stocks across all sectors and geography based on fundamental analysis using a proprietary quantitative equity screen called the 'Conviction Framework' that allows a comparison of different companies across all sectors, geographies and business models by generating a score for each stock. Over time this proprietary scoring creates substantial intellectual property which guides towards superior businesses, industry structures and trends which are considered by the Investment Manager to be positive trends in line with the investment objective of the Sub-Fund.

The Investment Manager seeks to quantify these traits of each company through four pillars of analysis: cash flows, management, growth and ESG, which allows for a comparison of companies and shares against each other. Each pillar is scored using different parameters that are then aggregated to obtain an overall risk score. This figure is then multiplied by the valuation ranking (as detailed below) to give an overall conviction score. Alongside this, the Investment Manager values the shares of the applicable company and together the business risk and the valuation become what the Investment Manager calls the "Conviction Score". This score forms the basis for how the Investment Manager constructs the portfolio, with the aim of (i) concentrating the portfolio positions towards shares that score better (ii) selling positions when it believes its conviction in the shares is not sufficient to own the shares of the company anymore and (iii) avoiding shares where it believes the conditions are not sufficient for the applicable company to perform. The result is a portfolio of typically 50-70 stocks across all regions and sectors with a broad range of market caps tilted to large and mid.

For more detail you can refer to the prospectus.

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

The Sub-Fund applies multiple measures to attain the environmental or social characteristics. With respect to the promotion of E&S characteristics, the Sub-Fund invests in companies that are considered to be promoting one of the SDG as demonstrated by their activities, measurable data such as healthcare related revenues or percentage of renewable energy produced or consumed, or by internal processes. e.g. GRIP SDG scores.

More broadly the Sub-Fund:

- does not invest in companies exposed to controversial weapons as per the Swiss Association for Responsible Investments (SVVK-ASIR) list;
- does not invest in companies whose ESG rating calculated with the internal GRIP methodology is below 25%.
- does not invest in companies with more than 30% of revenues linked to coal and no plan to reduce it or mitigation efforts in place;
- does not invest in companies violating the main "Standards" described above;
- The Sub-Fund votes its shares applying sustainability and climate voting policies in line with the published "EFGAM Voting Policy". More detail is available by accessing the link detailed in response to the question "Where can I find more product specific information online?" on the last page of this Annex.

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

There is no minimum commitment.

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

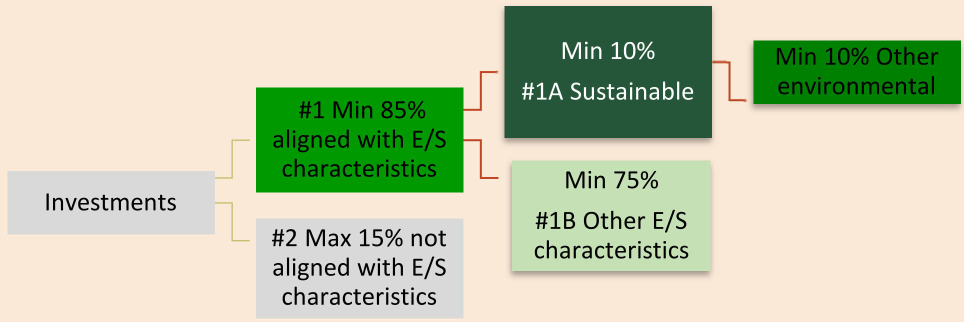
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

To be sure the investee companies follow good governance practices, with respect to management structures, employee relations, remuneration of staff and tax compliance, the Investment Manager avoids investing in companies without good governance practices. The Investment Manager applies an approach focusing both on the soundness of the corporate governance structure as measured by the Corporate Governance GRIP KPI and on the outcome of the lack of governance i.e. litigation and controversies.

Because of the approach, the Investment Manager does not invest in companies with a Corporate Governance KPI score below 25% when the level of controversies with respect to employees, tax compliance, bribery and corruption is judged to be very high in accordance with the "*Approach to ESG Promotion and Sustainable Investing*".

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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.

- ***Min 85% aligned with E/S characteristics***

The Sub-Fund invests at least 85% of its assets, cash excluded, in companies promoting environmental or social characteristics as per above. Among those assets, the Sub-Fund intends to have at least 10% of investment with a sustainable objective.

- ***Min 10% Other Environmentally Sustainable***

10% of investments will be done in companies whose activities are consistent with the need to decarbonize the economy or reduce the environmental harm economic activities cause to the planet and focus on those aligned with "Net Zero" or on those that have activities that are deemed to be sustainable according to the internal methodology available on the website.

- ***Max 15% not aligned with E/S characteristics***

Max 15% of its assets can be invested in the "others" bucket that is used for financial or risk purposes such as improve diversification, reduce tracking error, or pursue specific financial opportunities. Minimum environmental and social safeguards continue to apply in the selection of these investments as detailed further below.

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

The Sub-Fund will not use derivatives to attain environmental or social characteristics.

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

The investments underlying this Financial Product do not consider the EU criteria for environmentally sustainable economic activities aligned with EU Taxonomy. The minimum proportion of the Sub-Fund's investments that contribute to environmentally sustainable economic activities for the purposes of the EU Taxonomy will be 0%. The reasons why the Sub-Fund invests in economic activities other than environmentally sustainable economic activities are set out below in response to the question "What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?"

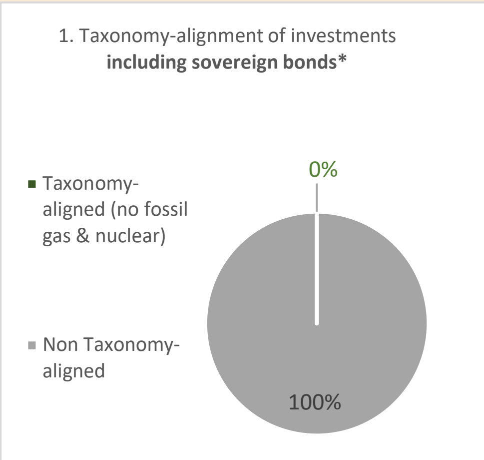
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

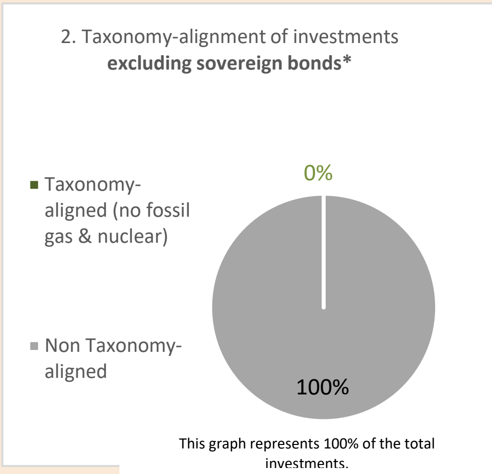
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

x 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***

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

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

What is the minimum share of investments in transitional and enabling activities?

There is no minimum share of investments in transitional and enabling activities.

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

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

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

10% is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The Investment Manager believes those investments, contributing to decarbonize the economy or reducing the environmental harm economic activities cause to the planet, will provide an extra-return across the investment cycle.

What is the minimum share of socially sustainable investments?

There is no minimum share of socially sustainable investments.

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

Investment included under "Other" are used for the management of the risk/return characteristics of the Sub-Fund e.g., tracking error, diversification, factor allocation or other risk or financial reasons. The minimum environmental or social safeguards (UNGC, OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and ILO) also apply to investments included under "Other".

Where can I find more product specific information online?

More product-specific information can be found on the website at the following link: https://www.efgam.com/About-us/responsibleinvesting.html