

# **UBS (Irl) ETF plc – S&P USA Dividend Aristocrats ESG Elite UCITS ETF**

**(A sub-fund of UBS (Irl) ETF plc, an open-ended investment company constituted as an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).**

## **Supplement No. 48 7 June 2023**

**This Supplement (the "Supplement") forms part of the Prospectus dated 28 April 2023 (the "Prospectus") in relation to UBS (Irl) ETF plc (the "Company") and should be read in the context of, and together with, the Prospectus and contains information relating to the UBS (Irl) ETF plc – S&P USA Dividend Aristocrats ESG Elite UCITS ETF (the "Fund"), which is a separate sub-fund of the Company, represented by a separate series of shares in the Company (the "Shares").**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Supplement before investing in this Fund.**

The Company and the Directors of UBS (Irl) ETF plc (the "**Directors**") listed in the "*Management*" section of the Prospectus, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

## DEFINITIONS

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

<b>Base Currency</b>	US Dollars.
<b>Business Day</b>	Each normal bank business day in Ireland, inclusive of all public and/or bank holidays other than the following – New Year’s Day, Good Friday, Easter Monday, Christmas Day and St. Stephen’s Day – and days on which the Primary Stock Exchange, on which the constituents of the Index are traded, is open for trading, except individual, non-statutory rest days and days on which the Primary Stock Exchange in the main countries in which the Fund invests are closed, or on which 50% or more of the investments of the Fund cannot be adequately valued and/or such other day or days as the Directors and/or the Manager may determine and notify in advance to Shareholders.
<b>Closing Date</b>	7 December 2023 or such earlier or later date as the Directors and/or the Manager may determine.
<b>Dealing Day</b>	Every Business Day (excluding (i) any day on which a market on which securities included in the Index are listed or traded is closed and (ii) any day where the Index is not calculated) and/or such other day or days as the Directors and/or the Manager may determine and notify to the Administrator and to Shareholders in advance, provided there shall be at least two Dealing Days at regular intervals in each month. A list of such closed market days will be published for the Fund in advance on the Website.
<b>Dealing Deadline</b>	For subscriptions: 4.30 pm (Dublin time) on the Dealing Day.  For redemptions: 4.30 pm (Dublin time) on the Dealing Day.
<b>Dealing NAV</b>	The Net Asset Value per Share calculated as at the Valuation Point on the relevant Dealing Day.
<b>Disclosure Regulation</b>	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 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time.
<b>Index</b>	S&P ESG Elite High Yield Dividend Aristocrats Index (Net Return).
<b>Index Provider</b>	S&P Dow Jones Indices.
<b>Initial Offer Period</b>	9.00 am (Irish time) on 8 June 2023 to 4.30 pm (Irish time) on the Closing Date.
<b>Investment Manager</b>	UBS Asset Management (UK) Ltd.
<b>IOP</b>	Initial Offer Period.
<b>IOP Settlement Period</b>	The third Business Day after the Closing Date.
<b>ISIN</b>	(USD) A-dis IE000JQ2IJD3 (USD) A-acc IE000RBV9511 (USD) A-UKdis IE000U2LC921 (hedged to EUR) A-dis IE000S6476U8 (hedged to EUR) A-acc IE0006UUSYE5 (hedged to GBP) A-dis IE000MGE0VO8

	(hedged to GBP) A-acc (hedged to CHF) A-dis (hedged to CHF) A-acc (hedged to SGD) A-dis (hedged to SGD) A-acc (hedged to CAD) A-dis (hedged to CAD) A-acc (hedged to SEK) A-dis (hedged to SEK) A-acc (hedged to JPY) A-dis (hedged to JPY) A-acc	IE000GEPH7H0 IE0006I2GAN1 IE000X1BLW40 IE0000V1J3Z6 IE000K6PEZ42 IE000LQUP2Y8 IE000Y54X340 IE000W90RQC1 IE000SLA8DC5 IE000TZ3KLY6 IE0007IIATA9
<b>Minimum Holding</b>	There is no minimum holding requirement for the Fund as at the date of this Supplement.	
<b>Minimum Subscription Amount</b>	There is no minimum subscription amount in respect of the Fund as at the date of this Supplement.	
<b>Minimum Redemption Amount</b>	There is currently no minimum redemption amount in respect of the Fund as at the date of this Supplement.	
<b>Settlement Date</b>	At the latest, on the third Business Day after the relevant Dealing Day.	
<b>Share</b>	Any share of any Class of the Fund.	
<b>Valuation</b>	The Net Asset Value per Share is calculated in accordance with the "Determination of Net Asset Value" section of the Prospectus, using last traded prices for securities. Details of the Index can be found on <a href="http://www.djindexes.com">www.djindexes.com</a> .	
<b>Valuation Point</b>	10.30 pm (Dublin time) on each Business Day.	
<b>Website</b>	<a href="http://www.ubs.com/etf">www.ubs.com/etf</a> .	

## THE FUND AND SHARE CLASSES

### The Fund

UBS (Irl) ETF plc – S&P USA Dividend Aristocrats ESG Elite UCITS ETF is a sub-fund of the Company.

The Fund may be suitable for investors seeking a return on their investment over the medium term through exposure to the stock performance of USA leading dividend-paying companies which meet certain ESG-based criteria (while avoiding those with low ESG characteristics) via a diversified portfolio of securities as described below in the "Investment Objective and Strategy" section. The Fund does not benefit from an SRI label.

### Share Classes

To date, the following Classes of Shares are available:

- (USD) A-dis;
- (USD) A-acc;
- (USD) A-UKdis;
- (hedged to EUR) A-dis;
- (hedged to EUR) A-acc;
- (hedged to GBP) A-dis;

- (hedged to GBP) A-acc;
- (hedged to CHF) A-dis;
- (hedged to CHF) A-acc;
- (hedged to SGD) A-dis;
- (hedged to SGD) A-acc;
- (hedged to CAD) A-dis;
- (hedged to CAD) A-acc;
- (hedged to SEK) A-dis;
- (hedged to SEK) A-acc;
- (hedged to JPY) A-dis; and
- (hedged to JPY) A-acc.

Description of Share Classes:

- Shares in Classes with an "A" in their name may be acquired and sold on the secondary market by all investors.

The Company will only accept subscriptions from Authorised Participants. An investor who is not an Authorised Participant may purchase Shares on the secondary market. Shares may be issued and redeemed in exchange for cash, securities or a combination of cash and securities. To the extent required by applicable law of a country where the Shares are registered for public sale, cash redemptions may be accepted from Shareholders not qualifying as Authorised Participants, subject to the procedures and charges described below and in the Prospectus. Please see the sections entitled "*Primary Market*" and "*Secondary Market*" under the "*Purchase and Sale Information*" section of the Prospectus for further information.

The Company and/or the Manager may also, in accordance with the requirements of the Central Bank, without notice to Shareholders, create additional Share Classes, including Share Classes that are subject to fee arrangements and/or other terms that are different from those of any Share Class being offered hereby or then outstanding, including, without limitation offering Share Classes to certain entities affiliated with the Investment Manager. Such other Share Classes may be subject to higher, lower or no investment management or performance fees.

A separate pool of assets will not be maintained for each of the Share Classes.

## INVESTMENT OBJECTIVE AND POLICY

### Investment Objective

The objective of the Fund is to seek to track the U.S. equity market performance of high dividend yielding / ESG-scoring companies that meet certain sustainability criteria.

### Investment Policy

The investment policy of the Fund is to seek to track the performance of the S&P ESG Elite High Yield Dividend Aristocrats Index (Net Return) (or any other index determined by the Directors from time to time to track substantially the same market as the S&P ESG Elite High Yield Dividend Aristocrats Index (Net Return) and which is considered by the Directors to be an appropriate index for the Fund to track), in accordance with the Prospectus (the "**Index**") as closely as possible, while seeking to minimise as far as possible the difference in performance between the Fund and the Index. The Fund seeks to achieve the objective by tracking the Index and, with regard to ESG criteria, giving exposure to global companies with high ESG ratings and to exclude the ones with negative social or environmental impact.

The Fund invests at least 90% of its total net assets in securities that are constituents of the Index and the Index Provider applies ESG ratings on all of the Index constituents. The Index is eliminating at least 20% of the least well-rated securities as against the standard Index universe. It is, therefore, expected that the Fund's resulting ESG rating will be higher than the ESG rating of a Fund tracking a standard index.

Any determination by the Directors that the Fund should track another index at any time shall be subject to the provision of reasonable notice to Shareholders and implemented in accordance with the requirements of the Central Bank and this Supplement shall be updated accordingly.

The Fund will use replication techniques as described below in order to minimise as far as possible the difference in performance between the returns of the Index and the return of the Fund, after Fees and Expenses. For information in relation to the difficulties associated with tracking indices, please refer to "*Index Tracking Risk*" in the "*Risk Information*" section of the Prospectus.

The Fund is passively managed. By tracking an ESG Index, the Fund promotes environmental and/or social characteristics under Article 8 of the Disclosure Regulations.

Information related to environmental and/or social characteristics is available in an annex to this document (SFDR RTS Art. 14(2)).

In order to seek to achieve this investment objective, the Investment Manager, on behalf of the Fund, will invest, using the Replication Strategy, primarily in the securities of the Index in the approximate weightings of the Index subject to the Investment Restrictions set forth in the Prospectus. These securities (which may include depositary receipts) shall be listed and/or traded on the exchanges and markets set out in Schedule II of the Prospectus. This strategy seeks to hold all of the securities of the Index, with the approximate weightings as in that Index, so that essentially, the portfolio of the Fund will be a near mirror-image of the components of the Index. There are also currency versions of the Index which are denominated in a currency other than US Dollars and hedged, including currency versions denominated in EUR, GBP, CHF, SGD, CAD, JPY and SEK (each a "**Hedged Currency Version**"), as detailed in the table below. The purpose of the Hedged Currency Versions is to limit the profit or loss generated from foreign exchange exposure when holding an US Dollar denominated asset in a currency other than US Dollars. This is achieved by the Hedged Currency Versions employing one month rolling forward FX contracts. In accordance with the Hedged Currency Versions methodologies the Fund may also employ rolling forward FX contracts to limit the profit or loss generated from foreign exchange exposure when holding an US Dollar denominated asset in a currency other than US Dollars. Shareholders should note that the disclosure in respect of the Hedged Currency Versions is for information purposes only and is to explain the manner in which the Fund will engage in currency hedging. Further details regarding the Replication Strategy are disclosed in the "*Investment Objectives, Policy and Strategy*" section of the Prospectus.

Share Class	Index Currency Version
(hedged to EUR) A-dis (hedged to EUR) A-acc	S&P ESG Elite High Yield Dividend Aristocrats hedged to EUR Index (Net Return)

Share Class	Index Currency Version
(hedged to GBP) A-dis (hedged to GBP) A-acc	S&P ESG Elite High Yield Dividend Aristocrats hedged to GBP Index (Net Return)
(hedged to CHF) A-dis (hedged to CHF) A-acc	S&P ESG Elite High Yield Dividend Aristocrats hedged to CHF Index (Net Return)
(hedged to SGD) A-dis (hedged to SGD) A-acc	S&P ESG Elite High Yield Dividend Aristocrats hedged to SGD Index (Net Return)
(hedged to CAD) A-dis (hedged to CAD) A-acc	S&P ESG Elite High Yield Dividend Aristocrats hedged to CAD Index (Net Return)
(hedged to SEK) A-dis (hedged to SEK) A-acc	S&P ESG Elite High Yield Dividend Aristocrats hedged to SEK Index (Net Return)
(hedged to JPY) A-dis (hedged to JPY) A-acc	S&P ESG Elite High Yield Dividend Aristocrats hedged to JPY Index (Net Return)

In seeking to implement its investment objective of tracking the performance of the Index, the Fund may also in exceptional circumstances hold securities which are not comprised in its Index, including, for example, securities in respect of which there has been an announcement or it is expected that they will shortly be included in the Index. In such case, the application of ESG rating to these selected securities cannot be guaranteed. The Fund may also invest in securities which are not constituents of the Index where the Investment Manager considers that such securities may provide a similar return to certain securities that make up the Index. The Fund may avail of the higher investment limits allowed to certain index tracking funds, as described at paragraph 4.2 of the section of the Prospectus headed "Investment Restrictions". These limits may be availed of where exceptional market conditions apply for example if there is an increased allocation of an issuer within the Index. These exceptional market conditions include where a single constituent may, for various reasons, including as a result of a merger, have a very dominant position. If the investment limits of the Fund are exceeded for reasons beyond the control of the Directors, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders. The Fund as set above utilises the Replication Strategy accordingly, investment in the Fund should be considered to provide a direct exposure to the Index. Details of the Fund's tracking error and trading difference is set out in the section of the Prospectus entitled "*Tracking Accuracy*".

As the Fund does not pursue a synthetic index replication strategy, there is no corresponding counterparty risk applicable.

The Fund (as well as the Index) will take long positions only and the Fund will invest 100% of its net assets in long positions.

The Fund may, for the purpose of efficient portfolio management, where disclosed in the Manager's RMP Statement (if applicable) and in accordance with the conditions and limits imposed by the Central Bank, use financial derivative instruments ("**FDI**") including currency forwards, currency swaps, warrants, index futures and futures on stocks. Efficient portfolio management means investment decisions involving transactions that are entered into for one or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the risk diversification rules set out in the Central Bank Rules. In particular, FDI may be used for the purpose of minimising differences in performance between the Fund and the relevant Index, ie, the risk that the Fund return varies from the Index's return.

To the extent that the Investment Manager, on behalf of the Fund, uses FDI, there may be a risk that the volatility of the Fund may increase. It is anticipated that the volatility level of the Fund will be closely correlated with the volatility of the Index. Investors should note that there can be no assurance that the historical volatility levels of the Index will continue to be observed in the future or that the Fund will have a similar volatility level and that, therefore, there is a risk that the Fund's volatility may be relatively high when compared to other investments and may change significantly over time and, as a result, an investment in the Fund may not be appropriate for all investors. That notwithstanding, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank and as described in the "*Use of Financial Derivative Instruments*" section of the Prospectus. Accordingly, although FDI will be inherently leveraged, the primary purpose of the use of FDI is to minimise as far as possible the difference in performance between the Fund and the Index and, while the Fund will be leveraged as a result of its investments in FDI, such leverage will not exceed 100% of the Fund's total Net Asset Value at any time.

The Fund, subject to the restrictions imposed on the use of FDI described in the Prospectus and by the UCITS EU\_BUSINESS.29247223.16

Regulations, may buy and sell futures contracts to either create exposure or reduce exposure to various securities included in the Index or to reduce certain aspects of risk inherent in specific trades. Futures contracts are agreements to buy or sell a fixed amount of an equity, bond or currency at a fixed date in the future. Futures contracts are exchange-traded instruments and their dealing is subject to the rules of the exchanges on which they are dealt.

The Manager has adopted a statement of its risk management processes ("**RMP**") in respect of the use of FDI which enables it to accurately measure, monitor and manage the various risks associated with FDI and the Fund will employ only FDIs which are described in the RMP. The Manager will only adopt an RMP which has been provided to the Central Bank.

## **INVESTMENT RESTRICTIONS**

It is the intention of the Company to seek German fund status as an equity fund for all Classes of the Fund. On this basis, in addition to the investment restrictions set out in the Prospectus, the Fund will target that a minimum 70% of its total asset value shall be invested in equity participations (the "**Equity Participation Ratio**") as defined by Sec. 2, para 8 of the German Investment Tax Act. For the purpose of this investment restriction, reference to "**equity participations**" includes:

- (1) shares in a company (which may not include depositary receipts) that are admitted to official trading on a stock exchange or admitted to, or included in another organized market which fulfils the criteria of a "*regulated market*" as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments; and/or
- (2) shares in a company other than a real estate company which is (i) resident in a Member State or in a member state of the European Economic Area, and where it is subject to, and not exempt from corporate income tax; or (ii) is a resident in any other state and subject to corporate income tax of at least 15%; and/or
- (3) units of a UCITS and/or of an AIF that is not a partnership, which – as disclosed in their respective investment terms - are permanently invested with a minimum of at least 51% of their values in equity participations (an "**Equity Fund**") with 51% of the units of Equity Funds held by the Fund being taken into account as equity participations; and/or
- (4) units of a UCITS and/or of an AIF that is not a partnership, which – as disclosed in their respective investment terms - are permanently invested with a minimum of at least 25% of their values in equity participations (a "**Mixed Fund**") with 25% of the units of Mixed Funds held by the Fund being taken into account as equity participations; and/or
- (5) units of Equity Funds or Mixed Funds that disclose their equity participation ratio in their respective investment terms; and/or
- (6) units of Equity Funds or Mixed Funds that report their equity participation ratio on a daily basis.

With the exception of the cases described above in paragraphs (3), (4), (5) and (6), units of a UCITS and/or of an AIF which is not a partnership are not considered equity participations.

Investors should refer to their tax advisors in relation to the implications of German tax reporting status being obtained.

## **USE OF FDI**

As detailed in the investment policy above the Fund may use the following FDI:

### *Futures, Index Futures & Futures on Stocks*

A futures contract is a standardised contract to exchange a specified asset of standardised quantity and quality for a price agreed today (the futures price or the strike price) with delivery occurring at a specified future date, the delivery date.

Index futures may be used to manage a Fund's market exposure in a cost effective and efficient manner as futures are often more liquid and cost effective to trade for example, entering into an index future contract in place of immediate purchase of underlying securities, in certain circumstances may be deemed more cost effective and expedient.

A single stock future may be used to provide the Fund with exposure to a single security.

### *Currency swaps*

Swap contracts are two-party contracts entered into for periods ranging from a few weeks to more than one year. In a standard swap transaction, two parties agree to exchange returns (or differentials in rates of return) calculated with respect to a “*notional amount*,” e.g., the return on or increase in value of a particular amount invested at a particular interest rate, in a particular foreign currency, or in a “*basket*” of securities representing a particular index. Swaps offer independent profit opportunities as well as the possibility to hedge existing long positions.

Currency swaps are agreements between two parties to exchange future payments in one currency for payments in another currency.

#### *Currency forwards*

A currency forward is a non-standardised contract between two parties to exchange two currencies at an agreed exchange rate at a specified future date and time. They are negotiated as Over the Counter transactions with approved counterparties; there is a potentially unlimited loss if the currency for which a short position has been taken rises in value versus the long currency so that the long currency becomes worthless.

#### *Warrants*

Warrants are certificates entitling the holder to buy a specific amount of security at a specified price. In the case that the price of the security rises to above that of the warrant's exercise price, then the security can be bought at the warrant's exercise price and resell it for a profit. Otherwise, the warrant will simply expire or remain unused. Warrants are listed on options exchanges and trade independently of the security with which it was issued.

## **HEDGING**

In accordance with the terms of the Prospectus, the Fund may (but shall not be obliged to) engage in currency hedging transactions in respect of Classes not denominated in the Base Currency to seek to hedge against declines in the values of one or more Classes of the Fund as a result of changes in currency exchange rates. All hedging transactions will be clearly attributable to a specific Class and therefore currency exposures of different Classes shall not be combined or offset and currency exposures of assets of the Fund shall not be allocated to separate Classes. Therefore the costs, gains/losses of such hedging transactions will accrue solely to the relevant Class.

## **SECURITIES LENDING, REPURCHASE AND REVERSE REPURCHASE AGREEMENTS**

The Company will not enter into any securities lending, repurchase or reverse repurchase agreements in respect of the Fund.

## **DESCRIPTION OF THE INDEX**

*This section is a summary of the principal features of the S&P ESG Elite High Yield Dividend Aristocrats Index and is not a complete description of the Index.*

### **General**

The Index is an equity index calculated, maintained and published by international index supplier S&P Dow Jones Indices and is denominated in USD. It measures the performance of large and mid-capitalised U.S. companies.

The Index measures the performance of high dividend yielding / ESG-scoring companies that meet sustainability criteria as defined in this methodology, and meet the eligibility criteria defined in the S&P High Yield Dividend Aristocrats Index. Constituents are selected from eligible companies in the S&P Composite 1500 (the “Broad Market Index”) that have followed a managed-dividends policy of increasing or maintaining dividends for at least 20 consecutive years. Constituents are weighted by indicated dividend yield.

At least 90% of the securities have an ESG rating.

As the investment policy of the Fund is to track the Index, the portfolio management of the fund is passive. As a result, the approach taken in relation to the consideration of ESG criteria is the one taken by S&P and therefore dependent on the approach and methodology defined by a third party.

The consideration of ESG criteria varies from one asset to the other because material key issues are industry-specific and do not affect all the assets equally. Consequently, S&P sets the weights that determine each key issue's contribution to the overall ESG rating, based on the level of contribution of the industry to environmental or social impact and the expected time frame for risk/opportunity to materialise.

The Index rebalances on an annual basis. The rebalancing frequency will have minimal impact on the transaction costs associated with the Fund as any rebalancing is not anticipated to require any higher frequency of position turnover in



the Fund than would otherwise be the case were the Index to be static.

It is not anticipated that the composition of the Index will be adjusted to the extent that tracking is not possible within the scope of standard UCITS investment restrictions.

Further details of the Index composition and its calculation methodology (including information on the procedure to be adopted by the Index sponsor should the weighting of any particular stock exceed the permitted investment restrictions) can be found at the website set out below. The Investment Manager monitors the investment restrictions applicable to the Fund. As soon as the Investment Manager becomes aware that the weighting of any particular stock in the Index exceeds the permitted investment restrictions, the Investment Manager will seek to either unwind that particular position or reduce the Fund's exposure to that stock to ensure that the Fund at all times operates within the permitted investment restrictions and complies with the requirements of the UCITS Regulations.

### **Index Methodology**

The methodology of the construction of the Index (ticker no. SPEEHHEN) is available on the S&P Dow Jones Indices internet website by selecting the S&P ESG Elite High Yield Dividend Aristocrats Index from the list of indices and by completing the relevant form on:

<http://supplemental.spindices.com/supplemental-data/europe>

Additional information about the Index can be found under:

<http://supplemental.spindices.com/supplemental-data/europe>

### **Index Factsheet**

The Index Factsheet is available on the S&P Dow Jones Indices internet website by selecting the S&P ESG Elite High Yield Dividend Aristocrats Index from the list of indices and by completing the relevant form on:

<http://supplemental.spindices.com/supplemental-data/europe>

### **Publication of the Index Value**

The closing price, an additional factsheet and the composition of the Index is available on the S&P Dow Jones Indices internet website by selecting the S&P ESG Elite High Yield Dividend Aristocrats Index from the list of indices and by completing the relevant form on:

<http://supplemental.spindices.com/supplemental-data/europe>

### **Publication of the Index Composition**

The closing price, an additional factsheet and the composition of the Index is available on the S&P Dow Jones Indices internet website by selecting the S&P ESG Elite High Yield Dividend Aristocrats Index from the list of indices and by completing the relevant form on:

<http://supplemental.spindices.com/supplemental-data/europe>

### **RISK MANAGEMENT**

As disclosed above, the Fund may use FDI for the purposes of efficient portfolio management. The Investment Manager has adopted a commitment approach in the calculation of global exposure arising from the use of FDI. The Fund's global exposure relating to the use of FDI may not exceed its total net assets.

The commitment approach is calculated by converting the FDI position into an equivalent position based on the market value of the underlying asset. Where FDI are used for hedging purposes the exposure of the FDI is calculated and then netted against the instrument being hedged.

### **INVESTMENT RISKS**

Investment in the Fund carries with it a degree of risk including the risks described in the "*Risk Information*" section of the Prospectus and in this Supplement. These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares.

In the event that the Fund uses FDI, the risk profile of the Fund may increase. For information in relation to the risks associated with the use of FDI, please note the following specific risks listed below. Please also refer to "*Derivatives Risk*" in the "*Risk Information*" section of the Prospectus.

### **Concentration Risk**

The Fund may invest a relatively large percentage of its assets in issuers located in a single country, a small number of countries, or a particular geographic region. In these cases, the Fund's performance will be closely tied to the market, currency, economic, political, or regulatory conditions and developments in that country or region or those countries, and could be more volatile than the performance of more geographically-diversified funds.

In addition, the Fund may concentrate its investments in companies in a particular industry, market or economic sector. When the Fund concentrates its investments in a particular industry, market or economic sector, financial, economic, business, and other developments affecting issuers in that industry, market or sector will have a greater effect on the Fund than if it had not concentrated its assets in that industry, market or sector.

Further, investors may buy or sell substantial amounts of the Shares in response to factors affecting or expected to affect a particular country, industry, market or sector in which the Fund concentrates its investments, resulting in abnormal inflows or outflows of cash into or out of the Fund. These abnormal inflows or outflows may cause the Fund's cash position or cash requirements to exceed normal levels, and consequently, adversely affect the management of the Fund and the Fund's performance.

### **Currency Risk**

The Fund may invest in securities that are denominated in currencies that differ from the Base Currency. Changes in the values of those currencies relative to the Base Currency may have a positive or negative effect on the values of the Fund's investments denominated in those currencies. The Fund may, but will not necessarily, invest in currency exchange contracts to help reduce exposure to different currencies, however there is no guarantee that these contracts will successfully do so. Also, these contracts may reduce or eliminate some or all of the benefit that a Fund may experience from favourable currency fluctuations.

### **Index Risk**

The ability of the Fund to achieve significant correlation between the performance of the Fund and the Index may be affected by changes in securities markets, changes in the composition of the Index, cash flows into and out of the Fund and the fees and expenses of the Fund. The Fund will seek to track Index returns regardless of the current or projected performance of the Index or of securities comprising the Index. As a result, the Fund's performance may be less favourable than that of a portfolio managed using an active investment strategy. The structure and composition of the Index will affect the performance, volatility and risk of the Index (in absolute terms and by comparison with other indices), and consequently, the performance, volatility and risk of the Fund.

### **Index Tracking Risk**

There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced or tracked exactly. Changes in the investments of the Fund and re-weightings of the relevant Index may give rise to various transaction costs (including in relation to the settlement of foreign currency transactions), operating expenses or inefficiencies which may adversely impact the Fund's tracking of the performance of an Index. Furthermore, the total return on investment in the Shares will be reduced by certain costs and expenses which are not taken into account in the calculation of the applicable Index. Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the return of the Index.

### **Investment Risk**

A Shareholder may lose the entire principal amount invested in the Fund. The value of the securities held in the Fund may increase or decrease, at times rapidly and unexpectedly. An investment in the Fund may at any point in the future be worth less than the original amount invested.

The total return on investment in the Shares may be reduced by taxes arising in the Fund including taxes in the jurisdictions in which the Fund invests. The Fund may benefit from reduced dividend withholding taxes under the terms of relevant double taxation treaties or conventions although there is no guarantee that it will do so. Please refer to the "Tax Information" section of the Prospectus for further information on the applicable tax treatment for the Company and the Fund.

## **INVESTOR PROFILE**

Investors in the Fund are expected to be retail and professional investors or eligible counterparties (as described under MiFID II) seeking a return on their investment over a medium term time horizon who want to take an exposure to the equity market performance of small, mid, and large capitalisation companies globally and are prepared to accept the risks associated with an investment of this type. Based on the structure and composition of the Index, the volatility of

the Fund, which may vary from time to time, is generally expected to be medium to high.

## **DIVIDEND POLICY**

### **Accumulating Share Classes**

It is not the current intention of the Directors to declare a dividend in relation to the following Share Classes:

- (USD) A-acc;
- (hedged to EUR) A-acc;
- (hedged to GBP) A-acc;
- (hedged to CHF) A-acc;
- (hedged to SGD) A-acc;
- (hedged to CAD) A-acc;
- (hedged to SEK) A-acc; and
- (hedged to JPY) A-acc.

The net income attributable to the above Share Classes shall be retained within the Fund and the value of these Shares shall rise accordingly.

### **Distributing Share Classes**

The Directors intend to declare dividends out of:

net income; and/or

realised and unrealised gains net of realised and unrealised losses

attributable to the following Share Classes:

- (USD) A-dis;
- (USD) A-UKdis;
- (hedged to EUR) A-dis;
- (hedged to GBP) A-dis;
- (hedged to CHF) A-dis;
- (hedged to SGD) A-dis;
- (hedged to CAD) A-dis;
- (hedged to SEK) A-dis; and
- (hedged to JPY) A-dis.

in respect of each six month period ending on 31 December and 30 June within 30 calendar days of the end of the relevant period end. Any such dividends will be paid within two calendar months after declaration.

The Directors and/or the Manager reserve the right to increase or decrease the frequency of dividend payments, if any, at their discretion for income distribution Shares. In the event of a change of policy full details will be disclosed in an updated Supplement and Shareholders will be notified in advance.

Dividends will be paid to Shareholders through the settlement systems through which the Shares are held. The net income and/or realised and unrealised gains net of realised and unrealised losses available for distribution in respect of the relevant Class will be determined in accordance with the relevant law and generally accepted accounting principles consistently applied.

Any dividend unclaimed after six years from the date when it first became payable shall be forfeited automatically, without the necessity for any declaration or other action by the Company.

Further information is set out in the "Distributions" section of the Prospectus.

## **FEES AND EXPENSES**

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

The following fees and expenses apply in respect of the Share Classes of the Fund:

<b>Share Class</b>	<b>Flat Fee</b>
(USD) A-dis	up to 0.29% per annum of the Net Asset Value of the Class
(USD) A-acc	up to 0.29% per annum of the Net Asset Value of the Class
(USD) A-UKdis	up to 0.29% per annum of the Net Asset Value of the Class
(hedged to EUR) A-dis	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to EUR) A-acc	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to GBP) A-dis	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to GBP) A-acc	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to CHF) A-dis	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to CHF) A-acc	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to SGD) A-dis	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to SGD) A-acc	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to CAD) A-dis	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to CAD) A-acc	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to SEK) A-dis	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to SEK) A-acc	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to JPY) A-dis	up to 0.34% per annum of the Net Asset Value of the Class
(hedged to JPY) A-acc	up to 0.34% per annum of the Net Asset Value of the Class

The establishment costs of the Fund shall be borne by the Distributor and shall not be taken from the assets of the Fund.

## **DETERMINATION OF THE NET ASSET VALUE**

The Net Asset Value of the Fund and Net Asset Value per Share is calculated by the Administrator as at the Valuation Point on each Business Day and will be published on the Website.

## **SUBSCRIPTIONS – PRIMARY MARKET**

The Fund is offering the following Classes:

- (USD) A-dis;
- (USD) A-acc;
- (USD) A-UKdis;
- (hedged to EUR) A-dis;
- (hedged to EUR) A-acc;
- (hedged to GBP) A-dis;
- (hedged to GBP) A-acc;
- (hedged to CHF) A-dis;
- (hedged to CHF) A-acc;
- (hedged to SGD) A-dis;
- (hedged to SGD) A-acc;
- (hedged to CAD) A-dis;
- (hedged to CAD) A-acc;
- (hedged to SEK) A-dis;

- (hedged to SEK) A-acc;
- (hedged to JPY) A-dis; and
- (hedged to JPY) A-acc.

Applications have been made for all Classes to be listed on Listing Stock Exchanges.

The following Classes will be initially available from the Initial Offer Period at an Initial Offer Price with an appropriate provision for Duties and Charges. The Initial Offer Price may be calculated based on the related Index variant as follows:

<b>Class</b>	<b>Initial Offer Period</b>
(USD) A-acc;	Index value / 100
(USD) A-UKdis	Index value / 100
(hedged to EUR) A-dis	Index value / 100
(hedged to EUR) A-acc	Index value / 100
(hedged to GBP) A-dis	Index value / 100
(hedged to GBP) A-acc	Index value / 100
(hedged to CHF) A-dis	Index value / 100
(hedged to CHF) A-acc	Index value / 100
(hedged to SGD) A-dis	Index value / 100
(hedged to SGD) A-acc	Index value / 100
(hedged to CAD) A-dis	Index value / 100
(hedged to CAD) A-acc	Index value / 100
(hedged to SEK) A-dis	Index value / 100
(hedged to SEK) A-acc	Index value / 100
(hedged to JPY) A-dis	Index value / 100
(hedged to JPY) A-acc	Index value / 100

The closing Index value which will be published on the S&P DJ website at the web address set out in section entitled "*Publication of the Index*" will be used to calculate the Initial Offer Price. For example, where the Index Value was 380.99 at 2 June 2023, Shares in (USD) A-dis would be issued at an Initial Offer Price per Share of USD 3.8099. The Initial Offer Price will be calculated using the closing Index value taken at 10.30 pm CET on the Closing Date.

In order to receive Shares at the close of the Initial Offer Period:

- properly completed share application form which satisfies the application requirements, including, but not limited to, full anti-money laundering documentation, must be received prior to the Dealing Deadline (Irish time) on the Closing Date (with the original to follow in the case of an initial subscription); and
- appropriate, cleared subscription monies must, in the case of cash subscriptions, be received by and delivery of the securities must, in the case of in-kind subscriptions, be effected by no later than the IOP Settlement Date.

Settlement of Shares subscribed for during the Initial Offer Period will take place on the IOP Settlement Date, provided always that settlement may take place earlier if consideration for the relevant Shares is received prior to the IOP Settlement Date.

Settlement of Shares subscribed for after the Initial Offer Period will take place on the Settlement Date, provided always that settlement may take place earlier if consideration for the relevant Shares is received prior to the Settlement Date.

Following the Initial Offer Period, Shares in each Class will be issued on each Dealing Day at the Dealing NAV with an appropriate provision for Duties and Charges in accordance with the provisions set out in the Prospectus. In order to receive Shares on a Dealing Day:

- a properly completed share application form which satisfies the application requirements, including, but not limited to, full anti-money laundering documentation, must be received prior to the Dealing Deadline (Irish time) on the relevant Dealing Day (with the original to follow in the case of an initial subscription); and

appropriate, cleared subscription monies must, in the case of cash subscriptions, be received by and delivery of the securities must, in the case of in-kind subscriptions, be effected by no later than the Settlement Date.

Applications for Shares may be submitted to the Administrator either by fax or electronically in accordance with the requirements of the Central Bank, provided that the original application form and the supporting documentation required for anti-money laundering purposes is received by post promptly thereafter.

Subsequent applications for Shares may be submitted to the Administrator either by fax or electronically in accordance with the requirements of the Central Bank and provided that all on-going anti-money laundering checks are complete.

## REDEMPTIONS

Shareholders in the Fund may request the redemption of Shares on any Dealing Day at the appropriate Dealing NAV, subject to an appropriate provision for Duties and Charges (subject to any applicable regulations), provided that a written redemption request is signed by the Shareholder and received by the Administrator by the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the Prospectus. Redemption requests will be processed on receipt of faxed or electronic instruction only where payment is made to the account of record of the Shareholder. Settlement will normally take place within three Business Days of the Dealing Day.

## CONVERSIONS

Shareholders should refer to the "Conversions" in the "Purchase and Sale" section of the Prospectus for information on Share conversions.

## VALUATION OF ASSETS

The method of valuation of the Net Asset Value is set out in detail in the "*Determination of Net Asset Value*" section of the Prospectus. Further to such provisions, each asset of the Fund will be valued at the last traded price on the relevant Recognised Market at the close of business on such Recognised Market on each Dealing Day.

## RISK FACTORS

### *Currency Hedged Classes*

Fluctuations between the currency of a currency-hedged Class and the currency of an underlying Index constituent may be reduced by the use of one-month foreign exchange forwards. The use of one-month foreign exchange forwards may not take into account the underlying Index constituents' intra-month price movements. As a result a risk of an intra-month under- or over-hedging may arise. Consequently the performance of an Index measured in its base currency may not exactly be achieved by the hedged Index measured in the hedged currency.

## INDEX DISCLAIMERS

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ALTHOUGH S&P DJ SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE S&P DJ INDEXES FROM SOURCES THAT S&P DJ CONSIDERS RELIABLE, NONE OF THE S&P DJ PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY S&P DJ INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE S&P DJ PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF THE FUND, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY S&P DJ INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE S&P DJ PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY S&P DJ INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE S&P DJ PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE S&P DJ PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND

FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH S&P DJ INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE S&P DJ PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

NO PURCHASER, SELLER OR HOLDER OF THIS SECURITY, PRODUCT OR FUND, OR ANY OTHER PERSON OR ENTITY, SHOULD USE OR REFER TO ANY S&P DJ TRADE NAME, TRADEMARK OR SERVICE MARK TO SPONSOR, ENDORSE, MARKET OR PROMOTE THIS SECURITY WITHOUT FIRST CONTACTING S&P DJ TO DETERMINE WHETHER S&P DJ PERMISSION IS REQUIRED. UNDER NO CIRCUMSTANCES MAY ANY PERSON OR ENTITY CLAIM ANY AFFILIATION WITH S&P DJ WITHOUT THE PRIOR WRITTEN PERMISSION.

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:

Legal entity identifier:

UBS (Irl) ETF plc – S&P USA Dividend Aristocrats ESG Elite UCITS ETF 5493003RY65R3GU0MH74

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

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

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 20% 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**

**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?

This financial product is passively managed and tracks an index (“Index/Reference Benchmark”). The following characteristics are promoted by the financial product:

- tracks/tracking of a benchmark, and accordingly producing a portfolio, with a sustainability profile (MSCI ESG Score) that is higher than the S&P Composite 1500’s (the “Broad Market Index/Parent Benchmark”) sustainability profile. As described in greater detail below, the MSCI ESG Score measures the most financially significant environmental, social and governance risks and opportunities of companies on the basis of key environmental (climate change, natural capital, pollution & waste and environmental opportunities), social (human capital, product liability,



stakeholder opposition and social opportunities) and governance (corporate governance and corporate behavior) themes (the “Key ESG Themes”).

- a Carbon Intensity (1, 2) emissions indicator lower than the Parent Benchmark (MSCI)

The Reference Benchmark designated for the purpose of attaining the characteristics promoted by the financial product is the S&P ESG Elite High Yield Dividend Aristocrats Total Return Net.

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

The above ESG characteristics are measured using the following indicators respectively:

- The MSCI ESG Score

MSCI ESG Scores are provided by MSCI ESG Research and are measured on a scale from 0 (lowest/worst score) to 10 (highest/best score). The MSCI ESG Score is based on the underlying company’s exposure to industry-specific ESG risks and their ability to mitigate those risks relative to their peers. MSCI ESG Scores are also shown as a breakdown of the E, S and G scores, in reference to the different components that are considered for the environmental, social and government pillars. The components are also rated on a scale of 0-10. Based on the individual E, S and G values, a weighted average can be calculated. This is dynamic and takes into account the direct changes of all underlying results, which affect the individual E, S and G values. The MSCI ESG Score measures the most financially significant environmental, social and governance risks and opportunities of companies on the basis of the Key ESG themes. In addition, sectoral differences are taken into account through identifying key industry specific ESG issues relevant to each Key ESG Theme. This assessment of risk and opportunity makes the MSCI ESG Score a rather static measure, as the relative valuation of a sector remains constant over a longer period of time. Companies with the highest ratings are those assessed as best managing their exposures to the above mentioned Key ESG Themes and the associated issues. Each company in the product’s portfolio will produce a score which will contribute to the overall MSCI ESG Score of the product’s portfolio. The product’s MSCI ESG Score will be higher than that of the Parent Benchmark.

- Weighted average carbon intensity (Scope 1+2) MSCI

The weighted average carbon intensity (“WACI”) measures a portfolio’s exposure to carbon-intensive companies. The WACI metric provides insight into potential risks related to the transition to a lower-carbon economy because companies with higher carbon intensity are likely to face more exposure to carbon related market and regulatory risks. It’s the sum product of the portfolio weights and individual carbon intensities (carbon emissions scope 1+2 / USDm sales).

Please note that while the Reference Benchmark and Parent Benchmark are provided by Standard & Poor’s, the Investment Manager will rely on data provided by MSCI to calculate the MSCI ESG Score and the weighted average carbon intensity (Scope 1+2) of the financial product and the Parent Benchmark. As a result, there might be a discrepancy between the figures disclosed by the Investment Manager and the Reference Benchmark / Parent Benchmark provider.

- ***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 financial product intends to make sustainable investment by investing at least 90% of its total net assets in securities that are constituents of the Index. The objective of the sustainable

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

investments is to produce a portfolio with a higher MSCI ESG Score and a lower Carbon Intensity (1, 2) emissions indicator than the Broad Market Index.

The indices incorporate the Sustainalytics' Global Standards Screening (GSS), screening out on a timely basis any issuers violating the international norms and standards. The basis of the GSS assessments is the United Nations (UN) Global Compact Principles.

GSS is designed to provide timely and consistent assessments of ESG controversies involving issuers. As of each rebalancing reference date, companies classified as Non-Compliant, according to Sustainalytics, are ineligible for Index inclusion. Companies without Sustainalytics coverage, are also ineligible for Index inclusion until they receive such coverage.

The GSS monitors company involvement in notable ESG controversies related to the company's operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, with respect to these norms and principles.

Furthermore, the financial product excludes investments in companies involved directly or indirectly in the following business activities: Controversial Weapons, Military Contracting, Thermal Coal, Tobacco, Oil Sands, Shale Energy, Artic Oil & Gas Exploration, Oil & Gas, Small Arms, Adult Entertainment, Alcohol, Gambling, Genetically Modified Plants and Seeds, Nuclear Power, Predatory Lending and Palm Oil. By excluding those mentioned business activities, especially those which are considered as climate related (Thermal Coal, Oil Sands, Shale Energy, Artic Oil & Gas Exploration and Oil & Gas), the Index's carbon emission is significantly reduced.

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

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

This financial product is passively managed and tracks an Index. The Index provider implements the screens and exclusions set out above to ensure that the remaining portion of the Index which are sustainable investments do not cause significant harm. As outlined above, the GSS monitors companies to ensure that they are aligned with the UN Global Compact, Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In addition, the value-based exclusions mentioned in the previous response consider sustainability indicators listed in Table 1 of Annex 1 of Regulation (EU) 2022/1288, such as GHG emissions, Carbon footprint, Violations of UN Global Compact principles and Organisation for Economic and exposure to controversial weapons.

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

Indicators for adverse impacts on sustainability factors mentioned in Table 1 of Annex 1 of Regulation (EU) 2022/1288 are taken into account by the Index provider when applying value-based and norms-based exclusions as set out in the Index methodology and below.

The indices incorporate the Sustainalytics' Global Standards Screening (GSS), screening out on a timely basis any issuers violating the international norms and standards. The basis of the GSS assessments is the United Nations (UN) Global Compact Principles.

GSS is designed to provide timely and consistent assessments of ESG controversies involving issuers. As of each rebalancing reference date, companies classified as Non-Compliant, according to Sustainalytics, are ineligible for Index inclusion. Companies without Sustainalytics coverage, are also ineligible for Index inclusion until they receive such coverage.

The GSS monitors company involvement in notable ESG controversies related to the company's operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, with respect to these norms and principles.

Furthermore, the financial product excludes investments in companies involved directly or indirectly in the following business activities: Controversial Weapons, Military Contracting, Thermal Coal, Tobacco, Oil Sands, Shale Energy, Arctic Oil & Gas Exploration, Oil & Gas, Small Arms, Adult Entertainment, Alcohol, Gambling, Genetically Modified Plants and Seeds, Nuclear Power, Predatory Lending and Palm Oil.

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

The GSS monitors company involvement in notable ESG controversies related to the company's operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, with respect to these norms and principles.

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

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

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



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

Yes

Yes, this financial product is passively managed and tracks an Index, indicators for adverse impacts on sustainability factors mentioned in Table 1 of Annex 1 of Regulation (EU) 2022/1288 are taken into account by the Index provider when applying value-based and norms-based exclusions as set out in the Index methodology and below.

Information regarding how the Fund's environmental or social characteristics are met will be included with the Fund's annual report.

No



## What investment strategy does this financial product follow?

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

This financial product seeks to promote the characteristic(s) described in this annex through Index selection and passive asset management.

This financial product is passively managed and seeks to track the performance and the ESG profile of the Index. Sustainability characteristics and risks are considered as part of the Index selection process. The Index which is stated by the Index provider to be screened against environmental, social or governance criteria and any methodology used by the Index provider to assess sustainability characteristics and risks of the constituents of the Index can be found on the website of the Index provider.

Information on the ESG profile of the Index is available on the S&P Dow Jones Indices internet website by selecting the S&P ESG Elite High Yield Dividend Aristocrats Index from the list of indices and by completing the relevant form on:

<http://supplemental.spindices.com/supplemental-data/europe>

- ***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?***

As described above, the following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product.

The passive investment strategy employed by this financial product will select investments based on its ability to generate:

Characteristic 1):

A sustainability profile (MSCI ESG Score) that is higher than the Broad Market Index's (S&P Composite 1500) sustainability profile

Characteristic 2):

A Carbon Intensity (1 and 2) emissions indicator that is lower than the Parent Benchmark (MSCI)

The calculations do not take account of cash, derivatives and unrated investment instruments.

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

The binding element(s) are calculated at quarter end using the average of all of business days' values in the quarter.

Please note that while the Reference Benchmark and Parent Benchmark are provided by Standard & Poor's, the Investment Manager will rely on data provided by MSCI to calculate the MSCI ESG Score and the weighted average carbon intensity (Scope 1+2) of the financial product and the Parent Benchmark. As a result, there might be a discrepancy between the figures disclosed by the Investment Manager and the Reference Benchmark / Parent Benchmark provider.

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

This financial product invests at least 90% of its total net assets in securities that are constituents of the Index and the Index provider applies ESG ratings on all of the Index constituents. The Index is eliminating at least 20% of the least well-rated securities as against the standard Index universe. It is, therefore, expected that this financial product's resulting ESG rating will be higher than the ESG rating of a financial product tracking a standard index.

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

Assessment of good governance practices of the investee companies are performed by the Index provider.

Sustainability assess a company's corporate governance structures, practices and behaviors along six pillars that are deemed crucial for good governance: Board Integrity & Quality, Board Structure, Remuneration, Shareholder Rights, Financial Reporting and Stakeholder Governance.



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

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 90%. The minimum proportion of sustainable investments of the financial product is 20%.

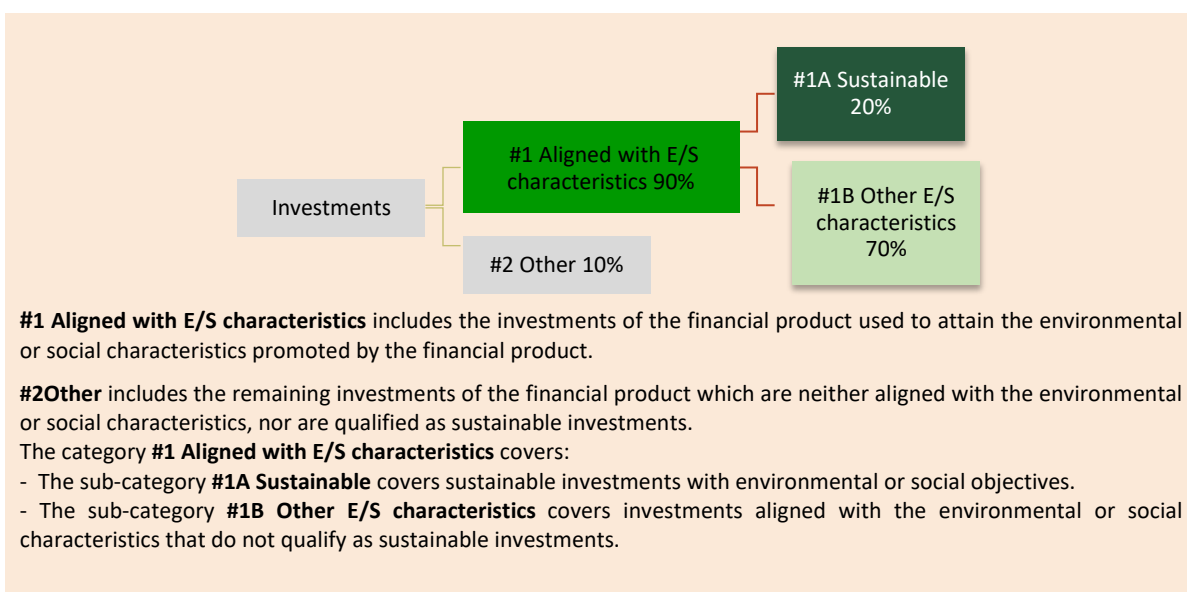
**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



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

The financial product tracks an ESG index and may replicate the performance of the Index by the use of derivatives. Derivatives will only be used in case that a) the investment objective cannot be achieved by investments in Index components, in particular in order to reflect the performance of a currency hedge where a sub-fund replicates a currency-hedged index, or b) to generate efficiencies in gaining exposure to the constituents of the Index, in particular where there are legal or practical obstacles to gaining direct access to a market to which the Index refers.

The financial product may namely enter into a range of index related swaps (excluding funded swaps) and derivative instruments (futures, forwards, currency swaps, p-notes, options, warrants and foreign exchange contracts) in order to replicate the Index.



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

The minimum extent that investments underlying this financial product are sustainable investments with an environmental objective aligned with 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

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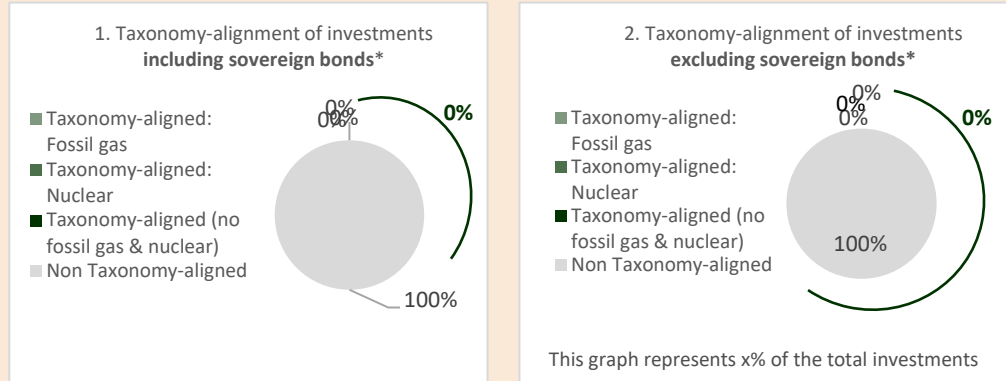
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for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

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

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

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

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?**

Not applicable

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



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

The financial product targets a minimum proportion of 20% sustainable investment as stated in the asset allocation of this annex.



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

The financial product targets a minimum proportion of sustainable investment, these investments have both environmental and social objectives however there are no specific minimum proportions for each of these categories.



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

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management relative to the benchmark weighting. This category may also include securities for which relevant data is not available.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The Reference Benchmark designated for the purpose of attaining the sustainable objective of the financial product is the S&P ESG Elite High Yield Dividend Aristocrats Total Return Net.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

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

The financial product has initially selected the Reference Benchmark for its relevance to its investment strategy and the attainment of the characteristics it seeks to promote. The Index rebalances on an annual basis. More details on the index methodology applied by the Index provider can be found below.

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

The alignment of the investment strategy with the methodology of the Index is ensured on a continuous basis as the Index provider rebalances the Index on a regular basis and the Investment Manager will track the Index in line with the limits set out in the investment policy of Fund.

The financial product has initially selected the Reference Benchmark for its relevance to its investment strategy and the attainment of the characteristics it seeks to promote.

The investment strategy of the fund is to track the benchmark’s return and its characteristics, including ESG characteristics, as closely as reasonably possible.

The investment strategy is to fully replicate the Index and to minimize the tracking error. The investment manager reviews the Index methodology when the product is set up and the Index provider may be contacted if the Index methodology is no longer in line with the investment strategy of the financial product.



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

The Broad Market Index is the S&P Composite 1500. The Index is an equity index calculated, maintained and published by international index supplier S&P Dow Jones Indices and is denominated in USD. It measures the performance of large and midcapitalised U.S. companies.

The Index measures the performance of high dividend yielding / ESG-scoring companies that meet sustainability criteria as defined in this methodology, and meet the eligibility criteria defined in the S&P High Yield Dividend Aristocrats Index. Constituents are selected from eligible companies in the S&P Composite 1500 that have followed a managed-dividends policy of increasing or maintaining dividends for at least 20 consecutive years. Constituents are weighted by indicated dividend yield.

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

The methodology of the construction of the Index can be found in the fund supplement.

<https://www.spglobal.com/spdji/en/indices/strategy/sp-esg-elite-high-yield-dividend-aristocrats/#overview>



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

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

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