

**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:** Most Diversified Portfolio  
SICAV - TOBAM Anti-Benchmark US  
Equity Fund

**Legal entity identifier:**  
54930033JZYCPOUWCO47

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

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

## 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:** \_\_\_\_%

☐ 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

☐ It will make a minimum of **sustainable investments with a social 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 40% of sustainable investments

☐ with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



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

The Compartment's primary investment objective is to be exposed to US equity markets, by systematically applying the Management Company's investment process, which aims to outperform the reference index by minimizing risk factor concentration via a maximally diversified portfolio.

This process integrates environmental, social and governance (ESG) risks and opportunities to the sustainability of long-term company returns. The Compartment aims to promote low carbon approaches, commitment to climate action and companies with good governance.

In particular, the Compartment aims to promote the following E/S characteristics:

- Low carbon approach by applying a systematic carbon footprint reduction of at least 20% versus the reference investment universe's carbon footprint,
- Promotion of companies with good governance.

The Compartment has designated Bloomberg United States Large & Mid Cap Net Return Index as a reference index to compare its ESG characteristics, such as carbon emissions or ESG footprint.

#### Sustainability

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

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

In order to achieve the above characteristics promoted by the Compartment, the Management Company has put in place an ambitious ESG policy made of key pillars and sustainability indicators. The Compartment uses the following sustainability indicators to attain each of the environmental and social characteristics promoted by the Compartment:

- **Carbon Emissions Reduction:** The Management Company applies a systematic carbon footprint reduction of at least 20% versus the reference index the Bloomberg United States Large & Mid Cap Net Return Index's carbon footprint. The calculation of the carbon footprint is based on the greenhouse gas emissions scope 1 (i.e. direct emissions from owned or controlled sources) and scope 2 (i.e. indirect emissions from the generation of purchases energy) according to GHG Protocol Corporate Standard. Data on emissions used is obtained from a number of sources including company reports, CDP questionnaire (Carbon Disclosure Project) or an estimation model.
- **ESG Footprint:** The Management Company has put in place a strict E, S and G integration process for all listed companies in its investment universe; using officially published data from Bloomberg.

The Management Company has built a proprietary methodology to compute the "E,S,G footprints" of each individual holding in the portfolio and as such determine the overall E,S,G Footprints of the portfolio.

The Management Company monitors the E, S, G footprints of the Compartment and of the reference index, the Bloomberg United States Large & Mid Cap Net Return Index, in order to integrate them into its investment decision making process.

#### ● *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 sustainable investments within this Compartment contribute to Environmental objectives including climate change mitigation and adaptation (however not in the meaning of the Taxonomy Regulation) or commitment to science-based emissions reduction targets ("SBTI").

To determine the share of sustainable investments, the Management Company consider the environmental objective for companies that have:

- A carbon intensity (carbon emissions normalized by the Enterprise Value including Cash) below 80% of the average carbon intensity of the Bloomberg United States Large & Mid Cap Net Return Index

Or

Made a commitment to the SBTi initiative. This engagement is followed by the Management Company's research team on an annual basis.

- Are not involved in severe breaches or controversies in regard to the labor rights, human rights, environmental or corruption, and that are not part of the following sectors: tobacco, controversial weapons, coal mining and fossil fuels

And

Have not been targeted by any significant environmental fines over the past years.

- Have a G score for Good Governance practices (as defined by the Management Company ESG Footprint proprietary methodology) in the top 80% of the reference index the Bloomberg United States Large & Mid Cap Net Return Index.

***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?***

Companies the Compartment invests in contribute to achieve the Compartments' carbon reduction objective, ESG footprint commitment while not significantly harming any environmental or social sustainable investment objectives. Before any investment is made by the Compartment (not only sustainable investments but all investments), the investment has to pass a negative screening. Hence no companies involved in controversial sectors or activities not aligned with TOBAM's policy, can be eligible for investments for the Compartment.

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

The Principal Adverse Impacts ("PAI") indicators have been taken into account through an exclusionary investment policy of several key sectors considered as significantly material in terms of negative impacts. The full list of the 14 mandatory indicators as per Table 1, Annex I of SFDR Level II and the 2 additional ones (namely, investments in companies without carbon emission reduction initiatives and lack of human rights policy) as per respectively Table 2 and Table 3, Annex I of SFDR Level II are monitored on a quarterly basis.

Negative impacts are monitored based on their seriousness by the sustainability committee in charge of identifying companies responsible.

Engagement with the companies is the preferred modus operandi.

***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 Management Company will not invest in any company that has been classified as failing to comply with key international norms (ISS Ethix Norm-based screening)) such as for example the UN Global Compact Principles, OECD

*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?

**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.



Yes, the Management Company has committed to monitor the 14 mandatory and 2 optional environmental and social indicators to show the impact of the Compartment's investments against these PAI indicators.

The Principal Adverse Impacts (“PAI”) indicators have been taken into account through an exclusionary investment policy of several key sectors considered as significantly material in terms of negative impacts. The full list of the 14 mandatory indicators and the 2 additional ones are monitored on a quarterly basis.

Negative impacts are monitored based on their seriousness by the sustainability committee in charge of identifying companies responsible.

Engagement with the companies is the preferred modus operandi.



No



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

The investment strategy of the Compartment is a US market equities strategy, systematically applying the Management Company's investment process, which aims to outperform the reference index by minimizing risk factor concentration via a maximally diversified portfolio.

The Compartment aims to promote low carbon approaches, commitment to climate action and companies with good governance.

The Management Company applies systematically its ESG methodology in the investment decision-making process.



***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 Compartment applies the following binding elements to select investments and attain the environmental and social characteristics described above:

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

- **Exclusion policy:** the Management Company applies a general exclusion policy, restricting the investment universe and excluding companies based either on their involvement in certain activities (sector or product based) or based on controversies or breaches to key international norms. The key exclusions used by the Management Company are reflected in the below table:

<b>Sector /Product</b>	<b><u>Criteria</u></b>
Producer and distributors of tobacco	Limit (5% of the revenues)
Coal and coal-based producers and distributors	Limit (10% of the revenues)
Development, production, maintenance or distribution of controversial and prohibited weapons	Exclusion
Breach or violation of International Treaties, Conventions & Standards such as OECD Guidelines for Multinational Enterprises, ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, UN Global Compact, Guiding Principles on Business and Human Rights	Exclusion

Further details on the exclusion policy can be found in the following link: <https://www.tobam.fr/our-beliefs/exclusion-policy/>.

- **ESG Integration:** The Management Company has put in place a strict E, S and G integration process for all listed companies in its investment universe; using officially published data from Bloomberg.

The Management Company has built a proprietary methodology to compute the "E,S,G footprints" of each individual holding in the portfolio and as such determine the overall E,S,G Footprints of the portfolio.

The Management Company monitors the E, S, G footprints of the Compartment and of the reference index, the Bloomberg United States Large & Mid Cap Net Return Index, in order to integrate them into its investment decision making process.

- **Carbon Emissions Reduction & Commitment to SBTi:**

In addition, the Management Company analyses the carbon emissions of each holding in its investment universe, computes the carbon footprint of the portfolio and applies a systematic portfolio carbon footprint reduction of at least 20% versus the reference index the Bloomberg United States Large & Mid Cap Net Return Index 's carbon footprint. The calculation of the carbon footprint is based on the greenhouse gas emissions scope 1 and scope 2. Data on emissions used is obtained from a number of sources including company reports, CDP questionnaire (Carbon Disclosure Project) or an estimation model.

The Management Company is also monitoring the companies' commitment to the SBTi as a way to monitor best effort toward more incorporation of best practices. This feature is monitored on a yearly basis.

- **Responsible Ownership:** The Management Company applies a responsible voting policy and has built an ambitious engagement policy to support its commitment to sustainability and address via engagement and dialogues, issues relative to ESG and sustainability.

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

Not applicable.

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

In order to assess good governance practices, the Management Company consider the G scoring of its proprietary ESG footprint methodology, and ensure that the G scoring of the portfolio is matching the reference index Bloomberg United States Large & Mid Cap Net Return Index's G scoring.

#### Good governance

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



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

#1: 90% of the assets of this Compartment are aligned (promote) E/S characteristics.

#1A: at least 40% of those assets fall under the sustainable share of investment with non EU Taxonomy aligned environmental objectives.

These sustainable investments contribute to environmental objectives, including climate change mitigation and adaptation (however not in the meaning of the Taxonomy Regulation) or commitment to SBTi.

The model used by TOBAM for the determination of the sustainable investments combines the pass or fail approach and the weighted-revenue approach with threshold for the carbon emissions and governance.

To determine the share of sustainable investments, the Management Company considers the environmental objective for companies that have:

#### Environmental objective determined as:

- Companies that have carbon emission intensity (carbon emissions normalized by the Enterprise Value Including Cash) below 80% of the average emissions carbon intensity of the reference index the Bloomberg United States Large & Mid Cap Net Return Index
- Or
- Companies that have made a commitment to the SBTi initiative (this engagement is followed by the Management Company's research team on an annual basis).

#### Do Not Significantly Harm characteristics:

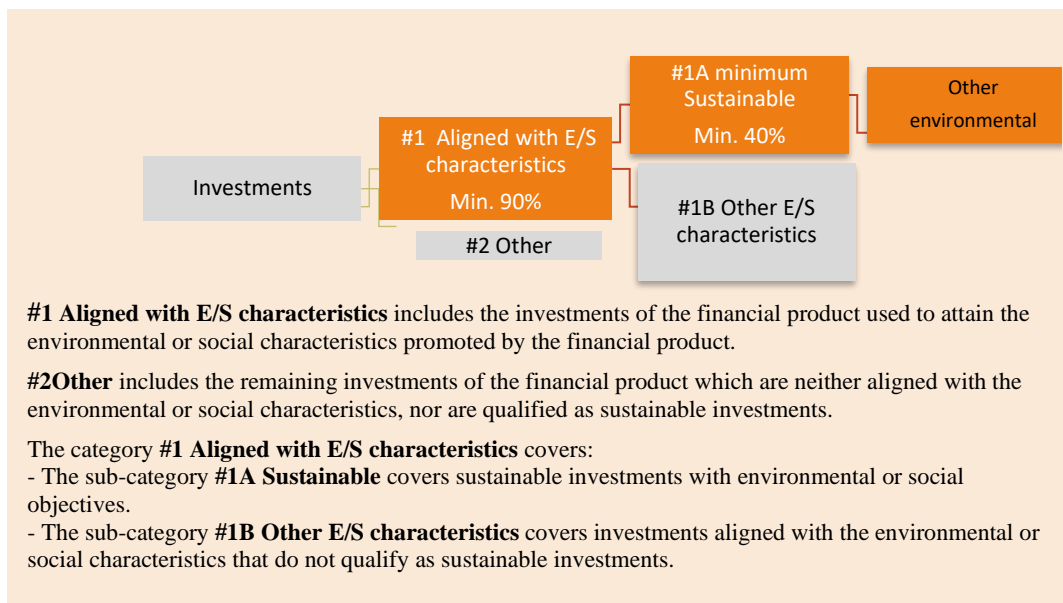
- Companies that are not involved in severe breaches or controversies in regard to the labor rights, human rights, environmental or corruption, and that are not part of the following sectors: tobacco, controversial weapons, coal mining and fossil fuels
- And
- Companies that have not been targeted by any significant environmental fines over the past years.

**Good Governance practices** are defined as companies that have a G score (as defined by the Management Company ESG Footprint proprietary methodology) in the top 80% of the reference index the Bloomberg United States Large & Mid Cap Net Return Index.

Please note that investments falling under section #1B on the below diagram ‘non sustainable investment share of the Compartment’, still comply with all of the Compartment ESG policy (exclusions, carbon reduction, ESG footprint, voting & engagement), but did not qualify as a sustainable investment.

#### 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 Compartment may use financial derivative instruments for investment, efficient portfolio management and/or hedging purposes, and this will not impact in any way the exposure to sustainable assets, or the ESG characteristics of the Compartment.



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

This Compartment commits to a 0% alignment with the EU Taxonomy.



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

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

☐ Yes :

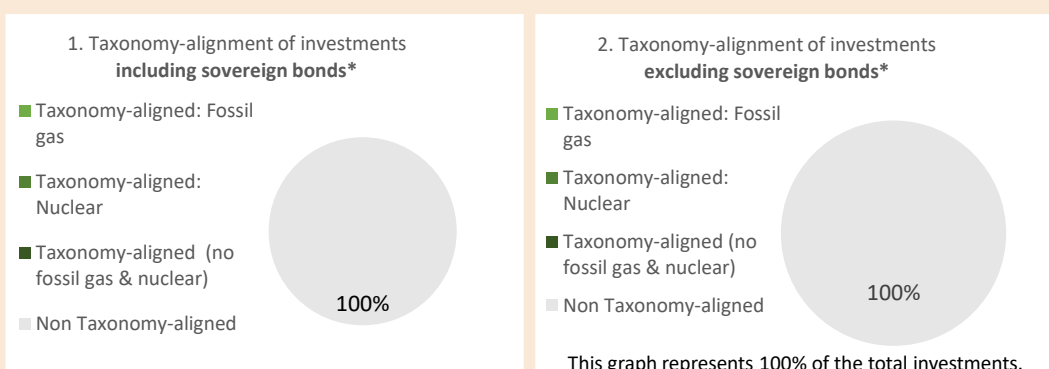
☐ In fossil gas

☐ In nuclear energy

☒ No

<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.

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?**

**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.

As the Compartment does not have a minimum Taxonomy alignment, there is no minimum share in transitional and enabling activities.



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

The minimum share of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy is 40%.



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

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

Investments falling under category “#2 Other”, are investments such as derivatives, cash or cash equivalent, not integrating E/S characteristics, where ESG key features and analysis have not been performed, and E/S characteristics not considered.

No minimum environmental or social safeguards apply to the above elements.



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

No, but the Compartment has designated a reference benchmark (Bloomberg United States Large & Mid Cap Net Return Index). This index is used as a reference to compare the Compartment ESG characteristics, such as carbon emissions or ESG footprint, with the reference benchmark.

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

The Benchmark used by the Compartment is not an ESG benchmark and is not consistent with the ESG characteristics promoted by the Compartment. All ESG calculations or comparisons are computed using the Compartment’s benchmark, as a good proxy of the Compartment investment universe.

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

The reference index the Bloomberg United States Large & Mid Cap Net Return Index is a broad market index, capturing US markets equities, which is in line with the Compartment investment universe.

The investment universe of the reference index is regularly monitored by the Management Company research team to ensure the consistency with the Compartment’s investment universe, in order to ensure relevance of ESG and performance comparisons.

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

The reference index the Bloomberg United States Large & Mid Cap Net Return Index is a broad market index, capturing US markets equities, which is in line with the Compartment investment universe.

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

<https://assets.bbhub.io/professional/sites/27/Global-Equity-Index-Methodology.pdf>



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

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

<https://www.tobam.fr/key-documents-policies/>