

## SUPPLEMENT 5

### New World Indexed Euro Corporate Bond Fund

This Supplement contains information relating specifically to the New World Indexed Euro Corporate Bond Fund (the "Fund"), a sub fund of Beresford Funds ICAV (the "ICAV"), an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between Funds authorised by the Central Bank of Ireland (the "Central Bank") on 22<sup>nd</sup> May, 2007 as a UCITS pursuant to the UCITS Regulations.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the ICAV dated 24 May, 2022 (the "Prospectus") which immediately precedes this Supplement and is incorporated herein.**

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

Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

#### 1. Interpretation

The expressions below shall have the following meanings:

"Business Day"	means any day (except Saturday or Sunday) on which banks in Ireland are generally open for business or such other day or days as may be determined by the Directors, in consultation with the Manager and the Investment Manager, and notified to Shareholders.
"Dealing Day"	means each Business Day or less frequent dates as may be determined by the Directors, in consultation with the Manager and the Investment Manager, and notified to Shareholders provided that there shall be at least one Dealing Day per fortnight.
"Distributor"	means ILIM.
"Index"	means the ICE ILIM Sustainable Euro Corporate Bond Index <sup>1</sup> .
"Initial Price"	means €1.
"Initial Offer Period"	means the period in which the Shares of the Fund will be first offered at the Initial Price.

---

<sup>1</sup> This Fund is not sponsored, endorsed, sold or promoted by Solactive AG ("Solactive"). Please see Appendix VI to the Prospectus for further disclaimer information from Solactive.

"Investment Manager"	means ILIM. A description of the Investment Manager can be found under the heading "Management and Administration-Investment Manger" in the Prospectus.
"Redemption Deadline"	means 11am Irish time on any Dealing Day or such other time as the Directors, in consultation with the Manager, may determine and notify to Shareholders provided always that the Redemption Deadline is no later than the Valuation Point.
"Subscription Deadline"	means 11am Irish time on any Dealing Day or such other time as the Directors, in consultation with the Manager, may determine and notify to Shareholders provided always that the Subscription Deadline is no later than the Valuation Point.
"Valuation Point"	means close of business in the relevant market(s) on the relevant Dealing Day or after the close of the Initial Offer Period.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency of Class A, Class B, Class C, Class J and Class P1 Shares shall be Euro. The Net Asset Value per Share will be published and settlement and dealing will be effected in Euro.

## **3. Profile of Typical Investor**

Investment in the Fund is suitable for investors who understand the degree of risks involved and believe that the investment is suitable based upon investment objectives and financial needs. The Fund invests primarily in euro-denominated debt of world-wide corporate entities and has a similar level of volatility to the broad global bond market. This investment is more suitable for medium to long-term investors.

## **4. Investment Objective**

The investment objective of the Fund is to provide investors with a total return, taking into account both capital and income returns, which reflects the total return of the Index. The Fund will aim to match the performance of the Index as part of this objective.

## **5. Investment Policy**

The Fund utilises a passive investment approach, which aims to deliver an investment performance in line with the Index by investing in the constituents of the Index. The Fund uses a sampling approach, meaning that it holds a range of securities that, in the aggregate, approximate the full Index in terms of key financial risk factors and other financial characteristics, including, but not limited to, industry weights, yield, modified duration, issuance size, coupon, issuer and other financial characteristics of bonds and thus look for the portfolio to track the Index returns closely.

The Index offers broad exposure to the euro-denominated debt of corporate entities on a worldwide basis. Investment grade qualifying bonds are weighted within the Index based on their outstanding debt amount and a range of sustainability criteria, including but not limited to Environmental, Social and Governance (“ESG”) scores and carbon scores. The Index screens out securities based on an assessment of their adherence to carbon and ESG criteria, including international norms in relation to environmental protection, human rights, labour standards, anti-corruption, controversial weapons and manufacture and supply of tobacco products.

The Index methodology uses Sustainalytics for calculating the ESG metrics. Sustainalytics, a Morningstar Company, is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies.

In addition, the Index ranks each corporate issuer by ESG and carbon metrics as calculated by Sustainalytics. The ESG score is calculated using a combination of the Sustainalytics ESG score and ESG Momentum score for each issuer and combines these two data points in a ratio of 75% to 25% respectively. The carbon score is also calculated using Sustainalytics data and is an equal weight combination of the Carbon score and the Carbon Intensity score.

The ESG ranking compares the ESG score of a corporate issuer against the average issuer in its industry for both current ESG score and the recent change to the ESG score. All corporate issuers are ranked based on these metrics and the corporate issuers with the bottom 7% of ESG scores are screened from the Index.

Similarly, the carbon ranking compares the carbon scores of a corporate issuer against the average issuer in its industry for both carbon risk and carbon intensity. All corporate issuers are ranked based on these carbon metrics and the corporate issuers with the bottom 7% of carbon scores are screened from the Index. The Index applies further issuer weight tilts by increasing the weight for corporate issuers with green revenues and underweights issuers with revenues linked to fossil fuel. The tilt is calculated using the following formula for each issuer,  $(1 + \text{Issuer Green Revenue \%}) / (1 + \text{Issuer Fossil Fuel Revenue \%})$ .

Further details on this Index can be found on the internet on ICE’s website <https://indices.theice.com/registration?AccessType=Limited> (registration is required) or on Bloomberg using ERIS Ticker or upon request from the Investment Manager.

The Index is reviewed and rebalanced on a monthly basis by the Index provider. The costs incurred by the Fund, which are associated with gaining exposure to the Index, will be impacted by the level of turnover of Index constituents when the Index is rebalanced.

The Fund primarily invests directly in bonds that are constituents of the Index and seeks to reflect the Index weightings within tight tolerances. A small value of the Fund may be held in financial derivative instruments as outlined below. Index constituents are across a range of industries and jurisdictions.

The Fund measures its performance against the Index. Investors should keep in mind that an index fund has operating expenses and costs, while the Index (also referred to as a benchmark for tracking purposes) does not. Therefore, an index fund, while expected to track a specific index as closely as possible, typically will not match the performance of the targeted index exactly.

The anticipated level of tracking error in normal market conditions is 0.40%.

As at the date of this Supplement, the Administrator of the Index, ICE Data Indices, is availing of the transitional arrangements afforded under the Benchmark Regulations and accordingly does not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulations. Investors should note that the ICAV has a contingency policy in place setting out the actions that the ICAV will take in the event that the Index materially changes or ceases to be provided. A copy of the contingency arrangements in place are available on request from the ICAV.

The Fund may also invest in future contracts, forwards, options, and swaps for cash management and efficient fund management purposes, or as an alternative to acquiring the underlying or the related securities where such investment provides an exposure to the Index or to the securities comprised in the Index and may be accomplished in a more efficient or less costly way through the use of derivatives. Such instruments may also be used to maintain or manage exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling transferable securities. The Fund will not generate synthetic short positions for investment purposes using financial derivatives.

In relation to the above use of financial derivatives, it is expected that any leverage that arises as a result of using these financial derivatives for efficient portfolio management purposes as further described in the main body of the Prospectus will be minimal, and in any event aggregate exposure to the financial derivatives will not exceed 20% of the Fund's Net Asset Value. The commitment approach will be used to calculate the Funds global exposure. The commitment approach requires the Fund to convert each derivative position into the market value of an equivalent position in the underlying asset of that derivative. The Fund may take into account netting and hedging arrangements when calculating its global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure. Details of the risks regarding the use of derivatives is set out under the heading "Derivatives and Techniques and Instruments Risk" in the Prospectus.

The Fund may invest, subject to a maximum limit of 10% in aggregate of its net assets, in other collective investment schemes. Where investment is made in a different fund of the ICAV, management fees or investment management fees will not be charged to the Fund in respect of that portion of the Fund's assets invested in the other fund of the ICAV. Any investment in collective investment schemes will be for the purposes of meeting the Fund's objective, although the investment will not be a constituent part of the Index.

The Fund will employ a risk management process which will enable it to accurately monitor, manage and measure the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Fund will not utilise financial derivatives which have not been included in the risk management process. The Fund will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the investments.

### ***Sustainability Risk***

The SFDR requires a determination, on a product-by-product basis, of whether sustainability risks are relevant to financial products. For the purposes of SFDR, "sustainability risk" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The Investment Manager has categorised the Fund as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and social characteristics, as further described below.

### **The environmental and social characteristics promoted by the Fund**

The Fund is passively managed. Its objective is to track the performance of the Index. The Index offers broad exposure to the euro-denominated debt of corporate entities on a worldwide basis. Investment grade qualifying bonds are weighted within the Index based on their outstanding debt amount and a range of sustainability criteria, including but not limited to ESG and carbon scores. The Index screens out securities based on an assessment of their adherence to carbon and ESG criteria, including international norms in relation to environmental protection, human rights, labour standards, anti-corruption, controversial weapons and manufacture and supply of tobacco products. Further details on this Index can be found in the “Investment Policy” section of this Supplement and on ICE’s website [www.theice.com/index](http://www.theice.com/index) or on Bloomberg using ERIIS Ticker or upon request from the Investment Manager.

For further information on the Fund’s ESG strategy, please refer to the Annex to this Supplement.

### **How the environmental and social characteristics are promoted by the Fund**

In order to meet the environmental and social characteristics promoted, the Fund aims, in so far as is possible, for full replication of the underlying constituents of the Index. As previously outlined, the Investment Manager may use a sampling process to achieve this, meaning that it holds a range of securities that, in the aggregate, approximate the full Index in terms of key financial risk factors and other financial characteristics.

Underlying investments can also consist of assets that are not relevant to the environmental and social characteristics promoted by the Fund, including but not limited to hedging instruments, derivatives, or money market instruments.

## **6. Efficient Portfolio Management - Securities Financing Transactions**

The Fund may engage in securities financing transactions, namely securities lending. The Fund will only engage in securities lending for efficient portfolio management purposes and subject to and in accordance with the conditions and limits set out in the Central Bank UCITS Regulations. The types of assets that will be subject to securities lending will be fixed income bonds. Details in respect of the Manager’s collateral policy and counterparty procedures are set out in the Prospectus under “*Collateral Management*”.

The maximum exposure of the Fund to securities lending will be 100% of the net assets of the Fund.

## **7. Offer**

Class A, Class B, Class C and Class P1 Shares are available on any Dealing Day at Net Asset Value per Share.

Class J Shares will be offered at an Initial Price of €1 from 9am (Irish time) on 28<sup>th</sup> November, 2022 to the earlier of 11am (Irish time) on the date subscriptions are first received in respect of the relevant Share Class or to 5pm (Irish time) on 4<sup>th</sup> April, 2023 (the "Initial Offer Period") subject to acceptance of applications for Shares by the Administrator and will be issued for the first time on the first Dealing Day after expiry of the initial offer period.

## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor must subscribe a minimum of €50,000 and must retain Shares having a Net Asset Value of €10,000. A Shareholder may make subsequent subscriptions, conversions and redemptions, each subject to a minimum transaction size of €10,000.

Subject to the requirements of the Central Bank, the Directors reserve the right to differentiate between Shareholders and waive or reduce the Minimum Subscription, Minimum Holding and minimum transaction size for certain investors.

## **9. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form) on behalf of the ICAV. Applications received by the Administrator on behalf of the ICAV prior to the Subscription Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Subscription Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in consultation with the Manager in their absolute discretion otherwise determine(s) to accept one or more applications received after the Subscription Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Administrator so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax as may be permitted by the Directors in consultation with the Manager without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the ICAV in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in Base Currency. However, the ICAV may accept payment in such other currencies as the ICAV may agree at the prevailing exchange rate quoted by the Administrator. The cost and risk of converting currency will be borne by the investor.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 2 Business Days after the relevant Dealing Day provided that the ICAV reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the ICAV or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at EURIBOR + 1%, which will be paid into the Fund together with an administration fee of €200, which is payable to the ICAV. The ICAV may waive either of such charges in whole or in part. In addition, the ICAV has the right to sell all or part of the investor's holding of Shares in the Fund or any other fund of the ICAV in order to meet such charges.

#### *Operation of Umbrella Cash Accounts in the name of the ICAV; Subscriptions*

Subscription monies received from an investor in advance of a Dealing Day in respect of which an application for Shares has been, or is expected to be, received will be held in an Umbrella Cash Account in the name of the ICAV and will be treated as an asset of the Fund upon receipt and will not benefit from the application of any investor money protection rules (i.e. the subscription monies in such circumstance will not be held on trust as investor monies for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the Fund with respect to the amount subscribed and held by the ICAV until such Shares are issued on the relevant Dealing Day.

In the event of an insolvency of the Fund or the ICAV, there is no guarantee that the Fund or the ICAV will have sufficient funds to pay unsecured creditors in full. Investors who have forwarded subscription monies in advance of a Dealing Day as detailed above and which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore, in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account in relation to the application for Shares.

Your attention is drawn to the section of the Prospectus entitled “Risk Factors” – “Operation of Umbrella Cash Accounts”.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will be sent to Shareholders within 24 hours of the purchase being made. Title to Shares will be evidenced by the entering of the investor's name on the ICAV's register of Shareholders.

## **10. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the ICAV by facsimile or written communication as may be permitted by the Directors in consultation with the Manager and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Redemption Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Redemption Deadline for a Dealing Day will be processed on the next Dealing Day unless the ICAV in its absolute discretion determines otherwise provided they are received prior to the Valuation Point. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions.

No redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the ICAV (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed. In such circumstances, the Administrator will process any redemption request received by a Shareholder, however the proceeds of that redemption shall remain an asset of the Fund and the Shareholder will rank as a general creditor of the ICAV until such time as the Administrator is satisfied that its anti-money laundering and anti-fraud procedures have been fully complied with, following which redemption proceeds will be released.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the minimum transaction size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the ICAV may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. The Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share and may exercise their discretion in this respect if they have reason to believe that any Shareholder requesting redemption is attempting any form of arbitrage on the yield of Shares in the Fund. Shareholders should view their investment as medium to long term.

### *Operation of Umbrella Cash Accounts in the name of the ICAV; Redemptions*

Redemption monies payable to an investor subsequent to a Dealing Day of the Fund as of which Shares of that investor were redeemed (and consequently the investor is no longer a Shareholder of the Fund as of the relevant Dealing Day) will be held in an Umbrella Cash Account and will be treated as an asset of the Fund until paid to that investor and will not benefit from the application of any investor money protection rules (i.e. the redemption monies in such circumstance will not be held on trust for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the Fund with respect to the redemption amount held by the ICAV until paid to the investor.

In the event of an insolvency of the Fund or the ICAV, there is no guarantee that the Fund or



the ICAV will have sufficient funds to pay unsecured creditors in full. Investors due redemption monies which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore, in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account for onward transmission to that investor.

Your attention is drawn to the section of the Prospectus entitled “Risk Factors” – “Operation of Umbrella Cash Accounts” above.”

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the Base Currency. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid on/within 4 Business Days of the Redemption Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the ICAV or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

### **11. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant fund or Classes, Shareholders may request conversion of some or all of their Shares in one fund or Class to Shares in another fund or Class or another Class in the same fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

### **12. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

### **13. Fees and Expenses**

#### *Manager's Fees*

Pursuant to the Management Agreement, the Manager is entitled to charge the Fund an annual fee not to exceed 0.03% of the Net Asset Value of the Fund, subject to a minimum annual fee not to exceed €40,000 per Fund, which fee shall be allocated pro-rata to all Funds of the ICAV. The Manager's fee shall be subject to the imposition of VAT if required. The fee will be calculated and accrued daily and is payable monthly in arrears. The Manager's fee may be waived or reduced by the Manager, in consultation with the Directors. It is not the current intention of the Manager to charge an annual management fee, and any decision to charge a management fee will be notified in advance to Shareholders.

The Manager shall be entitled to be reimbursed by the Fund for reasonable out of pocket expenses properly incurred and any VAT on all fees and expenses payable to or by it.

#### *Administrator's Fee*

The fees payable to the Administrator are set out under section 3 of the Prospectus and will be subject to a minimum annual fee of €20,000.00.

#### *Depositary's Fee*

The fees payable to the Depositary are set out under section 3 of the Prospectus and will be subject to a minimum annual fee of €6,000 for the Fund.

#### *Investment Manager Fee*

The Investment Manager is entitled to receive an annual fee accrued at each Valuation Point and payable monthly in arrears out of the assets of the Fund as a percentage of the Net Asset Value of each Class of Shares in the Fund at the rates stated below:

- (i) Class A Shares; 0% of the Net Asset Value of the Fund attributable to Class A Shares, and
- (ii) Class B, Class C, Class J and Class P1 Shares; up to 0.50% (plus VAT, if any) of the Net Asset Value of the Fund attributable to Class B, Class C, Class J and Class P1 Shares respectively.

The fees and operating expenses of the ICAV are set out in detail under the heading "Fees and Expenses" in the Prospectus. The fees payable out of the Fund's assets to the Distributor(s) as sales commissions are as follows:

#### *Sales Commission*

Shareholders may be subject to a sales commission calculated as a percentage of subscription monies subject to a maximum of 2% per annum of the Net Asset Value per Share held by Shareholders. It is not the current intention of the Directors to charge a sales commission.

#### *Redemption Fee*

A redemption fee not exceeding 3% of the Net Asset Value of Shares being redeemed may be imposed on the redemption of Shares which shall be retained by the Fund for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. It is not the Directors current intention to impose any redemption fee at present.

#### *Conversion Fee*

A conversion fee not exceeding 5% of the Net Asset Value of Shares in the original fund may be imposed on the conversion of Shares in any fund to Shares in another fund. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the conversion fee chargeable to certain Shareholders. It is not the Directors current intention to impose any conversion fee at present.

#### *Establishment Costs*

The costs and expenses of establishing the Fund and the expenses associated with the issue of Shares, including the costs incurred in connection with the preparation and publication of this Supplement and all legal and printing costs, have been paid out of the assets of the Fund, and were amortised over the first five years of the Fund's operation.

### **14. Dividends and Distributions**

The Fund is an accumulating fund and, therefore, it is not currently intended to distribute dividends to the Shareholders. The income and earnings and gains of the Fund will be accumulated and reinvested on behalf of Shareholders.

The Directors, in consultation with the Manager, may at any time determine to change the policy of the Fund with respect to distribution. If the Directors so determine full details of any such change will be disclosed in an updated prospectus or supplement and all Shareholders will be notified in advance of such change becoming effective.

### **15. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled "The ICAV".

**1 December, 2022**

**Product name:** New World Indexed Euro  
Corporate Bond Fund

**Legal entity identifier:**  
6354001AQTNCMCRIJS04

**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 \_\_\_\_% 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 environmental and/or social characteristics promoted by the Fund are as follows:

- To reduce the impact of the Fund on Climate Change (relative to the appropriate broad market benchmark);
- To increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores (relative to the appropriate broad market benchmark).

The Fund has designated ICE ILIM Sustainable Euro Corporate Bond Index (the "Index") as a reference benchmark to determine whether the Fund is

aligned with the environmental and/or social characteristics that it promotes.

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

The indicators used to measure the outcomes of this approach are:

Reduce the impact of Climate Change

> Reduction in carbon intensity of the portfolio versus the appropriate broad market benchmark.

> Reduction in fossil fuel involvement of the portfolio versus the appropriate broad market benchmark.

Increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores (relative to the appropriate broad market benchmark).

> Reduction in the Environment, Social, Governance and overall ESG risk scores versus the appropriate broad market benchmark.

- ***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?***

Not applicable ("N/A")

- ***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?***

N/A

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

N/A

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

N/A

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

*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?

X

Yes,

The Fund aims to reduce negative impacts to the environment and society. These negative impacts are also called adverse impacts, whereby the most significant adverse impacts are referred to as principal adverse impacts (PAI). Where possible and feasible and in line with the nature of the investments, a number of adverse impacts are structurally and systematically considered as part of this Fund’s investment decision making. This consideration occurs before making investment decisions and thereafter as part of the Investment Manager’s ongoing monitoring and management of that investment, where an investment is made.

The Investment Manager consider the following key PAIs in the Investment Manager’s decision making:

Impact on climate change:

> Greenhouse Gas Emissions

> Carbon footprint

> Exposure to companies active in the fossil fuel sector

Impact on society:

> Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

> Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

Investment decisions result in more capital allocation to companies with improved PAI indicators as a result of the ESG data integration.

The Fund’s annual financial statements will disclose how PAI have been considered on sustainability factors.

Further details on the principal adverse impacts can be found at [www.ilim.com](http://www.ilim.com).

**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.

No



## What investment strategy does this financial product follow?

This Fund is passively managed and invests in Euro-denominated investment grade large cap corporate bonds. The Fund aims to perform in line with the Index. The Fund follows a proprietary benchmark index designed by the Investment Manager to enhance exposure to positive Environmental, Social and Governance (ESG) factors and reduce investment exposure to carbon risk as set out by the Paris Climate Agreement. Qualifying bonds must have a maturity of greater than one year, a fixed coupon schedule and a minimum amount outstanding of EUR 500 million. Only bonds which are investment grade based on a composite rating are included in the Index. The fund promotes environmental and social characteristics alongside other factors.

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

- ***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 Investment Manager's Responsible Investment Framework is incorporated where possible into the index which the Fund tracks. For the bond exposures, the following approach is applied within the Index which is detailed in the Investment Manager's Responsible Investment Framework as follows:

1. The Index excludes the securities of companies which exhibit poor behaviour (UN Global Compact Violators) and those involved in activities such as the manufacturing of Controversial Weapons and Tobacco.
2. The Index integrates security level ESG risk ratings and PAI indicators within the bond investments to ensure a material improvement in these aggregate characteristics compared to broad market benchmark. These enhancements are achieved by overweighting securities that rank favourably across these metrics and underweighting laggards. The desire to maintain high levels of diversification within the Index means that laggards are not eliminated entirely.

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

N/A

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

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

The Investment Manager utilises independent third party data providers to make assessments on governance practices in the companies which the Investment Manager invests. The Investment Manager assess good governance practices in investee companies through a number of measures which include:

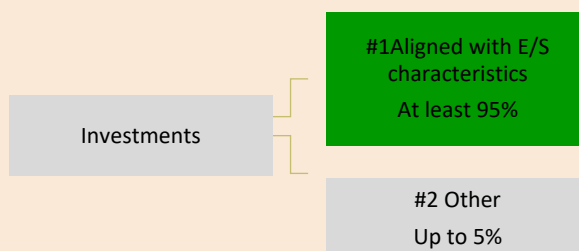
- > ESG Risk scores
- > alignment with the UN Global Compact
- > involvement in severe controversies.



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

The Fund invests in Euro-denominated investment grade large cap corporate bond and may carry a small cash balance for liquidity purposes. At least 95% of investments are expected to be allocated to assets which promote E/S characteristics and up to 5% may be allocated to “other” investments which may comprise of a small cash balance for liquidity purposes or fixed income derivatives. However, in normal market conditions, the Investment Manager expects the investments used to meet the environmental and/or social characteristics to equal circa 100%.

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



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

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

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

Derivatives are not used to attain the environmental or social characteristics promoted by the Fund.





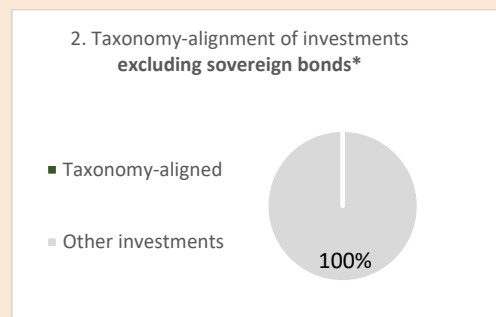
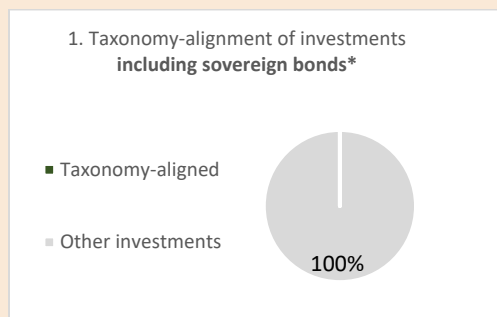
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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.

Although the Fund promotes environmental and social characteristics, as at the date of this document, it is expected that the minimum proportion of investments aligned with the EU Taxonomy criteria will be 0% of the net assets of the Fund.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

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

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

- **What is the minimum share of investments in transitional and enabling activities?**  
N/A



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?**

N/A

In assessing whether an investment is considered to be in environmentally sustainable economic activities, the Investment Manager must be satisfied that the relevant economic activity (i) contributes substantially to the environmental objective of climate change mitigation or climate change adaptation, (ii) does not significantly harm any of the environmental objectives outlined in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the “Taxonomy Regulation”); (iii) is carried out in compliance with the minimum safeguards laid down in the Taxonomy Regulation and (iv) complies, as of the date of this Supplement, with the technical screening criteria relating to climate change mitigation and climate change adaptation (as applicable) set down in Commission Delegated Regulation 2021/2139 (EU).

The Investment Manager cannot currently satisfy itself that the investments within the portfolio meet the aforementioned criteria.



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

N/A



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

The Fund will invest in Euro-denominated investment grade large cap corporate bonds. The Fund may also invest in cash, fixed income derivatives such as future contracts and also FX derivatives such as FX forwards. Fixed income derivatives may be used to maintain or manage exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling transferable securities. The Fund will not generate synthetic short positions for investment purposes using financial derivatives. Given the nature of derivative investments, no minimum environmental or social safeguards can be applied. For cash holdings, no cash is held with banks which are on ILIM’s exclusion list



**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 Index has been designated as the reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes. The Fund follows a passive indexation strategy and aims to replicate the Index. The Index is created by the Investment Manager in co-ordination with the benchmark provider, ICE, and is designed to promote the environmental and/or social characteristics of the Fund.

#### **Reference benchmarks**

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

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

The Index is created by the Investment Manager in co-ordination with the benchmark provider, ICE, and is designed to promote the environmental and/or social characteristics of the Fund. It is a rules based benchmark which integrates ESG data to ensure the reference benchmark is continuously aligned with the environmental and/or social characteristics promoted by the Fund. Through the passive indexation strategy of the Fund, the Fund mimics the constituent weights of the reference benchmark.

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

The Fund follows a passive indexation strategy and aims to replicate the reference benchmark. As a result the investment strategy of the Fund is aligned with the methodology of the Index on a continuous basis.

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

The designated index promotes environmental and/or social characteristics due to the integration of ESG data. The broad market index, ICE BofA Euro Large Cap Corporate Index, does not consider the promotion of environmental and/or social characteristics and is weighted based on market capitalisation. The Index is based on the constituents of the broad market index. Through a rules based methodology designed by the Investment Manager and applied by the benchmark provider to the broad market index, the designated index is formed.

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

The methodology pertaining to the reference benchmark is available at the below website link under the index code "ERIS".

Website address: <https://indices.theice.com/>



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

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

[www.ilim.com/funds/ucits-funds/](http://www.ilim.com/funds/ucits-funds/)

