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.

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: BELLVER LUX
Legal entity identifier: 222100Z9JGSGCUP71479

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 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The environmental and social characteristics promoted by the financial product is the direction of capital towards companies and issuers that adhere to certain ESG standards as described below, while following good governance practices and complying with international norms on environmental protection, human rights, labour standards and anti-corruption.

***Minimum proportion of sustainable investments**. The financial product invests a minimum proportion of its assets in sustainable investments, across environmental and social objectives. We define sustainable investments as investments in companies and issuers that are involved in activities contributing to an environmental or social objective as outlined in UN Sustainable Development Goals (SDGs) and/or the EU Taxonomy, while not significantly harming any other environmental or social objectives and following good governance practices.*

***Sector -and value- based exclusions**. The financial product aims to promote environmental and social characteristics by avoiding investments in companies and issuers that we find are violating global environmental and social norms. The fund also applies specific exclusion criteria on companies involved in business activities deemed to be materially harmful to environment and society at large.*

The exact methods and criteria used to select investments based on these characteristics are detailed in the section "What are 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?"

No specific index has been defined to determine the alignment of the product with these characteristics.

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

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

To measure the attainment of the environmental or social characteristics, the investment manager will use the following indicators:

- *% of sustainable investments*
- *% of investments, aligned with the E/S characteristics, that do not comply with sector and value based exclusions*

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 promotes environmental and/or social characteristics in accordance with the requirements set out in Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures. In addition, the product commits to a minimum of 5% of the portfolio in sustainable investments, through the SFDR definition of sustainable investment including through investments aligned with economic activities that contribute to one or more of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy). Finally, this product considers Principal Adverse Impacts (PAIs) only with respect to the sustainable investment portion.

I – Equities and Corporate Debt

Investments must meet one of the following characteristics in order to be considered sustainable:

a. *Their involvement in a well-defined GHG emissions reduction strategy aligned with the objectives of the Paris Agreement; the global initiative Science Based Targets Initiative (SBTi) is used to select these investments. SBTi is a partnership between CDP (Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund for Nature (WWF).*

The SBTi initiative:

- *defines and promotes best practices in emissions reduction and net-zero emissions targets, in line with climate science.*
- *provides technical assistance and expert resources to companies setting science-based targets (SBTs).*
- *brings together a team of specialized experts to provide companies with independent advice and technical validation of their objectives.*
- *is the Business Ambition for 1.5°C campaign lead partner, which is an urgent call to action from a worldwide coalition of UN agencies, business and industry leaders that aims to mobilize enterprises to establish net-zero SBT targets aligned with a 1.5°C future.*

The Fund selects investments that have a reduction target in place or are committed to reducing their GHG emissions in accordance with the Paris Agreement targets. Additional information on the SBTi initiative can be found on the following website: https://sciencebasedtargets.org/

b. *Have a measurable impact within the framework of the Sustainable Development Goals (SDGs), which are designed to spearhead the eradication of poverty and other forms of deprivation by enhancing health and education, reducing inequality, safeguarding the environment, and boosting prosperity. The selection process is based on the analysis of companies whose activity, management model and results are aimed at mitigating general social problems and the planet's*

resource sustainability identified by the SDGs. The degree of alignment with each of the SDGs is monitored through data from external suppliers of recognized solvency; at the same time, the percentage of company revenues directly linked to the SDGs is analysed.

c. *Measurable impact indicators: Specific metrics associated with SDG-related activities are analysed and monitored periodically using information obtained from top-tier, reputable expert providers. These metrics are assessed at company level and measure the positive or negative outcomes associated with the company's operational or governance practices. Examples of operational metrics used include water consumption, Scope 1 & 2 emissions intensity, and the lost-time injury rate.*

This financial product considers as potential sustainable investments those companies with a low or moderate level of controversies, excluding from this sustainable investment category all companies with significant, high or severe controversy levels. In addition to this negative screening, the level and materiality of controversies involving the companies in which the portfolio invests are assessed using data from external providers.

The companies in which the portfolio invests must demonstrate solid corporate governance. Protecting corporate value is our top priority in governance matters. In our view, a management team must have objectives aligned with those of its minority shareholders. The fund manager must assess the alignment of management teams and boards of directors with shareholders.

More specifically, the key variables considered when analysing the governance practices of the management teams and boards of the companies assessed include quality and integrity, structure, ownership and shareholder rights, remuneration, audit and financial reporting, and shareholder governance.

Third-party data providers of high reputation are used to conduct this analysis. Only companies whose governance is assessed as "leader", "outperformer" or "average performer" will be considered by the fund manager as sustainable investments.

This product also allows investment in green, social or sustainability-linked bonds or note programs. These are fixed-income debt instruments that enable the issuer to finance or refinance initiatives or activities with a positive environmental impact, raise funds for initiatives addressing social issues or generating a positive social impact, or support initiatives that combine both objectives and raise capital for projects with positive environmental and social outcomes.

Depending on the projects or objectives financed by these investments, the Fund considers such investments as Taxonomy-aligned (Article 9 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment – Taxonomy) or as sustainable investments for the purposes of the SFDR definition of sustainable investment.

II – Sovereign debt

To quantify the social, environmental and governance commitment of nations, 12 quantifiable and trackable metrics (collected by leading ESG providers from sources such as the World Bank and the United Nations) are examined as part of the analysis process to determine whether sovereign debt investments may be considered sustainable.

For the social component, three indicators are assessed, relating to life expectancy, ease of access to secondary education and wealth per capita, in accordance with World Bank guidelines.

For the environmental component, three indicators are assessed, relating to energy intensity, consumption of renewable energy sources and coal intensity.

For the governance component, six indicators are assessed, relating to voting rights, political stability, government effectiveness, regulatory quality, equality of rights and control of corruption, also in line with World Bank guidelines.

The sustainability percentage of sovereign debt investments is quantified through an internal valuation model based on the metrics mentioned above, excluding the consideration of a sustainability percentage for those nations deemed to have a significant negative impact on any environmental or social objective measured by these metrics.

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.

The score derived from the model based on the 12 metrics examined is multiplied by the resulting sustainable percentage of each country to obtain its sustainable investment percentage. Countries with a sustainable percentage of 0% are those that do not fall within the top quartile of the sample analysed.

In addition, this product allows investment in green, social or sustainability-linked bonds. As with those mentioned in the previous section, these types of investments are considered sustainable for the purposes of the SFDR definition of sustainable investment, based on the projects or purposes financed by such instruments.

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?

To ensure that sustainable investments do not cause significant harm to any sustainable investment objective, two filters are applied:

The first filter is based on monitoring the indicators set out in Annex I of Delegated Regulation (EU) 2022/1288 (RTS) (hereinafter, "Annex I of the RTS") relating to principal adverse impacts (PAI), using available objective data and specific thresholds.

The second filter is based on the fact that the financial product only considers as potential sustainable investments those companies with a low or moderate level of controversies, excluding from this sustainable investment category all companies with significant, high or severe controversy levels. The level and materiality of controversies involving the companies in which the portfolio invests, are assessed using data from external providers.

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

As indicated above, the monitoring of principal adverse impacts on sustainability factors is carried out through the measurement of the indicators set out in Annex I of the RTS.

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 Investment Manager's sustainable minimum exclusion list excludes companies due to their involvement in controversial practices that violate international standards. The core regulatory framework consists of the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, all of which are embedded within the Sustainable Development Goals.

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,**

✖ **No**

No, however, they are considered in the sustainable investments part according to the PAI indicators in Annex 1 of the EU Taxonomy.

What investment strategy does this financial product follow?

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

The Investment Manager uses a model-based analysis that incorporates ESG criteria within its investment strategy. The company's investment process includes extra-financial analysis in accordance with ESG standards. In this regard, it is worth noting that the Investment Manager is a signatory to the United Nations-supported Principles for Responsible Investment.

In addition, the Investment Manager is a signatory member of the United Nations Global Compact and works actively to promote sustainability. The Investment Manager is committed to developing and adapting its products to promote sustainable investment with the aim of achieving more responsible returns and greater integration of ESG risks.

Both financial and extra-financial exclusionary ESG criteria are applied (it does not invest, among others, in controversial weapons, coal, tobacco or countries subject to international sanctions) as well as evaluative criteria. In this sense, this financial product follows a Best-in-Class approach within its proprietary ESG methodology, as described below.

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?

This product applies, within its investment strategy, exclusion criteria based on the Investment Manager's current exclusion policy for ESG products, which is structured around three main blocks and considers environmental and social aspects and indicators, in addition to the extra-financial analysis carried out to select the assets included in the product's portfolio:

I. General exclusion policy: Excluded activities include controversial weapons, tobacco and thermal coal (each activity is excluded based on specific thresholds established in the Management Company's Exclusion Policy, published on the website. https://www.march-am.com/en/about-us/sustainable-and-responsible-investment/. At the same time, the company also analyses activities carried out under oppressive regimes.

II. Exclusion policy for SRI products: In addition to the general policy, adult content/pornography, gambling/gaming and GMOs are excluded. Exposure to alcohol and the existence of a responsible consumption policy are also assessed (each of these activities is excluded based on the specific limits established in the Management Company's Exclusion Policy, published on the website: https://www.march-am.com/en/about-us/sustainable-and-responsible-investment/).

III. Finally, the Investment Manager conducts a normative analysis to determine whether a company complies with the 10 Principles of the United Nations Global Compact across its four categories (Human Rights, Labour, Environment and Anti-Corruption), given that the Investment Manager is a signatory. Based on this analysis, companies showing signs of violating one or more principles shall be excluded.

Asset selection is based on our own extra-financial analysis. In addition, an assessment of corporate controversies and governance structure is carried out for corporate assets.

The investment strategy aims to limit the inclusion in the portfolio of assets with a poor ESG rating, whether on an absolute basis or relative to their sector (following a "best-in-class" approach). The main objective of the strategy is to promote a combination of environmental and social characteristics in accordance with Article 8 of SFDR. This is achieved by integrating and monitoring ESG factors in the investment analysis process, tracking them and incorporating these considerations (such as ESG ratings) into decision-making. Together with other qualitative variables, absolute and relative ESG ratings support portfolio asset selection.

During the investment process, the expertise and knowledge of the management team are combined with ESG ratings derived from data and information provided by highly experienced and reputable providers (which form the basis of our proprietary ESG rating).

To create an aggregated ESG rating, the ratings assigned to assets in each pillar (environmental, social and governance) are standardised. Where the investment case is materially adversely affected, companies with poor ESG ratings will have their weighting reduced or will be divested.

A "best-in-class" strategy is applied to all portfolio assets, based on the position of companies within their sector or industry (using data and methodologies from leading ESG providers). Due to the lack of an industry percentile for comparison, for sovereign debt assets the country's percentile ranking within a defined universe is determined using data and methodologies from the same ESG provider.

In accordance with article 8 of the SFDR, at least 50% of the Fund's assets will promote environmental or social features; such sustainability promotion will be based on a March AM ESG rating of 25 or less out of 100. (The best possible rating is 1, while a 100 is the worst). In other words, at least 50% of the portfolio's assets will be rated at or below 25. Additionally, in line with the "best-in-class" strategy, a minimum of 50% of the Fund's assets will be invested in assets that rank within the top two quartiles of their respective sectors or industries.

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

The Sub-Fund does not commit to reduce the scope of the investments by a certain minimum rate.

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

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

A distinction is made between the different types of assets in order to define which investments apply good governance practices:

I. Equities and Corporate Debt

The companies in which the portfolio invests demonstrate solid corporate governance. Protecting corporate value is our top priority in governance matters. In our view, a management team must have objectives aligned with those of its minority shareholders. The fund managers must therefore assess the alignment between management teams, boards of directors and shareholders.

More specifically, the key variables considered when analysing the governance practices of the management teams and boards of the companies assessed include quality and integrity, organisational structure, ownership and shareholder rights, remuneration, audit and financial reporting, and shareholder governance.

To conduct this analysis, highly reputable third-party data providers are used. Only companies whose governance is assessed as "leader", "outperformer" or "average performer" will be considered by the fund manager as potential sustainable investments.

II. Sovereign Debt

Quantifiable and trackable metrics are examined to assess the social, environmental and governance commitment of nations as part of the analysis process to determine whether sovereign debt investments may be considered sustainable.

For the governance component, six indicators are assessed, relating to voting rights, political stability, government effectiveness, regulatory quality, equality of rights and control of corruption, in accordance with World Bank guidelines.

These metrics are compiled by leading ESG specialists using reliable information sources such as the World Bank and the United Nations.



What is the asset allocation planned for this financial product?

The asset allocation of this financial product is based on the following criteria:

a. *All companies included in our funds will adhere to the exclusion criteria listed in this document's section: "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?".*

b. *In accordance with article 8 of the SFDR, at least 50% of the Fund's assets will promote environmental and/or social characteristics; such promotion of sustainability will be based on a*

Asset allocation describes the share of investments in specific assets.

March AM ESG rating of 25 or below on a scale of 100 (where 1 is the best possible rating and 100 is the worst). In other words, at least 50% of the portfolio's assets will have a rating equal to or lower than 25.

c. *In addition, in line with the sustainability promotion approach described in the section "Binding elements of the investment strategy" (page seven of this document), a "best-in-class" strategy will be applied to all portfolio assets, based on the positioning of companies within their sector or industry (using data and methodologies from leading ESG providers).*

In the case of sovereign debt assets, due to the lack of an industry percentile for comparison, the country's percentile ranking within a defined universe will be determined using data and methodologies from the same ESG provider. As a minimum requirement, 50% of the Fund's assets will be invested in assets belonging to the top two quartiles.

d. *At least 5% of the total portfolio assets will be considered:*

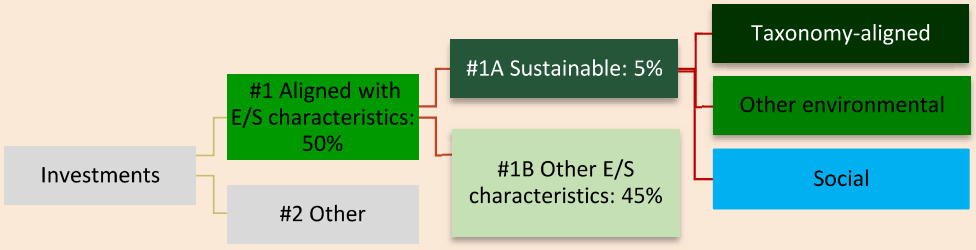
   a. *Sustainable investments according to SFDR, as defined in the document's section named "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

   b. *Investments aligned with economic activities that contribute to one or more of the environmental objectives established in Article 9 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy).*

The financial product commits to minimum proportion of investments as illustrated below. The investment manager has some flexibility to allocate between different types of investments, and the sum of the minimum proportions may not equal the fund's total commitments.

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.



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

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

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

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

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned 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.

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.

This financial product 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 5% of sustainable investments with:

a. An environmental objective aligned with the EU Taxonomy;
b. an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy, and;
c. a social objective.

The Investment Manager considers but do not commit to a "specific" minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy, as the 5% minimum proportion committed refers to the combination of all the above-mentioned objectives.

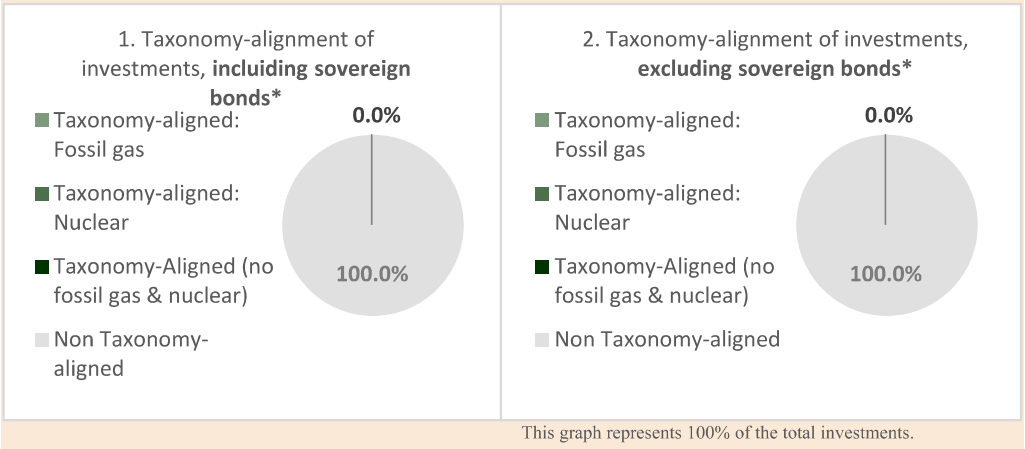
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[3]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No.

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



This graph represents 100% of the total investments.

**** 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?

This Fund has no minimum proportion of investment in transition and enabling activities.

[3] 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.

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?

This financial product 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 5% of sustainable investments with:

a. *an environmental objective aligned with the EU Taxonomy;*
b. *an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy, and;*
c. *a social objective.*

The Investment Manager considers but do not commit to a "specific" minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy, as the 5% minimum proportion committed refers to the combination of all the above-mentioned objectives.

What is the minimum share of socially sustainable investments?

This financial product 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 5% of sustainable investments with:

a. *An environmental objective aligned with the EU Taxonomy;*
b. *an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy, and;*
c. *a social objective.*

The Investment Manager considers but do not commit to a "specific" minimum share of socially sustainable investments as the 5% minimum proportion committed refers to the combination of all the above-mentioned objectives.

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

The investments included under "No. 2 Others", which at the level of underlying and direct assets will represent less than 50% of the Fund's assets, will be made in the following types of assets:

a. *Cash held with the Depositary and other current accounts in financial institutions, necessary for the normal operation of the Fund (for example, to cover derivative margins, manage liquidity, etc.). These investments are not subject to minimum environmental and/or social safeguards.*

b. *Direct investments in assets that do not promote ESG characteristics, with the aim of improving the Fund's risk/return profile and diversification. These investments are subject to minimum environmental and/or social safeguards, as they will in all cases comply with the exclusion criteria described in this Annex.*

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?

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

No specific index has been defined to determine the alignment of the product with these characteristics.

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

  Not Applicable (NA).

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

  Not Applicable (NA).

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

  Not Applicable(NA).

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

  Not Applicable (NA).



Where can I find more product specific information online?

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

https://www.march-am.com/en/funds-and-sicav/march-international/.