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

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

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: MARCH INTERNATIONAL MEDITERRANEAN FUND
Legal entity identifier: 2221001VDKDN5FSBQX58

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **20** % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

Each asset in the portfolio has its environmental and social features examined as part of the investment process, providing the asset and the aggregated portfolio with an internal ESG rating. This internal rating, which is based on the degree of promotion of each individual asset comprising the portfolio, is obtained using data and methodology from leading ESG providers. Among other features, this financial instrument promotes:

a. Environmental features: Environmentally sound governance and processes are important, as are sustainable resource utilization (energy, water, and land), a decrease in emissions (carbon, waste, and air pollution), and improved environmental footprints from suppliers and goods.

b. Social features: It promotes better employee relationships and working conditions, skill-enhancing training, and a reduction in accidents. Furthermore, it encourages improvements in the customer experience and accountability in the effects the company's product has on its customers and its products.

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

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?

A wide range of sustainable indicators are considered at the environmental level such as energy efficiency targets, use of renewable energies, total energy consumption, water consumption efficiency target, recycled water ratio, greenhouse gas emissions, waste treatment, indirect cost of supplier emissions, degree of environmental impact of products, environmental investments, environmental risk analysis, and the existence and analysis of the company's environmental team and its training.

On a social level, we consider not only objectives linked to the company and its environment but also to the rest of the stakeholders. The main sustainable indicators used on the social side are the existence of union policies and representation, training hours, employee days lost vs. total days, employee satisfaction, flexible working hours, remuneration and working conditions, employee turnover, occupational accident rate, occupational fatality rate, occupational health and safety incidents, diversity among its employees, employees with disabilities, rate of women in the company and among the management team, level of satisfaction among its customers, privacy policies, the existence of supplier management policies, the existence of whistleblowing policies, company community involvement projects and employment and local impact.

It must be specified that, at this precise moment, the coverage to collect all these sustainable indicators is heterogeneous and, in some circumstances, weak or nonexistent, even when employing trusted specialist data providers. Due to the present lack of data, it is feasible that the product manager is now unable to evaluate one or some sustainable indicators mentioned. Nevertheless, the financial product manager(s) will continuously assess whether data availability has improved enough to potentially include the indicator into consideration in the investment 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 present product promotes environmental or social characteristics in accordance with the requirements set by Art.8 of Regulation (EU) 2019/2008 on Sustainability Disclosure Regulation ("SFDR"). Additionally, the product has a minimum of 20% of the portfolio allocated in sustainable investments, either through the sustainable definition according to SFDR or through investments aligned with economic activities that contribute to one or more of the environmental objectives set out in Art.9 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investments (taxonomy); the minimum alignment with these environmental goals is 0% of the assets comprising the portfolio. Lastly, this financial instrument considers the Principal Adverse Incidents (PAIs) in its investment decision-making process but only in the sustainable investments part of the portfolio.

For this product, investments must fulfil one of the requirements listed below in order to be deemed sustainable:

a. *Their involvement in a well-defined GHG emissions reduction strategy aligned with the goals of the Paris Agreement; we use the worldwide project "Science Based Targets Initiative (SBTi)" to select these investments. SBTi is a partnership between the World Resources Institute (WRI), the UN Global Compact, the Carbon Disclosure Project (CDP), 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 United Nations' 17 Sustainable Development Goals (SDGs), which are designed to spearhead the eradication of poverty and other forms of deprivation by e 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 17 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 related to SDG activities are regularly examined and monitored (using data from top-tier knowledgeable and established creditworthiness suppliers). These metrics are analysed at the company level and gauge the success or failure of the organization's operational or governance practices.*

The process of identifying the associated key adverse impacts-those that can do significant harm to any environmental or social objective (DNSH under SFDR)-is undertaken at the time of selecting assets in which to invest. The above-mentioned internal exclusion criteria and norm-based analysis based on the UN Global Compact serve as the foundation for this screening. The UN Global Compact- March AM is a signatory partner of it- is a global initiative that encourages companies to act in a way that advances social objectives and the implementation of the SDGs by incorporating 10 universal principles relating to human rights, labour, the environment, and anti-corruption into their corporate and operational strategies.

The fund only considers sustainable investments for those companies with a low or moderate level of controversies, excluding from this part of sustainable investments all companies with a significant, high, or severe level of controversies. In addition to this negative screening, we consider the level and importance of controversies produced by the companies invested by the portfolio using data from external providers.

The companies in which the portfolio has investments exercise solid corporate governance. Protecting the company's value is our highest priority when it comes to governance. In our view, a management team must have objectives aligned with those of its minority shareholders. The fund manager should analyse the alignment of companies' management teams and boards of directors with the shareholders.

More specifically, key variables considered when analysing the governance practices of the management teams and boards of the companies analysed would be quality & integrity, structure, ownership & shareholder rights, remuneration, audit and financial reporting and stakeholder governance. Reputable third-party data providers are used to carry out the analysis. Except for those categorized as "underperformers" or "laggards," only companies whose governance is assessed as "leader," "outperformer," or "average performance" will be considered as companies that the fund manager deems to be sustainable investments.

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?

Two filters are used to ensure that sustainable investments do not cause significant harm to any sustainable investment objectives:

The first filter is based on monitoring the indicators in Annex I of the Delegated Regulation (EU) 2022/1288 (RTS) (hereinafter "Annex 1 of the RTS") relating to PAI Indicators, based on 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 part of sustainable investments all companies with a significant, high or severe level of controversies. In addition to this negative screening, we consider the level and significance of controversies produced by the companies in which the portfolio invests using data from external providers.

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

As indicated above, the main adverse impacts on sustainability factors are monitored through the measurement of the indicators in Annex 1 of the RTS.

The present coverage to collect the necessary data is heterogeneous and, in some circumstances, weak or non-existent, even when employing trusted specialist data providers to access PIA indicators. Due to the lack of data, it is feasible that the product manager is now unable to evaluate some investment PAIs.

Additionally, the coverage of data related to water, waste is reduced and the related PIA indicators are considered through the exclusions of severe controversies within the UN Global Compact (norm-based analysis). In that circumstance, it is important to note that the financial product may have problems to increase the data coverage of some PIA indicators. However, the financial product manager(s) will periodically assess whether data availability has improved enough to potentially include the data into consideration in the investment process.

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 screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights, and are embedded in 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 Delegated Regulation (EU) 2022/1288 (RTS).

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

What investment strategy does this financial product follow?

March AM follows a model based on fundamental analysis of each of the companies comprising the portfolio. This analysis integrates ESG factors through active and direct contact with the companies, as well as through the exercise of voting rights inherent to the position in each of the companies according to ESG criteria.

The company's investment process conducts an extra-financial examination analysis in accordance with ESG standards. In this regard, it should be noted that March AM is a signatory of the United Nations Principles for Responsible Investment, through which it commits to:

a. *incorporate ESG risks in the decision-making process;*

b. *be an active shareholder through the exercise of its voting rights;*

c. *promote the disclosure of ESG policies by the companies in which it invests;*

d. *promote the acceptance and implementation of the UNPRI in the investment sector;*

e. *work collaboratively to increase the effectiveness of the application of the UNPRI; and*

f. *publish regular reports on activities and progress in the application of the principles.*

Additionally, March AM is a signatory member of the UN Global Compact and actively works to advance sustainability. The company has pledged to develop and convert its products to promote sustainable investing with the goal of more responsible returns and greater integration of risks derived from ESG factors.

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, in its investment strategy, exclusion criteria based on March AM's exclusion policy currently in effect for SRI products (published on the website: https://www.march-am.com/en/about-us/sustainable-and-responsible-investment/), which is based on three main blocks and considers environmental and social aspects and indicators in addition to extra-financial analysis carried out to choose the assets that are part of the product portfolio.

I. *General exclusion policy: The excluded activities are controversial weapons, tobacco, and thermal coal (each of the activities are excluded based on specific thresholds set out in the March AM Exclusions Policy, published on the website: https://www.march-am.com/en/about-us/sustainable-and-responsible-investment/). At the same time, the firm engages in the analysis of activities under oppressive regimes.*

II. *Exclusion policy for SRI products: In addition to the general policy, adult content/pornography, gambling/gaming, and GMOs. Alcohol exposure and the existence of a responsible drinking policy are excluded as well (each of these activities are excluded based on specific limits set out in the March AM Exclusions Policy, published on the website: https://www.march-am.com/en/about-us/sustainable-and-responsible-investment/).*

III. *Lastly, March AM conducts a norm-based analysis to determine whether the company complies with the 10 principles of the United Nations Global Compact for each of the four categories comprising the pact (Human Rights, Labour, Environment, and Anti-Corruption), given the fact that the company is a signatory partner of the UNGC. Based on this analysis, companies that display evidence of violating one or multiple principles are eligible for exclusion.*

Asset allocation is based on an in-house fundamental analysis. For this purpose, the Firm analyses the Investee's Annual and Periodic Financial Reports (Annual Reports, Balance Sheet, AnnualAccounts, Cash Flow Statements, etc), as well as the main Non-Financial Reports of the companies. Additionally, the governance structure and controversies surrounding the corporation are examined.

Furthermore, Fund's Investment Managers hold regular meetings with investees' companies. ESG matters, in addition to purely financial factors, are frequently discussed in the aforementioned meetings to analyse the development, commitment and vocation for improvement of these, as well as the measures taken by the investees' in this regard.

In order to promote a combination of both social and environmental product characteristics in accordance with Art. 8 of SFDR, the investment strategy aims to benefit companies with strong ESG ratings while detracting from and/or reducing the portfolio weight of companies with poor ESG ratings. The rating is based on an in-house ESG analysis, which uses top-tier external providers' data as a source, complemented with the managers' fundamental view.

March AM's proprietary valuation model is one of the key factors, along with the conviction degree and a thorough examination of the investees' business model and management teams, when deciding whether to buy or sell an asset and its weight in the fund's portfolio. In this sense, the investment manager will monitor how ESG risks could impact the target companies economic value as a result of ESG factors and will classify them into one of five risk categories: negligible-low-medium-high and severe. Although the investment strategy does not exclude companies that could at any given time show weak ESG ratings and accepted by the investment manager as potential improvers, the total amount of companies with high and/or severe ESG risk will never exceed 25% of the total portfolio.

The management team's internal knowledge acquired from fundamental bottom-up analysis of the companies is integrated into the investment process together with ratings from specialized ESG data and information providers. Due diligence is applied when selecting and contracting these external suppliers, looking for both extensive experience and a solid reputation in the field in which they specialize.

The ESG rating given to corporations on each of the environmental, social, and corporate governance components are standardized, resulting in an aggregate ESG rating that has a favourable or negative impact on the company's upside revaluation potential.When the company's valuation is considerably harmed, companies with a low ESG rating will either have their portfolio weight reduced or be sold.

Thus, those companies that develop good ESG policies are rewarded in the portfolio and those with poor policies are penalized since the upside potential significantly determines, among other factors, the decision to buy or increase weight in the portfolio (if the potential is high enough) or the decision to sell or reduce the weight (if the appreciation potential is low).

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.

- ***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?***

  The companies in which the portfolio has investments exercise solid corporate governance. Protecting the company's value is our highest priority when it comes to governance.

  In our view, a management team must have objectives aligned with those of its minority shareholders. The fund manager should analyse the alignment of companies' management teams and boards of directors with the shareholders.

  More specifically, key variables considered when analysing the governance practices of the management teams and boards of the companies analysed would be quality & integrity, structure, ownership & shareholder rights, remuneration, audit and financial reporting and stakeholder governance. Reputable third-party data providers are used to carry out the analysis.

  Except for those categorized as "underperformers" or "laggards," only companies whose governance is assessed as "leader," "outperformer," or "average performance" will be considered as companies that the fund manager deems to be sustainable investments.

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?

Asset allocation describes the share of investments in specific assets.

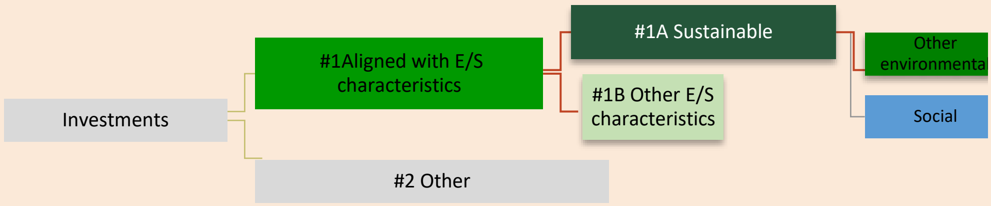
The asset allocation of this financial product follows the following criteria:

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?".

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.

b. *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.*

c. *At least 20% of total portfolio assets shall be considered assustainable 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?".*



#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.

The financial product does not currently intend to invest in sustainable investments that are aligned with the EU Taxonomy and the minimum share of taxonomy-aligned investments (including transitional and enabling activities) is therefore assessed to be 0%.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[8]?

Yes:

In fossil gas

In nuclear energy

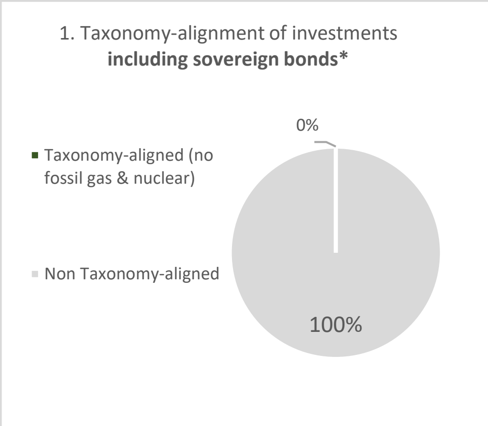
✖ No.

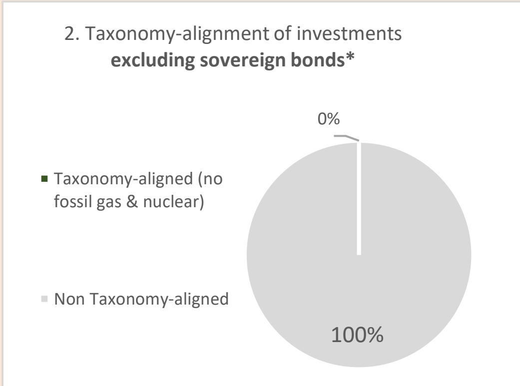
[8] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas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

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.

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

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?

The Investment Manager does not commit to a split of minimum taxonomy alignment into own performance, transitional, and enabling activities.

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

Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not covered yet under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally Sustainable Investment provided it complies with all criteria.

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 20% of sustainable investments with:

a. an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy, and;
b. 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 20% 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 20% of sustainable investments with:

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

The Investment Manager considers but do not commit to a "specific" minimum share of socially sustainable investments, as the 20% 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?

According to March AM, there may be a percentage of the portfolio (up to 50%) that has an ESG rating higher than 25, which means that it does not promote environmental or social features and may or may not have strong governance. It should be highlighted that this part of the portfolio will faithfully comply with the exclusion criteria set out in the fifth page of this document (Binding Elements of the Investment Strategy).

The purpose of these investments is to contribute to the long-term performance of the fund and an ongoing analysis will be made of their ESG risks and their evolution therein. In the long term, the percentage of this section may be reduced, as companies that do not align and improve will eventually be excluded due to the risks they may incur (reputational, litigation, sanctions, etc.).

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/es/fondos-y-sicav/march-international-sicav-lux/mediterranean-fund.html.