

Sustainability-related disclosures for Ailis MSCI USA ESG Screened Index

This document provides you with a summary of sustainability-related information available on our website about this financial product. It is prepared in relation to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

Legal entity identifier 5493005XL6W3J7J12I34

<p>Summary</p>	<p>This Sub-fund promotes environmental or social characteristics. The Management Company identifies the sustainable investments according to SFDR on the basis of UN SDGs as described in more detail below in the section "Methodologies".</p> <p>The Sub-fund tracks the MSCI USA ESG Screened Net Total Return (the "Index") for the purpose of attaining the environmental or social characteristics</p> <p>The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research to identify companies that are involved in the following business activities: controversial weapons; nuclear weapons; civilian firearms; tobacco; thermal coal; oil sands. Companies that meet the business involvement criteria are excluded from the Index. In addition to the above, companies that fail to comply with the United Nations Global Compact Principles are also excluded from the Indexes.</p> <p>The tracking error of the Sub-fund's performance vis-à-vis the Index is the indicator used to measure the attainment of the social and environmental characteristics promoted by the Sub-fund.</p> <p>The assessment of the good governance practices is a central pillar of the investment process adopted by the Management Company and it consists on the assurance that the governance of each investee company is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholder's interests also by means of a remuneration policy. The good governance assessment takes into account sound management structures, employee relations, remuneration of staff and tax compliance. In order to guarantee compliance with the strategies adopted to promote environmental and social characteristics, the Management Company relies on external info-providers (MSCI).</p> <p>The Sub-fund is passively managed to track the performance of the Index, while minimising as far as possible the tracking error between the Sub-fund's performance and that of the Index. The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research.</p> <p>The Sub-fund is passively managed and in accordance with its investment policy 90% of the Sub-fund's portfolio consists of investments aiming at tracking the Index. The remaining proportion (corresponding to box #2 Other) of the investments should be limited to:</p> <ul style="list-style-type: none"> • direct investments, for cash purpose, including investment grade debt securities issued by governments, corporations or institutions, money market instruments and deposits with credit institutions without limit of duration or currency which will normally be limited to approximately 10% of the Sub-fund net assets; • financial derivative instruments for the purpose of risk hedging and investment. <p>In terms of minimum environmental and social safeguards, the Index methodology excludes companies that fail to comply with UN Global Compact Principles, in addition to companies that meet the controversial or high ESG risk exclusion criteria.</p> <p>With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, the Management Company conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its "Engagement Policy" and in the "Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management".</p>
<p>No sustainable investment objective</p>	<p>This Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investments.</p>
<p>Environmental or social characteristics of the financial product</p>	<p>The main environmental and social characteristics promoted by the Sub-fund through the Management Company's ESG methodology are the following:</p> <ul style="list-style-type: none"> • Environmental: climate change prevention (in terms for example of reduction of carbon emission, carbon footprint, climate change vulnerability), pollution & waste prevention (with reference to toxic emissions & waste, packaging material & waste, electronic waste), environmental opportunities (in clean tech, in renewable energy). • Social: human capital (labor management, health & safety, human capital development, supply chain labor standards), product liability (product safety & quality, chemical safety, consumer financial protection, privacy & data security, responsible investment, health & demographic risk), social opportunities (access to communications, access to finance, access to health care, opportunities in nutrition & health), stakeholder opposition (controversial sourcing, community relations).
<p>Investment strategy</p>	<p>The Sub-fund is passively managed to track the performance of the Index, while minimising as far as possible the tracking error between the Sub-fund's performance and that of the Index. The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research.</p>

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Proportion of investments	<p>The Sub-fund is passively managed and in accordance with its investment policy 90% of the Sub-fund's portfolio consists of investments aiming at tracking the Index.</p> <p>The remaining proportion (corresponding to box #2 Other) of the investments should be limited to:</p> <ul style="list-style-type: none"> • direct investments, for cash purpose, including investment grade debt securities issued by governments, corporations or institutions, money market instruments and deposits with credit institutions without limit of duration or currency which will normally be limited to approximately 10% of the Sub-fund net assets; • financial derivative instruments for the purpose of risk hedging and investment. <p>In terms of minimum environmental and social safeguards, the Index methodology excludes companies that fail to comply with UN Global Compact Principles, in addition to companies that meet the controversial or high ESG risk exclusion criteria.</p>
Monitoring of environmental or social characteristics	<p>The Management Company monitors on an ongoing basis the ESG scoring of the portfolio versus the benchmark.</p> <p>The ongoing control of the other negative screening criteria, such as the restrictions to the investment in issuers characterised by:</p> <ul style="list-style-type: none"> • an ESG rating equal to "CCC", classified according to the proprietary rating methodology of the external provider MSCI, which contemplates a range of values going from "AAA", for the best rated issuers, to "CCC" for the riskiest issuers. • a severe and serious dispute equal to "Red", classified according to the proprietary methodology of the external provider MSCI, that indicates an ongoing very severe ESG controversy (a controversy having a social and/or environmental impact) involving a company directly through its actions, products or operations (e.g., loss of life, destruction of eco-system, economic shakedown affecting multiple jurisdictions). <p>is guaranteed by the ex-ante limitations to the management activity of the fund managers.</p>
Methodologies	<p>SCORING ESG</p> <p>The Management Company is equipped with an internal engine for the calculation of the product ESG score through the processing of the basic information on the score of the underlying issuers sourced by the specialised provider MSCI.</p> <p>The score of the issuers is attributed in relation to the score of the three pillars of sustainability: environmental, social and corporate governance.</p> <p>For each pillar the provider performs a granular breakdown taking into account the basic component and the potential and actual risks associated with sustainability factors and a weighting of the weights of each component on the basis of the statistical analysis of the historical and prospectus information for the issuers and for the related sectors included in the proprietary database.</p> <p>The calculation of the ESG Score at product level represents the weighted average of the scores of each investment in the portfolio, modified with regards to the level of cover of the information.</p> <p>The binding elements of the investment strategy are integrated into the methodology and revision rules of the ESG Index. The Index promotes Environmental and Social characteristics as well as best practices of Corporate Governance using MSCI ESG Business Involvement Screening Research to identify companies that are involved in the following business activities:</p> <ul style="list-style-type: none"> - Controversial Weapons; - Nuclear Weapons; - Civilian Firearms; - Tobacco; - Thermal Coal; - Oil Sands. <p>Companies that meet the business involvement criteria are excluded from the Index.</p> <p>In addition to the above, companies that fail to comply with the United Nations Global Compact Principles are also excluded from the Indexes. The Benchmark Administrator's Index methodology, composition, revision rules and additional information concerning the underlying components of the Index are available on www.msci.com. The integration of the binding elements is attained through the ESG index tracking and results into minimal levels of tracking error .</p> <p>PRINCIPAL ADVERSE IMPACTS</p> <p>The model defined by the Management Company contemplates the monitoring of Principal Adverse Impacts through some indicators which represent the material negative impacts on sustainability factors from investment choices.</p> <p>With reference to such negative effects, the product takes into account a series of environmental, social, of governance indicators, through the information collected by a specialised info-provider (MSCI ESG Research). The indicators subject to monitoring are the following:</p>

	<ul style="list-style-type: none"> - Carbon emission (Scope 1 + 2); - GHG intensity (such indicator includes emissions of type Scope 1, 2, 4; such emissions are weighted against the revenues for corporate issuers and against the gross domestic product for government issuers); - Violations of United Nation Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) guidelines for Multinational Enterprises; - Exposure to controversial weapons (anti-personnel mines, cluster ammunitions, chemical and biological weapons). - Number of government issuers which report social violations in respect of international agreements, United Nations principles and, where applicable, national laws. <p>The basic data related to such indicators are sourced by the specialised provider MSCI ESG Research and are aggregated internally at product level.</p>
Data sources and processing	<ul style="list-style-type: none"> • the sources of data used to attain each of the environmental or social characteristics of the Sub-fund The process for the integration of ESG factors is based on products and services offered by MSCI ESG Research which provides for in depth researches, assessments and analysis on the approach and practices of thousands of companies worldwide in relation to environmental, social and of governance matters. Additionally, data included in the EET is used as a source. • measures adopted to guarantee the quality of the data The info-provider supported by artificial intelligence and by other technologies to increase the timeliness and precision of the collection and analysis of the data and to review and validate the quality of the data and the related sources. Moreover, the model for rating is often rebalanced to capture new and emerging risks more relevant for the core business's model of the company under assessment. • how is data processed The info-provider's data is used directly to apply the methodologies described in the section Methodologies according to the internal methodologies of the Management Company. • the proportion of non estimated data Where the data is not available, the value is prudentially set to 0, so that the investments with not available data are not considered as investments promoting environmental and/or social characteristics.
Limitations to methodologies and data	<p>The potential lack of data provided by companies in which an investment is made represents a limitation of sources of data with regards to the promotion of environmental and social characteristics. In order to avoid a misrepresentation of the percentage of investments that promote environmental and social characteristics, whereby for some investments data is not available, such investments are excluded from the proportion of investments promoting environmental and social characteristics.</p> <p>Also in relation to PAI, there are limitations to the methodology and the source of data. Due to the current limited availability of reliable data on a lot of PAI, the high variability of data on PAI at sectorial and geographical level as well as the their retrospective nature, no threshold or rigorous limit is set.</p>
Due diligence	<p>The Management Company performs prior and ongoing Due Diligence on the underlying assets through data and methodologies provided by MSCI ESG Research, verifying that the investments promote environmental and social characteristics, according to the methodologies illustrated in the section Methodologies .</p>
Engagement policies	<p>With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, the Management Company conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its "Engagement Policy" and in the "Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management".</p> <p>In this case, the Company informs the issuer about the identified criticalities, directing its decisions towards their immediate reduction. If these actions are not addressed in an effective and timely manner by the issuer, the Company evaluates to initiate specific reduction or disposal initiatives, even of a progressive nature, of the investment in these issuers.</p> <p>The initiatives carried out and the decisions taken regarding these activities are reported and formalized in order to guarantee a thorough traceability of the decision-making processes and outcomes</p>
Designated reference benchmark	<p>The Sub-fund tracks the MSCI USA ESG Screened Net Total Return (the "Index") for the purpose of attaining the environmental or social characteristics.</p>