

# Product disclosure for financial products that promote environmental or social characteristics<sup>1</sup>

Product name SVETOVÉ PORTFÓLIO, open - ended mutual fund Eurizon Asset Management Slovakia, správ. spol., a.s. (hereinafter also „**mutual fund**“)

Product identification: Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter also „**SFDR**“)

Product ISIN: SK3000001691

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## SECTION I

### Summary

The mutual fund is created and managed by Eurizon Asset Management Slovakia, správ. spol., a.s. (hereinafter also the "**management company**"). It is a financial product with environmental or social characteristics in connection with which the pre-contractual information is disclosed under Art. 8 SFDR. It means that the mutual fund promotes environmental and/or social characteristics and pursues compliance with the good governance practices of the companies (issuers), in which the financial instruments are invested (hereinafter referred to as "**ESG characteristics**"). To promote ESG characteristics, the management company applies negative screening, i.e. checks of lists of issuers or financial instruments, in relation to which mutual fund investments are prohibited, limited or otherwise conditioned, and at the same time uses special procedures of positive integration, i.e. analysis, selection and composition of the mutual fund portfolio to ensure its compliance with SFDR. The mutual fund can be characterized as a fund of funds, as it invests at least 70% of its assets in target (underlying) mutual funds, which, in addition, individually promote ESG characteristics, or are aimed at sustainable investments. Despite the above, the mutual fund does not undertake to make sustainable investments, as defined in Article 2(17) of SFDR. During the entire life cycle of the mutual fund, monitoring of ESG characteristics or their indicators, is applied with the engagement of the internal control system and with IT system support. This is achieved by using, inter alia, methodologies internally referred to as "SRI Exclusions", "ESG Exclusions" and "Manager Selection Integration". At the same time, the management company uses the expertise and experience of its parent company Eurizon Capital SGR S.p.A. (hereinafter also "**ECSGR**") to activate specific activities of engagement in issuers' operation. ECSGR secures the data necessary for the promotion of ESG characteristics by obtaining and further processing data from a renowned market information provider, while in certain circumstances it can check the data quality directly with the issuers. In relation to the underlying assets of the mutual fund, the management company performs due diligence, which includes the processes described above.

## SECTION II

### No sustainable investment objective

The mutual fund promotes ESG characteristics, but is not aimed at sustainable investments, as defined in Art. 2 par. 17 SFDR. The mutual fund does not undertake to make one or more sustainable investments. However, the mutual fund may, in accordance with its investment strategy, invest in assets that can be considered sustainable, but such investments are not in themselves decisive for the achievement of the ESG characteristics of the mutual fund.

## SECTION III

### Environmental or social characteristics of the financial product

To promote ESG characteristics, the management company adopted the following mechanisms:

Controls aimed at sustainable and responsible investments (hereinafter also "**SRI**") as well as environmental and social aspects and good governance of issuers (hereinafter also "**ESG**"):

- 1) SRI Exclusions – the mutual fund does not, in principle, invest in issuers operating in sectors, which are not considered "socially responsible", i.e. (i) companies characterized by a clear direct involvement in the production or sale of unconventional weapons; ii) companies, which derive at least 25% of their turnover from mining or energy activities related to thermal coal and iii) companies, which derive at least 10% of their turnover from oil and gas activities through

<sup>1</sup> Information pursuant to Article 10(1)(a) and (b) of SFDR in conjunction with Article 24 et seq. of Commission delegated regulation (EU) 2022/1288.

the extraction of bituminous sands (also called oil sands).

- 2) ESG Exclusions – the mutual fund does not, in principle, invest in issuers considered "critical", which are defined as companies with a higher exposure to ESG risks or companies, whose shares and bonds achieve a lower ESG rating.

In particular, in relation to the mutual fund, the management company introduced:

- 1) Manager Selection Integration - the mutual fund invests at least 70% of its assets in target (underlying) mutual funds, which promote ESG characteristics or are aimed at sustainable investment.

See also Section XI: "Engagement Policies" in this regard. For the purpose of promoting ESG characteristics by the mutual fund, no benchmark (index) was designated.

## SECTION IV

### *Investment strategy*

The objective of the investment strategy of the mutual fund is to achieve the appreciation of assets in the mutual fund in EUR (mutual fund reference currency) through investments in global mature and emerging equity markets and to a small extent into money market instruments, possibly government or corporate bonds in such a way that the mutual fund meets the requirements set for financial product with environmental or social characteristics, in connection with which the Asset Management company discloses precontractual information under the Article 8 SFDR; this does not exclude sustainable investments from the portfolio, or financial products with the investment objective in connection with which the precontractual information is disclosed under Article 9 SFDR. The share of assets that are other mutual funds, or ETFs and which are individually financial products with the environmental and/or social characteristics or financial products with the investment objective, in connection with which the pre-contractual information is disclosed under Article 8 or 9 SFDR, will constitute at least 70% of the value of the mutual fund's assets. Share of investments focused on equity types of assets, including equity exposure resulting from financial derivatives, will move in ranges from 80% to 100%, usually 95% of the value of the mutual fund's assets. Flexible allocation is primarily managed using a "model portfolio" provided by an advisor from which the management company can tactically deviate.

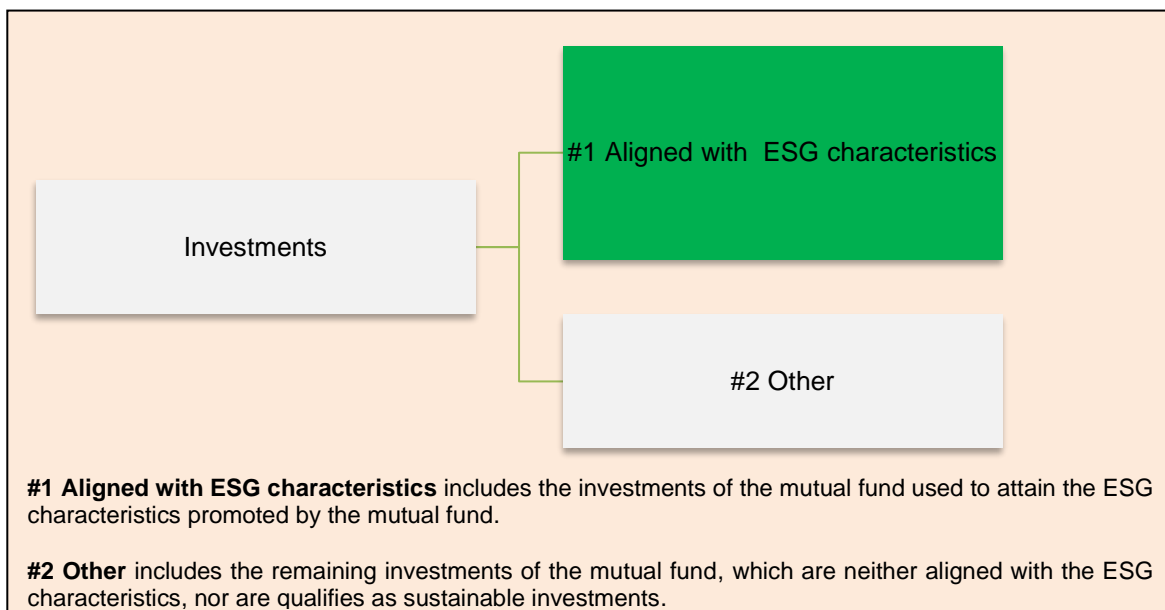
When managing a mutual fund, the management company applies the principles of risk limitation and distribution in accordance with valid and effective legislation.

A prerequisite for the mutual fund to meet requirements set for financial product with environmental or social characteristics according to Article 8 of the SFDR is that the companies in which the mutual fund invests follow the procedures in the field of good governance. Issuers that do not follow good governance practices are mainly considered to be those that do not have independent members in administrative, management or control bodies. Given issuers are identified using data from market information provider and are subject to ESG exclusions as in the section I.

## SECTION V

### *Proportion of investments*

The following diagram illustrates the proportion of investments



In particular:

Under "#1" are included target (underlying) mutual funds, which promote ESG characteristics or are targeted at sustainable investments. The mutual fund invests at least 70% of its assets in these target (underlying) mutual funds.

Included under "#2" are (i) any investments in open-ended mutual funds that are not financial products in connection with which the pre-contractual information is disclosed under Article 8 or 9 SFDR or bonds from issuers without an ESG score; (ii) derivative financial instruments for hedging risks and for the purpose of achieving income; (iii) cash held; (iv) any money-market instruments. These investments are used for efficient portfolio management and together they can constitute a maximum of 30% of the total net assets of the mutual fund. There are no ESG commitments for the above-mentioned assets.

## **SECTION VI**

### *Monitoring of environmental or social characteristics*

ESG characteristics promoted by the mutual fund or ESG indicators used to measure the achievement of these characteristics, are monitored throughout the life cycle of the mutual fund both from ECSGR level (for the entire Asset Management Division of the Group) and at the management company level using the internal control system and with IT system support.

## **SECTION VII**

### *Methodologies*

At present, the management company applies methodologies internally referred to as "SRI Exclusions", "ESG Exclusions", and "Manager Selection Integration", as described in Section III "Environmental or social characteristics of the financial product". See also Section XI "Engagement Policies" in this regard.

## **SECTION VIII**

### *Data sources and processes*

ECSGR provides (for the entire Asset Management Division of the Group) the data necessary for the promotion of ESG characteristics, by obtaining and further processing data from a renowned market information provider. The data in question is obtained through pre-set information flows and their further processing is carried out using internal IT systems. The proportion of estimated data depends on the particular issuer and on the level of interactions between the market information provider and the particular issuer. Where appropriate, ECSGR has defined special measures aimed at verifying data quality directly with issuers, e.g. as part of engagement activities (see Section XI "Engagement Policies").

## **SECTION IX**

### *Limitations to methodologies and data*

ECSGR relies on a specific market information provider. ECSGR cannot, under all circumstances, ensure completion or correction of the obtained data, which is why it pays attention to the choice of a reputable provider providing sufficient guarantees in terms of data quality. Moreover, with some issuers, estimates and approximate values have been used. However, the above-mentioned restrictions should not significantly affect the promotion of ESG characteristics by the mutual fund, since, when appropriate, ECSGR has defined special measures aimed at verifying the data quality directly with issuers, e.g. as part of engagement activities (see Section XI "Engagement Policies").

## **SECTION X**

### *Due diligence*

In connection with the underlying assets of the mutual fund, the management company performs due diligence in order to ensure, among other things, that the mutual fund meets the requirements set for the financial product with the environmental and/or social characteristics, in connection with which the company discloses the pre-contractual information under Article 8 SFDR. The due diligence includes monitoring, methodologies and data quality measures, as outlined in the previous sections.

## **SECTION XI**

### *Engagement policies*

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In the best interest of its mutual funds, the management company in cooperation with ECSGR undertakes (i) to continue to develop its Sustainability Policies, (ii) to monitor the promotion of the environmental and/ or social characteristics through specific investment limits and (iii) to use ECSGR's expertise and experience to activate specific engagement activities, especially for the exercise of shareholder rights.

The above is without prejudice to the fact that, in accordance with applicable legislation, the management company has decided not to develop, not even partially, specific engagement principles. This means that the management company does not initiate engagement by itself but uses the capacities of the parent company for this purpose, as mentioned above.