

# APS Ethical Adventurous Fund

LEI: 213800FCY73ESBOHGN36

## 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

11<sup>th</sup> June 2025

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

☒ ☐ ☐ **Yes**

☐ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Fund invests in securities issued by corporates or governments that satisfy the (ethical) selection approach defined in the Ethical Policy. It promotes E, S and G characteristics by selecting securities from a universe of issues by corporates or governments through:

- excluding issues by corporates and governments which do not pass the positive evaluation screening test on E, S and G components by the investment manager (step 2 of the selection process following the negative screening detailed below);
- limiting exposure to certain business activities, by excluding corporates deriving significant revenues (>10%) from coal mining, tobacco production and distribution, military equipment and firearms, life termination services or products, human embryonic stem cell research, gambling operations and products, alcohol



production and distribution, and pornography and adult entertainment services; and

- excluding issues by governments which do not pass the (negative) screening tests on civil and political rights.

For corporate issues: The investment manager uses a best-in-class approach to select within each industry the corporates that have the best overall ESG score compared to their peers within the industry. For each Environmental (E), Social (S) and Governance (G) pillar, several indicators are used (as detailed below). The weight of each ESG pillar is determined by its materiality within the industry of the corporation analysed.

For government issues: Issuing countries are classified according to the overall ESG score. The score is derived by aggregating the scores for each Environmental (E), Social (S) and Governance (G) pillar and (issues by) governments are included in the universe if they meet or exceed the minimum threshold.

The investment manager will, after undertaking this analysis, take steps to either include or exclude governments or corporates from the universe which is updated at least on an annual basis. Further monitoring continues to be made on a periodical basis, to confirm that the governments and corporates in the universe continue to adhere to the above criteria.

The Fund may also invest in other funds provided that any underlying fund falls under Article 8 or 9 of the SFDR.

The Fund is actively managed by the investment manager. No reference benchmark is used for the purposes of attaining the E, S and G characteristics.

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

The Fund promotes all E, S and G pillars. The investment manager pursues a best-in-class approach, considering the following exclusions.

Companies involved in the following business activities are excluded (if turnover >10% of total turnover):

- coal mining, tobacco production and distribution, military equipment and firearms, life termination services or products, human embryonic stem cell research, gambling operations and products, alcohol production and distribution, and pornography and adult entertainment services.

Companies are assessed on their ESG performance ("positive evaluation") which is measured based on the following indicators:

- Environmental pillar: environmental strategy, accidental pollution, green products, biodiversity, water, energy, atmospheric emissions, waste, local pollution, transportation, use and disposal of products, product safety, and environmental standards in the supply chain.
- Social pillar: information to customers, customer relations, supplier relations, social standards in the supply chain, fundamental human rights, fundamental labour rights, non-discrimination, child and forced labour, social dialogue, employee participation, reorganisation, career management, working hours, remuneration, social and economic development, societal impact of products/services and general interest causes.
- Governance pillar: board of directors, audit and internal controls, fair shareholder treatment, executive remuneration, anti-competition, anti-corruption, lobbying, career management, fundamental labour rights, health and safety, and social and economic development.

Compliance with the exclusion criteria and positive evaluation is conducted by the investment manager through the use of an independent ESG data provider.

**Sustainability indicators**

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

For governments, countries with insufficient score (exclusion if “Partially Free” or “Restrained”) according to the Freedom House ([www.freedomhouse.org](http://www.freedomhouse.org)) are excluded. The investment manager shall then assess the ESG performance based on the Environmental Performance Index (<http://epi.yale.edu>) for the E pillar, the Human Development Index (<http://hdr.undp.org>) for the S pillar, and the Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org)) for the G pillar.

The above applies to direct investment in issuers.

The Fund may invest in other funds provided that any underlying fund falls under Article 8 or 9 of the SFDR.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable. The Fund does not have a sustainable investment objective and does not make 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?**

This question and related questions below are not applicable, as the Fund does not have a sustainable investment objective.

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

Not applicable.

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

Not applicable.

*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.*

**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.



**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes

☒ No

The investment manager does not consider the PAIs as part of its investment decisions on sustainability factors, within the meaning of Article 4(1)(a) of SFDR, for the time being. The position of the investment on this matter will be reviewed on an ongoing basis.



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

## **What investment strategy does this financial product follow?**

The Fund's investment objective is to achieve long-term capital growth and income generation following the ethical principles according to the Ethical Policy. It can invest in sovereign and corporate securities and may hold other funds, deposits, and cash. These securities may be denominated in any currency provided that the Fund is to maintain at least 50% of its total asset value in euro.

The Fund may invest up to 90% of its total assets in government or corporate bonds rated investment grade by a reputable rating agency, or in the case of unrated bonds, are deemed to have an equivalent rating by the investment manager. It may also invest up to 70% of its total assets in high yield bonds (rated below investment grade, or unrated, deemed to have an equivalent rating by the investment manager) and also up to 90% of its total assets in direct equities (and equity-related securities). In addition, the Fund may also invest in other funds. Moreover, the Fund may make use of exchange traded or OTC financial derivatives for the purpose of efficient portfolio management.

The Fund is actively managed and shall not follow any index or benchmark.

More information on the general investment policy of the Fund can be found in the Investment Objective and Policy section of the Offering Supplement.

### ● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements to the investment strategy consist of the following elements:

- The Fund must adhere to the Ethical Policy.
- The Fund will not invest in securities issued by corporates deriving significant revenue (>10%) from "excluded" activities. The excluded activities are:
  - coal mining
  - tobacco production and distribution
  - military equipment and firearms
  - life termination services or products
  - human embryonic stem cell research
  - gambling operations and products
  - alcohol production and distribution
  - pornography and adult entertainment services
- After the negative screening (as per above), the Fund may invest in issues of companies that satisfy the positive evaluation conducted by the investment manager.
- The Fund will also not invest in securities issued by governments which do not pass the (negative) screening tests on civil and political rights.
- Issues by governments must then satisfy the positive evaluation carried out by the investment manager to be eligible for investment by the Fund.

The binding elements are monitored on an ongoing basis. The investment manager is required to develop a strategy to divest exposure to corporates or governments which deviate from the Ethical Policy within a reasonable timeframe.

The Fund may invest in other funds if these fall under Article 8 or 9 of the SFDR.

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

The Fund does not commit to a minimum rate to reduce the scope of investments prior to the application of the investment strategy.

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

Good governance practices of investee companies are addressed at various stages of the security selection process for inclusion in the universe. Companies are screened for good governance with respect to sound management structures, employee relations, remuneration of staff and tax compliance through the analysis of the following indicators:

- audit and internal controls
- board of directors
- fair shareholder treatment
- executive remuneration
- anti-competition
- anti-corruption
- lobbying
- career management
- fundamental labour rights
- health and safety, and
- social and economic development.

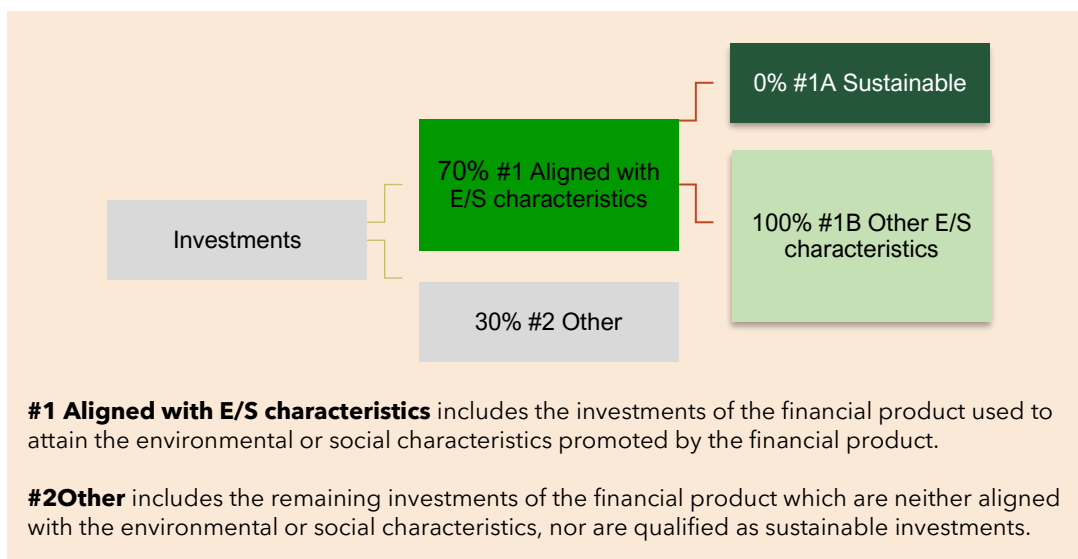
The investment manager applies a minimum threshold for each indicator and only corporates that exceed the threshold are included in the universe.

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

The Fund may invest directly up to 90% of its total assets in investment grade bonds. It may invest up to 70% of total assets in high yield bonds and up to 90% of total assets in equities. A moving cash balance and the use of financial derivative instruments with the purpose of hedging are also part of the planned asset allocation.

At least 70% of the investments is expected to be aligned with the E/S characteristics (#1). These include exposure to issues by corporates and governments (including supranational) related securities. The Fund may also invest in other funds. The maximum percentage of other (#2) investments is 30%. Other (#2) includes 20% cash and 10% financial derivatives. The Fund does not intend to invest in sustainable investments, resulting in 0% of sustainable investments and 100% investments in other E/S characteristics (#1B).

See the flow chart below for a graphical representation.



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

The Fund does not use derivatives for the attainment of its environmental or social characteristics rather for hedging purposes.



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

Investments in environmentally sustainable economic activities (i.e. taxonomy aligned investments) shall be 0%.

- **Does the financial product invest in fossil gas and/ or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

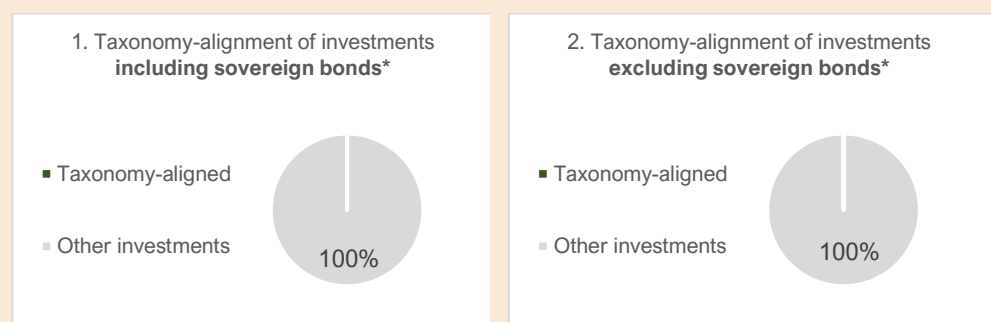
☐ Yes:

☐ 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.**



\* 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 minimum share of investments of the Fund in transitional activities is 0%.  
The minimum share of investments of the Fund in enabling activities is 0%.



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

The Fund has no minimum share of investments aligned with the EU Taxonomy, i.e. 0% minimum target.



<sup>1</sup> 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.

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

The Fund has no minimum share of socially sustainable investments, i.e. 0% minimum target.



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

Cash and financial derivatives can be held for a maximum of 30%. Due to the nature of the characteristics of the instruments, no minimum environmental or social safeguards are applicable. The derivatives are not used to achieve the E/S characteristics of the Fund but instead used for hedging purposes.



## 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?

No specific index is designated as a reference benchmark to determine whether the Fund is aligned with environmental and social characteristics promoted.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.



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

More Product-specific information can be found at <https://www.apsbank.com.mt/ethical-adventurous-fund/>.

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