

ANNEX I

Template 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

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.

Product name: Guinness European Equity Income Fund
Legal entity identifier: 635400EQLIYHQPLIJ135

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**



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

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

The environmental and social characteristics promoted by the Fund are:

- The fund will not invest in companies, as per the Investment Manager's exclusion policy (directly involved in the design, manufacture or sale of cluster munitions and anti-personnel mines, and companies that generate more than 30% of revenue, as determined by the Investment Manager, via thermal coal extraction or thermal coal power generation). For further details on the exclusions applied, a copy of the exclusion policy can be found at (<https://www.guinnessgi.com/about-us/responsible-investment#tab-literature>).
- The Investment Manager assesses the environmental and social credentials of investee companies, and their governance practices, in particular with respect to company-specific ESG factors and overall disclosure through qualitative and quantitative analysis of company and third-party data. Examples of ESG factors include climate and environmental indicators, social and human capital factors, management remuneration and incentivisation, carbon intensity and carbon transition risk, and governance factors.

The Investment Manager undertakes engagement activities, where relevant, to encourage investee companies to improve aspects of some or all of their environmental, social or governance practices. The Investment Manager would consider it relevant to undertake engagement activities in the event that it identifies a company in its portfolio that does not comply with the exclusion policy. In such a scenario, the Investment Manager will contact the company directly for confirmation of their involvement in an excluded activity. Following confirmation of their involvement in this activity, the Investment Manager will divest any such holdings within 90 business days.

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

The sustainability indicators used to measure the attainment of the environmental or social characteristics promoted by the Fund are:

- To implement the exclusion policy, exclusion lists of companies are created based on information provided by independent third-party sources. The exclusion lists are updated on an annual basis and are distributed periodically across the firm. In the event the Investment Manager identifies a company in the Fund that does not comply with these policy requirements, the Investment Manager will contact the company directly for confirmation of their involvement in an excluded activity. Following confirmation of involvement in

this activity, divestment of any such holdings will be made within 90 business days.

- To measure the attainment of environmental and social credentials of investee companies, and their governance practices, the Investment Manager first identifies the specific exposures to each company, determined by its industry. Once identified, the Investment Manager analyses the significance of the exposure and progress made by management in mitigation and improvement. This analysis incorporates both third party sources as well as the Investment Manager's own data. The investment manager will use climate, other environmental and social indicators to the extent that relevant data is available, alongside an assessment of management remuneration and incentivisation, carbon intensity and carbon transition risk, and governance factors.

More information on the indicators can be found in the sustainability related website disclosures at (<https://www.guinnessgi.com/funds/guinness-european-equity-income-fund#tab-literature>).

● ***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 promotes environmental and social characteristics, but does not commit to make any 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?***

n/a

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

n/a

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

n/a

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 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

Currently, third party methodology and ratings provide different and often conflicting outcomes. The Investment Manager is continuing to monitor data that is reliably made available.



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

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

What investment strategy does this financial product follow?

The investment objective of the Fund is to provide investors with long-term capital appreciation.

In seeking to achieve its investment objective the Fund intends to invest primarily in a portfolio of European securities, excluding UK securities, or in the securities issued by companies transacting a significant proportion of their business (at least 50% of revenues) in Europe (excluding the UK). The Fund intends to invest primarily in companies which pay dividends, but may invest in companies which do not pay dividends.

Investments are selected using a combination of analysis of economic and market factors, screening the investible universe for key identifiers of quality, value, earnings trend and price momentum, and detailed analysis of the underlying business. The economic and market factors are linked to the Investment Manager's belief that a focus on persistent high cash returns and balance sheet strength supported by structural growth drivers is the best approach for identifying companies which have the capacity to grow earnings and dividends for the long-term. The Investment Manager analyses trends it sees in Europe as well as in global markets to identify such opportunities. Detailed analysis of the underlying business is carried out through the due diligence process.

The fund will not invest in companies, as per the Investment Manager's exclusion policy (directly involved in the design, manufacture or sale of cluster munitions and anti-personnel mines, and companies that generate more than 30% of revenue, as determined by the Investment Manager, via thermal coal extraction or thermal coal power generation). For further details on the exclusions applied, a copy of the exclusion policy can be found at <https://www.guinnessgi.com/about-us/responsible-investment#tab-literature>.

The Investment Manager assesses the environmental and social credentials of investee companies, and their governance practices, in particular with respect to company-specific ESG factors and overall disclosure through qualitative and quantitative analysis of company and third-party data. Examples of ESG factors include climate and environmental indicators, social and human capital factors, management remuneration and incentivisation, carbon intensity and carbon transition risk, and governance factors.

To measure the attainment of environmental and social credentials of investee companies, and their governance practices, the Investment Manager first identifies the specific exposures to each company, determined by its industry. Once identified, the Investment Manager analyses the significance of the exposure and progress made by management in mitigation and improvement. This analysis incorporates both third party sources as well as the Investment Manager's own data.

The Investment Manager undertakes engagement activities, where relevant, to encourage investee companies to improve aspects of some or all of their environmental, social or governance practices. The Investment Manager would consider it relevant to undertake engagement activities in the event that it identifies a company in its portfolio that does not comply with the exclusion policy. In such a scenario, the Investment Manager will contact the company directly for confirmation of

their involvement in an excluded activity. Following confirmation of their involvement in this activity, the Investment Manager will divest any such holdings within 90 business days.

- ***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 Fund will not invest in companies as per the Investment Manager's exclusion policy. A copy of the exclusion policy can be found at (<https://www.guinnessgi.com/about-us/responsible-investment#tab-literature>).

The Investment Manager's ESG analysis as described above.

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

No such commitment.

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

Good governance practices (including, but not limited to, sound management structures, employee relations, remuneration of staff and tax compliance) are assessed by the Investment Manager using company and third-party data. The Investment Manager's good governance policy is available at (<https://www.guinnessgi.com/about-us/responsible-investment#tab-literature>).

Asset allocation

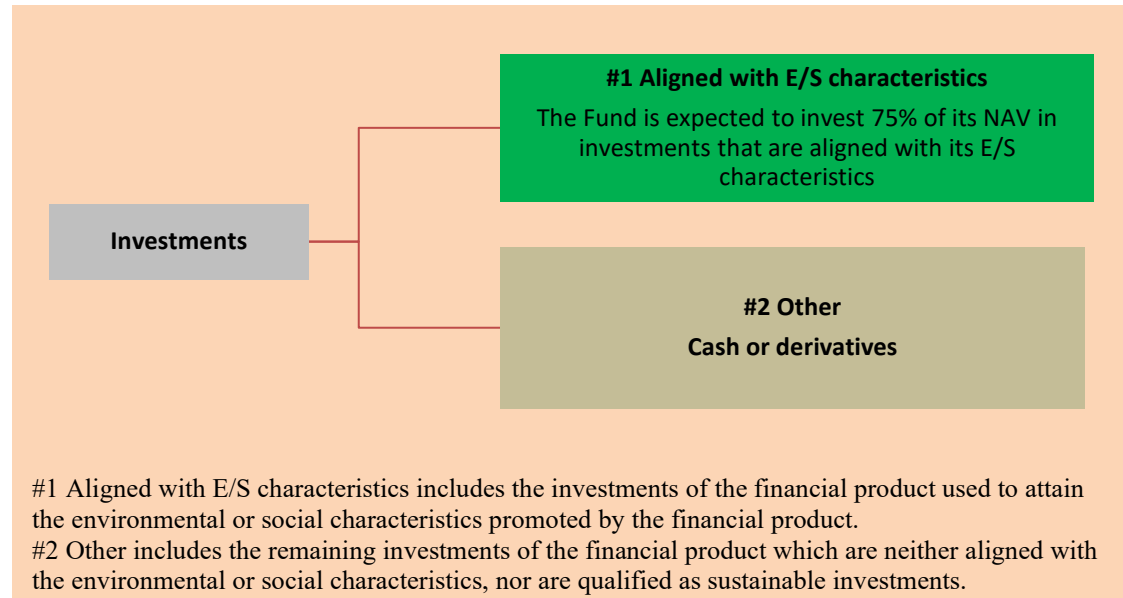
describes the share of investments in specific assets.

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.



What is the asset allocation planned for this financial product?



The above asset allocation is a minimum asset allocation and allocations may be higher than the minimum disclosed at any given time.


There are no minimum environmental or social safeguards.

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

Derivatives are not used to attain the environmental or social characteristics promoted by the fund.

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.

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



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

0% of NAV

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?



Yes



In fossil gas

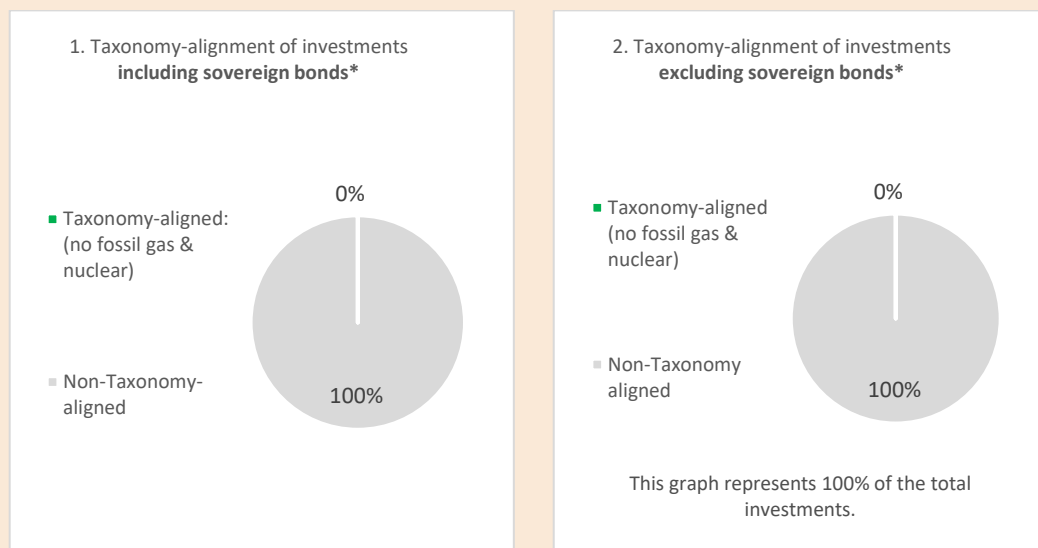


In nuclear energy



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

¹ 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.

- ***What is the minimum share of investments in transitional and enabling activities?***

0% of NAV.



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

0% of NAV. The Fund promotes environmental and social characteristics, but does not commit to make any sustainable investments. Taxonomy-aligned investments are a sub-set of sustainable investments.



What is the minimum share of socially sustainable investments?

0% of NAV. The Fund promotes environmental and social characteristics, but does not commit to make any sustainable investments.



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

Investments such as cash held as ancillary liquidity or derivatives used for hedging purposes, in accordance with the provisions in the Supplement for the Fund.



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

Reference

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

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

n/a

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

n/a

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

n/a

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

n/a



Where can I find more product specific information online?

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

<https://www.guinnessgi.com/funds/guinness-european-equity-income-fund>