

## ANNEX IV

Template periodic 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: MEGATRENDS

Legal entity identifier: 213800WBUV64IWP7T815

# Environmental and/or social characteristics

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

Yes

No

It made **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 made **sustainable investments with a social objective**: \_\_\_%

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**

**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.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Sub-Fund promoted environmental and social characteristics by promoting climate change mitigation and adaptation characteristics among the investee companies.

The Sub-Fund did this in three ways:

1. Part of the portfolio is invested in the Decarbonisation of the economy theme, so we invested in companies that their activities provide solutions for climate change mitigation and/or adaptation. For example, companies involved in renewable energies and electrification of the economy.

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

2. Furthermore, for the rest of the companies whose activities do not directly provide solutions for climate change mitigation and/or adaptation, the Sub-Fund expects them to embed climate change in their strategy and operations. Thus, the Sub-Fund expects companies to implement plans to align their businesses to the objectives of the Paris agreement and to effectively manage climate transition risks. The Sub-Fund also promotes that companies provide transparent and reliable information about their climate footprint and progress towards the climate targets they have set. As a matter of fact, these issues are the pillars of the Sub-Fund's internal ESG rating targets regarding the internal environmental score.
3. Finally, the Sub-Fund applied specific exclusion criteria to avoid investment in companies that have substantial involvement in activities that are considered to be detrimental to climate change mitigation and adaptation.

### ● **How did the sustainability indicators perform?**

Please see below what sustainability indicators we used and the performance.

In order to measure the attainment of the promotion of climate change mitigation and/or adaptation, the fund uses the following indicators:

1. For the companies that are invested through the Sub-Fund decarbonisation of the economy theme, we require that at least 30% of the revenues are related to solutions for climate change mitigation and/or adaptation. In order to measure this involvement, the Sub-Fund uses the RBICS (Revere Business Industry Classification system) and maps the subindustries that carry out these activities, matching them with the activities carried out by the invested companies.

**Percentage of the fund invested in the decarbonization theme: 24.50%**

2. For the whole portfolio, even for the companies whose activities do not directly provide a solution for climate change mitigation and/or adaptation, the Sub-Fund expects them to embed climate change in their strategy and operations. Thus, the Sub-Fund expects companies to implement plans to align their businesses to the objectives of the Paris agreement and to effectively manage climate transition risks. The Sub-Ffund also promotes that companies provide transparent and reliable information about their climate footprint and progress towards the climate targets they have set. In order to assess the alignment of the companies with the Paris agreement and the level of transparency regarding climate change related information, the Sub-Fund uses the following indicators:

- a. Whether company's climate targets are set according to the Science Based targets initiative (<https://sciencebasedtargets.org/>)

**62.67% of the fund is made up of companies that have committed to or have set climate goals in accordance with the SBT Initiative.**

- b. Whether the company provides information to CDP and what score has CDP assigned to their climate change policies ([www.cdp.net](http://www.cdp.net))

**71.54% of the fund is made up of companies that have provided information to CDP** Whether the company follows the recommendations of the Task Force for Climate Related Financial Disclosures ([www.fsb-tcf.org](http://www.fsb-tcf.org))

**72.45% of the fund is made up of companies that follow the TCFD recommendations.**

● ...and compared to previous periods?

| Período de reporte | Invested in Decarbonization theme | SBT    | CDP    | TCFD   |
|--------------------|-----------------------------------|--------|--------|--------|
| 2023               | 24.50%                            | 62.67% | 71.54% | 72.45% |
| 2022               | 32.10%                            | 59.55% | 76.14% | 74.88% |

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

N/A

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

N/A

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

N/A

Were 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.



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

The fund did not consider principal adverse impacts on sustainability factors.



*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 Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

## What were the top investments of this financial product?

Investments as of 31/12/2023

| Asset                           | Country        | Sector                 | Industry                                | Weight |
|---------------------------------|----------------|------------------------|---|--------|
| ALPHABET INC-CL A               | UNITED STATES  | Technology             | Software and Consulting                 | 3.82%  |
| MICROSOFT CORP                  | UNITED STATES  | Technology             | Software and Consulting                 | 3.64%  |
| VESTAS WIND SYSTEMS A/S         | DENMARK        | Industrials            | Industrial Manufacturing                | 3.10%  |
| GRIFOLS SA                      | SPAIN          | Healthcare             | Biopharmaceuticals                      | 3.09%  |
| BUNZL PLC                       | UNITED KINGDOM | Industrials            | Industrial Services                     | 2.94%  |
| TAIWAN SEMICONDUCTORS-SP ADR    | TAIWAN         | Technology             | Electronic Components and Manufacturing | 2.88%  |
| DANAHER CORP                    | UNITED STATES  | Healthcare             | Healthcare Services                     | 2.85%  |
| MICRON TECHNOLOGY INC           | UNITED STATES  | Technology             | Electronic Components and Manufacturing | 2.83%  |
| NVIDIA CORP                     | UNITED STATES  | Technology             | Electronic Components and Manufacturing | 2.78%  |
| MEDTRONIC PLC                   | IRELAND        | Healthcare             | Healthcare Equipment                    | 2.78%  |
| ROCHE HOLDING AG – GENUSSSCHEIN | SWITZERLAND    | Healthcare             | Biopharmaceuticals                      | 2.74%  |
| RECKITT BENCKISER GROUP PLC     | UNITED KINGDOM | Consumer Non-Cyclicals | Household Products                      | 2.73%  |
| AIA GROUP LTD                   | HONG KONG      | Finance                | Insurance                               | 2.73%  |
| SSE PLC                         | UNITED KINGDOM | Utilities              | Utilities                               | 2.71%  |
| INDUSTRIE DE NORA SPA           | ITALY          | Non-Energy Materials   | Chemical, Plastic and Rubber Materials  | 2.68%  |
| BAUSCH + LOMB CORP              | CANADA         | Healthcare             | Biopharmaceuticals                      | 2.63%  |



The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 2022

**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.

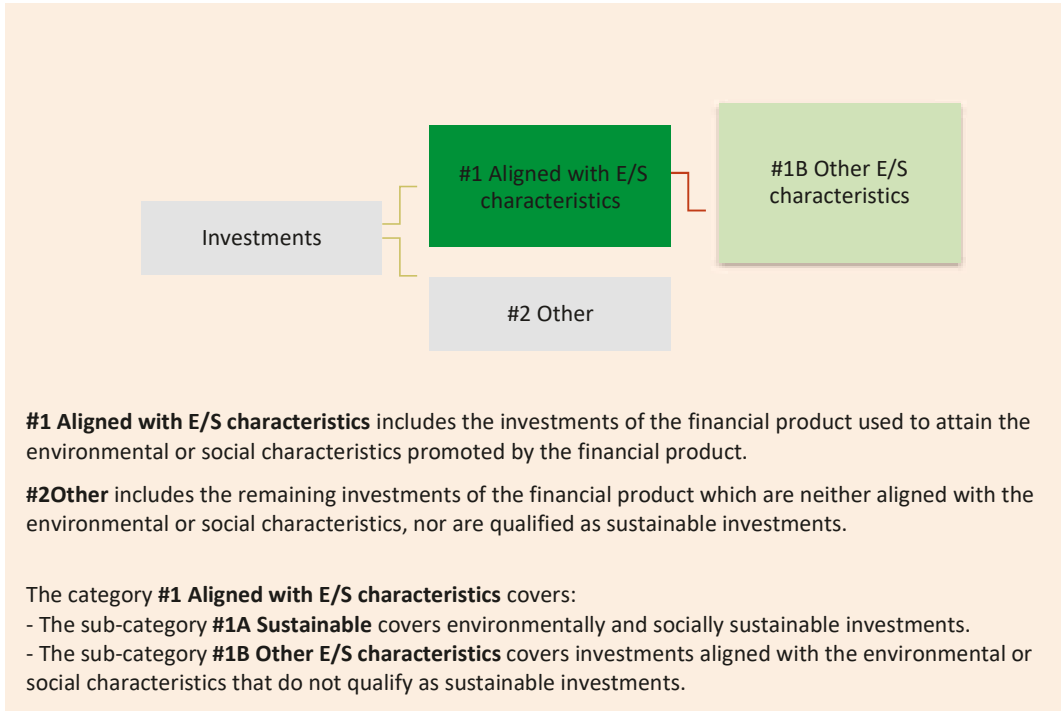
**What was the proportion of sustainability-related investments?**

Answered below.

● **What was the asset allocation?**

Investments as of 31/12/2023

|   |            |
|---|------------|
| <b>Aligned with E&amp;S characteristics and in compliance with binding elements</b> | <b>92%</b> |
| Sustainable   | 0%         |
| Other E/S characteristics   | 92%        |
| <b>Other</b>  | <b>8%</b>  |
| Cash & Cash Equivalents   | 8%         |



● **In which economic sectors were the investments made?**

**Asset allocation** describes the share of investments in specific assets.

| Sector                 | Weight     |
|------------------------|------------|
| Technology             | 27%        |
| Healthcare             | 19%        |
| Industrials            | 12%        |
| Finance                | 10%        |
| Non-Energy Materials   | 10%        |
| Consumer Non-Cyclicals | 7%         |
| Utilities              | 4%         |
| Consumer Cyclicals     | 1%         |
| Business Services      | 0%         |
| <b>Total</b>           | <b>92%</b> |

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Did as per template

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

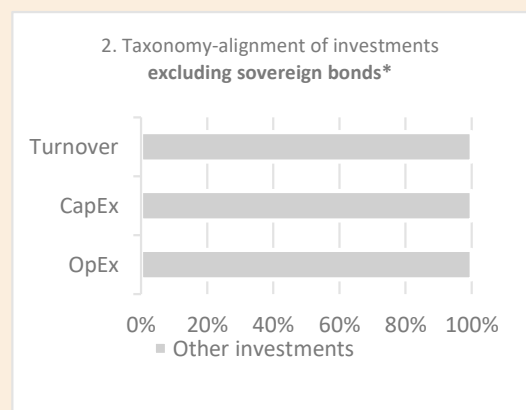
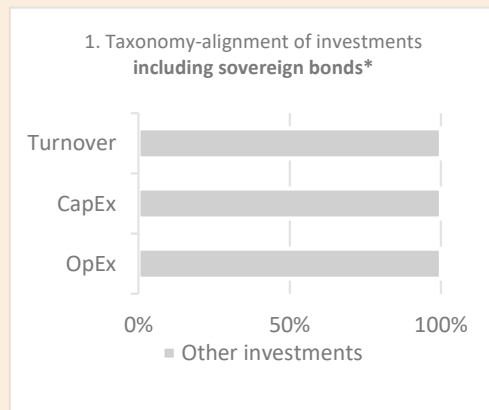
Yes:

In fossil gas

In nuclear energy

No

*The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?**

N/A

<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.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A



- **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

N/A



- **What was the share of socially sustainable investments?**

N/A



- **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

|                           |           |
|---------------------------|-----------|
| <b>Other</b>              | <b>8%</b> |
| Cash and Cash equivalents | 8%        |

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



- **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

During 2023 at Bestinver continues to improve our ESG assesment, a more dynamic channel it has been established between Risk and Investment teams in order to strength ESG monitoring for all companies in our investment universe. In additon to this, we are working in an update of our Responsible Investment Principles and Policies, released early 2024. . Additionally, it closely aligns the investment selection process with the E/S characteristics the fund seeks to promote. As of December 31, 2023, 80.27% of the fund was invested in companies with an internal ESG rating of Gold or Green (the maximum possible established in Bestinver's responsible investment policies) compared to 77.5% of the same date of 2022.

- **How did this financial product perform compared to the reference benchmark?**

N/A

- **How does the reference benchmark differ from a broad market index?**

N/A

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

N/A

- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

The general market index of the fund used for purely comparative purposes is the MSCI World Net TR EUR, which obtained a return of 19.6% in 2023. In this same period, the BESTINVER MEGATRENDS fund obtained a return of 16.0%.

The aforementioned broad market index used for merely comparative purposes was from 01/01/2022 to 20/03/2022 the Euro Stock 50 Net index Return. As of 21.03.2022 It was changed to MSCI WORLD NET TOTAL RETURN EUR Index. The 2022 benchmark performance is a composite of the performance of the both indices.