

## APPENDIX

### 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

Product name: [GAM Star Global Rates](#)

Legal entity identifier: [ZVIMWIFXTC2J79D70175](#)

**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.

## 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**

Notwithstanding the fact that the Fund does not commit to make any sustainable investments, the Fund may hold assets that meet the criteria of a sustainable investment on an incidental basis.



**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?

GAM Star Global Rates (the “Financial Product” or “Fund”) selects investments from within both the fixed income and global currency markets. Environmental and social characteristics of the corresponding sovereign are applied to the fixed income and/or global currency market securities. For example, US Treasury bills (corresponds to United States of America), UK Gilts (corresponds to the United Kingdom), USD/CAD currency forwards (corresponds to United States of America and Canada).

The Fund promotes the following environmental and social characteristics, applied to the corresponding country:

- 1) Environmental characteristics – a minimum threshold as measured by the Yale Environmental Performance Index (EPI) which assesses factors, including:**
  - Climate change (relating to mitigation efforts);
  - Environmental health (including waste management; heavy metals; sanitation and drinking water; air quality);
  - Ecosystem vitality (biodiversity and habitat; ecosystem services; fisheries; acid rain; agriculture; water resources).

More information on the Yale Environmental Performance Index (EPI) can be found on <https://epi.yale.edu/>

- 2) Social characteristics – a minimum threshold as measured by the Freedom House Global Freedom Score, which assesses factors including:**
  - Political rights (including electoral process; political pluralism and participation; functioning of government);
  - civil liberties (including freedom of expression and belief; associational and organisational rights; rule of law; personal autonomy and individual rights).

More information on the Freedom House Global Freedom Score can be found on <https://freedomhouse.org/>

- 3) Social characteristics – a minimum threshold as measured by the Social Progress Index, which assess factors including:**
  - Health (including nutrition and basic medical care; water and sanitation; shelter; and personal safety);
  - Foundations of wellbeing (including access to basic knowledge; access to information & communications; health & wellness; and environmental quality);
  - Opportunity (including personal rights; personal freedom & choice; inclusiveness; access to advanced education).

More information on the Social Progress Index can be found on <https://www.socialprogress.org/>

- 4) Governance – a minimum threshold as measured by the Financial Action Task Force, which assesses adherence to internationally recognized and approved standards to counter money laundering and terrorist financing at a country level.**

More information on the Financial Action Task Force can be found on [fatf-gafi.org](http://fatf-gafi.org)

- 5) Consideration of Principal Adverse Impacts on sustainability factors relevant to sovereigns and supranationals from selected indicators outlined in Table 1 of Annex I of the Commission Delegated Regulation (EU) 2022/1288 (the “SFDR Delegated Act”).**

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus, Supplement and this Appendix in detail to ensure that the sustainability profile of the Fund reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any

decision to invest in the Fund should take into account both the financial and non-financial characteristics of the Fund, as further described in the Supplement. Further, investors should note that disclosures under the SFDR regime may be amended over time as further guidance is issued or practices evolve.

Furthermore, investors' attention is drawn to the heading "Risk Factors" in the Prospectus and Supplement, which should be considered before investing in the Fund.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Fund. Additional indicators are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Fund. The annual financial statements of GAM Star Fund Plc will include a periodic report for this Fund, which will disclose the extent to which environmental or social characteristics are met.

**Indicators relating to exclusion criteria:**

**Environmental Performance Index  $\geq 35$ :** Proportion of investments from countries with an Environmental Performance Index  $\geq 35$ .

**Global Freedom Score (Total Score & Status)  $\geq 10$ :** Proportion of investments from countries with a Global Freedom Score (Total Score & Status)  $\geq 10$ .

**Social Progress Index Tier  $<$  Tier 6:** Proportion of investments from countries with a Social Progress Index Tier  $<$  Tier 6:

**Non-FATF compliance:** countries that are FATF compliant.

**FATF Watch List:** countries on the FATF Watch List

**Indicators relating to Principal Adverse Impacts:**

The following indicators for adverse impacts, from Tables 1 and 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Fund.

**GHG Intensity:** GHG intensity of investee countries.

**Investee countries subject to social violations:** Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.

**Average political stability score:** assessment of the stability and peace in a region looking at political stability and the absence of violence / terrorism and the global peace index.

**Average corruption score:** a measure of the degree to which public sector corruption is perceived to exist in different countries around the world.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Co-Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Fund suffering losses (including loss of opportunity).

**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.

- **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 commit to making 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?**

Not applicable (the Fund does not commit to making sustainable investments)

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

Not applicable (the Fund does not commit to making sustainable investments)

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details Not applicable (the Fund does not commit to making sustainable investments)

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, the Fund takes into account principal adverse impacts (PAIs) on sustainability factors relating to sovereigns and supranationals, as detailed in Tables 1 and 3 of Annex 1 of the SFDR Delegated Act, as outlined in the table below:

Adverse sustainability indicator		Fund Considerations
<b>Table 1</b>		
Environ- ment	15. GHG intensity	A range of indicators in relation to country-level GHG emissions and GHG intensity are embedded into the EPI Index (including projected GHG emissions in 2050; CO2 Growth Rate; CH4 Growth Rate; CO2

		<p>from Land Cover; GHG Intensity Trend; F-Gas Growth Rate; Black Carbon Growth Rate; GHG Emissions per Capita; and N2O Growth Rate). These indicators contribute to the EPI score for each country which is used in the selection of eligible countries for the Financial Product.</p> <p>This indicator is also assessed qualitatively to inform investment decision making and to guide engagement activity.</p>
Social	16. Investee countries subject to social violations	<p>A range of issues in relation to social violations are embedded in the Freedom House Global Freedom Score (including safeguards against corruption; protection of civil liberties; equity of opportunity; freedom from economic exploitation; rule of law).</p> <p>This indicator is also assessed qualitatively to inform investment decision making and to guide engagement activity.</p>
<b>Table 3</b>		
Social	19. Average freedom of expression score	<p>Considered through the Freedom House Global Freedom Score. Sovereign issuers that receive a “Not Free” score on the Freedom House Global Freedom Score are not eligible for investment, unless this sovereign is working through an international organization, such as the World Bank, the United Nations, a regional development bank or another body with robust and transparent sustainability safeguards.</p>
Human Rights	20. Average human rights performance	
	21. Average corruption score	<p>Considered through the Freedom House Global Freedom Score. Sovereign issuers that receive a “Not Free” score on the Freedom House Global Freedom Score are not eligible for investment, unless this sovereign is working through an international organization, such as the World Bank, the United Nations, a regional development bank or another body with robust and transparent sustainability safeguards.</p> <p>This indicator is also assessed qualitatively to inform investment decision making and to guide engagement activity.</p>
	23. Average political stability score	

The annual financial statements of GAM Star Fund Plc will include a periodic report for this Fund, which will disclose how principal adverse impacts have been considered on sustainability factors.

 No



**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?

Details of the investment process are provided in the section of the Prospectus relating to the Fund. The environmental and social characteristics of the Fund are integrated into the investment process and implemented on a continuous basis by applying baseline quantitative minimum scores across the universe of securities linked to countries in order to exclude exposure to economies (in both long and short positions) which do not meet minimum environmental and social criteria, as detailed below.

The Fund utilises the below measures and indices in its ESG assessment of countries and in determining exclusions as outlined below.

- **Environmental Performance Index:  $\geq 35$** 
  - The Environmental Performance Index (EPI) uses 40 performance indicators across 11 issue categories to rank countries on climate change performance, environmental health and ecosystem vitality. These indicators provide a gauge at a national scale of how close countries are to established environmental policy targets. High scoring countries indicate those that are the leaders in addressing environmental challenges. Further detail in relation to the Environmental Performance Index can be found via the following link: <https://epi.yale.edu/>.
  - The EPI is produced by the Yale Center for Environmental Law & Policy, which is a joint undertaking between Yale Law School and the Yale School of the Environment.
  - Countries with EPI scores below 35 are not eligible for inclusion in the Fund.
- **Global Freedom Score (Total Score & Status):  $\geq 10$** 
  - The Freedom House Global Freedom Score is calculated according to the level of political rights and civil liberties maintained by a state or territory. Points are awarded according to varying political rights and civil liberties indicators. Further detail in relation to the Global Freedom Score can be found via the following link: <https://freedomhouse.org/countries/freedom-world/scores>.
  - Freedom House is a non-profit non-governmental organization that assesses the condition of political rights and civil liberties around the world. It is used on a regular basis by policymakers, journalists, academics, activists, and many others. Freedom House's flagship publication, Freedom in the World, analyses the electoral process, political pluralism and participation, the functioning of the government, freedom of expression and of belief, associational and organizational rights, the rule of law, and personal autonomy and individual rights. The analysis is summarized by the Global Freedom Scores.
  - Countries with Freedom House Global Freedom Scores below 10 are not eligible for inclusion in the Fund.
- **Social Progress Index Tier: < Tier 6**
  - The Social Progress Index (SPI) measures the extent to which countries provide for the social and environmental needs of their citizens. The SPI is made up of 12 components and 60 indicators relating to basic human needs, foundations of well-being, and opportunity to progress. Further detail in relation to the Social Progress Index can be found via the following link: <https://www.socialprogress.org/>.
  - The SPI is produced by the Social Progress Imperative, a global non-profit based in Washington, DC, providing decision-makers and everyday citizens with data on the social and environmental health of their societies.
  - Countries with an SPI score above or equal to 6 are not eligible for inclusion in the Fund.
- **FATF- Exclusion of non-FATF+ Jurisdictions and FATF Watch List Jurisdictions:**
  - The Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog. The inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas. Further detail in relation

to FATF can be found via the following link: <https://www.fatf-gafi.org/countries/>.

- Those jurisdictions which fall outside the membership of the FATF or have not committed to the FATF Recommendations through the global network of FATF-Style Regional Bodies are excluded from the Fund.
- The jurisdictions on the FATF Watch List are excluded from the Fund. The FATF Watch List includes:
  - i. Those jurisdictions determined to be 'High Risk' by the FATF: jurisdictions identified as having significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation. This list is often referred to externally as the 'black list'.
  - ii. Those jurisdictions 'under Increased Monitoring' by the FATF: jurisdictions who are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. This list is often referred to externally as the 'grey list'.

Exclusions are integrated, on a best-efforts basis, into the investment controls, drawing on information directly from the sources listed above. Should an investment breach the criteria detailed above once in the Fund, the Co-Investment Manager will determine how best to liquidate the position having regard to the interests of the Fund's investors. The Co-Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Fund's exclusion criteria detailed above.

The Fund considers PAIs on sustainability factors relating to sovereign issuers through the indices listed above, as well as through qualitative research and engagement with sovereigns. This process is supported by a systematic review of the Principal Adverse Impact indicators relating to sovereign issuers from Annex I of the SFDR Delegated Act.

● ***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?***

GAM views binding in this context to mean hard-coded investment limits or processes in the portfolio or the Index.

**The following elements contain hard investment limits:**

The exclusion criteria listed in the Investment Strategy section of this Appendix all contain hard investment limits and processes and are considered binding elements of the investment strategy.

Should an investment breach the criteria detailed above once in the Fund, the Co-Investment Manager will determine how best to liquidate the position. The Co-Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Fund's exclusion criteria detailed above.

**The following elements are integral to the investment process:**

The Fund considers Principal Adverse Impacts (PAI) on sustainability factors relating to sovereign issuers through the indices listed above, as well as through qualitative research and engagement with sovereigns. This process is supported by a systematic review of the Principal Adverse Impact indicators relating to sovereign issuers from Annex I of the SFDR Delegated Act.

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

There is no committed minimum rate of reduction.

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the exclusion criteria and will depend on the relevant investible universe.

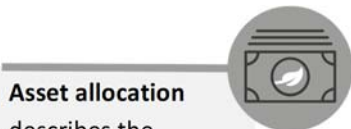
● **What is the policy to assess good governance practices of the investee companies?**

Article 8 of Regulation (EU) 2019/2088 (“SFDR”) and the European Commission Q&A on SFDR published 25 May 2022, confirm that good governance practices referred to in Article 2, point (17), and Article 8(1), first subparagraph, of SFDR, relate to investee companies and do not apply to government bonds. Therefore, the assessment is also not relevant to associated instruments, including currencies and their derivatives.

For this reason, the Fund views governance through a sovereign lens by looking at the functioning institutional and regulatory frameworks. The assessment of good governance at the sovereign-level is central to the Fund’s exclusion criteria. Countries which fail to exhibit good governance, in the form of functioning institutional and regulatory frameworks, are expected to score poorly on the measure and indices used in the Fund’s exclusion criteria, and therefore will be excluded from the investible universe.

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

All assets are aligned with the environmental and social characteristics of the Fund since all investments, including cash and currency allocations, are subject to country-level binding elements of the investment strategy to promote environmental and social characteristics as described in this Appendix. The Fund does not commit to holding sustainable investments within the meaning of SFDR.

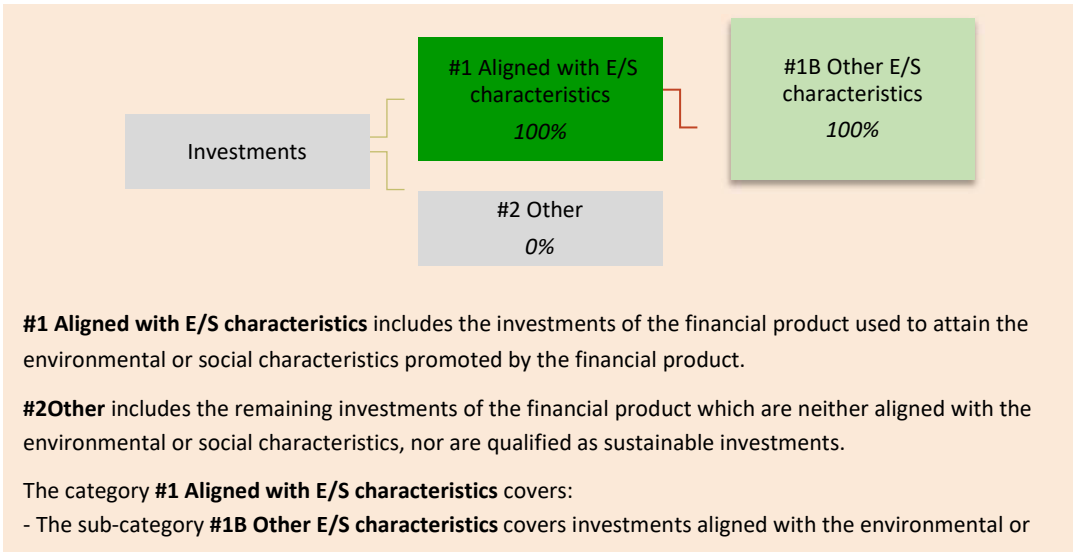


**Asset allocation**

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.



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

Derivatives are assessed based on their underlying and alignment to sovereigns. Where the underlying of a derivative is an ineligible investment from global fixed income and global currency markets according to the binding characteristics, the derivative would not be eligible for inclusion in the Fund.



**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.

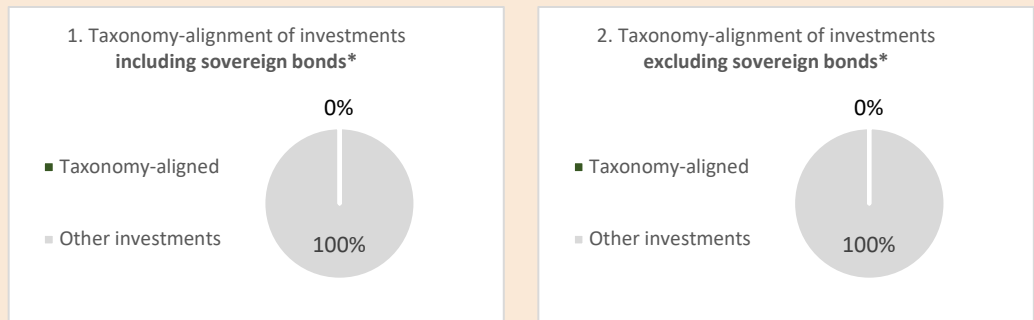


**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The SFDR Delegated Act confirms that there is currently no appropriate methodology to assess the taxonomy-alignment of sovereign bonds. Therefore, while the Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of “sustainable investments” within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the minimum proportion of the Fund’s investments that contribute to environmentally sustainable economic activities for the purposes of the Taxonomy Regulation will be 0%.

Should an appropriate framework for assessing the taxonomy-alignment of sovereign bonds be developed in the future, the Fund may consider incorporating taxonomy-alignment into the investment strategy.

*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?**

Not applicable



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

Not applicable



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

Not applicable



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

Not applicable



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

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

- ***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 on the website:

**Fund documentation:**  
<https://www.gam.com/en/funds/list>

Investors should select “SFDR Disclosures” under the Documents section of the Fund.

**Policies and statements:**  
<https://www.gam.com/en/corporate-responsibility/responsible-investing>