

APPENDIX

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

Product name: GAM Star MBS Total Return

Legal entity identifier: 549300E84U4YLAZL9Y55

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.

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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 MBS Total Return (the “Financial Product” or “Fund”) invests predominantly in US mortgage-backed debt securities (“MBS”), US asset-backed debt securities (“ABS”), and, to a lesser extent, other debt securities (such as bonds, CLOs, notes) issued by corporations and governments. These securities are primarily issued by US issuers and listed or traded on Recognised Markets, and are subject to the Investment Restrictions, as detailed in the Fund’s Prospectus. MBS are pooled structures backed by hundreds, or even thousands, of residential and/or commercial mortgages or other assets, issued either by a US government Agency (one of three Government Sponsored Enterprises) or by structures set up by a Non-Agency entity (i.e., bank or other financial institution). Given the unique structure of these securities, and absence of a prescribed asset class specific approach to such securities within the SFDR framework, this Fund promotes environmental and social characteristics at the issuer level and/or at the level of the parent company of the issuer (hereinafter referred to collectively as “Issuer”), rather than at the level of the underlying assets.

The Fund promotes the following environmental and social characteristics at the issuer level:

- 1) Exclusion of securities from Issuers that are assessed as R(ed) as part of the internal MBS Sustainability Due Diligence framework as detailed in this Appendix in response to the question “What investment strategy does this financial product follow?”. This framework incorporates an assessment of sustainability issues (including corruption, bribery, money laundering, executive compensation issues, fraud, tax evasion, anti-competitive practices, violation of international standards, predatory lending, among others),
- 2) Exclusion of securities from Issuers involved in specific activities considered to cause negative environmental and social impact, as described below in the Sustainability Exclusion Criteria, and
- 3) Assessed adherence to generally accepted international norms and standards, as set by the United Nations Global Compact (“UNGC”).

These characteristics are achieved through the investment strategy and binding characteristics as 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. There is no assurance that any sustainability-related objectives will be achieved. Investors should note that disclosures under the SFDR regime may be amended over time as further guidance is issued or practices evolve. This is particularly the case where investments are made in asset classes that are not directly referenced in the regulatory technical standards, for example relating to the indicators for adverse impacts on sustainability factors which are defined for investee companies, sovereigns (and supranational organisations) and real estate assets.

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 at the Issuer level. 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.

4) **Indicators relating to the MBS Sustainability Due Diligence**

MBS Sustainability Due Diligence assessment: share of investments in Issuers that have been classified R(ed) or A(mber) in the MBS Sustainability Due Diligence.

5) **Indicators relating to Sustainability Exclusion Criteria**

Involvement in controversial weapons: share of investments in Issuers involved in the manufacture or selling of controversial weapons (including biological weapons, chemical weapons, cluster munitions and landmines).

Involvement in tobacco production: share of investments in Issuers involved in tobacco production (above 5% revenue threshold).

Involvement in oil sands extraction: share of investments in Issuers involved in oil sands extraction (above 25% revenue threshold).

Involvement in thermal coal: share of investments in Issuers involved in generating electricity from thermal coal (above 25% revenue threshold).

“Not Free” Sovereign issuers: share of investments in sovereign issuances from countries which have been assessed as “Not Free” by the Freedom House Global Freedom Score.

The definition of the Freedom House Global Freedom Score and further detail on the Scores are available at: <https://freedomhouse.org/countries/freedom-world/scores>.

6) **Indicators relating to UNGC**

Violations of UN Global Compact principles: share of investments in Issuers that have been involved in violations of the UNGC principles.

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).

- ***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 claim to 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?***

Not applicable (the Fund does not claim to make sustainable investments)

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

Not applicable (the Fund does not claim to make 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?***

Not applicable (the Fund does not claim to make sustainable investments)

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.

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?

The indicators for principal adverse impacts (“PAIs”), as detailed in the Commission Delegated Regulation (EU) 2022/ 1288 (the “SFDR Delegated Act”), are not well suited to the MBS/ABS asset class. However, the issuers of these securities include corporate-like and sovereign entities, therefore the principal adverse impacts are assessed at the Issuer level.



Yes, the Fund takes into account specific PAIs as detailed in Tables 1 and 3 of Annex 1 of the SFDR Delegated Act, as outlined in the table below.

Non sovereign Issuers

Adverse sustainability indicator		Fund Considerations
Table 1		
Social & Employee Matters	10. Violations of UN Global Compact principles and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	Issuers with any violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises are excluded from investment.
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons, and biological weapons)	Issuers with exposure to controversial weapons (anti - personnel mines, cluster munitions, chemical weapons, and biological weapons) are excluded from investment
Table 3		
Social and employee matters	7. Incidents of discrimination	Considered if Issuer’s actions in this area leads to a UNGC violation.
Human Rights	12. Operations and suppliers at significant risk of incidents of child labour	Considered if Issuer’s actions in this area leads to a UNGC violation.
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	
Anti-corruption and anti-bribery	14. Number of identified cases of severe human rights issues and incidents	Considered if Issuer’s actions in this area leads to a UNGC violation.
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	
Anti-corruption and anti-bribery	17. Number of convictions and amount of fines for violations of anti-corruption and antibribery laws	Anti-corruption and anti-bribery are assessed as part of the MBS Sustainability Due Diligence

Sovereign Issuers

Adverse sustainability indicator		Fund Considerations
Table 1		
Social	16. Investee countries subject to social violations	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. Sovereign issuers with EU Sanctions violations would not be eligible for inclusion.
Table 3		
Social	19. Average freedom of expression score	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.
Human Rights	20. Average human rights performance	

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?

The Co-Investment Manager applies a combination of top-down market analysis and fundamental, bottom-up security selection to ensure risk is actively managed in a diversified portfolio of US MBS, US ABS, and, to a lesser extent, other debt securities (such as bonds, CLOs, notes). Details of the investment process are provided in the Supplement relating to the Fund.

The environmental and social characteristics of the Fund are integrated into the investment process and implemented on a continuous basis as follows:

1) MBS Sustainability Due Diligence

The internal MBS Sustainability Due Diligence is an internal assessment applied at the Issuer level and uses a flagging approach to assess entities flagged in very severe risk incidents relating to sustainability issues that are considered most relevant to the MBS/ABS asset class. The due diligence process uses third-party ESG data, and internal qualitative analysis and is applied to all securities in the Fund. This framework incorporates an assessment of 'very severe risk incidents' for material sustainability issues (including corruption, bribery, money laundering, executive compensation issues, fraud, tax evasion, anti-competitive practices, violation of international standards, predatory lending, among others).

Where 'very severe' sustainability incidents are flagged, these will be qualitatively assessed internally for relevance, severity and Issuer response and the Issuer will be classified according to the following system:

Non-sovereign issuers

- R(ed): Issuer meets one or more of the following criteria:
 - Indications of very severe incidents related to the sustainability issues highlighted above. Insufficient actions have been taken to address the issue.
 - Breaches of the Sustainability Exclusions Criteria detailed below.
 - Serious breach of the UN Global Compact and insufficient actions have been taken to address the issue.
- A(mber): Issuer meets one or more of the following criteria:
 - Indications of very severe incidents related to the sustainability issues highlighted above and material actions have been taken to address the issue.
 - Serious breach of the UN Global Compact and material actions have been taken to address the issue.
- G(reen): Issuer assessed as having not flagged for 'very severe' sustainability risk incidents related to sustainability issues outlined above, involvement in the ineligible activities under the Sustainability Exclusion Criteria detailed below or serious breaches of the United Nations Global Compact.

Sovereign issuers

- R(ed): Issuer meets one or more of the following criteria:
 - Assessed as being involved in EU Sanction violation(s),
 - Listed as "Not Free" by the Freedom House Global Freedom Score, as detailed below.
- G(reen): is not in breach of EU Sanctions and is not listed as "Not Free" by the Freedom House Global Freedom Score.

An overall issuer classification is assigned based on the occurrence of R(ed), A(mber), or G(reen) assessment across the sustainability incidents assessed. If one or more incidents is assessed as R(ed), the issuer will receive a R(ed) overall classification. If one or more incidents is assessed as A(mber) and there are no R(ed) incidents, the overall classification will be A(mber). Issuers are only classified as G(reen) if they are not associated with any incidents assessed as A(mber) or R(ed).

Securities related to Issuers assessed as R(ed) are not eligible for investment in the Fund. Where an Issuer receives a R(ed) classification as part of the due diligence process once in the Fund, the Co-Investment Manager will determine how best to liquidate or otherwise address the position(s) having regard to the interests of the Fund's investors.

An Issuer is classified as A(mber) where material actions have been taken to address the identified issue. A(mber) Issuers are placed on a watch list and the Co-Investment Manager will undertake ongoing monitoring and engagement with the issuer until the Issuer is considered to have sufficiently addressed the issue. The Fund may still invest in securities related to A(mber) issuers. The watch list is aimed to be reviewed on at least a quarterly basis, or on an ad-hoc basis as the result of a significant change in the condition of the security as known and identified by the Co-Investment Manager.

2) Sustainability Exclusion Criteria

Involvement by the Issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible.

Non-sovereign Issuers

- Involvement in the manufacture or selling of controversial weapons (including biological weapons, chemical weapons, cluster munitions and landmines).
- Derive over 5% of their annual revenue from tobacco production.
- Derive over 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from generating electricity from thermal coal, unless the Issuer has published a coal phase-out plan.

Sovereign issuers

“Not Free” Sovereign issuers: proportion of investments in sovereign issuances from countries which have been assessed as “Not Free” by the Freedom House Global Freedom Score, 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.

The definition of the Freedom House Global Freedom Score and further detail on the Scores are available at: <https://freedomhouse.org/countries/freedom-world/scores>.

The Co-Investment Manager uses third-party data to assess involvement in the ineligible activities outlined above, this is validated by internal research and verification against other third-party data providers. Breaches of the Sustainability Exclusion Criteria would result in an Issuer being assessed as R(ed) in the MBS Sustainability Due Diligence and being liquidated and ineligible for further investment as per the guidelines above.

3) International norms and standards

Issuers are expected to adhere to minimum standards as defined by the United Nations Global Compact and international treaties governing the use of weapons.

Issuers involved in serious relevant breaches of the United Nations Global Compact (the “UN Global Compact”) are added to the R(ed) list as part of the MBS Sustainability Due Diligence process described in this Appendix, unless the Issuer is considered to have taken substantial and adequate steps to have addressed the allegations. The Co-Investment Manager uses a third party data provider’s framework and data to categorise serious breaches, which are intended to identify credible allegations of a violation of global norms. The Co-Investment Manager may use third party data and alternative sources to form its judgement regarding the allegations and response. The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at www.unglobalcompact.org.

The elements of the Fund’s Investment Strategy outlined above, including any sustainability assessments and exclusions, are applied on a best-efforts basis, drawing on information from independent ESG rating providers, recognised third party sources and internal research as necessary. Should an investment breach one of the characteristics once in the Fund, as described above, the Co-Investment Manager will determine how best to liquidate the position, if appropriate, unless there is adequate and substantial justification for an exception as detailed in the GAM Sustainability Exclusions Policy. Where an exception is determined and approved, the Co-Investment Manager will work with the issuer to remediate the breach through engagement. The Co-Investment Manager may use

third party data and alternative sources, including engagement with the investee company, to form its judgement regarding whether there is an adequate justification for an exception as detailed above. This may also be necessary where there is a difference in assessment between ESG data or ratings providers and/or our internal research. The security may be held while the appropriate course of action is determined. 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 characteristics.

● ***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 investment limits or processes in the portfolio.

The **MBS Sustainability Due Diligence** is applied to the MBS / ABS issuers on a continuous basis as an integral part of the investment process.

Issuer classified as R(ed) will result in any securities associated with the Issuer being ineligible for investment. Where an Issuer is classified as R(ed) once in the Fund, the Co-Investment Manager will determine how best to liquidate or otherwise address the position(s) having regard to the interests of the Fund's investors. Issuers classified as A(mber) will result in any securities being placed on a watch-list for engagement and ongoing review. The Co-Investment Manager targets an overall allocation to A(mber) Issuers below 30% of the Fund.

Sustainability Exclusion Criteria and Violation of International Norms and Standards – involvement by the Issuer in the activities specified above (beyond the revenue threshold specified above) and Issuers involved in serious relevant breaches of the UN Global Compact, would result in the Issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

● ***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 targeted.

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the MBS Sustainability Due Diligence Assessment and Sustainability Exclusion Criteria and other binding characteristics 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. It follows then that the requirements are not relevant to government/sovereign issuers, while the application of this to non-sovereign issued MBS/ABS securities is not specifically mentioned in the regulation. For this reason, the approach to assessing good governance is applied to eligible MBS/ABS securities at the Issuer level using relevant criteria.

The assessment of good governance at the Issuer level is integrated into the internal MBS Sustainability Due Diligence, using third-party data, to review where 'very severe' risk incidents are flagged for relevant governance factors, in particular relating to tax compliance and bribery and corruption. Good governance is assessed in a predominantly qualitative and/or quantitative way.

In addition, good governance at the Issuer level is supported by assessing whether Issuers adhere to minimum standards as defined by the ten principles of the United Nations Global Compact, which cover anti-corruption (Principle 10) and labour rights and relations (Principles 3-6) and well as environmental governance (Principles 7-9).

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 Co-Investment Manager targets a minimum of 70% (or above) of the net asset value of the Fund to be aligned with environmental/social characteristics promoted by the Fund. The Fund does not commit to holding sustainable investments. The Fund may hold a maximum of 30% of the net asset value of the Fund in investments that are not aligned with the environmental or social characteristics promoted by the Fund and which fall into “#2 Other” category of investments, further details in relation to which are set out in the section titled “What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?”

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

While derivatives are permitted, their use is limited. Derivatives are assessed against the binding elements of the investment strategy based on their underlying, where full look-through is possible. For example, where the underlying exposure of a derivative is an ineligible Issuer according to the binding characteristics, the derivative would not be eligible for inclusion in the Fund. Derivatives where the underlying is not a company or sovereign are not aligned to the Fund’s E/S characteristics and are included in #2 Other.

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.

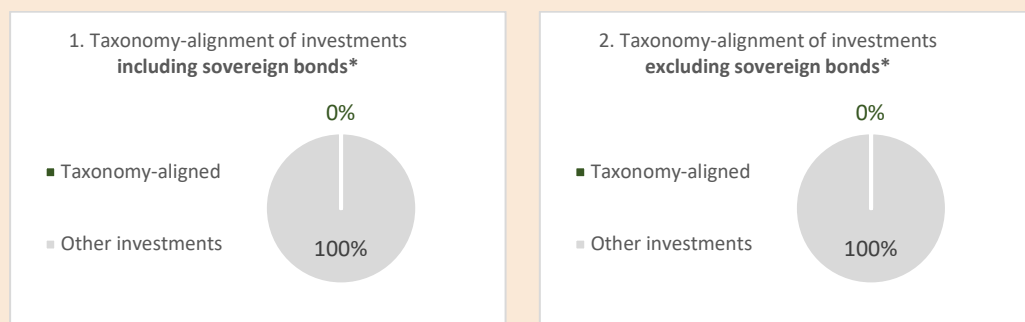


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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%.

The Fund may consider setting minimum taxonomy as data and reporting on taxonomy alignment improves.

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?

The investments under #2 Other includes cash and certain derivatives, Issuers assessed as A(mber) as part of the MBS Sustainability Due Diligence process, and Issuers where there is a lack of sustainability data coverage. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash by nature of the asset class, nor derivatives where full look through is not possible. The Co-Investment Manager continuously seeks to engage with data providers to improve coverage. A(mber) Issuers are monitored on an ongoing basis and the Co-Investment Manager will engage with the entity to remediate the incident and prevent further harm.



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>