

**Product name:**

 Global Targeted Value Lower Carbon  
 ESG Screened Fund

**Legal entity identifier:**

213800MFVHYQNIYUVF39

## 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**

**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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

The fund promotes the following E/S characteristics:

1. Lower exposure to companies with high **greenhouse gas emissions** relative to the fund's eligible market universe as further outlined below.
2. Lower exposure to companies owning **coal, oil and gas reserves** relative to the fund's eligible market universe as further outlined below.
3. Exclusion of companies with **adverse environmental impacts** through material involvement in business activities related to coal, oil, gas, palm oil or factory farming.
4. Exclusion of companies with **adverse social impacts** through material involvement in business activities related to adult entertainment, alcohol, gambling, tobacco, civilian firearms, controversial weapons (e.g. cluster munitions, anti-personnel mines, chemical and biological weapons or depleted uranium ammunition and armour), nuclear weapons or private prisons.

5. Exclusion of companies identified as operating in a manner inconsistent with **responsible business conduct standards**, such as those defined by the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, because of material involvement in severe controversies related to the environment (e.g. land use and biodiversity, toxic spills and releases, operational waste or water management), society (e.g. child labour or human rights) or corporate governance (e.g. corruption or fraud).

No reference benchmark has been designated for the purpose of attaining the E/S characteristics promoted by the fund.

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

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

The fund uses the following sustainability indicators to measure the attainment of each of the promoted E/S characteristics outlined above:

1. Weighted average **carbon intensity** relative to the fund's eligible market universe.
  - Represents a company's recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) greenhouse gas emissions in carbon dioxide equivalents (CO<sub>2</sub>e) normalised by sales in USD (metric tons CO<sub>2</sub>e per USD million sales).
  - Greenhouse gases included are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).
2. Weighted average **potential emissions from reserves** relative to the fund's eligible market universe.
  - Represents a theoretical estimate calculated by MSCI of carbon dioxide produced if a company's reported reserves of oil, gas and coal were converted to energy.
  - Uses estimated carbon and energy densities of the respective reserves.
- 3/4. Weight of companies with material involvement in the stated business activities related to **adverse environmental / social impacts** relative to the fund's eligible market universe.
5. Weight of companies identified as operating in a manner inconsistent with **responsible business conduct standards** because of material involvement in severe ESG controversies relative to the fund's eligible market universe.

The foundation of the fund's eligible market universe is a proprietary universe of more than 10,000 eligible securities maintained by the Investment Manager. The fund's eligible market universe is derived from this proprietary universe and consists of securities eligible for the fund prior to the application of the fund's investment strategy that is used to attain the promoted E/S characteristics.

Within this universe, the Investment Manager systematically determines, on a daily basis, value stocks among smaller companies that would generally be eligible to purchase for the fund. Smaller companies are, on average, generally considered to be within approximately the bottom 20% of free-float market capitalisation in each country/region when ranked by a company's total market capitalisation. Eligible value stocks are, on average, generally considered to be within approximately the highest 50% of free-float market capitalisation when ranked by a company's book-to-market ratio within smaller companies in each country/region.

To arrive at the company weights in the fund's eligible market universe, companies are generally weighted based on their free-float market capitalisation by taking into account daily security prices.

- **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?**

The fund does not intend to achieve a minimum proportion of sustainable investments. As such, the fund's investments do not have a planned sustainable investment objective and are therefore also not intended to contribute to the environmental objectives laid out in the EU Taxonomy. While the fund does not seek to make EU Taxonomy-aligned investments, it may end up holding such sustainable investments and such incidental holding, if any, will be disclosed in the Annual Report of the fund.

*The EU Taxonomy sets out a "do no 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?**

- X** Yes, the fund considers the following principal adverse impacts on sustainability factors (PAIs) as outlined in the Sustainable Finance Disclosure Regulation (SFDR):

#### **Greenhouse gas (GHG) emissions**

- A. GHG emissions (Scope 1/2)
- B. Carbon footprint (Scope 1/2)
- C. GHG intensity of investee companies (Scope 1/2)
- D. Exposure to companies active in the fossil fuel sector
- E. Share of non-renewable energy production

#### **Biodiversity, water, waste**

- F. Activities negatively affecting biodiversity-sensitive areas
- G. Emissions to water
- H. Hazardous waste and radioactive waste ratio

#### **Social and employee matters**

- I. Violations of United Nations Global Compact (UNGC) Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- J. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

**A-J:** The PAIs are linked to the E/S characteristics promoted by the fund.

**F-I:** Additionally, if a company's business conduct is identified to be inconsistent with the responsible business conduct standards, but not to the extent that the concern merits an exclusion, then the Investment Manager may halt additional investment in the company and seek further review within its Investment Stewardship Group, which may engage with the company to advocate for adherence to the standards.

The information on PAIs will be made available in the Annual Report of the fund.

- No

**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, anticorruption and antibribery matters.



## What investment strategy does this financial product follow?

The fund is designed to pursue its promoted E/S characteristics within a broadly diversified, systematic and cost-effective investment framework to provide investors the opportunity to reflect their sustainability values without sacrificing sound investment principles.

The foundation of the fund is an investment strategy that systematically targets drivers of higher expected returns, including the size, value and profitability premium, with a focus on value stocks among smaller companies. The fund achieves this objective by generally emphasising companies with smaller market capitalisations, lower relative prices and higher profitability on a continuous basis relative to the fund's eligible market universe.

Within this initial investment universe, the fund uses exclusion criteria to attain the promoted E/S characteristics outlined above.

Exclusion criteria are implemented to avoid the purchase of companies with high emissions or material involvement in the screened business activities and controversies. Should existing holdings, compliant at the time of purchase, subsequently become involved, they will be divested within a reasonable period considering turnover, liquidity and associated trading costs.

This investment strategy is reflected in the fund's portfolio design and is implemented on a continuous basis by the Investment Manager's Portfolio Management and Trading Group. Additionally, the fund votes and pursues engagements in line with the Investment Manager's proxy voting guidelines to enhance a company's governance practices, including the management and oversight of material E/S risks. More information on the fund's general investment policies can be found in the Investment Objectives and Policies section in the main body of the Prospectus.

## ● *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 attainment of each of the E/S characteristics promoted by the fund is enforced by the following binding elements of the investment strategy:

- 1/2. The fund reduces its weighted average **carbon intensity** and weighted average **potential emissions from reserves** exposure relative to the fund's eligible market universe by at least 50% and 75%, respectively. To implement these binding elements, the fund:
  - Excludes from purchase companies that are within at least the worst 5% of free-float market capitalisation when ranked by an emissions-based score relative to peers. The emissions-based score of each company is determined by its carbon intensity rank and potential emissions from reserves rank. The exclusion may be higher than 5% to ensure that the binding elements are attained.
- 3/4. The fund excludes companies with material involvement in the stated business activities related to **adverse environmental / social impacts**. The Investment Manager determines material involvement in a business activity by direct evidence (e.g. if annual revenues exceed a defined threshold, such as 0% or 10%) or by indirect evidence (e.g. through ownership), depending on each activity.

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

5. The fund excludes companies identified as operating in a manner inconsistent with **responsible business conduct standards** because of material involvement in severe ESG controversies as stated above. The Investment Manager generally determines material involvement in a severe controversy by assessing the perceived nature and scale of a case and a company's role and response:
- The **nature of a case** generally depends on the perceived severity of harm resulting from a controversy.
  - The **scale of a case** generally depends on the perceived size of its impact, such as the geographical footprint, the level of pollution or the number of people affected.
  - A **company's role**, and thus the materiality of its involvement, generally depends on whether its conduct, products, or operations are believed to have directly contributed to the controversy or have indirectly facilitated the controversy through the actions of affiliates or members of its supply chain. Actions from affiliates are regarded as direct involvement if the company has significant control. Additional considerations include potential intent (e.g. malicious/recurring compared to negligent/reckless behaviour) and implemented controls, amongst others.
  - A **company's response** after the event, involvement in related legal cases, and the Investment Manager's assessment of the proportionality and effectiveness of remediating actions taken since the controversy occurred all feed into the assessment of whether a controversy is still of ongoing concern. Additional considerations include aggravating factors such as actions to hide or conceal involvement.

To assess material involvement in a severe ESG controversy, the Investment Manager generally uses an aggregate evaluation, which is a function of all four considerations outlined above.

These binding elements of the investment strategy are implemented by the Investment Manager based on available data. If no relevant information can be obtained from either internal or external sources that would lead a company to be excluded from the fund, the company is deemed to be eligible for investment. Exclusions are not applied to cash, derivatives or third-party fund holdings. Securities lending activities are not expected to impact the attainment of the promoted E/S characteristics.

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

The fund does not commit to a minimum rate of reduction of the investments considered prior to the application of the investment strategy. However, the fund uses exclusions to attain the E/S characteristics promoted above. The aggregate impact of the binding constraints on the investment universe depends on future developments outside the control of the Investment Manager, such as evolving business strategies, securities listings or general market conditions.

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

Good corporate governance serves to *protect investors*. Corporate governance standards are assessed as part of the Investment Manager's Exchange Review Process. It includes a qualitative assessment of a given country's governance standards that support investor protection and considers standards related to management structures, employee relations, remuneration of staff, and tax compliance.

Additionally, the Investment Manager's Portfolio Management Group and Investment Stewardship Group regularly monitor and assess corporate governance practices at portfolio companies. Where there are concerns about the governance practices at portfolio companies these are escalated to the Investment Stewardship Committee. In cases where the Investment Stewardship Committee identifies exceptional governance concerns, the Portfolio Management Group will escalate the company to the Manager's Investment Committee, which will decide whether the company fails the good governance practices test for the purposes of Article 8 of the SFDR.

If the company fails the test, the Investment Manager will cease further investments in the company and will assess whether a divestment from the company is merited.

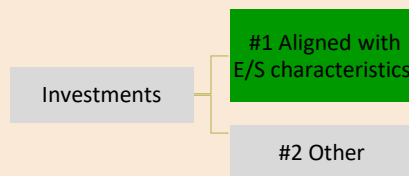
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



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

The fund generally seeks to invest in direct holdings and a **minimum of 90% of its investments will be aligned with the E/S characteristics (#1)** promoted by the fund. The fund does not intend to achieve a minimum proportion of sustainable investments. Potential remaining investments are included under Other (#2) and further outlined below.

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



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

The fund does not use derivatives to attain the E/S characteristics promoted by the fund.

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.

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.



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

The fund does not intend to achieve a minimum proportion of sustainable investments. As such, there is no commitment for a minimum proportion of EU Taxonomy-aligned investments with an environmental objective.

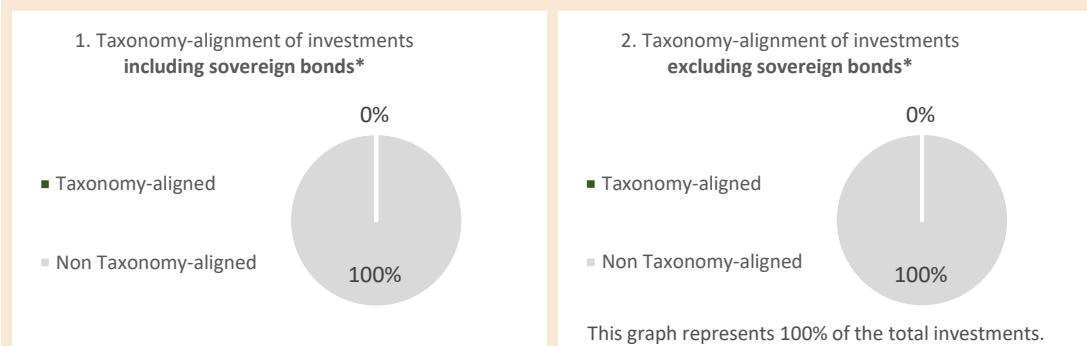
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes:
- In fossil gas     In nuclear energy
- No

The fund does not intend to achieve a minimum proportion of investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

<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.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

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

The fund does not intend to achieve a minimum proportion of EU Taxonomy-aligned investments with an environmental objective, neither in transitional nor in enabling activities.



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

Other (#2) may include additional assets, such as cash, cash equivalents, derivatives and collective investment schemes. No specific environmental or social safeguards are applied to Other (#2).



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

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

<https://www.dimensional.com/sfd>

**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.