

LUX IM – BANOR CATHOLIC VALUES (“Sub-fund”)

Sustainability-related disclosures required for Article 8 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

Section	Disclosure
No sustainable investment objective	The Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.
Environmental or social characteristics of the financial product	The Sub-fund invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics (such as but not limited to carbon footprint, energy performance, human rights, employee diversity, equity and inclusion, health and safety) while also respecting the fundamental values of the Catholic Church, relying on the main principles defined by the Italian Episcopal Conference, being the official assembly of the Catholic Church’s bishops in Italy, in 2020, in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy.
Investment strategy	<p>The investment objective of the Sub-fund is to provide an attractive level of total return over the long term, through a diversified and flexible exposure to multiple asset classes, such as equities, fixed income, Money Market Instruments, while seeking to reduce the portfolio’s volatility and enhance the performance through the use of financial derivative instruments (“FDIs”).</p> <p>In order to achieve its investment objective, the Sub-fund will essentially invest in transferable securities, such as equity securities, debt securities, Money Market Instruments issued by companies listed on stock exchanges (qualifying as Regulated Markets), Governments and supranational entities, mainly based in Europe and US - exposure to emerging markets will not represent more than 10% of the Sub-fund’s net assets. The Sub-fund may invest in American depository receipts (“ADRs”), European depository receipts (“EDRs”) and global depository receipts (“GDRs”) up to 10% of the Sub-fund’s net assets.</p> <p>Target investments are subject to the following sustainability indicators, in order to assess their eligibility for investment by the Sub-fund and thus to measure the attainment of the pursued environmental and social characteristics.</p> <ul style="list-style-type: none"> ▪ Negative screening: exclusion of target issuers involved in controversial conduct and/or activities; ▪ Positive screening: investment in companies that contribute to the environmental and social objectives pursued by the Sub-fund. <p>Good governance practices are assessed for each target issuer during the investment due diligence process as well as when the target issuers’ investments will be held by the Sub-fund. Processes with respect to general leadership and governance considerations (board composition, including diversity and structure), compliance with social and labour standards, corruption and bribery, donations and political lobbying, executive compensation and policies, tax strategy, including audit committee structure, internal controls and regulatory policies and whistleblower programs are assessed. The assessments are based on the Investment manager’s ESG analysis.</p>
Proportion of investments	<p>The Sub-fund invests at least 70% of its net assets in investments that are aligned to the promoted environmental and social characteristics.</p> <div style="text-align: center; margin: 10px 0;"> <pre> graph LR A[Investments] --- B["#1 Aligned with E/S characteristics Min 70%"] A --- C["#2 Other"] </pre> </div> <p>The remaining investments of the Sub-fund (“#2 Other”) may be invested in securities of issuers not aligned with the promoted environmental or social characteristics, such as (i) ancillary cash and cash equivalents for liquidity purposes within the limits prescribed by applicable laws , (ii) derivatives which may be used for hedging and investment purposes as per the applicable provisions of the Investment Policy of the Sub-fund; (iii) investments in securities of target issuers which are not aligned with the promoted environmental or social characteristics and may be used within the Sub-fund’s investment objective of long term attractive level of total return.. No specific minimum environmental or social safeguards are applied for investments in cash; financial derivatives and securities not aligned with the pursued ESG characteristics. A negative screening is applied to direct investments in target issuers, avoiding that investments are made in issuers involved in controversial behaviours and/or controversial activities</p>
Monitoring of environmental or social characteristics	<p>In order to attain the promoted environmental and social characteristics, the eligibility of target issuers is assessed based on the following binding elements:</p> <ul style="list-style-type: none"> ▪ Negative screening (severe controversies and specific activities, e.g. controversial and nuclear weapons; conventional weapons; adult entertainment; coal; tobacco; gambling; stems and embryonic cells; abortive drugs) ▪ Positive Screening (ESG rating score of the portfolio)

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Methodologies for environmental or social characteristics	<p>In order to attain the promoted environmental and social characteristics, the eligibility of target investments is assessed based on the negative screening, Positive Screening.</p> <p>Internal controls are in place in respect of investment decision making for the Sub-fund. These include, but are not limited to, pre-trade and post-trade controls to ensure all applicable binding elements are observed at all times and independent oversight by risk management functions as required.</p>
Data sources and processing	<p>The Investment Manager uses a range of external data providers of ESG data, reports and ratings. Such external data providers have been selected on the basis of a strong track record on ESG matters.</p>
Limitations to methodologies and data	<p>The limitations to the attainment of the promoted environmental and social characteristics, are deemed non-material, as the investment universe of the Sub-fund provides an appropriate level of disclosure and coverage of required information to allow for the application of the investment methodology.</p>
Due Diligence	<p>In order to qualify for initial investment, the target investments must comply with the binding elements applied by the Sub-fund. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place</p>
Engagement Policies	<p>This section is not applicable, as the Sub-fund is not deploying an ESG engagement strategy for the attainment of the promoted environmental or social characteristics.</p>
Designated reference benchmark	<p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p>