

LUX IM – ESG EURIZON CONTRARIAN APPROACH (“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	<p>The Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.</p> <p>The Sub-fund will allocate a minimum of 35% of its assets in sustainable investments in accordance with Article 2 (17) SFDR.</p> <p>The Investment Manager aims to select securities issued by companies whose activities contribute to one or more sustainable development goals, such as the Sustainable Development Goals (SDGs) promoted by the United Nations (UN). These investments should not have a significant adverse impact on any of the environmental or social objectives established by Regulation (EU) 2019/2088 and the companies benefiting from such investments should respect the principles of good governance. Specifically, the contribution to one or more sustainable development goals takes into account selected quantitative and qualitative measures, including the exposure to disputes which highlight any adverse impacts caused by the issuer.</p>
Environmental or social characteristics of the financial product	<p>The Sub-fund invests in securities of issuers showing potential for sustainable growth and generating stable competitive advantages over time, that contribute to the Sub-fund’s promoted environmental and social characteristics in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy.</p>
Investment strategy	<p>The investment objective of the Sub-fund is to provide a combination of income and capital growth over the medium term. The management style of the Sub-fund is flexible and the asset allocation will be dynamically adjusted among equity securities, quality debt securities with rating investment grade, high yield bonds and money market instruments (“MMIs”) on the basis of the target markets’ evolution as well as of the macro and micro economic outlooks – investments in high yield bonds will not exceed 30% of the Sub-fund’s net assets. Moreover, the selection process will focus on profitability criteria as well as binding environmental, social and governance (“ESG”) criteria with the objective of investing in those issuers showing potential for sustainable growth and generating stable competitive advantages over time.</p> <p>Depending on market conditions, the equity exposure of the Sub-fund will range between 30% and 80% of its net assets. The equity exposure will be managed using a “contrarian approach” which aims at investing predominantly in equity instruments with a high expected long term return while reducing investments in equity instruments in case of low expected return.</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; ▪ ESG Score integration; Sustainable integration; Carbon footprint; Active ownership: investment in companies that contribute to the environmental and social objectives pursued by the Sub-fund ▪ Consideration of principal adverse impacts (PAI) <p>Issuers who do not comply with good governance practices are considered to be those that do not include independent members in the administrative body. The issuers are identified among those included in the ESG rating systems of reputable external ESG data providers.</p>
Proportion of investments	<p>The Sub-Fund will invest at least 80% of its net assets in investments that are aligned to the promoted environmental and/or social characteristics, excluded derivatives (# 1). The minimum proportion of sustainable investments is 35% (#1A) with an environmental objective (which is not aligned with the EU Taxonomy).</p> <p>Sustainable investments are defined as (i) target issuers which contribute through their own products and services or production processes, to the realization of the SDGs promoted by the United Nations and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects (green/social/sustainability-labelled bonds).</p> <p>The degree of alignment of an issuer with the SDGs is assessed through an internal methodology that uses data made available by a specialist info-provider; specifically, the methodology assigns, for each SDG, a specific score (on a scale of -10 “Strongly Misaligned” to +10 “Strongly Aligned”) to an issuer’s Product and Operational Alignment. Issuers achieving scores equal to or less than -2 are considered “Misaligned”; a score equal or higher than 2 is necessary to be assessed as “Aligned”</p> <p>A company is considered "sustainable" if the issuer has at least one SDG with a score equal to "Aligned" or "Strongly Aligned" and no SDG with a score equal to "Misaligned" or "Strongly Misaligned".</p> <p>The minimum proportion of sustainable investments is therefore calculated as the sum of: (i) investments in issuers having, with reference to their own products and services or production processes, a positive "net alignment" with at least 1 of the 17 SDGs and no "net misalignment" with any of the 17 SDGs, and (ii) investments in bonds whose proceeds aim at financing environmental and/or social projects relative to all investments.</p> <p>The remaining investments of the Sub-fund (“#2 Other”) may be invested in (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) securities for which relevant ESG data is not available, and may be used within the Sub-fund’s investment</p>

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	<p>objective of combination of income and capital growth over the medium term.. No specific minimum environmental or social safeguards are applied for such investments.</p> <pre> graph LR Investments --> #1["#1 Aligned with E/S characteristics Min. 80%"] Investments --> #2["#2 Other"] #1 --> #1A["#1A Sustainable Min. 35%"] #1 --> #1B["#1B Other E/S characteristics"] #1A --> OtherEnv["Other environmental"] </pre>
Monitoring of environmental or social characteristics	<p>The Investment Manager integrates the ESG analysis within the following investments selection processes:</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; exclusion policy https://www.eurizoncapital.com/en/sustainability/sustainability-criteria-application); ▪ ESG Score Integration (the Sub-fund pursues a higher ESG score than the relative investable universe) ▪ Sustainable integration (the Sub-fund aims to invest in issuers whose activities contribute to one or more sustainable development goals, such as the Sustainable Development Goals (SDGs) promoted by the United Nations) ▪ Carbon footprint (the Sub-fund's goal is to pursue a carbon footprint that is lower than the relative investable universe footprint) ▪ PAI consideration
Methodologies for environmental or social characteristics	<p>In order to attain the promoted environmental and social characteristics, the eligibility of target issuers is assessed based on a Negative screening; ESG Score integration; Sustainable integration; Carbon footprint; Active ownership and consideration of principal adverse impacts.</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 of the Sub-fund is using internal research activity complemented with external research and data from specialised external providers.</p>
Limitations to methodologies and data	<p>The limitations to the attainment of the promoted environmental and social characteristics are deemed non-material for the attainment of the environmental or social characteristics promoted by the Sub-fund.</p>
Due Diligence	<p>In order to qualify for initial investment, the 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>The Sub-fund promotes proactive engagement with issuers by exercising engagement with investees, encouraging effective communication with the management of companies.</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>