

LUX IM – ESG MORGAN GLOBAL MULTI ASSET (“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, in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy, including environmental objectives (such as: reducing carbon emissions; and preventing pollution and waste), social objectives (such as: tackling inequality or fostering social cohesion; promoting social integration and labour relations; investing in human capital; promoting access to finance and healthcare; and promoting nutrition and health) and governance objectives (such as good corporate governance and corporate behaviour).
Investment strategy	<p>The investment objective of the Sub-fund is to provide an attractive level of total return, measured in Euro, through investing primarily in a widely diversified portfolio of transferable securities and Money Market Instruments globally and through the use of financial derivative instruments (“FDIs”).</p> <p>The Sub-fund will implement top-down, tactical views on global asset classes across (1) equity including closed-end real estate investment trusts (“REITS”); (2) fixed income securities; and (3) Money Market Instruments, all such investments being always in compliance with the provisions set out in article 41(1) of the UCI Law and articles 2, 3, and 10 of the Grand-ducal Regulation of February 8, 2008 relating to certain definitions of the UCI Law and FDIs. Further to the determination of the portfolio’s asset allocation, the Investment Manager will seek to capture value from environmental, social and governance (ESG) factors. The Investment Manager will seek to achieve this by tilting the portfolio of the Sub-fund toward companies with favorable ESG characteristics.</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 integration: investment in companies that contribute to the environmental and social objectives pursued by the Sub-fund. ▪ Consideration of principal adverse impacts (PAI) <p>Good governance practices are assessed for each target issuer. The Sub-fund does not invest in target issuer that have experienced very severe governance controversies (such as bribery & fraud, tax evasion, governance structures etc).</p>
Proportion of investments	<p>The Sub-fund invests a minimum of 55% of its net assets to investments that are aligned to the promoted environmental and social characteristics.</p> <div data-bbox="879 1771 1530 2041" data-label="Diagram"> <pre> graph LR A[Investments] --> B["#1 Aligned with E/S characteristics Min 55%"] A --> C["#2 Other"] </pre> </div> <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) target funds and/or securities of issuers not aligned with the promoted environmental or social characteristics or for which the Investment Manager is lacking data in order to assess their ESG features and may be used within the Sub-fund’s investment objective of attractive level of total return. As a minimum environmental and social safeguards, all direct investments included under “#2 Other”, except for cash and cash equivalent, target funds and derivatives, are subject to the negative screening.</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; oil sands) ▪ ESG integration (best in class approach for equity investments based on ESG score and Low Carbon Transition score; ESG Government Ratings for government bonds) ▪ PAI consideration (PAI number 1-3; PAI number 4; PAI number 7-9; PAI number 10; PAI number 14)

Section	Disclosure
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, ESG integration, and PAI consideration procedures.</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	The Investment Manager leverages ESG data from various external vendors. This data is collected and stored in a centralized ESG data repository to allow any Morgan Stanley business unit, including the investment teams, to access the information for research, portfolio analysis and construction, and client and regulatory reporting.
Limitations to methodologies and data	The limitations to methodologies and data may refer to methodologies differences and/or poor data and coverage. However they are mitigated by the Investment Manager and thus are deemed non-material, as the investment universe of the Sub-fund provides an appropriate level of disclosure and coverage of required information by the Investment Manager to allow for the application of the investment methodology.
Due Diligence	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
Engagement Policies	The Investment Manager fulfils this duty by engaging with the companies in which they invest. These stewardship activities give the Investment Manager the opportunity to guide companies in which they invest toward better ESG practices.
Designated reference benchmark	No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.