

LUX IM – TWENTYFOUR GLOBAL STRATEGIC BOND

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

Preamble

LUX IM – TWENTYFOUR GLOBAL STRATEGIC BOND (“the Sub-fund”) invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics, and that the Investment Manager considers well-prepared to handle financially material environmental and/or social challenges. Issuers will be screened in accordance with the Investment Manager’s view of appropriate sustainability parameters as measured in the Investment Manager’s proprietary Environmental (“E”) and Social (“S”) scoring model.

The Sub-fund does not invest in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).

The Sub-fund is not considering the EU criteria for environmentally sustainable economic activities as defined under the EU Taxonomy Regulation to determine the attainment of the sustainable environmental or social characteristics that it promotes.

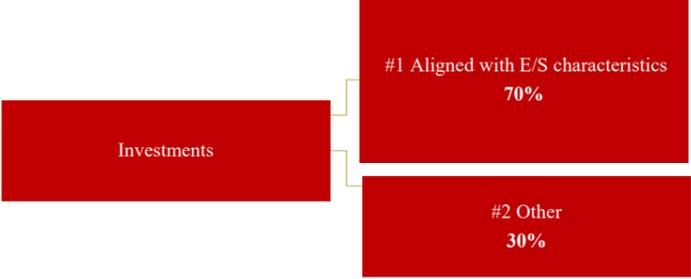
The Sub-fund invests 70% of its net assets in investments that are aligned to the promoted environmental and social characteristics.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.

Sustainable Finance Disclosure Regulation Level 2 – Website Disclosure

Section	Regulatory Requirements	Disclosure
Summary Article 25 – SFDR II	<p>In the website section ‘Summary’ referred to in Article 24, point (a), financial market participants shall summarise all the information contained in the different sections referred to in that Article about the financial products that promote environmental or social characteristics. The summary section shall have a maximum length of two sides of A4-sized paper when printed.</p>	<p>Please refer to the standardized 2 pager summary https://www.bgfml.lu/site/en/home/sustainable.html</p>
	<p>The website section ‘Summary’ referred to in Article 24, point (a), shall be provided in at least the following languages:</p> <p>(a) one of the official languages of the home Member State and, where different and where the financial product is made available in more than one Member State, in an additional language customary in the sphere of international finance;</p> <p>(b) where the financial product is made available in a host Member State, one of the official languages of that host Member State.</p>	
No sustainable investment objective Article 26 – SFDR L2	<p>In the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), financial market participants shall insert the following statement: “This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.”</p>	<p>This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.</p>
	<p>Where the financial product commits to making one or more sustainable investments, financial market participants shall in the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), explain how the sustainable investment does not significantly harm any of the sustainable investment objectives, including all of the following:</p>	
	<ul style="list-style-type: none"> ▪ how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex I, are taken into account; ▪ whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. 	
Environmental or social	<p>In the website section ‘Environmental or social characteristics of the financial product’ referred to in Article 24, point (c), financial market</p>	<p>The Sub-fund invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics, and that the Investment Manager considers well-prepared to handle</p>

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<p>characteristics of the financial product</p> <p>Article 27 – SFDR L2</p>	<p>participants shall describe the environmental or social characteristics that the financial products promote.</p>	<p>financially material environmental and/or social challenges. Issuers will be screened in accordance with the Investment Manager’s view of appropriate sustainability parameters as measured in the Investment Manager’s proprietary Environmental (“E”) and Social (“S”) scoring model.</p>
<p>Investment strategy</p> <p>Article 28 – SFDR L2</p>	<p>In the website section ‘Investment strategy’ referred to in Article 24, point (d), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ the investment strategy used to meet the environmental or social characteristics promoted by the financial product; ▪ the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance. 	<p>The investment objective of the Sub-fund is to provide an attractive level of income, along with the opportunity for capital growth, over the mid to long-term.</p> <p>The Sub-fund will achieve its investment objective by implementing a “strategic income” asset allocation to invest in a diversified portfolio consisting primarily of debt securities which comply with the eligibility criteria stated in the UCI Law and in the Grand-Ducal Regulation of February 8, 2008, as amended from time to time, relating to certain definitions of the UCI Law. Debt securities include fixed-interest, floating rate bonds and Money Market Instruments issued by Governments, sovereign/supranational entities and corporates, along with asset backed securities (“ABS”) without any limitation in terms of industry, currency and credit exposure.</p> <p>The ESG analysis of the target issuers relies on internal research activity complemented with external research and data from specialised external providers and encompasses the following binding elements. The Investment Manager integrates the ESG analysis within the investments’ selection process, as follows:</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. ▪ Consideration of principal adverse impacts <p>The investee companies are rated for governance aspects using the Investment Manager’s ESG Observatory score. Common governance indicators include sound management structures, such as board independence and diversity, employee ownership, remuneration of staff, tax compliance, rights of minority shareholders, executive remuneration, and audit and accounting oversight. These Governance indicators are a major component of the Investment Manager’s ESG Observatory score.</p>
<p>Proportion of investments</p> <p>Article 29 – SFDR L2</p>	<p>In the website section ‘Proportion of investments’ referred to in Article 24, point (e), financial market participants shall insert the information referred to in Article 14 and shall distinguish between direct exposures in investee entities and all other types of exposures to those entities.</p>	<p>The Sub-fund invests 70% of its net assets to investments that are aligned to the promoted environmental and social characteristics. The Sub-fund does not use derivatives to attain its environmental or social characteristics.</p>

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		 <p>#1 Aligned with E/S characteristics 70%</p> <p>#2 Other 30%</p> <p><i>#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.</i></p> <p><i>#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.</i></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 of issuers not aligned with the promoted environmental or social characteristics, investments in underlying target funds, and may be used within the Sub-fund’s objective of an attractive level of income, along with the opportunity for capital growth, over the mid to long-term. No minimum environmental or social safeguards are applied</p>
<p>Monitoring of environmental or social characteristics</p> <p>Article 30 – SFDR L2</p>	<p>In the website section ‘Monitoring of environmental or social characteristics’ referred to in Article 24, point (f), financial market participants shall describe how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.</p>	<p>The Investment Manager integrates the ESG analysis within the investments’ selection process, as follows:</p> <p>Negative Screening</p> <p>Exclusion of target issuers that:</p> <ul style="list-style-type: none"> ▪ are involved in severe controversies according to the United Nations Global Compact; ▪ are involved in specific activities (according to specific thresholds applied to the revenues deriving from such activities) <ul style="list-style-type: none"> ○ controversial and nuclear weapons; ○ conventional weapons; ○ adult entertainment; ○ coal; ○ tobacco; ○ gambling <p>Positive Screening</p> <p>Target issuers having complied with the negative screening are further assessed through the Investment Manager’s proprietary Environmental (“E”) and Social (“S”) scoring model (“E and S Scoring Model”). As part of the E and S Scoring Model the investment manager looks to a variety of environmental and social factors when assessing the suitability of an investee company. The Investment Manager applies</p>

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		<p>a positive screen through a comprehensive analysis process, which may include the use of specialised rating agencies and proprietary systems such as Observatory (a purpose built tool). External databases and research are also used to inform the E and S score, while the portfolio management team carries out its own internal analysis to supplement this. The Sub-fund invests in issuers that meet the minimum E and S score.</p> <p>PAI consideration</p> <p>The Investment Manager considers certain principal adverse impacts on sustainability factors in the following areas: Greenhouse gas emissions and Social and Employee Matters. The Investment Manager identifies issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. When no reliable third-party data is available, the Investment Manager may make reasonable estimates or assumptions. More information on how PAIs are considered during the reference period will be made available in the periodic reporting of the Sub-fund.</p>
<p>Methodologies for environmental or social characteristics</p> <p>Article 31 – SFDR L2</p>	<p>In the website section ‘Methodologies for environmental or social characteristics’ referred to in Article 24, point (g), financial market participants shall describe the methodologies to measure how the social or environmental characteristics promoted by the financial product are met.</p>	<p>In order to attain the promoted environmental and social characteristics, the eligibility of target issuers is assessed based on the above-described negative screening, positive screening procedures, and consideration of principal adverse impacts (see ‘Monitoring of the sustainable investment objective’).</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 binding elements are observed at all times and independent oversight by risk management functions as required.</p>
<p>Data sources and processing</p> <p>Article 32 – SFDR L2</p>	<p>In the website section ‘Data sources and processing’ referred to in Article 24, point (h), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ the data sources used to attain each of the environmental or social characteristics promoted by the financial product; ▪ the measures taken to ensure data quality; ▪ how data are processed; ▪ the proportion of data that are estimated. 	<p>The following data sources are used for the implementation of the investment process: The sustainability scores are based on raw data from third-party ESG data providers, fundamental information from companies or both; compiled and evaluated in the proprietary in-house sustainability model data-base, together with additional fundamental information from media, NGOs as well as international organisations.</p> <p>In order to ensure data quality, the Investment Manager:</p> <ul style="list-style-type: none"> – Regularly reviews data; – Uses multiple data sources; – May directly engage with the issuers.
<p>Limitations to methodologies and data</p> <p>Article 33 – SFDR L2</p>	<p>In the website section ‘Limitations to methodologies and data’ referred to in Article 24, point (i), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ any limitations to the methodologies referred to in Article 24, point (g), and to the data sources referred to in Article 24, point (h); 	<p>In assessing the eligibility of an issuer based on ESG research, there is a dependence upon information and data from third party ESG research data providers and internal analyses which may be based on certain assumptions or hypothesis that render it incomplete or inaccurate. As a result, there is a risk of inaccurately assessing a security or issuer. There is also a risk that the Investment Manager may not</p>

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	<ul style="list-style-type: none"> how such limitations do not affect how the environmental or social characteristics promoted by the financial product are met. 	<p>apply the relevant criteria of the ESG research correctly or that the financial product could have indirect exposure to issuers who do not meet the relevant criteria. This poses a significant methodological limit to the ESG strategy of the financial product. Neither the financial product, nor the management company nor the investment manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness, or completeness of an assessment of ESG research and the correct execution of the ESG strategy.</p> <p>In order to maintain confidence that social and environmental characteristics are met, the investment manager may also engage with investees in order to fill data gaps or may use complimentary data from additional providers or directly from investee disclosures.</p> <p>Based on the details above, there is no material effect on the attainment of the environmental or social characteristics promoted by the Sub-fund identified.</p>
<p>Due Diligence Article 34 – SFDR L2</p>	<p>In the website section ‘Due diligence’ referred to in Article 24, point (j), financial market participants shall describe the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.</p>	<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>
<p>Engagement policies Article 35 – SFDR L2</p>	<p>In the website section ‘Engagement policies’ referred to in Article 24, point (k), financial market participants shall describe the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.</p>	<p>The Investment Manager applies a comprehensive stewardship strategy. Engagement is part of the investment process. It includes communications between the management teams of investee companies, typically in case of specific issues or controversies that may cover ESG concerns or where data is lacking. Engagement may occur prior to investment, be ongoing or as a result of monitoring.</p>
<p>Designated reference benchmark – Optional Article 36 – SFDR L2</p>	<p>In the website section ‘Designated reference benchmark’ referred to in Article 24, point (l), financial market participants shall describe whether an index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product, and how that index is aligned with the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated.</p>	<p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p>