

LUX IM – ESG INVESCO BELT & ROAD EVOLUTION (“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 emissions, water and waste management, ecological impacts, human rights, diversity & inclusion, health & safety, product safety, data privacy, executive remuneration, board independence, shareholder rights and business ethics) 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 long-term total returns, through a combination of capital growth and income, driven by a strong thematic approach. To this end, the Sub-fund focuses on the “Belt and Road Initiative” which aims to connect China, Asia, Europe, Africa and their adjacent seas (the so-called “Belt and Road Region”), through the development of the Silk Road Economic Belt and 21st -Century Maritime Silk Road with the aim to strengthen economic cooperation.</p> <p>The Sub-fund will seek to achieve its investment objective by investing mainly in a diversified portfolio of debt securities issued by governments, local public authorities, sovereign/supranational entities and companies which will directly or indirectly benefit from and/or invest in the “Belt and Road Initiative” and which are listed on major markets (qualifying as Regulated Markets) without any limitation in terms of country, capitalisation and industry allocation, and/or equity securities or UCITS and/or UCI with exposure in the Belt and Road Regions.</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>Broadly, the Investment Manager’s approach to good governance is focused on 6 key themes, which shape the assessments carried out by the investment Manager. These are Transparency; Accountability; Board Composition and Effectiveness; Long Term Stewardship of Capital; Environmental, Social and Governance Risk Oversight: Executive Compensation and Alignment.</p>
Proportion of investments	<p>The Sub-fund invests a minimum of 90% of its net assets to investments that are aligned to the promoted environmental and social characteristics.</p> <div data-bbox="879 1733 1526 2003"> <pre> graph LR A[Investments] --- B["#1 Aligned with E/S characteristics Min 90%"] 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. No minimum environmental or social safeguards are applied for these investments.</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; Unconventional Oil and Gas such as arctic oil and gas exploration extraction, oil sands extraction and Shale Energy extraction) ▪ ESG integration (ESG rating assessment for each target issuer) ▪ PAI consideration (qualitative and quantitative review of key PAI metrics)
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>

Section	Disclosure
Data sources and processing	The Investment Manager leverages ESG data from various external vendors and internal research. The investment team will be responsible for conducting an assessment of companies for which data is not available, under the appropriate supervision and oversight of our investment compliance and ESG teams.
Limitations to methodologies and data	The limitations to methodologies and data may refer to the applicability of the chosen methodology to the certain asset classes included in the investment universe (e.g. cash; derivatives; green bonds; govies etc.) However they are not deemed material in terms of effect on the attainment of the environmental or social characteristics promoted by the Sub-fund.
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	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.
Designated reference benchmark	No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.