

LUX IM – ESG PICTET GREEN CITIES (“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 51% of its assets in sustainable investments in accordance with Article 2 (17) SFDR. The Sub-fund is considering the EU criteria for environmentally sustainable economic activities as defined under the EU Taxonomy Regulation.</p> <p>The Sub-fund invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics, through the investments in equity securities issued by companies that contribute and/or benefit from the global urbanisation trend by providing solutions to the challenges of the urbanisation and to the development of sustainable cities improving the quality of life of cities ‘inhabitants. As a consequence, the Sub-fund mainly invests in securities financing economic activities that substantially contribute to environmental or social objectives, such as Taxonomy aligned (climate change mitigation or adaptation); other environmental (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution, prevention and control, or protection and restoration of biodiversity and ecosystems); social (inclusive and sustainable communities, adequate living standards and well-being for end users, or decent work). Sustainable investments include equities issued by companies with a significant proportion of activities (as measured by revenue, EBIT, enterprise value or similar metrics) derived from such economic activities.</p>
Environmental or social characteristics of the financial product	<p>The Sub-fund invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics, through the investments in equity securities issued by companies that contribute and/or benefit from the global urbanisation trend by providing solutions to the challenges of the urbanisation and to the development of sustainable cities improving the quality of life of cities ‘inhabitants. The asset allocation of the Sub-fund will follow a thematic approach by focusing principally on companies active in the following areas: real estate, traditional and digital infrastructure, energy efficiency, waste management, mobility, transportation, housing and workspace solution.</p>
Investment strategy	<p>The Sub-fund aims to provide capital growth over the long term by investing in a diversified portfolio of equity securities of companies listed on major stock exchanges without any limitation in terms of geographic, currency and market capitalization. The selected equity securities are issued by companies that contribute and/or benefit from the global urbanisation trend by providing solutions to the challenges of the urbanisation and to the development of sustainable cities improving the quality of life of cities ‘inhabitants. As a consequence, the asset allocation of the Sub-fund will follow a thematic approach by focusing principally on companies active in the following areas: real estate, traditional and digital infrastructure, energy efficiency, waste management, mobility, transportation, housing and workspace solutions, aiming to achieve a sustainable investment objective being a positive environmental and social impact.</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; ▪ Consideration of the ESG profile of the target issuers; ▪ 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 during the investment due diligence process as well as when the target issuers’ investments will be held by the Sub-fund.</p>
Proportion of investments	<p>The Sub-Fund will invest at least 90% of its net assets in investments that are aligned to the promoted environmental and/or social characteristics. The minimum proportion of sustainable investments is 51% (#1A), including at least 15% in investments with an environmental objective and a social objective, respectively. The Sub-fund commits to a minimum 1% of its net assets to be invested in sustainable investments with an environmental objective aligned with the EU Taxonomy.</p> <p>To classify as sustainable investments, target issuers must derive a significant proportion of revenues, earnings before interest and tax (“EBIT”), enterprise value or similar metrics from economic activities that contribute to environmental or social objectives such as, but not limited to real estate, traditional and digital infrastructure, energy efficiency, waste management, mobility, transportation, housing and workspace solutions, providing solutions to the challenges of the urbanisation and to the development of sustainable cities improving the quality of life of cities’ inhabitants. A target issuer that has such significant exposure, in terms of revenues, EBIT, enterprise value or similar metrics as described above, is considered as sustainable in its entirety.</p> <p>The remaining investments of the Sub-fund (“#2 Other”) may include (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 capital growth. Minimum safeguards are integrated through negative screening applied to all direct investments in securities.</p>

Section	Disclosure
	<pre> graph LR Investments --> N1["#1 Aligned with E/S characteristics Min 90%"] Investments --> N2["#2 Other"] N1 --> N1A["#1A Sustainable Min. 51%"] N1 --> N1B["#1B Other E/S characteristics"] N1A --> TA["Taxonomy-aligned"] N1A --> OE["Other environmental"] N1A --> S["Social"] </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); ▪ Positive screening ((i) invest at least 51% of the Sub-fund' net assets in sustainable investments, as defined above, that contribute to environmental or social objectives; (ii) achieve a better ESG profile than the investment universe of the Sub-fund, as measured by various sources) ▪ 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; Positive screening 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> <p>In order to ensure data quality, the Investment Manager uses multiple data sources; regularly reviews data providers' business model, research process, expertise, data coverage, quality assurance mechanism and prevention of conflicts of interests.</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>Interaction with issuers take the form of one-to-one discussions, shareholder/bondholder meetings, investor roadshows and/or conference calls. The objectives of these interactions are to assess an organisation before investment, monitor that their strategy is being implemented in line with expectations and ensure that issuers are on track to meet their goals and objectives.</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>