

ANNEX

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: C-QUADRAT ARTS Total Return Balanced

Legal entity identifier: 5299003BG980I9OJQG18

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

Yes

No

- | | |
|--|---|
| <input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __% | <input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments |
| <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __% | <input type="checkbox"/> with a social objective |
| | <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments |



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

In addition to financial performance, the following environmental and social characteristics are taken into account when selecting assets:

- **Environmental:** Avoidance of climate transition risks, conservation of flora and fauna, protection of natural resources and the atmosphere, limitation of soil degradation and climate change, avoidance of interference with ecosystems and losses of biodiversity.
- **Social:** Universal human rights, prohibition of child labour and forced labour, compliance with the principles of equal treatment, fair working conditions and appropriate remuneration.
- **Governance:** Compliance with business ethics and anti-corruption principles in accordance with the UN Global Compact, principles of corporate governance and regulations for the prevention of money laundering and terrorist financing.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

As part of the environmental-social-governance analysis to determine the most sustainable companies in different sectors of the economy, the following indicators from external data providers are used, amongst others.

Indicator	ISS ESG Performance Score
Description	A company's ESG performance is assessed using a standard set of more than 700 cross-sector indicators, supplemented by 100 sector-specific indicators to capture a company's key ESG challenges. Four to five key issues are identified for each sector. To ensure that performance on these key issues is appropriately reflected in the overall rating results, their weighting accounts for at least 50% of the overall rating. The level of industry-specific E, S and G risks and impacts determines the respective performance requirements: A company in a high-risk industry must perform better than a company in a low-risk industry to receive the same rating. Each ESG company rating is complemented by an analyst opinion which provides a qualitative summary and analysis of the key rating findings across three dimensions: sustainability opportunities, sustainability risks and governance. To ensure high-quality analyses, indicators, rating structures and results are regularly reviewed by an internal methodology board at the external data provider. In addition, the methodology and results are regularly discussed at the

data provider with an external rating committee composed of highly recognised ESG experts.

Methodology	The ESG performance score is the numerical representation of the alphabetical ratings (A+ to D-) on a scale of 0 to 100. All indicators are rated individually based on clearly defined absolute performance expectations. Based on the individual scores and indicator level weightings, the results are aggregated to provide theme-level data and an overall score (performance score). 100 is the best score, 0 the worst.
Indicator	Sustainalytics ESG Risk Score
Description	The ESG risk rating assesses corporate actions and industry-specific risks in the environmental, social and governance areas. The assessment is carried out in relation to factors identified as Material ESG Issues (MEIs) of an industry, such as environmental performance, resource conservation, human rights compliance, supply chain management. The assessment framework comprises 20 MEIs which are made up of more than 250 indicators. For each industry, three to eight of these issues are usually relevant.
Methodology	The scale ranges between 0 and 100 points (scores). 0 is the best rating, 100 the worst. The companies are grouped into five risk categories based on their scores, starting with the lowest risk "Negligible" (0 to 10 points) up to "Severe" (more than 40 points), the worst rating. Companies are thus also comparable across different sectors.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not relevant for this fund.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**
Not relevant for this fund.
- **How have the indicators for adverse impacts on sustainability factors been taken into account?**
Not relevant for this fund.
- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

Not relevant for this fund.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

C-QUADRAT ARTS Total Return Balanced aims for moderate capital growth.

The investment strategy of the C-QUADRAT ARTS Total Return Balanced fund is actively managed and is not based on a benchmark. Rather, the aim is to generate absolute value growth over the long term.

The following assets may be selected for the fund in accordance with the Investment Act.

The investment fund invests at least 51% of the fund's assets in units of other investment funds that are classified in accordance with Art. 8 or 9 pursuant to Regulation (EU) 2019/2088 ("Disclosure Regulation"). The acquisition of equity funds is limited to 50% of the fund assets. Units may also be acquired in investment funds that aim to achieve a neutral or opposing performance in relation to a specific market trend.

The direct acquisition of equities and equity-equivalent securities as well as bonds is limited in total to 49% of the fund assets whereby the total share quota, i.e. equities and equity-equivalent securities as well as equity funds, does not exceed 50% of the fund assets. Securities (including securities with embedded derivative instruments) may be acquired up to 49% of the fund assets.

Derivative instruments may be used as part of the investment strategy up to 49% of the fund assets (calculated according to market prices) and for hedging purposes.

Sight deposits and callable deposits with a maximum term of 12 months may be held up to 49% of the fund assets. No minimum bank balance is to be held.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The fund applies exclusion criteria.

Companies that violate the UN Global Compact are considered non-investable. The topics of forced labour, child labour and discrimination are also covered in this context. Assessment guidelines for controversies in the area of environmental problems include the principle of best available technology (BAT) as well as international environmental legislation. Investments in companies related to banned weapons (according to the "Ottawa Convention", "Oslo Convention" and the UN Conventions "UN BWC", "UN CWC") are not made.

Investments in companies that generate a significant proportion of their turnover from the extraction or conversion of coal or oil sands into electricity are excluded.

When investing in states, countries with a low sustainability rating are excluded. Dimensions of the assessment include environmental, social and government activities that comply with international conventions and standards. This is based on an analysis of relevant controversies, such as corruption, environmental pollution or freedom of expression. In addition, states violating the “Freedom House Index” are excluded.

The investment fund invests at least 51% of the fund’s assets in units of other investment funds that are classified in accordance with Art. 8 or 9 of the Disclosure Regulation.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not relevant for this fund.

- **What is the policy to assess good governance practices of the investee companies?**

Companies are covered which, in the course of their business, comply with the governance aspects set out in Art. 2 no. 17 of Regulation (EU) 2019/2088 (“Disclosure Regulation”). This only includes companies that apply governance practices, in particular with regard to sound management structures, employee relations, employee remuneration and tax compliance.

Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

The assets of the fund are divided into different categories in the chart below. The respective share of the fund’s assets is shown as a percentage. “Investments” covers all assets that can be acquired for the fund.

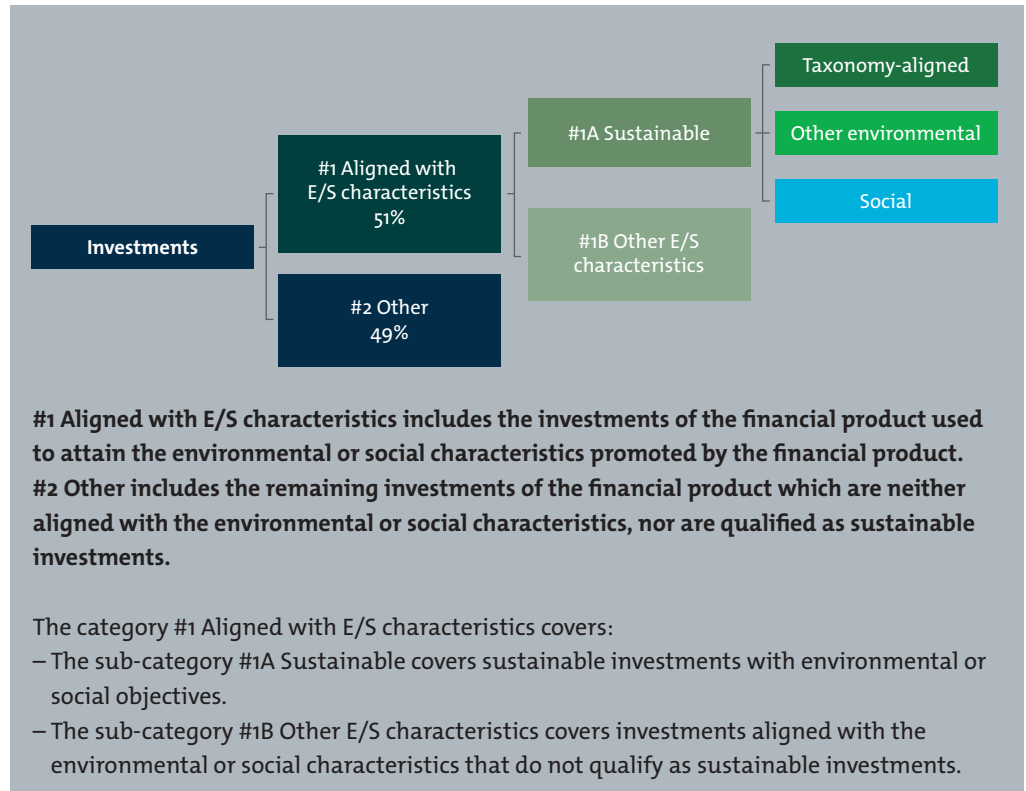
Category “#1 Aligned with E/S characteristics” comprises those assets that are transacted within the framework of the investment strategy to attain the promoted ecological or social characteristics.

Category “#2 Other” includes, for example, derivatives, bank deposits or financial instruments for which there is not enough data to be able to assess it for the sustainable investment strategy of the fund.

Category “#1A Sustainable” includes sustainable investments as defined in Article 2 Item 17 of the Disclosure Regulation. This includes investments that can be used to pursue “Taxonomy-aligned” environmental objectives, “other environmental objectives” and social objectives (“Social”). Category “#1B Other E/S characteristics” includes investments that target environmental and social characteristics, but do not qualify as sustainable investment.

Asset allocation describes the share of investments in specific assets. Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



- How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not relevant for this fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

At this point in time, the company does not yet have any reported and reliable data to be able to bindingly determine ecologically sustainable economic activities in accordance with the requirements as set forth in Article 3 of the Taxonomy Regulation. The minimum share of Taxonomy-aligned investments is therefore reported as zero per cent (0%).

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

Yes:

In fossil gas In nuclear energy

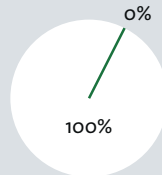
No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

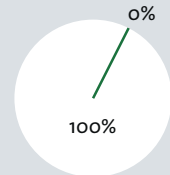
1. Taxonomy-alignment of investments including sovereign bonds*

● Taxonomy-aligned
○ Other investments



2. Taxonomy-alignment of investments excluding sovereign bonds*

● Taxonomy-aligned
○ Other investments



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.


Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

At this point in time, the company does not yet have any reported and reliable data to be able to bindingly determine ecologically sustainable economic activities in accordance with the requirements as set forth in Article 3 of the Taxonomy Regulation. The minimum share of Taxonomy-aligned investments is therefore reported as zero per cent (0%).

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not relevant for this fund.

 **What is the minimum share of socially sustainable investments?**

Not relevant for this fund.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Hedging instruments, investments for diversification purposes, investments for which no data is available or cash for liquidity management purposes.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not relevant for this fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not relevant for this fund.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not relevant for this fund.

- **How does the designated index differ from a relevant broad market index?**

Not relevant for this fund.

- **Where can the methodology used for the calculation of the designated index be found?**

Not relevant for this fund.



Where can I find more product specific information online?

More product-specific information can be found on the website:

C-QUADRAT ARTS Total Return Balanced H

C-QUADRAT ARTS Total Return Balanced T

C-QUADRAT ARTS Total Return Balanced T (CHF hedged)

C-QUADRAT ARTS Total Return Balanced T (PLN)

C-QUADRAT ARTS Total Return Balanced VT

C-QUADRAT ARTS Total Return Balanced VT (CZK hedged)

C-QUADRAT ARTS Total Return Balanced VT-Ausland (PLN hedged)

C-QUADRAT ARTS Total Return Balanced VT-Inland