

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

BL FUND SELECTION – 50-100 SRI

Legal entity identifier: 549300XSMGBAHBX5FD72

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 companies in which the financial product invests 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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators the extent to which the environmental or social characteristics promoted by the financial product are achieved.

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: _____%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: ___%**

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 30% of sustainable investments

with an environmental objective and are carried out in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective and are carried out in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but will not make any sustainable investments



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

Due to the bottom-up approach used by the fund manager, the fund does not promote specific environmental and/or social characteristics, but a combination of these.

The environmental and/or social characteristics promoted by the fund are a result of the investment strategy of the fund manager who promotes sustainability through the selection of funds categorised under article 8 which target sustainable investments or under article 9 of the SFDR.

Therefore, depending on the investment opportunities identified by the fund manager, the fund may promote, by way of illustration and without limitation, characteristics such as

- Compliance with the principles of the United Nations Global Compact;
- Compliance with the principles of good governance;
- Respect for human rights;
- Sustainable use of natural resources;
- Reduction of emissions.

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

The product does not promote specific environmental or social characteristics.

The manager integrates sustainability factors into the buying and selling decisions of the underlying funds. The balance of the buy/sell discipline is thus shifted in favour of funds with a favourable sustainability profile.

The manager will monitor the sustainability of its investments through the percentage of investments made in sustainable assets.

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?

The “sustainable investment” portfolio pursues several environmental and social objectives.

Sustainable investments are selected differently depending on the type of instrument in which the manager invests.

1. Investments in funds

For fund investments,

sustainable investments are selected on the basis of the approaches implemented by the managers of the underlying funds. The definition of a sustainable asset can thus vary according to the manager, depending on the nature of their activities, their choices of method or the data sources.

2. Investments in cash securities

For investments in cash securities, the manager selects sustainable investments by their impact bond status or, in the case where the issuer of the security is a company, on the basis of double materiality:

- The impact of material sustainability risks on the business;
- The material environmental or social impact that the company and its products and services may have on its stakeholders.

In addition, the manager excludes from the universe of sustainable equity investments companies that generate more than a defined minimum proportion of their revenues from the following activities: oil and gas production chain; coal; arms; gambling; alcohol; tobacco; gold mining.

Through an in-depth analysis (qualitative and quantitative) of each fund or security, the manager determines the extent to which the company's products, services and operations contribute to the above objectives.

How do the sustainable investments that the financial product intends to pursue in particular not cause significant harm to any environmental or social sustainable investment objective?

The manager relies on an analysis of the managers of the underlying funds by analysing the policies and models implemented by these managers in terms of monitoring key negative impacts (PAIs) and compliance with good governance principles. Through this analysis, the manager ensures that the target funds are able to identify potential significant detriments of a sustainable investment on the other investments of that fund.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The manager relies on an analysis of the PAI methodology implemented by each underlying fund manager to ensure that any investment contributing to one area of sustainability does not cause significant detriment in others.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The manager ensures that the underlying funds have an exclusion policy covering companies that do not comply with international human rights or labour standards.

The EU Taxonomy sets out a "do no significant harm" principle under which Taxonomy-aligned investments should not cause significant harm to the objectives of the EU Taxonomy. It is complemented by EU-specific criteria.

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

Any other sustainable investment must also not cause significant harm to environmental or social objectives.

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, anticorruption and antibribery matters.

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



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

Yes. The manager aggregates the PAI indicators at portfolio level and monitors them periodically. This periodic review allows the manager to optimise the portfolio in terms of PAI indicators. This information is detailed in the fund's annual report.



What is the investment strategy of this financial product?

The fund promotes environmental, social and governance characteristics by non-financial data in the selection of the funds underlying this portfolio.

The manager invests a minimum of 75% of the assets in funds categorised under Article 8 which target sustainable investments or under Article 9 of Regulation (EU) 2019/2088 ("SFDR"). These funds will also have to meet strict criteria in terms of their sustainability profile.

An internal ESG rating is established for each fund analysed and making up this category. This rating takes into account various criteria such as the ESG or SRI process followed by the target fund manager, the target fund's potential impact objectives, the presence and/or quality of ESG/SRI reporting that has been implemented for the target fund, and whether the target fund has a recognised socially responsible investment label.

The sub-fund manager will then supplement its analysis of the target funds with that of the fund managers. For these managers, an assessment of the integration of sustainable and responsible investment within the entity is made by analysing the initiatives implemented by such manager in terms of SRI. The sub-fund manager will analyse whether the target fund manager is a signatory to UNPRI or other responsible investment charters, whether it has SRI/ESG policies in place (i.e. CSR policy, SRI policy, engagement and voting policy), whether resources are dedicated to SRI, as well as the proportion of the assets that are managed in accordance with an ESG policy.

The sub-fund manager will select funds with an internal ESG rating above a defined minimum. It will also ensure that the fund manager of the selected funds displays a sufficient level of integration of sustainable and responsible investment by completing a minimum number of SRI initiatives.

This rating and assessment is reviewed on an annual basis to compare the sustainability profile of each selected fund and to make informed investment decisions.

The manager draws the investor's attention to the fact that the criteria taken into account for the establishment of the internal ESG rating and for the analysis of the managers of the target funds only reflect the methodology followed by the AIFM at the time of compiling this prospectus. The fund manager will select funds with an internal ESG rating above a defined minimum.

What are the constraints defined in the investment strategy for selecting investments to achieve each of the environmental or social characteristics promoted by this financial product?

The investment of up to 75% of the invested assets in funds categorised under Article 8 that target sustainable investments or under Article 9 of SFDR is a binding element of the investment strategy.

What is the minimum proportion to which the financial product commits to reducing its investment scope before this investment strategy is implemented?

None

What policy is in place to assess the good governance practices of the companies in which the financial product invests?

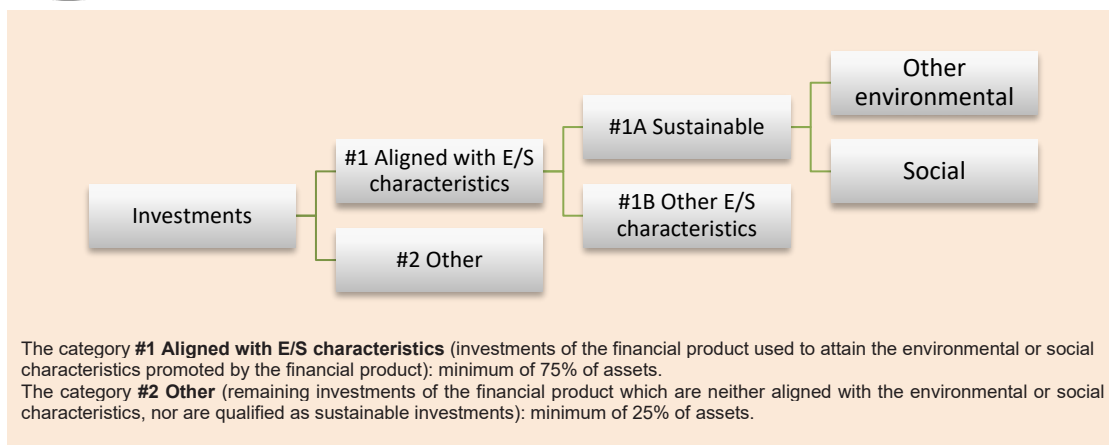
The manager analyses the methodologies implemented by the different managers of the underlying funds in terms of good governance practices. Through this analysis, the manager ensures that the managers of the target funds assess the quality of corporate governance and exclude companies with very severe governance controversies.

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 financial product holds a minimum of 75% of its assets #1 Aligned to E/S characteristics. In addition, the manager intends to hold a minimum of 30% of its assets in #1A Sustainable investments. Accordingly, the share of investments made in category #1B Other E/S characteristics will correspond to the effective weighting of assets invested in #1 Aligned with E/S characteristics minus the share of assets in #1A Sustainable.

The actual weighting in #1A Sustainable assets may be higher than the minimum value mentioned above. Finally, the financial product holds a maximum of 25% of its assets in category #2 Other.

Asset allocation describes the proportion of investments in specific assets.

Taxonomy-aligned activities are expressed as a percentage of:

- turnover reflecting the proportion of revenue from green activities of the companies in which the financial product invests;

- capital expenditure (CapEx) showing the green investments made by the companies in which the financial product invests, e.g. for a transition to a green economy;

- operational expenditure (OpEx) reflecting the green operational activities of the companies in which the financial product invests.

How does the use of derivatives enable the environmental or social characteristics promoted by the financial product to be achieved?

The fund does not use derivatives to achieve its environmental or social characteristics.

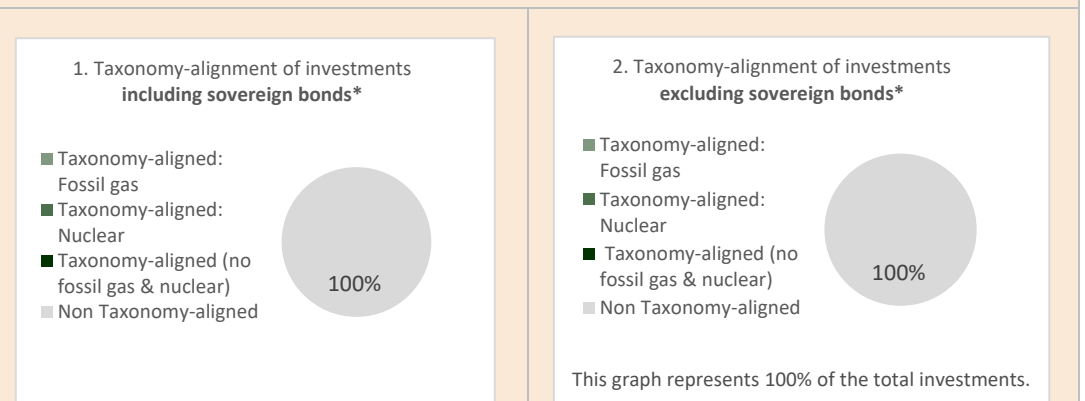


What is the minimum proportion of sustainable investments with an environmental objective aligned with the EU Taxonomy?

Does the financial product invest in fossil gas and/or nuclear energy activities that comply with the EU Taxonomy³?

- Yes:
- In fossil gas In nuclear energy
- No

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.



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

What is the minimum proportion of investments in transitional and enabling activities?

0%. Due to the bottom-up approach used by the manager, the manager is not in a position to commit in advance to a minimum share of investments in transitional and enabling activities.



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

1%.



What is the minimum proportion of socially sustainable investments?

1%.



What investments are included under "#2 Other", what is their purpose and do minimum environmental or social safeguards apply to them?

These investments include cash, derivatives used for hedging purposes and any other securities permitted by the investment policy of the fund.

In order to comply with the EU Taxonomy, the criteria for fossil gas include emission limits and a shift to renewable electricity or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive rules on nuclear safety and waste management.

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 other things, have greenhouse gas emission levels corresponding to the best performance.



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

Benchmarks

are indices used to measure whether the financial product achieves the environmental or social characteristics it promotes.

³ Fossil gas and/or nuclear activities will only comply with the EU Taxonomy if they contribute to limiting climate change ("climate change mitigation") and do not cause significant harm to any of the objectives of the EU Taxonomy - see explanatory note in left margin. All the criteria for economic activities in the fossil gas and nuclear energy sectors that are compliant with the EU Taxonomy are defined in Commission Delegated Regulation 2022/1214.



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?

No.



Where can I find more product-specific information online?

More product-specific information can be found on the website:
www.banquedeluxembourginvestments.com