

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 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.

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

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

with an environmental objective 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 sustainable investments



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

Due to the investment manager's bottom-up approach, the fund does not promote any particular environmental and/or social characteristics, but a combination of them.

The environmental and/or social characteristics promoted by the fund result from the manager's investment strategy, which promotes sustainability through the selection of SFDR Article 8 funds that target sustainable investments, or Article 9 funds.

Depending on the investment opportunities that the manager identifies, the fund may therefore promote, by way of example, such characteristics as:

- Adhering to the principles of the UN Global Compact;
- Following good governance principles;
- Respecting human rights;
- Using natural resources reasonably;
- Reducing 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 considers sustainability factors in its decisions to buy and sell the underlying funds. The balance of buying and selling is therefore shifted towards funds that have 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 investments" component pursues several environmental and social objectives.

Sustainable investments are selected differently, depending on the type of instrument involved.

1. Investments in funds

For investments in funds, sustainable investments are selected on the basis of the approaches taken by the managers of the underlying funds.

The definition of a sustainable asset may therefore vary between managers, depending on the nature of their work, their choice of methods and their sources of data.

2. Investments in securities

For investments in securities, the manager selects sustainable investments on the basis of their status as an impact bond or, if the issuer is a company, according to a twofold approach:

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

Additionally, the manager excludes companies whose income from the following activities exceeds a certain threshold: hydrocarbon supply chain; coal; arms; gambling; alcohol; tobacco; gold mining.

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

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?

The manager analyses the underlying funds' managers by considering the policies and models they apply when monitoring principal adverse impacts (PAIs) and good governance principles. Through this analysis, the manager ensures that the target funds are able to identify any significant harm that a sustainable investment may have on the fund's other investments.

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

The manager analyses the methods that each of the underlying fund managers use for considering PAIs to ensure that any investment that contributes to one aspect of sustainability does no significant harm to the others.

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

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

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives. It 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.

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.

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 investment manager aggregates PAI indicators at a portfolio level and checks them periodically. This periodic review allows the investment manager to optimise its portfolio in terms of PAI indicators. This information is included in the fund's annual report.



What investment strategy does this financial product follow?

The fund promotes environmental, social and governance characteristics by factoring extra-financial data into the portfolio's selection of underlying funds.

The manager invests at least 75% of the assets in Article 8 funds that target sustainable investments or Article 9 funds under regulation (EU) 2019/2088 (SFDR). These funds will also have to meet strict sustainability criteria.

An internal ESG rating is awarded for each fund analysed and held. This rating considers various criteria including the ESG or SRI process followed by the target fund's manager, any impact-investing goals of the target fund, the presence and/or quality of ESG/SRI reporting for the target fund, and any recognised socially responsible investment certification.

The sub-fund manager will then complete their analysis of the target funds with the analyses of the managers of those funds. Considering the extent to which they have factored in sustainable and responsible investment through the initiatives they have taken. Such initiatives may include signing up to the UNPRI or other responsible investment charters, drawing up SRI/ESG policies (CSR policy, SRI policy, engagement and voting policy), allocating resources to SRI, and aligning a certain proportion of the assets under management with an ESG policy.

The sub-fund's manager will select funds whose internal ESG rating is above a certain threshold shown in the "SRI Methods – Funds of Funds" document on the manager's website www.banquedeluxembourginvestments.com click on the "funds and documents" section. And ensure that the manager of the selected funds has given sufficient consideration to sustainable and responsible investment by taking a certain number of SRI initiatives.

This rating and assessment are reviewed annually to compare the sustainability profiles of each fund held and reach informed investment decisions.

Investors should note that the criteria taken into account when establishing an internal ESG rating and analysing the target fund managers only reflect the methods used at the time this prospectus was written. The manager reserves the right to change these criteria over time, in line with standard practice.

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?

Investing 75% of the assets in SFDR Article 8 funds that target sustainable investments or Article 9 funds is a binding element of the investment strategy.

Investment in funds whose internal ESG rating is above the threshold shown in the “SRI Methods – Funds of Funds” document on the manager’s website, www.banquedeluxembourginvestments.com click on the “funds and documents” section.

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

None

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

The manager analyses the methods applied by the different underlying fund managers in terms of good governance practices. Through this analysis, the manager ensures that the managers of the target funds assess companies’ quality of governance and exclude those mired in very serious governance controversies.

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

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.

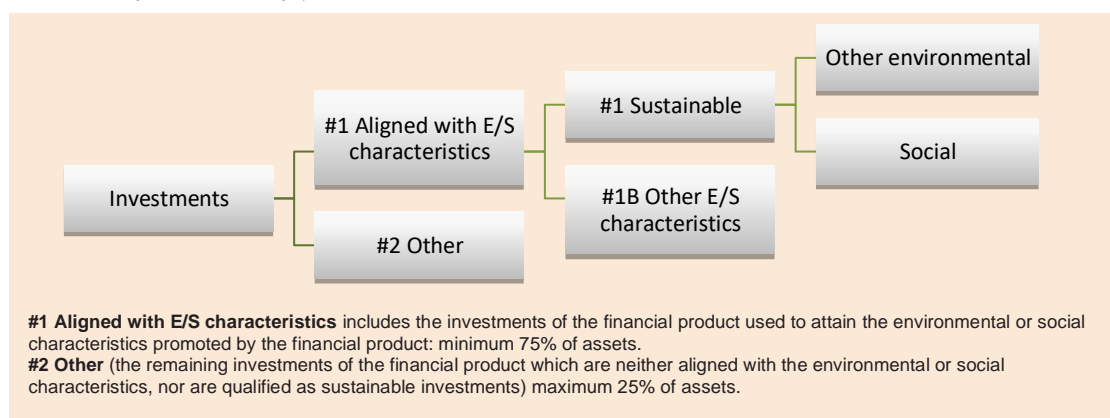


What is the asset allocation planned for this financial product?

The financial product has at least 75% of its assets #1 Aligned with E/S characteristics. The manager also plans to hold at least 30% of its assets in #1A Sustainable investments. Consequently, the share of investments made in #1B Other E/S Characteristics will match the actual weighting of assets #1 Aligned with E/S Characteristics minus the share of assets that are #1A Sustainable.

The actual weighting of assets that are #1A Sustainable may exceed the aforementioned minimum value.

The financial product holds up to 25% of its assets in #2 Other.



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

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

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.

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.



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

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy⁴³?

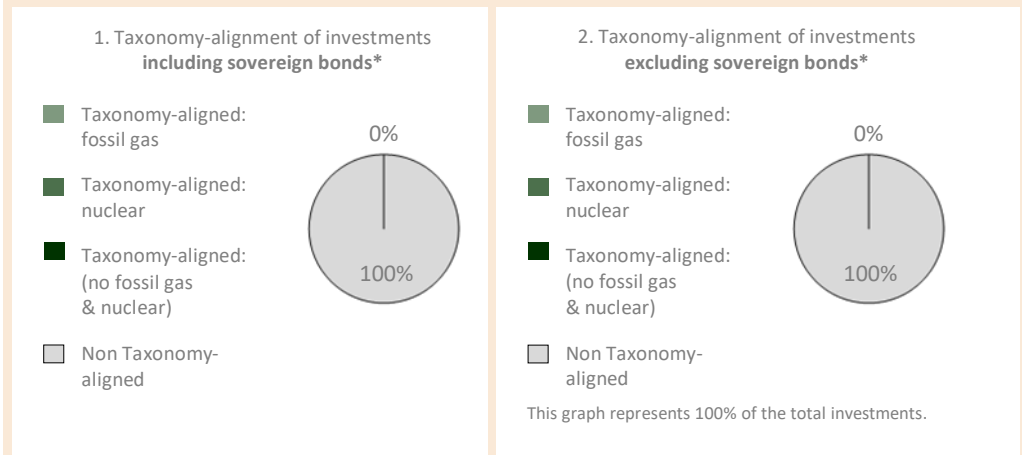
Yes

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 share of investments in transitional and enabling activities?

0%. Due to the investment manager's bottom-up approach based on individual stock selection, it cannot make any prior commitment to having a minimum share of investments in transitional and enabling activities.



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?

1%.



What is the minimum share of socially sustainable investments?

1%.



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

These investments include liquid assets and derivatives used for hedging purposes, as well as any other security covered by the fund's investment policy.

⁴³ 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 no significant harm to 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.

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



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.