

LUX IM – ESG UBS ACTIVE DEFENDER (“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 10% of its assets in sustainable investments in accordance with Article 2 (17) SFDR.</p> <p>The Sub-fund invests in other UCITS and/or UCI, including exchange traded funds (“ETFs”) (together “Target Funds”) that take account of environmental (E) and/or social (S) considerations in accordance with Article 8 of the Regulation on sustainability-related disclosures in the financial services sector, and/or to investment strategies that aim to make sustainable investments and/or to reduce carbon emissions in accordance with Article 9 of the Regulation on sustainability-related disclosures in the financial services sector.</p>
Environmental or social characteristics of the financial product	<p>The Sub-fund invests in other UCITS and/or UCI, including exchange traded funds (“ETFs”) (together “Target Funds”) that take account of environmental (E) and/or social (S) considerations in accordance with Article 8 of the Regulation on sustainability-related disclosures in the financial services sector, and/or to investment strategies that aim to make sustainable investments and/or to reduce carbon emissions in accordance with Article 9 of the Regulation on sustainability-related disclosures in the financial services sector.</p> <p>The Target Funds’ selection is based on their qualification under Article 8 (1) and 9 of Regulation (EU) 2019/1088 as well as on the investment manager’s assessment of and due diligence performed on the investment process applied therein with the aim to ensure the integration of binding ESG criteria on an ongoing basis.</p>
Investment strategy	<p>The investment objective of the Sub-fund is to provide mid-term capital growth with a moderate level of risk through an allocation based on a systematic multi-factor asset allocation process and tactical positioning depending on portfolio managers assessment of market conditions. The multi-factor asset allocation process consists of the investment manager’s ongoing assessment of a set of widely recognised indicators assembled and utilized in a systematic approach to portfolio construction. This ensures ongoing oversight and governance of the construction of the portfolio by the investment manager.</p> <p>In order to achieve its investment objective, the Sub-fund will essentially invest in Target Funds invested in transferable securities, such as debt securities, equity securities and Money Market Instruments issued by Governments, sovereign/supranational entities and corporates without any limitation in terms of industry, country and currency exposure.</p> <p>The Investment Manager integrates the ESG analysis within the following investment’ selection processes related to the Target Funds selection:</p> <ul style="list-style-type: none"> ▪ Negative screening ▪ Positive screening <p>Good governance practices are assessed for each Target Fund during the investment due diligence as well as when the Target Funds’ investments will be held by the Sub-fund with respect to the Target Fund manager’s process with respect to good governance practices and the respective disclosures made.</p>
Proportion of investments	<p>The Sub-fund invests a minimum of 70% of the investments in Target Funds in investments that are aligned to the promoted environmental and social characteristics, being Target Funds qualified under Article 8 or 9 of SFDR. The minimum proportion of sustainable investments of the Sub-fund is 10%. These investments have both environmental and social objectives however there are no specific minimum proportions for each of these categories.</p> <p>At the Target Funds’ level, to classify as sustainable investments, target issuers meet three given criteria:</p> <ul style="list-style-type: none"> • contributes to an environmental or social objective; • does not significantly harm any of such objectives; and • it follows good governance practices. <p>The following tests are applied:</p> <ul style="list-style-type: none"> • a negative screening test to exclude issuers that fail the good governance (based on governance qualification assessment) and/or “do no significant harm” criteria (based on the implementation of an exclusion policy and assessment of controversies); • a positive test, which requires a given issuer to make either a positive contribution to one or more of the UN SDGs (balance-sheet based), or to the environment, or to a social objective (non-balance-sheet based) <p>A target issuer that does not fail the negative screening and passes at least one of the positive tests is considered as sustainable in its entirety.</p> <p>The remaining investments of the Sub-fund (“#2 Other”) may be invested in: (i) ancillary cash for liquidity management within the limits prescribed by applicable laws; (ii) accessory investments in financial derivative instruments used for hedging and/or investment purposes as per the applicable provisions of the Investment Policy of the Sub-fund; (iii) investments in Target Funds which are not aligned with the promoted environmental or social characteristics and may be used within the Sub-fund’s investment objective. As minimum environmental or social safeguards, with respect to #2 Other that are investments in Target Funds, these Target Funds must comply with the Sub-fund’s exclusion strategy as well as with the Good Governance requirements to be eligible.</p>

Section	Disclosure
	<pre> graph LR Investments --> N1["#1 Aligned with E/S characteristics Min 70%"] N1 --> N1A["#1A Sustainable Min. 10%"] N1 --> N1B["#1B Other E/S characteristics"] N1A --> N1A1["Other environmental"] N1A --> N1A2["Social"] N1 --> N2["#2 Other"] </pre>
Monitoring of environmental or social characteristics	<p>The Investment Manager integrates the ESG analysis within the following investments’ selection processes related to the Target Funds selection:</p> <ul style="list-style-type: none"> Negative screening (application of binding minimum exclusion criteria by the Art.8 and Art. 9 Target Funds) Positive screening (minimum proportion of Target Funds qualified as Art.8 or Art.9)
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 and positive screening 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>
Data sources and processing	<p>The data sources used by the Investment Manager refer essentially to the official pre-contractual documentation of the Target Funds and to the information provided within the assessment of the investment process applied therein, which enable to assess their qualification under Article 8 or Article 9 of SFDR and binding minimum exclusion criteria. Data quality is ensured at all times, and is no subject to estimation.</p>
Limitations to methodologies and data	<p>The limitations to the attainment of the promoted environmental and social characteristics, are deemed non-material, as the investment universe of the Sub-fund provides an appropriate level of disclosure and coverage of required information by the Investment Manager to allow for the application of the investment methodology.</p>
Due Diligence	<p>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</p>
Engagement Policies	<p>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.</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>