

Vontobel Fund – Swiss Franc Bond Foreign

Summary

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment. For the portion of sustainable investments, the Investment Manager applies do no significant harm test (DNSH) by considering all the relevant mandatory adverse impact indicators and any other relevant additional indicators. The sustainable investments of corporate issuers are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Additionally, sovereign issuers are screened against social violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.

Environmental or social characteristics of the Sub-Fund

The Sub-Fund promotes environmental and social characteristics by investing in issuers that the Investment Manager considers well-prepared to handle financially material environmental and/or social challenges. Issuers will be selected based on the Investment Manager's ESG framework.

In addition, the Sub-Fund partially targets securities of issuers that provide solutions to environmental and social challenges, such as: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment.

Investment Strategy

While considering the Sub-Fund's investment objective and policy in the Special Part of the Sales Prospectus, in order to attain the environmental and social characteristics, the Sub-Fund applies the following ESG framework: exclusion approach, monitoring of critical controversies, screening, partial investments in sustainable investments.

Proportion of investments

The Sub-Fund invests at least 80% of its NAV directly in issuers that qualify as aligned with E/S characteristics, under normal market conditions, whereas at least 5% of the net assets are invested in sustainable investments, typically across both environmental and social objectives.

The Sub-Fund does not intend to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy. The Sub-Fund may invest directly and indirectly up to 20% of its net assets in other investments that include the remaining investments of the Sub-Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Monitoring of environmental or social characteristics

The securities will be analyzed based on the binding elements prior to investment and monitored on a continuous basis. The securities in the portfolio have their sustainability performance periodically revaluated using the above-described sustainability framework. If a security does not comply with the binding criteria described below, the Investment Manager divests from such an issuer within a time period to be determined by the Investment Manager without exceeding in principle three months after such breach was detected, considering prevailing market conditions, and taking due account of the best interests of the shareholders.

Methodologies

In order to attain the environmental and social characteristics, the Sub-Fund applies the following ESG framework: exclusion approach, monitoring of critical controversies, screening, partial investments in sustainable investments by investing in issuers that provide solutions to environmental and social challenges.

Exclusion approach:

The Sub-Fund excludes issuers that do not comply with the exclusion "Level 2" of Vontobel's Exclusion framework. Details about this framework can be found under <https://www.vontobel.com/esg-library/>.

Monitoring of critical controversies:

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

Screening:

The Sub-Fund invests in securities of corporate and sovereign issuers that pass the minimum ESG rating (provided by Inrate AG, a third-party data provider selected by the Investment Manager) set at C-, on a scale from D- to A+, with D- being the worst and A+ the best. Inrate's rating model evaluates if a corporate or sovereign issuers' actions will contribute to a sustainable development based in areas such as environmental protection or climate change mitigation through product design for corporate issuers or for sovereign issuers protection of the environmental capital amongst other related to biodiversity.

Partial investments in sustainable investments:

The Sub-Fund invests at least 5% of its net assets in securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment. The assessment will be conducted by the Investment Manager and based on quantitative ESG indicators and qualitative assessment of products, technologies, services or projects. The qualitative assessment considers research related to peer group and scientific studies. To qualify as sustainable investment, the issuer should either already provide solutions to at least one of the actionable themes, or be on the way to launch such solutions. The Investment Manager requires a minimum threshold of 20% revenues, capital expenditure or allocated funding.

Additionally, the Sub-Fund follows an active ownership approach, which takes into account relevant environmental, social and governance matters. The Investment Manager sees these activities as a way to support the attainment of the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund is covered by the engagement pool of the Investment Manager's stewardship program, which is mainly based on a collaboration with a stewardship partner. The Investment Manager has limited influence on the stewardship partner's engagement program.

Data sources and processing

The investment process uses data from external ESG providers (e.g., Sustainalytics, MSCI), issuers, media, NGOs, and international organizations. The data sources mentioned are used to implement the ESG framework as described in detail in the Investment Strategy section. The Investment Manager ensures data quality through regular reviews, multiple sources, and issuer engagement for gaps. Estimates are used when necessary, with a low to medium reliance on estimated data.

Limitations to methodologies and data

The implementation of the ESG strategy of the Sub-Fund relies on third-party data and/or internal analyses, which may be incomplete or inaccurate. There is no guarantee of accuracy, completeness, or proper application of ESG criteria.

Due diligence

The internal Investment Control unit conducts pre-trade checks, allowing portfolio managers to simulate and verify trades against restrictions. Automated checks highlight potential breaches before order execution to ensure compliance.

Engagement policies

The Investment Manager prioritizes direct engagement with investee companies and sovereigns, addressing business strategy, governance, and ESG issues. It also collaborates with Columbia Threadneedle Investments (reco®) for broader engagement and voting influence. This partnership enables greater impact, resource access, and collaboration, focusing on poor ESG practices, thematic issues, and controversies.

Designated reference benchmark

No index has been designated as a reference benchmark to attain the environmental and social characteristics promoted by this Sub-Fund.

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics but does not have as its objective a sustainable investment.

While the Sub-Fund does not have as its objective a sustainable investment, it will invest at least 5% in sustainable investments by investing in securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment. The assessment methodology is described in the section Methodologies further below.

In order to ensure that the sustainable investments that the Sub-Fund intends to make do not cause significant harm to any environmental or social investment objective, the Sub-Fund takes into account all the mandatory indicators for adverse impacts and ensures that the Sub-Fund's investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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?

For the portion of sustainable investments, the Investment Manager takes into account all the mandatory adverse impact indicators and any relevant additional adverse impact indicators by applying the following process:

The Investment Manager identifies issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. When no reliable third-party data is available, the Investment Manager may make reasonable estimates or assumptions.

Where the Investment Manager identifies an investment as having critical and poorly managed impact in one of the considered principal adverse impacts areas, and where no signs of remedial action or improvement have been observed, an action by the Investment Manager must be taken. Action mechanisms may include: exclusion, active ownership, tilting.

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 Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

Environmental or social characteristics of the financial product

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

The Sub-Fund promotes environmental and social characteristics by investing in issuers that the Investment Manager considers well-prepared to handle financially material environmental and/or social challenges. Issuers will be selected based on the Investment Manager's ESG framework.

In addition, the Sub-Fund will partially (5% of NAV) invest in sustainable investments by targeting securities of issuers that provide solutions to environmental and social challenges, such as: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment.

Investment strategy

What investment strategy does this financial product follow to select the investments to attain the environmental and social characteristics, and what are the binding elements of this investment strategy?

In order to attain the environmental and social characteristics, the Sub-Fund applies the following ESG framework: exclusion approach, monitoring of critical controversies, screening, partial investments in sustainable investments in issuers that provide solutions to environmental and social challenges.

Exclusion approach:

The Sub-Fund excludes issuers that do not comply with the exclusion "Level 2" of Vontobel's Exclusion framework. Details about this framework can be found under <https://www.vontobel.com/esg-library/>.

Monitoring of critical controversies:

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

Screening:

The Sub-Fund invests in securities of corporate issuers and sovereign issuers that pass the minimum ESG rating (provided by Inrate AG, a third-party data provider selected by the Invest Manager) set at C-, on a scale from D- to A+, with D- being the worst and A+ the best. Inrate's rating model evaluates if a corporate or sovereign issuers' actions will contribute to a sustainable development based in areas such as environmental protection or climate change mitigation through product design for corporate issuers or for sovereign issuers protection of the environmental capital amongst other related to biodiversity.

Partial investments in sustainable investments:

The Sub-Fund will invest at least 5% of its net assets in securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment.

To qualify as sustainable investment, the issuer should already provide solutions to at least one of the actionable themes, or on the way to launch such solutions.

Accordingly:

- The Investment Manager conducts the assessment based on quantitative ESG indicators and qualitative assessment of products, technologies, services, or projects. The qualitative assessment considers research related to peer group and scientific studies.
- The Investment Manager requires a minimum threshold of 20% of revenues, capital expenditure or allocated funding.

Binding elements:

The binding elements of the investment strategy used to select the investments to achieve the E/S characteristics promoted are as follows:

- The Sub-Fund excludes securities of corporate issuers that derive a non-negligible part of their revenues from excluded products and/or activities as referenced in the "Exclusion Approach".
- The Sub-Fund excludes securities of issuers that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies (unless the Investment Manager believes reasonable progress can be attained, for example, through active ownership activities). Such controversies may be related to environmental, social or governance issues.
- The Sub-Fund invests in securities of corporate and sovereign issuers that pass the minimum ESG rating that has been set for this Sub-Fund (based on Inrate AG, a third-party ESG data provider selected by the Investment Manager) at C- out of A+ being the best and D- being the worst rating)
- The Sub-Fund partially invests in securities of issuers that provide solutions to environmental and social challenges, namely the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment. To qualify for investment, the issuer should already provide solutions to at least one of the actionable themes, or on the way to launch such solutions.

What is the policy to assess good governance practices of the investee companies¹?

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

The Sub-Fund further intends to ensure good governance of the investee issuers via active ownership. The Investment Manager puts best effort in engaging with regards to ESG policies and to promote sustainability awareness.

Does the financial product consider Principal Adverse Sustainability Impacts? If yes, which areas/indicators are considered and how?

Yes No

The Investment Manager considers the list of principal adverse impacts on sustainability factors mentioned in the table below.

For the partial sustainable investments the Investment Manager considers all mandatory principal adverse impact indicators. For the part of non-sustainable investments there is no regulatory requirement to consider all principal adverse impact indicators.

The following *Principal Adverse Sustainability Impacts* Indicators² are considered in the investment strategy:

PAI	Process applied
Table 1, #4: Exposure to companies active in the fossil fuel sector	Exclusion in the fossil fuel area (cf. "exclusion approach", https://www.vontobel.com/esg-library/)
Table 1, #5: Share of non-renewable energy production	Exclusion in the fossil fuel area (cf. "exclusion approach", https://www.vontobel.com/esg-library/)
Table 1, #14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Exclusion of controversial weapons (cf. "exclusion approach", https://www.vontobel.com/esg-library/)
Table 1, #10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Cf. "Monitoring of critical controversies"
Table 3, #14: Number of identified cases of severe human rights issues and incidents	Cf. "Monitoring of critical controversies"
Table 1, #16: Investee countries subject to social violations	Exclusion of countries with international sanctions (cf. "exclusion approach", https://www.vontobel.com/esg-library/)

¹ including with respect to sound management structures, employee relations, remuneration of staff and tax compliance

² As set out in Table 1, 2 and 3 of Annex 1 of Regulation (EU) 2022/1288

Proportion of investments

What is the asset allocation planned for this financial product?

INVESTMENTS	PERCENTAGE (OF NET ASSETS)	TYPE OF EXPOSURES
#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.	At least 80%	Only through direct exposures
#1A Sustainable Covers sustainable investments with environmental or social objectives	At least 5%	Only through direct exposures
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.	Up to 20%	Through direct exposures for unscreened investments, through indirect exposures for hedging instruments.

Under “#2 Other”, the Sub-Fund will be invested in accordance with the investment objective of the Sub-Fund, including in cash and cash equivalents for liquidity purposes and use of derivatives for the purposes set out in the Special Part. While these instruments are not expected to detrimentally affect the attainment of the Sub-Fund’s environmental and social characteristics, no minimum environmental or social safeguards are applied.

When investing in UCITS and other UCIs managed by another management company, the Investment Manager relies on ESG methodology and exclusion policies, if any, used by the management company of such UCITS and UCIs and the Exclusion Framework may not apply.

The Sub-Fund invests at least 5% of its net assets in sustainable investments, typically across both environmental and social objectives.

The Sub-Fund does not commit to invest a minimum share in sustainable investments with an environmental objective aligned with the EU Taxonomy. Therefore, the Sub-Fund’s minimum share of investments in environmentally sustainable economic activities in accordance with the EU Taxonomy regulation are indicated to be 0%

Derivatives are not used for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund

Monitoring of environmental or social characteristics

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

The attainment of the environmental and social characteristics is measured through the following list of sustainability indicators:

- Percentage of investments in securities of corporate issuers that derive a non-negligible part of their revenues from products and/or activities excluded by the Sub-Fund (excluded products and /or activities are indicated under the investment strategy section)
- Percentage of investments in securities of issuers that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies (unless the Investment Manager believes reasonable progress can be attained, for example, through active ownership activities). Such controversies may be related to environmental, social or governance issues.
- Percentage of investments in securities of corporate and sovereign issuers that pass the minimum ESG rating (provided by Inrate AG, a third-party data provider selected by the Invest Manager) set at C-, on a scale from D- to A+, with D- being the worst and A+ the best.
- Percentage of investments in securities of issuers that provide solutions to at least one of the actionable themes (climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment) and that qualify as sustainable investments

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

The information used for the implementation of the ESG framework, and consequently the attainment of the environmental and social characteristics, are reviewed on a regular basis.

If a security does not comply with the binding criteria described below, the Investment Manager divests from such an issuer within a time period to be determined by the Investment Manager without exceeding in principle three months after such breach was detected, considering prevailing market conditions, and taking due account of the best interests of the shareholders. The Board of Directors or the Management Company of Vontobel Fund may decide to further postpone the rectification of such a breach or decide to carry out the divestment in several instalments over a longer period of time in exceptional cases, provided this is considered to be in the best interests of the shareholders.

Compliance with the binding elements applied by this Sub-Fund is monitored by the investment teams. For the elements that are in scope of the Sub-Fund's investment guidelines and subject to investment controls, the internal Investment Control unit has post-trade checks mechanisms in place. The independent Investment Control team conducts a daily post-trade review of portfolios using our portfolio management system. Should Investment Control and the respective portfolio manager fail to agree whether a breach has actually occurred (e.g. in case of a different interpretation of regulatory investment restrictions), Compliance analyses the case and then informs Investment Control of its assessment, which then follows up accordingly. The pre- and post-trade checks are parametrized either based on data retained directly from third-party ESG data provider or from the Investment Manager directly, especially where the followed approaches are based on proprietary methodologies of the Investment Manager. For documented ESG processes and controls, first line of defence controls are confirmed and self-assessed annually by the business owners via the Operation Risk and Control Self-Assessment (RCSA) process. The RCSA process is a systematic and regular business process aimed at reviewing specific inherent operational risks that Asset Management investments are exposed to, as well as an assessment of the control environment that is in place to mitigate those risks. Second line functions like Compliance carry out spot checks on some first line of defence controls.

Methodologies

What are the methodologies used for the implementation of the ESG framework?

Exclusion approach:

Our Exclusion Framework is described under <https://www.vontobel.com/esg-library/>. The document describes the data sources used and the related processes in place.

Monitoring of critical controversies:

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

Screening:

For corporate and sovereign issuers, the Investment Manager has selected the ESG rating model from Inrate AG, a third-party ESG research provider.

For corporate issuers Inrate's rating methodology is based on the double materiality as an interplay between the corporate and the environment and society:

- Inrate's ESG impact rating of corporates assesses the positive and negative environmental and social impacts of the business. The overall ESG score is compared within the service sector, e.g. food and beverage producers and then translated to Inrate's ESG Impact Rating with a scale from D-, worst negative impact, to A+, best positive impact on environment and/or society.
- The indicators of Inrate's corporate rating include assessments of policies, procedures and practices as well as key performance indicators and controversies and are structured along environmental, social and governance (ESG) dimensions. Common environmental indicators include, among others, programs reducing environmental added value of products. Examples of social indicators are labour-related policies and programmes, social added values of products. Common governance indicators include board composition or disclosure of top management remuneration.

For sovereign issuers Inrate's rating methodology assesses on a country's performance in environmental, social & governance dimensions in achieving sustainable development:

- Inrate's ESG rating of sovereign issuers is based on subnational specific as well as country-specific scores in the dimensions environment, social and governance. The overall ESG score is benchmarked against country groups and then translated to Inrate's ESG Sovereign Rating with a scale from D-, worst performance, to A+, best performance in E, S and G topics,
- The indicators of Inrate's sovereign rating include key performance indicators are based on secondary data from sources including World Bank, World Health Organization and are structured along environmental, social and governance (ESG) dimensions. Common environmental indicators include, among others, air pollution, biodiversity or energy. Examples of social indicators are health, education or security. Common governance indicators include rule of law, democracy or corruption.

In order to qualify for investment, the corporate or sovereign issuer must pass a minimum ESG rating, which is, in principle, set at C-, on a scale of D- to A+ (D- being the worst, A+ being the best).

Partial investments in sustainable investments:

The Investment Manager identifies securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment.

To qualify as sustainable investment, the issuer should either already provide solutions to at least one of the actionable themes, or on the way to launch such solutions.

- The Investment Manager conducts the assessment based on quantitative ESG indicators and qualitative assessment of products, technologies, services, or projects. The qualitative assessment considers research related to peer group and scientific studies.

- The Investment Manager requires a minimum threshold of 20% of revenues, capital expenditure or allocated funding.

Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

The following data sources are used for the implementation of the investment process:

- External ESG data providers including Sustainalytics, MSCI ESG Research, Inrate AG, Refinitiv
- Information provided directly by the issuers, media, NGOs, international organizations

In order to ensure data quality, the Investment Manager:

- Regularly reviews data
- Uses multiple data sources
- May directly engage with the issuers when data gaps occur

The data sources mentioned above are used in order to implement the ESG framework as described in detail in the Investment Strategy section.

The Investment Manager may make reasonable estimates, when data is lacking. Additionally, third party ESG data provider may use estimates themselves. The proportion of data that is estimated by the Investment Manager is indicated to be low to medium, depending on the data type.

Limitations to methodologies and data

What are the limitations to the methodologies and data sources?

In assessing the eligibility of an issuer based on ESG research, there is a dependence upon information and data from third party ESG research data providers and internal analyses which may be based on certain assumptions or hypothesis that render it incomplete or inaccurate. As a result, there is a risk of inaccurately assessing a security or issuer. There is also a risk that the Investment Manager may not apply the relevant criteria of the ESG research correctly or that the Sub-Fund could have indirect exposure to issuers who do not meet the relevant criteria. This poses a significant methodological limit to the ESG strategy of the Sub-Fund. Neither the Sub-Fund, nor the management company nor the investment manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness, or completeness of an assessment of ESG research and the correct execution of the ESG strategy.

In order to maintain confidence that social and environmental characteristics are met, the investment manager may also engage with investees in order to fill data gaps or may use complimentary data from additional providers or directly from investee disclosures.

Due diligence

What is the due diligence carried out on the underlying assets at initial investment and what are the internal and external controls in place?

In order to qualify for initial investment, the investments aligned with the environmental and social characteristics must comply with the binding elements applied by the Sub-Fund. This compliance has to be ensured by the Investment Manager. For the elements that are in scope of the Sub-Fund's investment guidelines and subject to investment controls, the internal Investment Control unit has pre-trade checks mechanisms in place. The pre-trade checks allow portfolio managers to simulate trades and check each trade against restrictions, prior to placing orders, in order to prevent the occurrence of breaches. When submitting orders an automated check of the investment guidelines restrictions is performed, generating a warning to the portfolio managers, highlighting potential breaches that would materialize in case the orders would be executed.

Engagement policies

Is engagement part of the environmental or social investment strategy?

Yes No

If so, what are the engagement procedures?

The Fixed Income Boutique considers direct engagement to be an important element of its investment activities. As an active manager, the Investment Manager generally prefers to engage with the management of investee companies directly, based on the belief that the direct contact between investee company management teams and investment professionals such as portfolio managers and analysts who have the specific expert knowledge and understanding of the context in which the company has been selected as an investment.

Reasons to engage with an investee company can include business strategy, corporate governance issues, change in the capital structure, remuneration issues, and identified environmental and social factors. Engagement includes ongoing communications between the investment team and the management teams of investee companies and can range from ongoing updates and questioning of the current and future business model, to engagement on specific issues that may cover ESG concerns.

Moreover, engagement helps the Investment Manager to mitigate data quality issues and problems arising from differences in reporting and corporate governance standards especially in high yield and emerging markets.

In addition to direct engagement activities, the Investment Manager also partners with a service provider, namely Columbia Threadneedle Investments (reo©) . The Investment Manager sees many advantages in working with a partner on voting and engagement. By pooling the assets in an engagement partner tool, the scale that is necessary to be present and visible towards management teams and boards in dialogues and engagement activities can be reached. This enables the Investment Manager to exert greater influence than our own investment volume would allow, and at the same time, to target a broader range of companies through the access to more resources. Finally, it facilitates Investment Manager's collaboration with other investors. The stewardship partner, Columbia Threadneedle Investments (reo©) r, conducts engagement activities structured around three approaches:

- Bottom-up approach – the stewardship partner engages with companies that have exceptionally poor ESG practices or critical ESG controversies ("priority companies");
- Top-down approach – the stewardship partner selects companies for which practices should be improved based on thematic focus areas (e.g. climate risk management);
- Continuous risk management – the stewardship partner engages in response to controversies and breaches in global norms.

The Investment Manager has limited influence on the stewardship partner's engagement program.

Designated reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

Yes No

Important information

Subscriptions of shares of the fund should in any event be made solely on the basis of the fund's current sales prospectus (the "Sales Prospectus"), the Key (Investor) Information Document ("K(I)ID"), its articles of incorporation and the most recent annual and semi-annual report of the fund and after seeking the advice of an independent finance, legal, accounting and tax specialist. If you are in any doubt about the contents of this document or have any question, you should consult your professional and/or investment advisers.

The information in this document might have been revised either after the 1st of January 2023 (when the SFDR RTS came into effect) or following the launch of the financial product. The updates could have been made to offer more clarity on specific subjects or to align with any alterations in the financial product's ESG approach. You can locate the applicable date for this document at the top of the page and in the file name of this document.