Vontobel Fund – TwentyFour Absolute Return Credit Fund

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 (DSNH) 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.

Environmental or social characteristics of the Sub-Fund
The Sub-Fund promotes environmental and social characteristics and invests in issuers that the In-vestment Manager considers well-prepared to handle financially material environmental and social challenges. Issuers will be screened in accordance with the Investment Manager's view of appropri-ate sustainability parameters as measured in the Investment Manager's proprietary Environmental ("E") and Social ("S") scoring model. The Sub-Fund will avoid investments in issuers involved in certain economic activities that are harmful to society and the environment.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and social characteristics that it promotes.

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, screening, monitoring of critical controversies and 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 15% of the net assets are invested in sustainable investments with an environmental (climate change mitigation, climate change adaptation) or social (empowerment) 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:
The Sub-Fund excludes:
– securities of corporate issuers involved in products and activities related to: unconventional / controversial weapons (0%). The percentage indicated reflect the revenue threshold applied related to such products.

Screening:
– The Sub-Fund invests in securities of corporate issuers that pass the minimum combined E&S score (minimum is set at 15, on a scale from 0 to 100, with 0 being the worst and 100 being the best score), which is based on the Investment Manager's

proprietary methodology. This score is the result of combination of qualitative and quantitative analysis. The Investment Manager's proprietary Observatory is a relative value system which combines third party data covering over 400 ESG metrics in conjunction with the portfolio managers' overall relative value decision making.

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.

Partial investments in sustainable investments:

– The Sub-Fund invests at least 15% of its net assets in securities of issuers that either contribute to an environmental (climate change mitigation, climate change adaptation) or a social (empowerment) objective, typically across both environmental and social objectives. The assessment methodology is described above.

Additionally, the Sub-Fund follows an active engagement 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 of the Sub-Fund.

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 listed above.
– The Sub-Fund invests in securities of corporate issuers that pass the minimum combined E&S score (set at 15 out of 100) that has been set for this Sub-Fund as described in the investment strategy section above.
– The Sub-Fund invests at least 15% of its net assets in sustainable investments, typically across both environmental and social objectives.

Finally, in an effort to measure the attainment of each of the E/S characteristics promoted, the Sub-Fund will report on the defined sustainability indicators as part of its annual periodic reporting. The sustainability indicators are derived from the binding elements of the investment strategy used to select the investments to achieve the promoted E/S characteristics.

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 (reo©) 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 financial product 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 have a minimum proportion of 15% of sustainable investments.

In order to ensure that the sustainable investments that Sub-Fund intends to partially 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, 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 makes reasonable estimates or assumptions.

Where the Investment Manager identifies an investment as having a 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: engagement and exclusion.
The Investment Manager considers excluding issuers that are (i) in violation of the norms or (ii) involved in critical controversies. Unless, in either case, the Investment Manager has identified a positive outlook (i.e., through proactive response by the issuer, proportionate rectification measures already announced or taken, or through active ownership activities with reasonable promise of successful outcomes).

For the portion of sustainable investments, the Investment Manager has established a monitoring process to track incidents or on-going 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 Multi-national 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 and invests in issuers that the Investment Manager considers well-prepared to handle financially material environmental and social challenges. Issuers will be screened in accordance with the Investment Manager's view of appropriate sustainability parameters as measured in the Investment Manager's proprietary Environmental ("E") and Social ("S") scoring model.

Additionally, the Sub-Fund applies certain exclusion criteria with regards to products and activities related to unconventional / controversial weapons.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and social characteristics that it promotes.

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 and screening.

Exclusion approach:
The Sub-Fund excludes

- securities of corporate issuers involved in products and activities related to: unconventional / controversial weapons (0%). The percentage indicated reflect the revenue threshold applied related to such products.

The exclusion listed below are applied with the revenue thresholds indicated[1]:

EXCLUSION	CRITERIA	EXCEPTIONS APPLIED?
Sector/business activity-based exclusions		
Unconventional / controversial weapons	Upstream: 0% of revenues Production: 0% of revenues Downstream: 0% of revenues	None.
Sovereign exclusions		
UN Sanctions	The Investment Manager's Compliance team maintains a restricted list which is applicable to all assets managed by the Investment Manager.	None.

Screening:
The Sub-Fund invests in securities of corporate issuers that pass the minimum combined E&S score (minimum is set at 15, on a scale from 0 to 100, with 0 being the worst and 100 being the best score), which is based on the Investment Manager's proprietary methodology. This score is the result of combination of qualitative and quantitative analysis. The Investment Manager's proprietary Observatory is a relative value system which combines third party data covering over 400 ESG metrics in conjunction with the portfolio managers' overall relative value decision making.

Partial investments in sustainable investments:
The Sub-Fund invests at least 15% of its net assets in securities of issuers that contribute to either an environmental (climate change mitigation, climate change adaptation) or a social (empowerment) objective, typically across both environmental and social objectives.

The objective of the sustainable investments that the Sub-Fund partially intends to make is to invest in securities of issuers that contribute to either an environmental (climate change mitigation, climate change adaptation) or a social (empowerment) objective. In order to qualify as sustainable investment, and apart from following good governance, the investment:

- must not be classified as "Significant Harm";
- must be classified as "In transition" (which includes a commitment to transition) or "Positive contribution"

This evaluation will be conducted by the Investment Manager.

As an issuer can contribute to an environmental (climate change mitigation, climate change adaptation) or a social objective (empowerment) objective at the same time, an investment can be counted as a sustainable investment with an environmental objective and a sustainable investment with a social objective.

The securities that will be considered eligible for sustainable investment are securities of corporate issuers and asset backed securities ("ABS"). For ABS, the assessment will be based on the sponsor of the ABS or on the collateral backing the ABS.

[1] The Investment Manager may apply exclusions to any three parts of the value chain or a combination. For example, Upstream could be financing including significant ownership of activities in the sector. Downstream could be distribution of products and services from the sector. The categories 'Upstream', 'Production', and 'Downstream' are used in the European ESG Template, and are included in this document for consistency.

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.

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 listed above.
- The Sub-Fund invests in securities of corporate issuers that pass the minimum combined E&S score (set at 15 out of 100) that has been set for this Sub-Fund as described in the investment strategy section above.
- The Sub-Fund invests at least 15% of its net assets in sustainable investments, typically across both environmental and social objectives.

What is the policy to assess good governance practices of the investee companies[2]?

The investee companies are rated for governance aspects using the Investment Manager's ESG Observatory score. Common governance indicators include sound management structures, such as board independence and diversity, employee ownership, remuneration of staff, tax compliance, rights of minority shareholders, executive remuneration, and audit and accounting oversight. These Governance indicators are a major component of the Investment Manager's ESG Observatory score. 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 companies via active engagement. All engagements directly conducted by the Investment Manager are recorded in the Investment Manager's Observatory database.

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

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.

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 a 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. The Investment Manager views engagement as an important tool in holding companies to account and encouraging pro social behaviour. Principal adverse impacts can be considered during engagement activities.

Information on how principal adverse impacts on sustainability factors were considered will be made available in the periodic reporting of the Sub-Fund.

The following *Principal Adverse Sustainability Impacts* Indicators[3] are considered in the investment strategy:

TABLE	#	PRINCIPAL ADVERSE IMPACT INDICATOR
ENVIRONMENTAL ASPECTS		
		Greenhouse gas emissions
1	3	GHG intensity of investee companies (scope 1 and 2)
		Energy
1	4	Exposure to companies active in the fossil fuel sector
SOCIAL ASPECTS		
		Controversial weapons
1	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
		Social and employee rights
1	12	Unadjusted gender pay gap

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 objective	At least 15%	Only through direct exposures
Environmental objective		
Other environmental	No minimum	Only through direct exposures
Social objective	No minimum	Only through direct exposures
#1B Other E/S characteristics	Up to 85%	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 in cash and instruments used for the purposes of liquidity under normal market conditions. Other investments include also investments for which ESG data is lacking.

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

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 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.

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 corporate issuers that pass the minimum combined E&S score (set at 15 out of 100) that has been set for this Sub-Fund as described in the investment strategy section below
- Percentage of sustainable investments by investing in securities of corporate issuers that contribute to either an environmental (climate change mitigation, climate change adaptation) objective or social (empowerment) objective

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 above, 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.

The Investment Manager is responsible for ensuring compliance with the binding elements applied by this Sub-Fund. Numerical ESG restrictions are coded in the Investment Manager’s trading and compliance system and the Investment Manager’s Risk function monitors alignment on a daily basis. Where the investment manager’s portfolio management team makes qualitative judgement-based assessments, this process is monitored through a combination of regular attestations by the investment teams and periodic sample checks by the Compliance team.

Methodologies

Exclusion approach:
The Investment Manager retains data from third party data provider in order to analyze an issuer's exposure to activities excluded by the Sub-Fund, based on pre-defined thresholds. In order to qualify for initial investment, the issuer must not breach any of these exclusion criteria.

Screening:
As part of the investment selection process, the universe of investments of the Sub-Fund will be screened using the Investment Manager's proprietary environmental ("E"), and social ("S") scoring model. The Investment Manager believes that ESG factors can materially impact on a company's valuation, financial performance and related risk/return and as such, will consider pertinent ESG factors when determining whether the potential investee company is aligned with the overall objective of the Sub-Fund and in determining the E and S score. The range of ESG factors will not remain static and will evolve further over time and the ESG factors to be considered will vary depending on the investee company under consideration.

The Investment Manager will screen companies to determine whether the Sub-Fund should acquire or retain a position within its portfolio. If issuers have an E and S combined score below a minimum threshold (which is set at 15, on a scale from 0 to 100, with 0 being the worst and 100 being the best score) as determined by the Investment Manager, they will not be considered for investment (i.e. will be excluded from the investable universe based on the E and S score). The Investment Manager's active approach to ESG allows for a nuanced approach and the consideration of controversies (for example, predatory pricing or accidental pollution of the environment) and momentum (where an investee company has a credible plan to improve weaknesses identified in its EGS credentials). The E and S Scoring model helps the Investment Manager to identify key ESG issues that a specific sector or issuer may be facing.

The screening process involves a comprehensive analysis process, which may include the use of specialized rating agencies and systems, such as Observatory. As part of the screening process, the Investment Manager uses commercially available databases and frameworks. The use of specialized rating agencies and systems inform an initial E and S score of the investable universe. As a second step, the portfolio management team will undertake its own analysis to supplement this scoring. The Investment Man- ager's proprietary E and S Scoring Model provides all members of the portfolio management team with sector specific and issuer specific information on key issues. Based on this cumulative information, the Investment Manager applies its proprietary scoring model to calculate an issuer's E and S combined score of the investable universe. Data sources and processing

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.

Partial investments in sustainable investments:
The objective of the sustainable investments that the financial product partially intends to make is to invest in securities of issuers that contribute to either an environmental (climate change mitigation, climate change adaptation) or a social objective (empowerment).

In order to qualify as sustainable investment, and apart from following good governance, the investment:
- Must not be classified as "Significant Harm"
- Must be classified as "In transition" (which includes a commitment to transition) or "Positive contribution"

In respect of the environmental objectives "climate change mitigation" and "climate change adaptation", the investment will be classified as "In transition" or "Positive contribution" if it fulfils at least one of the following conditions:
- The issuer has aligned or committed to align to the Science Based Targets initiative ("SBTi").
- The issuer is achieving Net Zero, or is aligned to a Net Zero Pathway, or is aligning towards a Net Zero Pathway or is committed to aligning
- The issuer's weighted average carbon intensity must be at least 30% lower than the average issuers' holdings in the representative sector.

- The issuer has demonstrable momentum and transition criteria.
- The proceeds are used to finance green projects, or for asset backed securities, the pool of mortgages/loans are considered to have a positive environmental profile (example: loans for houses with good energy rating, auto loans composed exclusively of hybrid/EV vehicles or fleet CO2 emissions are meeting CO2 emissions targets under applicable EU regulation or other green projects that meet recognised standards for environmental performance).
- Where the issuer is currently not aligned with net zero but, in the view of the Investment Manager, will be moving towards a commitment and/or alignment will be assessed on a timetable.

In respect of the social objective "empowerment", the investment will be classified as "In transition" (which includes a commitment to transition) or "Positive contribution" if it fulfils at least one of the following conditions:

- The issuer is either already aligned or has committed to align with SDG 10 (reduced inequalities) and it follows a responsible lending policy in respect to the mortgage portfolio.
- The issuer is either already aligned or has committed to align with SDG 11 (Sustainable cities and communities) and it follows a responsible lending policy in respect to the mortgage portfolio.

As an issuer can contribute to an environmental (climate change mitigation, climate change adaptation) or a social objective (empowerment) objective at the same time, an investment can be counted as sustainable investment with an environmental objective and sustainable investment with a social objective. The Sub-Fund may invest in sustainable investments that have an environmental objective. However, the Sub-Fund may also invest up to 20% of its net assets in ABS securities which may be considered sustainable investments with a social objective. Accordingly, no minimum percentage for sustainable investments with a social objective has been defined.

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: ASSET4, and other third-party ESG data providers;
- Information directly provided by the issuers;
- Additional fundamental information from media, NGOs as well as international organizations.

In order to ensure data quality, the Investment Manager:

- Regularly reviews data;
- Uses multiple data sources;
- May directly engage with the issuers.

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

The Investment Manager may make reasonable estimates, when data is lacking by using data made available by companies. 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. For asset backed securities the proportion of data that is estimated by the Investment Manager based on data made available by companies is medium to high.

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 Investment Manager applies a comprehensive stewardship strategy. Engagement is part of the investment process. It includes communications between the management teams of investee companies, typically in case of specific issues or controversies that may cover ESG concerns or where data is lacking. Engagement may occur prior to investment, be ongoing or as a result of monitoring. The Investment Manager's Engagement Policy is available on its website www.twentyfouram.com.

Additionally, the Sub-Fund follows an active engagement 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 of the Sub-Fund.

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.

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