

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

**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.

**Product name:** Dynamic Fixed Income Fund  
**Legal entity identifier:** 254900B6U7PC08L6WK55

**Environmental and/or social characteristics**

**Does this financial product have a sustainable investment objective?**

**Yes**                         **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that does not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



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

The following environmental and social characteristics are promoted by the sub-fund:

- Limit investment in companies that do not comply with internationally recognised standards on human rights, labour rights, the environment and anti-corruption.
- Limit investments in companies involved in controversial weapons (anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium, white phosphorus and nuclear weapons when these are

emitters linked to countries that are not signatories to the Non-Proliferation Treaty (NPT)).

- Limit investments in countries subject to European Union (EU) arms embargoes.
- Make a minimum proportion of sustainable investments in accordance with Quintet's proprietary Sustainable Investment Framework. Please refer to the Sustainable Investment Framework (<https://www.quintet.lu/en-lu/regulatory-affairs>) for more information.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted

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

The sub-fund uses the following sustainability indicators to measure the attainment of each of the environmental or social characteristics promoted by the sub-fund:

- Investee companies that do not respect the United Nations Global Compact principles.
- Involvement of investee companies in controversial weapons.
- Countries subject to EU arms embargoes.
- Sustainable investments in accordance with Quintet's proprietary sustainable investment network.

These sustainability indicators are measured as a percentage of investments.

● ***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 objective of the sustainable investments made by the sub-fund is to contribute to the transition to a more sustainable economy by investing in issuers or projects whose substantial economic activities contribute to this transition, without causing significant harm in other areas. This contribution can be linked to different environmental and social objectives, including, but not limited to, one or more of the following areas: climate action, healthy ecosystems, resource protection, access to basic needs, human capital development and one or more of the United Nations Sustainable Development Goals (UN SDGs). The UN SDGs are 17 goals adopted by the United Nations in 2015 as a call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity (<https://www.undp.org/fr/sustainable-development-goals>).

- A proprietary sustainable investment framework has been developed and is used to determine which of the investments made by the sub-fund may be considered sustainable. Investments can only be considered sustainable if it can be demonstrated that they contribute to an identified environmental or social objective, that the no material harm requirements are met (see details in the next question) and, for investee companies, that the good governance

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

requirement is met. Companies contribute to an environmental or social objective if they meet at least one of the following criteria: significant revenue aligned with the European Taxonomy (>25%) based on Taxonomy data from an external data provider or

- significant revenue in sustainable activities (>25%) or contributing to impact themes (contribution to a more sustainable economy) defined by an external data provider or
- low carbon intensity combined with low carbon risk and good performance on ESG factors, measured via carbon intensity and carbon risk data from an external data provider and the fund manager's ESG materiality analysis, or
- the majority of their revenues in the health or education sectors

Where sustainable investments are made through funds, the latter should incorporate a robust approach to determining what sustainable investments are and committing to making such investments. This is included in the fund's sustainability due diligence process before the sub-fund invests in the fund. The Designated Portfolio Manager relies on the sustainable investment disclosures of Article 8 or 9 funds and collects information via the EETs (proportion of sustainable investments, investment objectives, etc.). In addition, for AIFs, Designated Portfolio Manager asks managers to fill in a responsible investment questionnaire. In addition, once an investment is made in a fund, the fund's policies and performance are reviewed periodically to ensure that they are in line with the sub-fund's requirements. For more information on the exclusive sustainable investment framework or the due diligence process please see the link to the website in the last section of this document.

***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?***

In order for single line investments to qualify as a sustainable investment, a number of requirements needs to be met, including various criteria related to significant harm. As a consequence, investments need to meet specific thresholds related to adverse impacts and operate in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Where sustainable investments are made through funds, they should have policies in place regarding their own research and investment process to ensure that there is no significant harm, at least taking into account negative impacts, and should be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through such investments.

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

For single line sustainable investments, the indicators for adverse impacts on sustainability factors have been taken into account quantitatively or qualitatively to ensure sustainable investments do not cause significant harm to any environmental and social objectives. When the indicators have been quantitatively assessed, specific thresholds have been set for corporate Principal Adverse Impacts (PAIs) (from Annex I of the SFDR Delegated Regulation (EU)

**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.

2022/1288) that are considered relevant to assess significant harm, and for which sufficient robust data or proxies are available. In some cases, the threshold is a yes or no, as in the case of violation of the UN Global Compact principles. In other cases, the threshold is quantitative, as in the case of greenhouse gas emissions. Investments need to stay below these thresholds in order to cause no significant harm. Where sustainable investments are made through funds, they should make a formal commitment to consider negative impacts as part of their research and investment processes related to sustainable investments, and should have policies in place.

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

For direct line investments, to ensure alignment with the UNGPs and OECD Guidelines, research is conducted by a specialised external provider. This research provides an opinion on whether a company is in violation or at risk of violating one or more of the UN Global Compact Principles and the corresponding chapters of the OECD Guidelines and related UN Guidelines. Any violation by a company is considered a material harm. The sub-fund's proportion of sustainable investments in direct lines is not invested in such cases.

Where the sub-fund invests in other funds, these funds are expected to consider and apply the above guidelines in a structural manner as part of the investment process, at least for those investments that the fund considers to be sustainable investments.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and 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.*



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

Yes

The sub-fund takes into account the main negative impacts on sustainability factors, using a combination of methods. The exclusions allow the sub-fund to avoid a range of negative impacts in advance, as the exclusion criteria relate to areas where the negative impacts are deemed too high for this sub-fund to invest in. In addition, for the investments it makes, the sub-fund intends to further mitigate or reduce negative impacts through

structured engagement with issuers (where possible and feasible) and voting (where possible and feasible). Please see the Active Shareholder Policy for more information on voting and engagement for direct line investments. In addition, where possible and practicable, where the sub-fund invests in funds, these funds must commit to addressing key negative impacts and must have a formal policy on how they address key negative impacts on sustainability factors. Information on how the fund has addressed key negative impacts on sustainability factors is published in the sub-fund's annual report.

No



### What investment strategy does this financial product follow?

The objective of the sub-fund is wealth preservation with a focus on fixed-income investments that are tradable on regulated and other markets and generate an annual income stream. This objective is pursued by investing in a balanced mix of investment-grade government and corporate bonds, complemented by other fixed-income investments (including, for example, high-yield bonds, emerging market bonds and collateralised bonds) that the fund manager believes will contribute to the achievement of the objective and a favourable risk-return ratio. In addition, (ample) cash may be held from time to time (including deposits).

Investments will be made primarily in bonds (directly or through specialised investment funds) issued by companies, institutions and governments subject to the following principles:

1. Most of the investment portfolio will be invested in bonds and mutual funds denominated in euros.
2. Most of the investment portfolio will be invested in high-quality investment-grade bonds. These are bonds with solid creditworthiness which translates into a minimum rating of BBB-/Baa3 with at least one of the three major credit rating agencies, namely S&P, Moody's and Fitch.
3. Most of the investment portfolio will be invested in liquid bonds.
4. The sub-fund has the option of holding cash, whether or not to replace investments in government bonds.
5. The sub-fund will not invest more than 10% of its net asset value (at the time of purchase) in bonds of a single company or institution.
6. The sub-fund may invest up to 35% of the invested assets of the product in so-called 'high-yield fixed-income markets'. This includes high yield bonds (credit rating lower than BBB) and emerging market bonds.

In addition, in principle, no more than 20% of the sub-fund will be invested in any single other investment vehicle or UCITS.

In the investment process, the sub-fund applies the following environmental and social considerations:

1. For direct line investments:
  - a. Exclusion of investments on the basis of the exclusion criteria that apply to the sub-fund. The exclusion criteria are as follows shares and bonds issued by companies

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

directly or indirectly involved in controversial weapons, bonds issued by countries under an EU arms embargo, shares and bonds issued by companies deriving more than 10% of their revenues from the extraction of thermal coal or the production of electricity from thermal coal (>10% of their revenues), shares and bonds issued by companies which are in non-compliance with the principles of the UN Global Compact, where engagement is not or no longer possible with the company.

b. Exclusion of investments as part of the portfolio construction process requirements that apply to the sub-fund. The Designated Portfolio Manager has developed additional criteria for investments with ESG factors in the portfolio construction process, applying to all direct lines:

- Product and service sustainability score greater than or equal to 3 (internal methodology)
- Severe controversy level less than or equal to 3 (score established by an external data provider, scale from 0 to 5, 5 being severe controversies)
- Most material ESG score: equal to or greater than 2 (internal methodology establishing the most material ESG factors by industry, scale of 0 to 5, with zero representing very severe risk)
- Limitation of investments in companies with revenues above a predefined threshold in activities (products and services) deemed controversial by the manager

c. Dialogue with companies as part of the policy of engagement on environmental and social issues. In order to have a greater impact, the Designated Portfolio Manager has established a partnership with an external provider specialised in engagement. This partner pays special attention to companies that are in violation of the UNGC or that are involved in severe controversies. In parallel, the Designated Portfolio Manager also engages with fund managers.

2. For investments in funds:

The funds in which the sub-fund invests are subject to an extensive due diligence process in various areas. This includes the robustness of the investment process, the people responsible for the strategy, the risk-adjusted return characteristics, the asset manager and the sustainability practices of the fund. A five-pillar approach is used to assess the funds' sustainability practices and commitments. The five pillars are intentionality, portfolio characteristics, research, active ownership and transparency. For more information, please see the link to the website in the last section of this document.

- ***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?***

The sub-fund has the following binding elements:

1. For direct lines investments:
  - a. The exclusion criteria applicable to all direct line investments.
  - b. All direct line investments in companies must comply with the principles of the UN Global Compact. Should this not be the case, discussions must be held with the companies in question.
2. For funds:

Funds should have an active ownership policy with respect to investments in companies, where possible and feasible, i.e., engagement for corporate bonds.

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

Not applicable.

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

Investments in companies should respect good governance practices. Specifically, companies should not be involved in serious controversies related to accounting and taxation, corporate governance, business ethics and labour relations. This is assessed at the company level. Where good governance practices are not taken into account by the index providers in the construction of the index, they are assessed by the Designated Portfolio Manager on the basis of data and research evidence provided by a specialist company.

For investments in funds, the underlying investee companies must also follow good governance practices. Where a fund does not have a formal good governance policy, the fund's holdings are assessed at company level to determine whether the companies in which it invests do in fact follow good governance practices.

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



## What is the asset allocation planned for this financial product?

At least 60% of the investments must be consistent with the environmental and social characteristics of the sub-fund.

The remaining portion of the investments is intended for diversification, hedging, and is also made up of cash that is held on an ancillary basis. It also includes funds held for diversification purposes (including ETCs and ETFs) that are not aligned with the environmental and social characteristics of the Fund. There are no minimum environmental or social safeguards for these investments. The minimum proportion of sustainable investments in the sub-fund 5%.

For investments in third party funds, the Designated Portfolio Manager ensures, through a due diligence process, that the binding elements of the investment strategy used to select the investments are taken into account in order to achieve the objectives of the sub-fund.

Due diligence is composed of 5 pillars:

- **Intentionality:** explicit and intentional links to sustainable investment
- **Portfolio characteristics:** sustainable characteristics among invested companies
- **Research:** sufficient skills and tools, integrated into methods and processes
- **Active ownership:** voting and high-quality dialogue, supported by clear policies,
- **Transparency:** frequent reporting on commitment and progress towards sustainable goals.

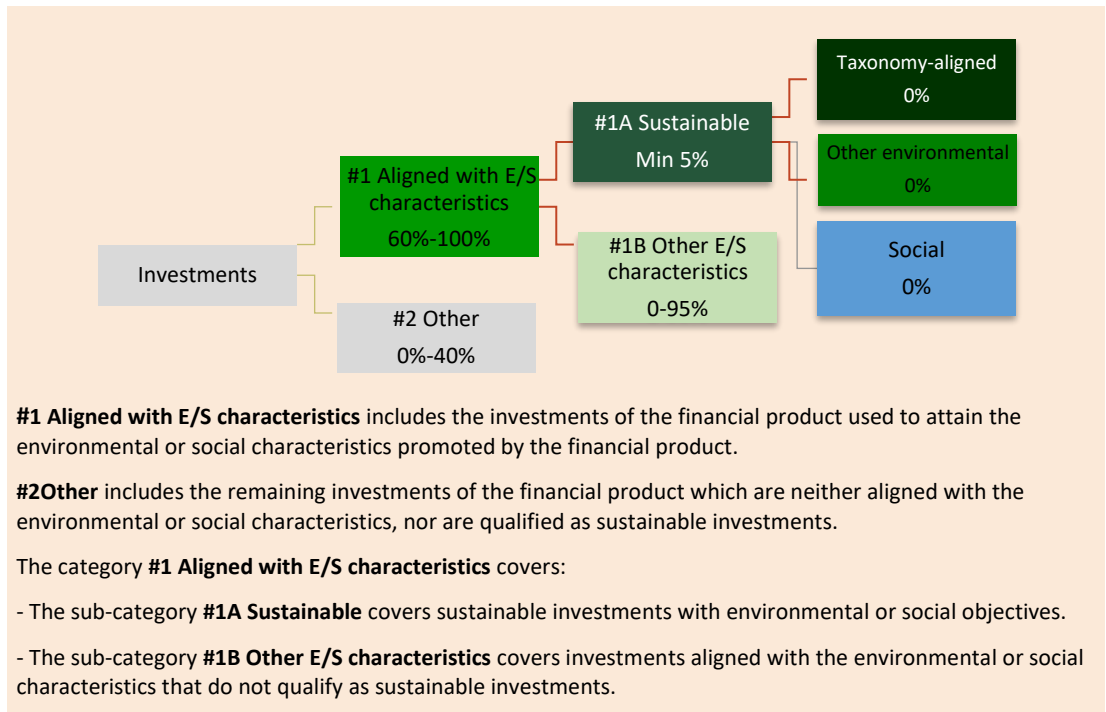
The Designated Portfolio Manager interacts with fund managers and collects data on their portfolios on a regular basis to ensure compliance with the environmental and social characteristics as well as sub-fund's sustainable investment objectives.

**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.





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

Not applicable.



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

The sub-fund intends to partly make sustainable investments but does not specifically strive to make EU Taxonomy aligned investments. As such, the minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%. Where the sub-fund invests in environmentally sustainable economic activities aligned with the EU taxonomy, this is determined on the basis of the information disclosed by the recipient companies on their economic activities aligned with the EU taxonomy, in relation to the company's revenues. When information on the extent to which investments are part of economic activities aligned with the EU taxonomy is not directly available in the public information provided by the beneficiary companies, the sub-fund does its best to collect the data declared by the beneficiary companies. The sub-fund does not rely in its taxonomic alignment statements on equivalent information based on complementary evaluations and estimates. Indeed, at present, a significant degree of estimation would be required, which would hinder the objective of producing a prudent result based on equivalent information.

In the event that the sub-fund invests in funds that disclose a taxonomic alignment, the sub-fund does not use this information until it is able to determine at that time whether this information meets the regulatory requirements for equivalent information.

The sub-fund's compliance with the requirements of the EU Taxonomy is not made subject to assurance by an external auditor.

The sub-fund may also invest in government bonds that cannot be assessed for their contribution to environmentally sustainable economic activities aligned with the EU

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.

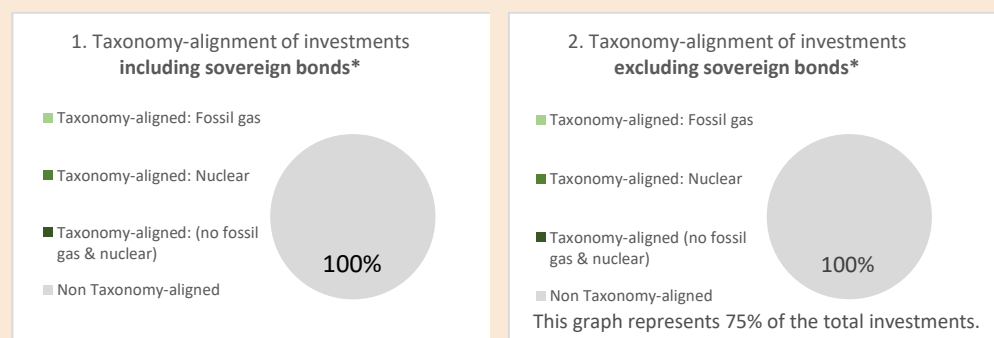
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy. The sub-fund has no minimum or maximum allocation for government bonds.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- 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%



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

The sub-fund intends to invest a minimum of 5% in sustainable investments that contribute to a combination of environmental and social objectives that are not aligned with the EU taxonomy. The sub-fund is not committed to achieving any specific sustainable investment objective or combination of objectives. There is therefore no minimum commitment to sustainable investments whose environmental objective is not aligned with the EU taxonomy.



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

<sup>1</sup> 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 not significantly harm 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.



### What is the minimum share of socially sustainable investments?

The sub-fund intends to invest at least 5% in sustainable investments that contribute to a combination of environmental and social objectives that are not aligned with the EU taxonomy. The sub-fund is not committed to achieving any specific objective or combination of sustainable investment objectives. There is therefore no minimum commitment to sustainable investments with a social objective.



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

Investments included in the category “#2 Other” relate to derivatives held for diversification and hedging purposes, and cash held for ancillary liquidity purposes. They also include funds held for diversification purposes (including ETCs and ETFs) that are not aligned with the environmental and social characteristics of the sub-fund. For example, funds with a strategy of investing in sovereign bonds declared in compliance with Article 6 of the SFDR and eligible commodity ETCs fall into this category. There are no minimum environmental or social safeguards for these investments.



### 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

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

**Reference benchmarks** are indexes that measure whether the financial product attains the environmental or social characteristics that it promotes.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

[Asset Management Portal \(quintet.com\)](http://quintet.com)