

Annex 1 - Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: LUXEMBOURG SELECTION FUND – Active Solar (the “Subfund”)

Legal entity identifier: 549300I1XRKLB8G4A66

Sustainable investment objective

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.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> Yes	<input type="radio"/> No
<p><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 80 %</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%</p>	<p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>



What is the sustainable investment objective of this financial product?

The Subfund has a sustainable investment objective to contribute to the stabilisation of greenhouse gas concentrations through the avoidance and/or reduction of greenhouse gas emissions. In particular, the Subfund’s primary environmental objective in the framework of the Taxonomy Regulation is Climate Change Mitigation.

The approach adopted by the Subfund is that solar energy is one of the least polluting sources of energy. When power is generated by a solar installation, it reduces the greenhouse gas emissions, because electric power is not generated by a more polluting source of energy. Hence, by investing in companies throughout the solar value chain, the Subfund contributes to the sustainable investment objective of stabilisation of greenhouse gas concentrations.

From an SFDR point of view, no index has been designated as a reference benchmark since no suitable benchmark within the meaning of the Benchmark Regulation is available. For the avoidance of doubt, the benchmark reference as described in section “Management of the Subfund and Benchmark” in the Subfund’s supplement of the prospectus is selected for performance fee calculation purposes only in a global equity investment fund context and not for sustainable objectives measurement.

The continued effort of attaining the environmental objective of the Subfund is ensured as per described below:

- The Subfund invests in the best companies in the solar sector based on a detailed fundamental analysis;
- The Subfund’s portfolio manager (the “**Portfolio Manager**”) seeks to identify the leaders in each of the segments of the solar photovoltaics (“**Solar PV**”) value chain;
- The activities of these companies are altogether needed to install Solar PV;
- Any new Solar PV installations will generate very-low carbon electricity;
- The generated clean electricity is replacing a polluting source of energy (coal or gas) that is already existing or should have been planned in order to cope with rising demand.

In addition, most of the companies in the Subfund’s portfolio are themselves directly emitting low levels of carbon.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

To measure the attainment of the sustainable investment objective from an EU Taxonomy point of view in particular, the Portfolio Manager looks at the percentage of revenues generated by the two relevant activities for the Solar PV sector:

1. Electricity generation using solar photovoltaic technology and;
2. Manufacture of renewable energy technologies.

Then, the Portfolio Manager calculates, for the investee companies, the percentage of revenues derived of the above two (2) relevant activities as a weighted average based on the portfolio allocation (e.g., if an investee company generates 80% of revenues from the “electricity generation using photovoltaic technology” activity and weights 5% of the Subfund’s portfolio, 4% (80% multiplied by 5%) of the Subfund’s portfolio is therefore considered as Taxonomy-aligned).

Furthermore, the Portfolio Manager applies a proprietary ESG Risk assessment to all the target companies based on the following sustainability indicators:

- a) Environmental indicators: Sustainability of supply chain / Energy usage/ Water usage/ Direct GHG emissions/ Global carbon footprint/ Waste management.
- b) Social indicators: Responsible employer/ Health and safety/ Impact on communities.

- c) Governance indicators: Governance structure/ Board of directors/ Risk management/ Code of ethics.

This assessment as further described below in question “what investment strategy does this financial product follow” leads to an overall ESG score by target company and is included in the overall risk return assessment of each target company which then defines their allocation and weight in the portfolio.

- ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

To assess whether the Subfund’s investments do no significant harm, the Portfolio Manager applies the indicators set out in the questions below. The calculation of these indicators is based on the disclosures of the investee companies.

In addition, the Portfolio Manager screens the target companies against sanctions lists, negative news, and controversies.

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.

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

The Portfolio Manager is reporting on PAI in accordance with “ANNEX I” to the Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards and adverse sustainability impacts.

Specifically, the Portfolio Manager looks at fourteen (14) indicators across categories (see list below). For each indicator there is a metric associated with it that is measured. For example, Total GHG emissions are categorised under scope 1, 2, and 3. Each metric for each company is then weighted according to investment portfolio allocation. This gives the results of the PAI assessment.

The fourteen (14) indicators considered by the Portfolio Manager are: (1) “GHG” emissions including scope 1, 2 and 3 and Total GHG emissions, (2) Carbon footprint, (3) GHG intensity of investee companies, (4) Exposure to companies active in the fossil fuel sector, (5) Share of non-renewable energy consumption and production, (6) Energy consumption intensity per high impact climate sector, (7) Activities negatively affecting biodiversity- & sensitive areas, (8) Emissions to water, (9) Hazardous waste and radioactive waste ratio, (10) Violations of UN Global Compact principles and Organisation for Economic cooperation and Development (OECD) Guidelines for Multinational Enterprises, (11) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, (12) Unadjusted gender pay gap, (13) Board gender diversity, and (14) Exposure to controversial weapons (anti - personnel mines, cluster munitions, chemical weapons, and biological weapons).

The additional indicators considered are as follows: GHG intensity, Investee countries subject to social violations, exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets.

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

The Portfolio Manager analyses if the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as follows:

- **Alignment with OECD Guidelines for Multinational Enterprises**

The investee companies of the portfolio must align with these OECD guidelines:

- a. Firms should respect human rights in every country in which they operate.
- b. Companies should also respect environmental and labour standards and have appropriate due diligence processes in place to ensure this happens.
- c. Guidelines include paying decent wages, combating bribe solicitation and extortion, and the promotion of sustainable consumption.

All companies in the Subfund's portfolio must comply with these OECD guidelines. In case of a breach, the Portfolio Manager will investigate and monitor the situation, and exclude the company if a significant impact on ESG score is confirmed.

- **Alignment with UN Guiding Principles on Business and Human Rights**

The UN Guiding Principles on Business and Human Rights state explicitly that the responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership, and structure.

The Portfolio Manager will monitor the commitment of the underlying companies to the OECD Principles and UN Guidelines and review the allocation of the portfolio accordingly in case the ESG scores are negatively impacted.

In addition to the above, the Portfolio Manager analyses if the following eight (8) ILO fundamental Conventions are being adhered to by the targeted companies as reflected in their ESG reports:

1. the Forced Labour Convention, 1930 (No. 29);
2. the Abolition of Forced Labour Convention, 1957 (No. 105);
3. the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
4. the Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
5. the Equal Remuneration Convention, 1951 (No. 100);
6. the Discrimination (Employment and Occupation) Convention, 1958 (No. 111);
7. the Minimum Age Convention, 1973 (No. 138);
8. the Worst Forms of Child Labour Convention, 1999 (No. 182).

If the above ILO fundamental Conventions are not being adhered to, the company does not pass minimum safeguards and its ESG score is lowered accordingly.

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, as per list of mandatory Principal Adverse Impact factors and some additional ones mentioned above, the Portfolio Manager assesses and considers the adverse impacts of companies the Subfund invests in during the internal ESG scoring process. More information on the principal adverse impacts on sustainability factors will be made available in the periodic report in accordance with Article 11(2) of the SFDR.

No



What investment strategy does this financial product follow?

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

The strategy of the Subfund is to invest in the best companies in the solar sector based on a detailed fundamental analysis and on the exclusion of companies with material ESG risk with respect to the indicators listed below. The strategy of the Subfund is not limited to a single type of technology or to a single market. Instead, it seeks to identify the leaders in each of the segments and each of the steps of the value chain in order to identify suitable investment opportunities that do not significantly harm as specified in the Regulations (EU) 2019/2088 and (EU) 2020/852.

The Portfolio Manager applies a proprietary ESG Risk assessment that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. The detailed internal ESG scoring is conducted in house before making any investment decision.

The Portfolio Manager applies its fundamental analysis to all the companies making up the Subfund’s investment universe and integrates a sustainability risk assessment based on the following sustainability indicators.

- a) Environmental indicators:
 - Sustainability of supply chain;
 - Energy usage;
 - Water usage;
 - Direct GHG emissions;
 - Global carbon footprint;
 - Waste management.

- b) Social indicators:
 - Responsible employer;
 - Health and safety;
 - Impact on communities.

- c) Governance indicators:
- Governance structure;
 - Board of directors;
 - Risk management;
 - Code of ethics.

Each criterion of analysis is graded, and then weighted according to its relative importance in valuing the company. Each company is then given a score that will define its position in the Subfund as per below score cards:

- Score of 0 to +1 = company can be allocated to the portfolio
- Score between -0.5 and 0 can be allocated to the portfolio but company will be removed if it has not improved after a year.
- Score of below -0.5 is excluded from the investments.

In addition, in order to reach the environmentally sustainable objective of the Subfund, greenhouse gas emissions of investee companies will be measured and will need to decrease over time to reach net zero by 2040.

The result of these analyses is then submitted to the investment committee of the Portfolio Manager who then unanimously decides on the allocation of the Subfund.

The analyses are updated as required and the allocation of the Subfund is adjusted accordingly. The environmental, social and governance (ESG) fundamental analysis and/or screening is applied to 100% of the equity positions of the Subfund's portfolio.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

To attain the sustainable investment objective of climate change mitigation, the Portfolio Manager applies a rigorous investment selection process including binding elements in two folds:

1. Screening for alignment with the Taxonomy environmental objective of the Subfund as per requirements 2020/852 and 2022/1288:

To demonstrate Taxonomy alignment, the two relevant activities for the Solar PV sector according to technical screening criteria classification are "Electricity generation using solar photovoltaic technology" and "Manufacture of renewable energy technologies".

Amongst the environmentally sustainable investments, the Portfolio Manager commits to minimum 60% of sustainable investment within the meaning of the EU Taxonomy (i.e., 48% of the Subfund's total investments) in companies which generate revenues from the following activities:

- Electricity generation using solar photovoltaic technology
- Manufacture of renewable energy technologies

2. Portfolio Manager proprietary ESG scoring model:

As per detailed in the above question "What investment strategy does this financial product follow?", in addition to the technical screening criteria defined by the taxonomy regulation, the Portfolio Manager continues to apply its internal scoring ESG model which is fully integrated in the investment management process.

Companies will only be allocated to the Portfolio if they meet the Taxonomy screening requirements as well as the ESG scoring below:

- Score of 0 to +1= company can be allocated to the portfolio
- Score between -0.5 and 0 can be allocated to the portfolio but company will be removed if it has not improved after a year.
- Score of below -0.5 is excluded from the investments.

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

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

The Portfolio Manager uses the results of internal and external assessments to exclude companies perceived to violate key issues related to 'Good Governance', in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.



Asset allocation describes the share of investments in specific assets.

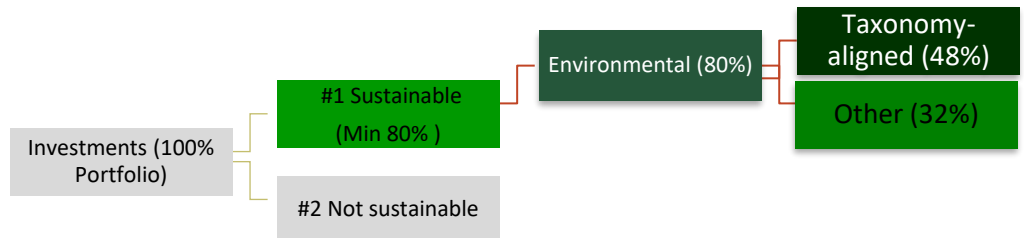
What is the asset allocation and the minimum share of sustainable investments?

The Subfund's target investee companies are only companies for which the primary activity is across the Solar PV value chain.

Therefore, as per definition in Article 2 (17) of the SFDR 2019/2088 of the European Parliament and of the Council of 27 November 2019, the Subfund's minimum percentage of sustainable investments with environmental objective is 80% (#1 Sustainable). The Subfund may invest up to 20% of its total assets in other investments (#2 Not sustainable). Amongst the environmentally sustainable investments, 60% of the assets will be Taxonomy- aligned (i.e., 48% of the Subfund's total investments).

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.



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

● **How does the use of derivatives attain the sustainable investment objective?**

The derivatives are not used to attain sustainable investment objective but for currency hedging purposes only.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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



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

The Subfund invests only in the solar industry and has an environmental objective to contribute to the stabilisation of greenhouse gas concentrations through the avoidance and/or reduction of greenhouse gas emissions. From a Taxonomy Regulation point of view, this translates into the contribution to the environmental objective of **Climate Change Mitigation**. The minimum Taxonomy aligned threshold for the Subfund is 60% of the sustainable investments (i.e., 48% of the Subfund's total investments).

The Portfolio Manager has referred to key texts provided by the EU in order to assess to what extent the revenue segments of the investee companies within the Subfund's portfolio contribute to the environment objective of Climate Change Mitigation for the Subfund. The two key categories of revenue are:

1. Electricity generation using Solar PV technology
2. Manufacture of renewable energy technologies

Alignment with the EU Taxonomy will not be subject to an assurance provided by one or more auditors or a review by one or more third parties according to Regulation (EU) 2022/1288 Art. 15 1. (b).

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy⁵?

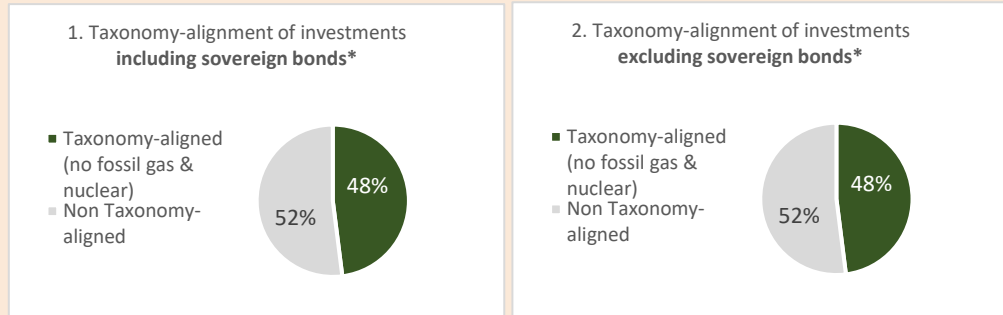
Yes:

In fossil gas In nuclear energy

No

⁵ 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.


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?**

Transitional activities are not applicable in the context of Solar PV, where only “enabling” and “own performance” activities apply. “Own Performance” activities are defined as economic activities that make a substantial contribution based on their own performance. The minimum share of sustainable investments in enabling activities is 30%.

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



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

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is of 0%.



What is the minimum share of sustainable investments with a social objective?

Not applicable.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Subfund may hold certain instruments which are not considered Sustainable Investments. For the most part such investments are commercial paper and other money market instruments, money market funds and monetary type of UCITS and other UCIs (within the limit set out by the 2010 Law), bonds including floating rate notes, cash, bank deposits. Such investments may be used for the purposes of capital preservation and do not follow any minimum environmental or social safeguards.

In addition, a very small portion (less than 2%) is currently an equity with a small line of business not considered sustainable. All minimum environmental and social safeguards checks are applied for such investment.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

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

Not applicable.



Where can I find more product specific information online?

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

<https://www.fundinfo.com/>