

# Swisscanto (LU) Portfolio Fund

## Swisscanto (LU) Portfolio Fund

(hereinafter the "Fund" )

An investment fund under Luxembourg law

### Sales Prospectus

July 2023

This Sales Prospectus is to be read in conjunction with the latest annual report (or semi-annual report if the latter was published after the last annual report). These reports are an integral part of this Sales Prospectus and, in conjunction with it, form the basis for all subscriptions of Fund units. They can be obtained free of charge from all sales agents and online at [www.swisscanto.com](http://www.swisscanto.com).

Only the information contained in this Sales Prospectus and in one of the publicly accessible documents referred to therein is deemed to be valid and binding. If you are in any doubt about the content of this Sales Prospectus, you should consult someone who can give detailed information about the Fund.

The German version of this Sales Prospectus is authoritative; the Management Company and the Depositary may, however, recognise translations authorised by them into the languages of countries in which Fund units are offered and sold as binding on themselves and on the Fund in respect of the units sold to investors in these countries.

Units of the Fund may not be offered, sold or delivered within the United States of America or to persons deemed to be US persons under Regulation S of the US Securities Act of 1933 or the US Commodity Exchange Act, as amended.

### Management and administration

#### Management Company, Central Administration

Swisscanto Asset Management International S.A.  
6, route de Trèves, L-2633 Senningerberg

Swisscanto (LU) Portfolio Funds Management Company S.A. was founded as a public limited company in Luxembourg on 11 November 1994, and is established for an indefinite period. Effective 1 July 2011, Swisscanto (LU) Portfolio Funds

Management Company S.A. was merged with Swisscanto Asset Management International S.A. (the Management Company) and has thereafter traded under the name Swisscanto Asset Management International S.A.

The Articles of Association of Swisscanto (LU) Portfolio Funds Management Company S.A. were published in their original version in the "Mémorial C" , *Recueil des Sociétés et Associations* of 19 December 1994, the official gazette of the Grand Duchy of Luxembourg (hereinafter the "Mémorial" ).

The current version of the Articles of Association of Swisscanto Asset Management International S.A. dated 5 June 2023 has been filed with the Luxembourg Trade and Companies Register (RCS), where it is available for inspection. The Management Company is registered with the RCS under registration no. B 121.904.

The object of the Management Company is the collective portfolio management of one or more Luxembourg and/or foreign undertakings for collective investment in transferable securities ( "UCITS" ) subject to Directive 2009/65/EC, as amended, and of other Luxembourg or foreign undertakings for collective investment which do not come under the scope of said Directive, including specialised investment funds pursuant to the provisions of the Act of 13 February 2007 on specialised investment funds ( "UCIs" ), and in accordance with the provisions of the Act of 17 December 2010 on undertakings for collective investment, as amended ( "UCI Act" ).

The paid-up capital of the Management Company amounts to CHF 220,000 and is held by Swisscanto Holding AG., Zurich, a holding company under Swiss law. Swisscanto Holding AG is wholly owned by Zürcher Kantonalbank, Zurich.

In accordance with the UCI Act and the applicable administrative provisions of the CSSF, the Management Company has adequate and appropriate organisational structures and internal control mechanisms in place. In particular, it shall act in the best interests of the funds or sub-funds and ensure that conflicts of interest are avoided, that resolutions are complied with, procedures are followed and that the holders of units in the funds and sub-funds managed are accorded fair treatment.

The Management Company also manages the following funds, among others:

- Swisscanto (LU)
- Swisscanto (LU) Bond Fund
- Swisscanto (LU) Equity Fund
- Swisscanto (LU) Money Market Fund

### Board of Directors

#### Chairman:

Hans Frey, Switzerland  
Managing Director Swisscanto Fondsledung AG,  
Zurich

#### Members:

- Richard Goddard, Luxembourg  
Independent Company Director, The Directors' Office, Luxembourg
- Roland Franz, Luxembourg  
Managing Director Swisscanto Asset Management International S.A., Luxembourg
- Anne-Marie Arens, Luxembourg  
Independent Company Director, Luxembourg

### Management

#### Members:

- Roland Franz, Luxembourg
- Jasna Ofak, Luxembourg
- Michael Weiß, Germany

### Portfolio Manager

Zürcher Kantonalbank  
Bahnhofstrasse 9, 8001 Zurich, Switzerland.

The management of the Fund assets has been contractually assigned to Zürcher Kantonalbank, Zurich (hereinafter the "Portfolio Manager").

Zürcher Kantonalbank was founded in Zurich in 1870 as an independent public-law institution of the canton of Zurich. It has many years of experience in asset management. The exact execution of duties is governed by an asset management agreement concluded between Swisscanto Asset Management International S.A. and Zürcher Kantonalbank.

The Portfolio Manager is entitled to remuneration at the customary rates. This will be paid by the Management Company out of the all-in fee that is due to it and charged to the Fund. It shall act in accordance with the provisions of the law and the contractual

conditions. The Management Company takes ultimate responsibility for the actions of the Portfolio Manager. The Asset Management Agreement may be terminated at any time subject to a period of notice of six months.

**Depository**, Principal Paying Agent, Registrar, Transfer Agent  
CACEIS Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette,  
Luxembourg

### Depository and Principal Paying Agent

The Management Company has appointed CACEIS Investor Services Bank S.A., a public limited company under Luxembourg law with its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, as Depository and Principal Paying Agent (the "Depository") with the following duties:

- (a) safekeeping of assets,
- (b) monitoring functions,
- (c) monitoring of cash flows and
- (d) Principal Paying Agent functions.

in accordance with the UCI Act and the Depository Bank and Principal Paying Agent Agreement of 18 March 2016 concluded between the Management Company, acting on behalf of the Fund, and the Depository (the "Depository Agreement").

The Depository Agreement has been concluded for an indefinite period and may be terminated by either party at the end of any calendar month by giving 90 days' written notice.

CACEIS Investor Services Bank S.A. has been registered with the Luxembourg Trade and Companies Register (RCS) under number B-47192 and was set up in 1994 under the name "First European Transfer Agent". It holds a banking licence under the Luxembourg Law of 5 April 1993 on the financial services sector and specialises in depository, fund management and related services. As at 31 October 2022, own funds amounted to approximately EUR 1,171,602,000.

The assets of the Fund are held in safekeeping by the Depository. The function of Depository is governed by the statutory provisions, the Depository Agreement and the Management Regulations. The Depository acts independently of the Management Company and exclusively in the best interests of the unitholders.

The Depositary has been authorised by the Management Company to delegate its safekeeping duties to the following: (i) third parties in the case of other assets and (ii) sub-depositaries in the case of financial instruments. It is also authorised to open accounts with these sub-depositaries.

An up-to-date description of the custody functions delegated by the Depositary and an up-to-date list of the third parties and sub-depositaries appointed may be obtained on request from the Depositary or via the following link:  
<http://gmi.rbcits.com/rt/gss.nsf/Royal+Trust+Updates+Mini/53A7E8D6A49C9AA285257FA8004999BF?opendocument>.

When performing its duties under the UCI Act and the Depositary Agreement, the Depositary shall act honestly, transparently, professionally, independently and exclusively in the interests of the Fund and its investors.

The Depositary's monitoring functions include ensuring that:

- the issue, redemption and conversion of units by the Management Company, or by the Management Company acting on behalf of the Fund, are carried out in accordance with the UCI Act and the Management Regulations;
- the value of the units is calculated in accordance with the UCI Act and the Management Regulations;
- the instructions of the Management Company, acting on behalf of the Fund, are executed unless they conflict with the Management Regulations;
- in the case of transactions involving the Fund's assets, all amounts are transferred to the Fund within the normal time limits;
- the Fund's net income is appropriated in accordance with the UCI Act and the Management Regulations.

In addition, the Depositary ensures that cash flows are properly monitored in accordance with the UCI Act and the Depositary Agreement.

#### **Conflicts of interest on the part of the Depositary**

Conflicts of interest may arise from time to time between the Depositary and its agents; for example, if the agent is a group company that receives a fee for other custody services that it provides for the Fund. On the basis of the applicable laws and ordinances, the

Depositary continuously monitors potential conflicts of interest that may arise during the performance of its function. All potential conflicts of interest identified are dealt with in accordance with the Depositary's conflicts of interest policy, which is in turn subject to the laws and ordinances applicable to financial institutions according to the Act of 5 April 1993 on the financial services sector.

Other potential conflicts of interest may arise on account of the fact that the Depositary and/or its group companies provide other services for the Fund, the Management Company and/or third parties. Thus, the Depositary and/or its group companies may act as depositary and/or manager of other funds. There is therefore a risk that the business activities of the Depositary or its group companies are exposed to (potential) conflicts of interest with the Fund, the Management Company and/or other funds on behalf of which the Depositary (or one of its group companies) is acting.

The Depositary has formulated and implemented a conflicts of interest policy, the primary aim of which is to:

- identify and analyse situations that could give rise to potential conflicts of interest;
- record, manage and monitor conflicts of interest by means of:
  - functional and hierarchical segregation to ensure that the Depositary's duties as depositary are performed separately from any potentially conflicting duties;
  - taking preventative measures to avoid any type of activity that could give rise to conflicts of interest, such as:
    - the Depositary and any third party to which depositary duties have been delegated shall refuse any investment management role;
    - the Depositary shall decline any delegation of compliance and risk management duties;
    - the Depositary has established an effective escalation process to ensure that regulatory breaches are reported to the compliance department, which in turn reports material breaches to the company management and Board.
    - the Depositary has its own specialised audit department that performs risk assessments independently and

objectively as well as evaluates internal control procedures and administrative processes in terms of suitability and efficiency.

Based on the aforementioned, the Depositary confirms that no potential conflict of interests has been identified.

The current conflicts of interest policy is available from the Depositary on request or via the following link: [https://www.rbcits.com/AboutUs/CorporateGovernance/p\\_InformationOnConflictsOfInterestPolicy.aspx](https://www.rbcits.com/AboutUs/CorporateGovernance/p_InformationOnConflictsOfInterestPolicy.aspx)

The Depositary is entitled to remuneration at the customary rates. This will be paid by the Management Company out of the all-in fee that is due to it and charged to the Fund.

### **Registrar and Transfer Agent**

The Management Company has delegated its duties as the Fund's registrar and transfer agent (the "Registrar and Transfer Agent") to CACEIS Investor Services Bank S.A. under the Investment Fund Services Agreement of 1 July 2021. The Central Administration Agreement has been concluded for an indefinite period and may be terminated by either party by giving 90 days' written notice. The Registrar and Transfer Agent is responsible for processing subscription and redemption orders, managing the unit register, and accepting unit certificates that are returned for the purpose of replacement or redemption.

The Fund's Registrar and Transfer Agent is responsible for taking appropriate measures to ensure compliance with the regulations governing the prevention of money laundering in accordance with the legislation in force in the Grand Duchy of Luxembourg and to observe and implement the circulars of the Luxembourg supervisory authority (the *Commission de Surveillance du Secteur Financier*, hereinafter "CSSF").

Depending on the individual subscription or transfer application, the detailed identification of the client may not be necessary provided that the application is made through a financial institution or authorised financial service provider and that this party is simultaneously established in a country that operates rules equivalent to those under the Luxembourg Money Laundering Act. A list of countries that operate rules equivalent to

those under the Luxembourg Money Laundering Act is available on request from the Registrar and Transfer Agent.

The Registrar and Transfer Agent is entitled to remuneration at the customary rates. This will be paid by the Management Company out of the all-in fee that is due to it and charged to the Fund.

### **Fund accounting and net asset value (NAV) calculation**

Swisscanto Asset Management International S.A.

6, route de Trèves, L-2633 Senningerberg

The Management Company shall perform tasks relating to fund accounting and NAV calculation. These functions essentially comprise fund accounting and calculation of the net asset value of fund units, the preparation of the fund's annual and semi-annual reports and the presentation to the auditor of the annual and semi-annual reports under the terms of Luxembourg law and in accordance with the requirements of the Luxembourg supervisory authority. These tasks will be carried out by Swisscanto Fondsleitung AG as service provider and will be the responsibility of the Management Company.

### **Independent auditors:**

Ernst & Young S.A.

35E, Avenue John F. Kennedy, L-1855 Luxembourg

### **Specific provisions governing the sale of units in Germany, Austria and Liechtenstein**

Information regarding the Paying and Information Agent for unitholders in Germany are provided on page 41.1 of this Sales Prospectus.

Information regarding the Paying and Information Agent for unitholders in Austria are provided on page 41.2 of this Sales Prospectus.

Information regarding the Paying and Information Agent for unitholders in Liechtenstein are provided on page 41.3 of this Sales Prospectus.

### **Overview of sub-fund distribution authorisation abroad:**

An overview of countries, in which the sub-funds of the Swisscanto (LU) Portfolio Fund are authorised, can be found on the website [www.swisscanto.com](http://www.swisscanto.com).

## Swisscanto (LU) Portfolio Fund Details

### 1 General Information about the Fund

#### 1.1 Legal aspects

Swisscanto (LU) Portfolio Fund (hereinafter the "Fund" ) is an open-ended investment fund under Luxembourg law established on 14 November 1994 and first offered for subscription in November 1994. The Fund is managed by Swisscanto Asset Management International S.A., a Luxembourg public limited company. CACEIS Investor Services Bank S.A. has been entrusted with the duties of Depositary.

Since 30 December 2005, the Fund has been subject to the statutory provisions of Part I of the UCI Act.

The Management Company is subject to section 15 of the UCI Act.

The portfolios and other assets of the Fund are managed by the Management Company as a discrete pool of assets in the interests and for the account of the unitholders.

The Fund assets in their entirety are jointly owned by all the investors, who hold equal entitlements in proportion to their holdings. The assets of the Fund are separate from those of the Management Company. The Management Regulations make no provision for a meeting of unitholders. By subscribing for or acquiring units, the unitholder agrees to abide by the Management Regulations.

Unitholders, their heirs and other beneficiaries may not demand the dissolution, division or merger of the Fund.

The Fund is not limited in terms of duration or total assets, and its financial year ends on 31 March.

The Management Company notifies investors that unitholders may not assert all their investor rights directly against the Fund as the investors are themselves not registered in their own name in the Fund' s register of unitholders. Since investors may only invest in the Fund via an intermediary, who acquires the investment in its name but on behalf of the investor, it is possible that not all rights pertaining to the investment can be upheld directly against the

Fund by the unitholder. Investors are advised to inform themselves of their rights.

The Management Regulations of the Fund were published for the first time on 14 November 1994 in the "Mémorial" . A number of amendments have been made, which were carried out in accordance with the Management Regulations. A notice of the most recent amendment is published in the electronic platform for companies and associations (*Recueil Electroniques des Sociétés et Associations*, hereinafter "RESA" ). The current version of the Management Regulations dated 21 July 2023 has been filed with the Luxembourg Trade and Companies Register, where it is available for inspection.

#### 1.1.1 Liquidation

The Management Company is entitled to dissolve the Fund, the sub-fund or any unit class at any time. The Fund must be dissolved and liquidated if its total net assets fall short of a quarter of the statutory minimum requirement for fund assets for more than six months. If the net assets of a sub-fund fall below CHF 500000 or the equivalent in another currency, or should economic, legal or monetary circumstances change, the Management Company may decide to dissolve a sub-fund, merge sub-funds or incorporate a sub-fund into another open-ended investment fund in accordance with Part I of the UCI Act.

The decision to dissolve or liquidate the Fund will be published in the RESA and in at least two other newspapers, including the "Luxemburger Wort" . From the day on which the dissolution and liquidation decision is made, no further units will be issued or redeemed. In the event of the dissolution and liquidation of a sub-fund or unit class, this applies only to the sub-fund or unit class in question. Upon liquidation, the Management Company will realise the Fund assets in the best interests of the unitholders and will instruct the Depositary to distribute the net liquidation proceeds to the unitholders in proportion to their holdings. Any liquidation proceeds that could not be distributed to the unitholders at the end of the liquidation process will be deposited with the *Caisse de Consignation* in Luxembourg until their distribution becomes statute-barred.

#### 1.1.2 Merger

The Management Company may, by decision of the Board of Directors and, insofar as applicable, in accordance with the conditions and procedures cited

in the UCI Act and in the pertinent administrative regulations, merge the Fund or, as the case may be, one or more sub-funds of the Fund with an existing or jointly established sub-fund, or other Luxembourg funds or sub-funds, either by dissolution without winding up, or by continuing to exist until all liabilities are discharged.

No provision is made for a merger with an investment fund established under a law other than that of Luxembourg.

Unitholders are entitled, within 30 days, to demand either that their units be redeemed or, as the case may be, converted into units of another fund or sub-fund which has a similar

investment policy and which is managed by the same management company or by another company with which the Management Company is associated, either through common management or control, or by way of a significant direct or indirect holding, without incurring more costs than those retained by the Fund or sub-fund to cover the dissolution costs.

Insofar as applicable, in accordance with the conditions and procedures cited in the UCI Act and in the pertinent administrative regulations, unitholders will be informed in good time of any merger.

## 1.2 Structure of the Fund

Under a single investment fund ( "umbrella fund" ), the Fund offers investors sub-funds with different investment policies. Together, the sub-funds constitute the Fund. Every investor participates in the Fund through participation in a sub-fund.

In relations between unitholders, each sub-fund is regarded as a discrete pool of assets in its own right. The rights and duties of the unitholders of a given sub-fund are separate from those of the unitholders of the other sub-funds. Each sub-fund is also regarded as a separate fund with regard to the investments and investment policy under section 2.

The Management Company may resolve at any time to set up additional sub-funds. The Management Company will notify the unitholders of this and amend the Sales Prospectus accordingly.

## 1.3 Unit classes

The Board of Directors is authorised to create unit classes at any time.

The Board of Directors may also decide, where appropriate for economic or legal reasons, to cancel a unit class and to exchange the outstanding units within a sub-fund for units in another unit class. Such resolutions on the part of the Board of Directors will be published in accordance with the provisions laid down in Article 14 of the Management Regulations.

An overview of the active unit classes is available free of charge from the Management Company and is also published on the website [www.swisscanto.com](http://www.swisscanto.com).

## 1.4 Distinctive features of unit classes

The unit classes differ in terms of the following characteristics:

- investor base,
- appropriation of net income,
- reference currency,
- currency hedging and
- fee rates.

### 1.4.1 Investor base or characteristics of the Unit classes

The investor base of the unit classes are as follows:

#### a) Class A units

Class A units are open

- to all investors and
- may be offered by all distributors.

For class A units, an all-in fee is charged to the Fund assets.

#### b) Class B units

Class B units are offered to all investors

- who have concluded an agreement in writing or in another form demonstrable via text with a cooperation partner that includes authorisation for class B units, and
- provided a cooperation agreement exists between the cooperation partner and a company in the Swisscanto Group.

For class B units, an all-in fee is charged to the Fund assets.

#### c) Class C units

Class C units are offered to all investors

- who have concluded a long-term investment advisory agreement in writing or in another form

demonstrable by text with a cooperation partner that includes authorisation for class C units, and

- provided a cooperation agreement exists between the cooperation partner and a company in the Swisscanto Group.

For class C units, an all-in fee is charged to the Fund assets.

d) Class D units

Class D units are only open

- to institutional investors as defined in section 1.4.1 i) of this Sales Prospectus and
- may in principle be offered by all distributors.

For class D units, an all-in fee is charged to the Fund assets

e) Class G units

Class G units are only open to investors that meet the following conditions:

- The investors are institutional investors as defined in section 1.4.1. j) i) of this Sales Prospectus.
- The investors have concluded a long-term investment agreement in writing or in another form demonstrable by text with a bank or other professional entity operating in the financial sector.
- Banks and other professional entities operating in the financial sector may only offer or subscribe to the units for the account of a third party if a corresponding cooperation agreement exists with a company in the Swisscanto Group.

For class G units, an all-in fee is charged to the Fund assets.

f) Class M units

Class M units are offered only to investors

- who have concluded an individual investment advisory agreement in writing or in another form demonstrable by text with Zürcher Kantonalbank that includes authorisation for the unit classes listed above, and
- provided Zürcher Kantonalbank has concluded a cooperation agreement with a company in the Swisscanto Group.

The Management Company is compensated by Zürcher Kantonalbank, Zurich, for the management of the Fund (i.e. running the Fund, asset management as well as distribution and other costs that arise, if compensation is made for such costs; in particular, fees and costs of the Depositary) not by the all-in fee but by the remuneration set out in the above investment advisory agreement. No all-in fee is therefore charged to the Fund assets.

g) Class N units

Class N units are open to investors that are acting for their own account and meet the following conditions:

- The investors are institutional investors as defined in section 1.4.1. i) of this Sales Prospectus who have concluded a service agreement in writing or in another form demonstrable by text (asset management agreement, advisory agreement, investment agreement or another service agreement) with a relevant cooperation partner of Swisscanto Asset Management International S.A. or another company within the Swisscanto Group; non-institutional clients are excluded even if they have concluded a discretionary management agreement; or
- The investors have concluded an individual asset management agreement with Zürcher Kantonalbank.

Banks can only offer or subscribe to the units for the account of a third party if a corresponding cooperation agreement exists with a company in the Swisscanto Group.

The Management Company is compensated for the management of the Fund (i.e. running the Fund, asset management, distribution and other costs that arise, if compensation is made for such costs; in particular, fees and costs of the Depositary) not by the all-in fee, but by the remuneration set out in the above agreements between the investor, on the one hand, and Zürcher Kantonalbank or a cooperation partner of Zürcher Kantonalbank, a company in the Swisscanto Group or a bank, on the other. No all-in fee is therefore charged to the Fund assets.

h) Class S units

Class S units are only

- open to Swisscanto Asset Management International S.A. or
- other management companies that have concluded a cooperation agreement with Swisscanto Asset Management International S.A.

Class S units are issued in the corresponding currency (unit of account), initially in the amount of 100,000 (JPY 10,000,000); no all-in fee is charged.

The remuneration due to the Management Company and its agents for running the Fund, asset management and, if applicable, distribution is not charged to the Fund assets but is paid separately on the basis of an individual agreement or arrangement



between Swisscanto Asset Management International S.A. and the investor.

i) Institutional investors

The following are deemed to be institutional investors:

- banks and other professional entities operating in the financial sector, whether acting for their own account or acting on behalf of other institutional investors or on behalf of non-institutional clients under a discretionary management agreement;
- public entities that invest their own assets;
- insurance and reinsurance companies;
- pension schemes;
- industrial, commercial and group finance companies;
- undertakings for collective investment and other fund structures;
- holding companies or similar companies whose shareholders are all institutional investors;
- family holding companies or similar entities whose purpose is to hold financial investments for very high net worth individuals or families;
- holding companies or similar entities that, in view of their structure and business dealings, possess genuine intrinsic value independently of the beneficial owners as well as hold significant financial investments.

#### 1.4.2 Appropriation of net income

Furthermore, the unit classes differ in terms of the appropriation of net income.

Unit classes with an "A" as the second letter of their name, e.g. AA or MA CHF, are issued as distribution units. Under Article 12 of the Management Regulations, the Management Company will decide, after closing the annual accounts, whether and to what extent distributions are to be made on distribution units. The intention is to pay out the majority of earnings on distribution units. Unit classes with a "T" as the second letter of their name, e.g. AT or MT CHF, are issued as accumulation units. No distributions are planned for these unit classes. After the deduction of general costs, net income will be used to increase the net asset value of the units (accumulation).

#### 1.4.3 Reference currency

If the reference currency of a unit class differs from the sub-fund's currency of account, three letters representing the abbreviation of the relevant currency are suffixed to the name of the unit class.

Unit classes whose reference currency differs from the sub-fund's currency of account can therefore be distinguished as follows:

- unit classes with "CHF" as the last three letters of their name, e.g. AT CHF or MA CHF, have the Swiss franc (CHF) as reference currency for the unit class concerned, or
- unit classes with "EUR" as the last three letters of their name, e.g. AT EUR or MA EUR, have the euro (EUR) as reference currency for the unit class concerned.

#### 1.4.4 Currency hedging

The unit classes differ in terms of currency hedging: unit classes with an "H" as the third letter of their name, e.g. ATH CHF or MAH CHF, are unit classes for which systematic currency hedging is conducted. This means currency fluctuations between the currencies of the currency classes and the currencies of account of the sub-funds are, for the most part, hedged.

For all other unit classes, no currency hedging is conducted at unit-class level.

#### 1.4.5 Fee rates

The unit classes differ in terms of the maximum fee rates that are charged annually to the relevant unit class. The maximum annual all-in fee, management fee and administration fee for each sub-fund are stated in the table below.

Sub-fund name		Currency of account	Unit classes	Max. agency fee	Max. annual all-in fee (AIF) <sup>1</sup>	Max. annual flat management fee <sup>1</sup>	Max. annual flat administration fee <sup>1</sup>
The "Balanced" sub-funds							
1.	Swisscanto (LU) Portfolio Fund Sustainable Balanced (EUR)	EUR	A	3.0%	2.10%	1.70%	0.50%
			B	3.0%	1.60%	1.25%	0.50%
			C	3.0%	1.40%	1.10%	0.50%
			D	3.0%	1.25%	1.00%	0.25%
			G	3.0%	1.05%	0.85%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
The "Relax" sub-funds							
2.	Swisscanto (LU) Portfolio Fund Responsible Relax (CHF)	CHF	A	3.0%	1.60%	1.30%	0.30%
			B	3.0%	1.20%	1.00%	0.30%
			C	3.0%	1.05%	0.85%	0.30%
			D	3.0%	0.95%	0.80%	0.15%
			G	3.0%	0.80%	0.65%	0.15%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
3.	Swisscanto (LU) Portfolio Fund Responsible Relax (EUR)	EUR	A	3.0%	1.60%	1.30%	0.30%
			B	3.0%	1.20%	1.00%	0.30%
			C	3.0%	1.05%	0.85%	0.30%
			D	3.0%	0.95%	0.80%	0.15%
			G	3.0%	0.80%	0.65%	0.15%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
4.	Swisscanto (LU) Portfolio Fund Sustainable Relax (CHF)	CHF	A	3.0%	1.70%	1.40%	0.30%
			B	3.0%	1.30%	1.05%	0.30%
			C	3.0%	1.15%	0.90%	0.30%
			D	3.0%	1.00%	0.85%	0.15%
			G	3.0%	0.85%	0.70%	0.15%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
The "Select" sub-funds							
5.	Swisscanto (LU) Portfolio Fund Responsible Select (CHF)	CHF	A	3.0%	1.60%	1.30%	0.30%
			B	3.0%	1.20%	1.00%	0.30%
			C	3.0%	1.05%	0.85%	0.30%
			D	3.0%	0.95%	0.80%	0.15%
			G	3.0%	0.80%	0.65%	0.15%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%

<sup>1</sup> The all-in fee is made up of two components: the flat management fee and the flat administration fee. The sum of the flat management fee and flat administration fee booked may not exceed the rate for the maximum all-in fee. The fees booked are reported in the annual and semi-annual reports.

Sub-fund name		Currency of account	Unit classes	Max. agency fee	Max. annual all-in fee (AIF) <sup>1</sup>	Max. annual flat management fee <sup>1</sup>	Max. annual flat administration fee <sup>1</sup>
6.	Swisscanto (LU) Portfolio Fund Responsible Select (EUR)	EUR	A	3.0%	1.60%	1.30%	0.30%
			B	3.0%	1.20%	1.00%	0.30%
			C	3.0%	1.05%	0.85%	0.30%
			D	3.0%	0.95%	0.80%	0.15%
			G	3.0%	0.80%	0.65%	0.15%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
7.	Swisscanto (LU) Portfolio Fund Sustainable Select (CHF)	CHF	A	3.0%	1.70%	1.40%	0.30%
			B	3.0%	1.30%	1.05%	0.30%
			C	3.0%	1.15%	0.90%	0.30%
			D	3.0%	1.00%	0.85%	0.15%
			G	3.0%	0.85%	0.70%	0.15%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
The "Balance" sub-funds							
8.	Swisscanto (LU) Portfolio Fund Responsible Balance (CHF)	CHF	A	3.0%	2.00%	1.60%	0.50%
			B	3.0%	1.50%	1.20%	0.50%
			C	3.0%	1.30%	1.05%	0.50%
			D	3.0%	1.20%	0.95%	0.25%
			G	3.0%	1.00%	0.80%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
9.	Swisscanto (LU) Portfolio Fund Responsible Balance (EUR)	EUR	A	3.0%	2.00%	1.60%	0.50%
			B	3.0%	1.50%	1.20%	0.50%
			C	3.0%	1.30%	1.05%	0.50%
			D	3.0%	1.20%	0.95%	0.25%
			G	3.0%	1.00%	0.80%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
10.	Swisscanto (LU) Portfolio Fund Sustainable Balance (CHF)	CHF	A	3.0%	2.10%	1.70%	0.50%
			B	3.0%	1.60%	1.25%	0.50%
			C	3.0%	1.40%	1.10%	0.50%
			D	3.0%	1.25%	1.00%	0.25%
			G	3.0%	1.05%	0.85%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
The "Ambition" sub-funds							
11.	Swisscanto (LU) Portfolio Fund Responsible Ambition (CHF)	CHF	A	3.0%	2.00%	1.60%	0.50%
			B	3.0%	1.50%	1.20%	0.50%
			C	3.0%	1.30%	1.05%	0.50%
			D	3.0%	1.20%	0.95%	0.25%
			G	3.0%	1.00%	0.80%	0.25%

Sub-fund name		Currency of account	Unit classes	Max. agency fee	Max. annual all-in fee (AIF) <sup>1</sup>	Max. annual flat management fee <sup>1</sup>	Max. annual flat administration fee <sup>1</sup>
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
			S	3.0%	0.00%	0.00%	0.00%
12.	Swisscanto (LU) Portfolio Fund Responsible Ambition (EUR)	EUR	A	3.0%	2.00%	1.60%	0.50%
			B	3.0%	1.50%	1.20%	0.50%
			C	3.0%	1.30%	1.05%	0.50%
			D	3.0%	1.20%	0.95%	0.25%
			G	3.0%	1.00%	0.80%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
13.	Swisscanto (LU) Portfolio Fund Sustainable Ambition (CHF)	CHF	A	3.0%	2.10%	1.70%	0.50%
			B	3.0%	1.60%	1.25%	0.50%
			C	3.0%	1.40%	1.10%	0.50%
			D	3.0%	1.25%	1.00%	0.25%
			G	3.0%	1.05%	0.85%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
The "Focus" sub-fund							
14.	Swisscanto (LU) Portfolio Fund Responsible Focus (CHF)	CHF	A	3.0%	2.00%	1.60%	0.50%
			B	3.0%	1.50%	1.20%	0.50%
			C	3.0%	1.30%	1.05%	0.50%
			D	3.0%	1.20%	0.95%	0.25%
			G	3.0%	1.00%	0.80%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
15.	Swisscanto (LU) Portfolio Fund Sustainable Focus (CHF)	CHF	A	3.0%	2.10%	1.70%	0.50%
			B	3.0%	1.60%	1.25%	0.50%
			C	3.0%	1.40%	1.10%	0.50%
			D	3.0%	1.25%	1.00%	0.25%
			G	3.0%	1.05%	0.85%	0.25%
			M	3.0%	0.00%	0.00%	0.00%
			N	3.0%	0.00%	0.00%	0.00%
			S	3.0%	0.00%	0.00%	0.00%

## 1.5 Investor profile

All sub-funds are primarily intended for private investors. A number of sub-funds also issue classes of units which are reserved for institutional investors.

The Fund is suitable for investors wishing to invest worldwide in mixed portfolios with varying weightings of equity securities and participation rights, interest-bearing securities and book-entry securities, as well as other investment instruments, depending on the sub-fund.

However, investors are expressly advised that changes in the net asset value may be triggered by a number of factors, including, but not limited to fluctuations in prices, interest rates and currencies.

## 1.6 Risk notice

### 1.6.1 General information

The net asset value of the units may rise or fall. When redeeming their units, unitholders may therefore receive less than they originally paid for them. There is no guarantee of a return on investment.

In addition to the general market risks that are associated with financial investments, there exists a counterparty risk and the currency and transfer risk inherent in investments abroad. Investment risk is reduced in that, in accordance with the investment policy, the investments ensure a reasonable distribution of risk.

### 1.6.2 Interest-bearing investments

Interest-bearing investments are also subject to risks. The prices of interest-bearing investments may both rise and fall against the original price. This depends, in particular, on the development of money and capital markets, or on the specific developments affecting the issuers in question. The credit risk associated with an investment in interest-bearing securities cannot be completely eliminated, even with careful selection.

Bonds or debt instruments involve a credit risk in relation to the issuer, for which the issuer's credit rating can serve as a yardstick. The bonds or debt instruments of issuers with a lower rating are generally viewed as securities with a higher credit risk and greater likelihood of the issuer defaulting than the securities of issuers with a better rating. If an issuer of bonds or debt instruments gets into financial or economic difficulty, this may affect the

value of the bonds or debt instruments (it may fall to zero) and the payments made on these bonds or debt instruments (they may fall to zero).

### 1.6.3 Risks associated with investments in CoCos

Unlike convertible bonds and bonds-cum-warrants, with contingent convertible capital bonds conversion into shares or a full or partial write-down of the capital is mandatory if the issuer's equity ratio falls below a certain threshold. Contingent convertible capital bonds are issued mainly by financial intermediaries, which may also result in exposure to sector-specific risks.

In compliance with the statement of the European Securities and Markets Authority (hereinafter "ESMA"), ESMA/2014/944 ("Potential Risks Associated with Investing in Contingent Convertible Instruments"), investors should note that Contingent Convertible Bonds (hereinafter referred to as "CoCos") may have specific risks such as:

- **Threshold risks (trigger level risk):** Thresholds are set differently; they determine how high the conversion risk is, depending on the difference between the equity and the threshold;
- **Coupon cancellation:** coupon payments may be cancelled by the issuer at any point and for any length of time;
- **Capital structure inversion risk:** In contrast to the traditional capital hierarchy, investors in CoCos can suffer a loss of capital even if this is not the case for shareholders;
- **Maturity extension risk:** CoCos are issued as instruments with an unlimited maturity and can only be called at pre-determined levels with the approval of the competent authority;
- **Unknown risks:** The structure of the instrument is innovative and untested;
- **Return/valuation risk:** The frequently attractive yield on CoCos attracts investors; however, this includes a complexity premium, amongst other things.

### 1.6.4 Equity securities and participation rights

It must also be emphasised that investments in equity securities and participation rights are also subject to risks. The prices of investments may both rise and fall against the original price. This depends, in particular, on the development of capital markets and national economies as a whole, as well as

individual sectors in those economies, or on the specific developments affecting the issuers in question. The credit risk associated with an investment in equity securities and participation rights cannot be completely eliminated, even with careful selection. The higher the weighting of equities in a sub-fund, the greater the potential price fluctuations and the possible overall success of the investment.

#### 1.6.5 Investments in MBS and ABS:

Mortgage-backed securities ( "MBS" ) and asset-backed securities ( "ABS" ) are debt instruments issued by the government of the United States and/or private companies and/or the agency sector.

The debt instruments are secured by a pool of assets (for MBS by mortgages, for ABS by various types of assets).

With an investment in MBS and ABS, the following risks are particularly associated with conventional bonds (non-exhaustive list):

- Higher counterparty, liquidity and interest rate risks,
- Reinvestment risk,
- Credit risks on underlying assets,
- Early repayment of principal.

#### 1.6.6 Investments in emerging markets and developing countries

Emerging markets are still at an early stage of their development and suffer from an increased risk of expropriation, confiscation, high inflation rates, prohibitive fiscal measures, nationalisation and social, political and economic uncertainty.

With an investment in the emerging markets, the following risks are particularly associated with conventional bonds (non-exhaustive list):

- Liquidity problems,
- Price fluctuations,
- Exchange rate fluctuations,
- Currency export controls,
- Purchase and sale restrictions.

#### 1.6.7 Investments in UCITS and other UCIs (target funds)

Investors are advised that investments in target funds may incur the same costs at both sub-fund and target fund level. In addition, the value of the units in the target fund can be influenced by exchange rate fluctuations, foreign exchange

transactions, tax regulations, etc., as well as economic and political risks. Investment in units of a target fund may also entail a liquidity risk if the units are not redeemable on a daily basis or are subject to restrictions.

#### 1.6.8 Derivative financial instruments

Derivatives may be traded on a stock exchange (exchange-traded derivatives) or over the counter (OTC derivatives). With regard to exchange-traded derivatives, the stock exchange itself is one of the parties. Derivatives are settled via a clearing house. OTC derivatives, on the other hand, are entered into directly between two parties – without a stock exchange. The Fund takes up additional risk positions by using derivatives in the pursuit of its investment objective. Derivatives are rights or obligations, the valuations of which are derived mainly from the price, price fluctuations and expected price of an underlying instrument. Investments in derivatives are subject to general market risk, management risk, credit risk and liquidity risk. However, because of the specific structuring of derivative financial instruments, the nature of the risk in question may be different and may in some cases be greater than the risks associated with investments in the underlying instruments. The use of derivatives therefore not only requires an understanding of the underlying instrument, but also a sound knowledge of the derivatives themselves.

Exposure on the futures and options market and to swaps and foreign exchange is associated with investment risks and transaction costs to which the Fund would not be subject had it not applied such strategies. These risks include among others:

- The risk that the Management Company' s forecasts about future trends in interest rates, securities prices and the foreign currency markets prove in retrospect to be incorrect;
- The imperfect correlation between the prices of futures and options contracts, on the one hand, and movements in the prices of the securities or currencies they are intended to hedge, on the other, means that a complete hedge may not be possible in some circumstances;
- The potential absence of a liquid secondary market for a specific instrument at a given point in time may mean that a derivative position cannot, under certain circumstances, be neutralised (closed out) at a profit, even though

this would make sense from an investment policy perspective;

- The risk of not being able to sell the securities underlying the derivative instruments at a favourable time or having to buy or sell them at an unfavourable time;
- The use of derivatives may potentially result in a loss which may be impossible to predict and which may even exceed margin payments;
- The risk of insolvency or payment default on the part of a counterparty.

In the case of investments in derivatives on CO<sub>2</sub> emission allowances, it should be noted that the prices of CO<sub>2</sub> emission allowance derivatives are dependent on the demand or anticipated demand for CO<sub>2</sub> emission allowances. In addition, CO<sub>2</sub> emission certificates are subject to political and regulatory uncertainties, which can increase the volatility of the investments and thus lead to a higher risk than with traditional forms of investment. Investments in CO<sub>2</sub> emission allowance derivatives are considered neutral in terms of their impact on climate change. Accordingly, investments in CO<sub>2</sub> emission certificate derivatives are not taken into account for the implementation of the sustainability policy.

#### 1.6.9 Risks associated with hybrid capital

Hybrid capital is the general term for financial instruments that incorporate features of bonds and shares, and are assigned to both equity and debt capital in the issuer's capital structure. Examples include preferred shares, CoCos and perpetuals.

These assets are subject to increased risk, such as default, interest rate, creditworthiness and liquidity risk, due to their equity characteristics and sometimes long to perpetual maturity. Subordination means that in the event of insolvency, the issuer would repay the senior debt first, reducing the likelihood of repayment for the holder of the subordinated debt in those circumstances. They therefore generally have a higher credit risk than pure senior bonds. This includes a higher risk of coupon deferral and uncertainty regarding the maturity date.

#### 1.6.10 Risks associated with REITS

The value of real estate depends on capital market and mortgage rates in particular, but also on general economic growth. Similar to bonds, real estate reacts to changes in interest rates. Depending

on market performance, the market price of target funds or real estate companies may be above or below their net asset value or the intrinsic value of the real estate investments. There is often no or only limited liquidity in real estate markets. In some circumstances, subscription and redemption of target funds may be restricted. In addition, individual target funds or real estate companies may hold assets that are difficult to value. Valuations may be based on estimates.

Significantly inflated prices or bubbles may arise in the real estate market. Furthermore, with real estate investments, factors such as regulatory changes, construction cost or schedule overruns, higher maintenance costs, loss of contractual partners (in particular tenants), hidden building defects and legacy issues as well as reduced sales proceeds may decrease the earnings of such a collective investment scheme.

#### 1.6.11 Risks associated with securities lending

##### a) Counterparty risk

Securities lending involves counterparty risk, i.e. the risk that the loaned securities are not returned or not returned in a timely manner. The principal is required to have a very high credit rating. A very high credit rating means at least a AA rating and refers to the long-term rating of recognised rating agencies; the median of the long-term ratings of the rating agencies is applied.

Counterparties belonging to the same group as the Management Company, and with which the latter conducts securities lending transactions, perform their activities under these transactions with the standard of care customary in commercial transactions. Investors should nevertheless be aware that the Management Company may be exposed to conflicts of interest with the interests of counterparties of the same group.

##### b) Risk of price changes

The risk is that in the period between the receipt of the collateral in the event the securities lent by the sub-fund are not returned by the borrower and the recovery of the securities, the markets change to the detriment of the Fund and the value of the collateral provided is reduced to a value lower than that of the securities originally borrowed.

To avoid such a loss, haircuts are applied to the collateral. There are also restrictions on the accepted collateral.

c) Liquidity risk

The Fund bears the risk of a negative impact on performance when lent securities offer the borrower additional opportunities for short positions. There is a risk that losses could be suffered (especially if an issuer is downgraded and securities have to be sold because of their rating (forced selling)).

Securities lending makes it possible for other market participants to sell securities short, which can also put pressure on prices at the same time as the forced selling. For example, short selling and forced selling can simultaneously contribute to increased liquidity losses.

d) Operational risk

If a borrower fails to return securities borrowed from a sub-fund, there is a risk that the collateral provided will have to be sold at a lower value than that of the securities originally borrowed. To avoid such a loss, haircuts are applied to the collateral. Regardless of these risks, various factors (e.g. the incorrect valuation of collateral, negative market performance, a credit downgrade of the issuer, or the illiquidity of the market on which the collateral is traded) may result in the use of collateral having a negative impact, which in turn can lead to a negative performance by the sub-fund.

There is also a risk that the borrowed securities cannot be returned within the given deadline. In this case, the borrower is obliged to compensate in full for any losses suffered as a result of the recovery of the security.

e) Depositary risks

Depositary risk refers to the possibility of loss or lack of access to the Fund's securities deposited with a depositary as a result of insolvency, negligence or malicious action on the part of the depositary and any sub-depositaries.

f) Legal risks

Legal risks may arise from changes in the legal framework and/or regulatory requirements for the Fund's Management Companies. In the event of the realisation of collateral, legal risks may also arise from the relevant insolvency law.

1.6.12 Sustainability risks

Sustainability risks may be environmental, social or governance events or conditions, the occurrence of which could have an actual or potential material adverse effect on the value of the investment.

## 1.7 Risk management procedure

The Management Company applies a risk management procedure for the Fund and each sub-fund in compliance with the UCI Act and other applicable provisions, in particular CSSF Circular 11/512. As part of the risk management procedure, the overall risk of the sub-fund is measured and monitored using the commitment approach. This approach entails converting positions in derivatives into the corresponding underlying positions.

## 1.8 Historical performance

For the historical performance of the sub-funds, see the Key Investor Information Documents ( "KIID" ).

## 2 Investment objective and investment policy

### 2.1 Investment objective

The Fund's investment objective is to achieve appropriate investment returns in the currency contained in the sub-fund's name (in brackets). If the sub-fund's name does not contain a currency, the currency of account shall be used.

The assets of each sub-fund shall be invested in securities and other investment instruments in accordance with the principle of risk diversification.

The objective of sub-funds with "Sustainable" in the name is to invest in sustainable assets.

The investment objective of sub-funds with the word "Responsible" in their name is non-sustainable investment within the meaning of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019



on sustainability-related disclosures in the financial services sector (hereinafter "SFDR").

## 2.2 Sub-fund-specific investment policy

### 2.2.0 General information

The sub-funds differ primarily in the different weighting of asset classes and instruments described below. The sub-funds may make direct and indirect investments worldwide. Indirect investments may be made through the use of target funds, derivatives and structured financial products.

A sub-fund may also invest in Delta-1 Certificates on other permitted underlyings (e.g. EU emission allowances) provided that the criteria of transferable securities within the meaning of Article 2 (1) c) of the Grand-Ducal Regulation of 8 February 2008 are met for the Delta-1 Certificates.

Percentage ranges for the most important asset classes are listed for each sub-fund in section 2.2.2 onwards. These ranges serve as a guideline only and the limits may be exceeded or not reached.

In order to achieve the investment objective, each sub-fund may also hold liquid assets and time deposits, as described in section 2.3.1 d) and including, but not limited to, all permitted investments and instruments described below and referred to in section 2.3, within the statutory and contractual limits.

### 2.2.1 Sustainability policy

#### Responsible approach

For sub-funds with "Responsible" in the name, one of the approaches followed by the asset manager is to integrate the specific aspects of environmental, social and governance ("ESG") issues into the investment process.

This means that business sustainability criteria are systematically considered during the investment selection process.

The asset manager uses third-party data and proprietary qualitative and quantitative research in this process. The asset manager also uses this analyses to anticipate developments in the area of sustainability and take investment decisions on this basis.

Given that (i) a progressive approach to sustainability criteria can have a positive impact and (ii) sustainability risks may have a negative impact on returns, the aim of this procedure is to quantify ESG

opportunities and ESG risks in order to be able to take account of these in the investment process.

A sustainability approach also includes the definition of exclusions for business activities that the asset manager judges to be particularly risky from a sustainability perspective, including, for example, the securities of companies connected to the manufacture of controversial weapons.

The exclusions are updated on an ongoing basis to reflect new circumstances and information.

In principle, the approach ensures that investments are not made in companies that do not have good corporate governance procedures.

In principle, the approach ensures that investments are not made in companies that do not have good corporate governance procedures.

In addition, the asset manager focuses its investment activity on reducing greenhouse gases, with the aim of making a material contribution to mitigating climate change. Greenhouse gases are measured based on their relative global warming potential as the carbon dioxide equivalent (CO<sub>2</sub>e). Sub-funds that implement the responsible approach may invest in sustainable investments within the meaning of Article 2 (17) of Regulation (EU) 2019/2088.

They also consider principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators from Annex 1 of Regulation (EU) 2019/2088 are used for this purpose. Any relevant information in this respect shall be disclosed in the annual report.

The reference values listed in the table under 2.2.9 are not for investments under this approach. However, the asset manager selects from the investment universe the securities that fulfil the requirements.

The sub-funds that follow the responsible approach fall within Article 8 of the SFDR. Further details on the implementation of the approach can be found in the respective sub-fund annex to the Sales Prospectus.

#### Sustainable approach

For sub-funds with "Sustainable" in their name, the asset manager's investment activity is focused on reducing the CO<sub>2</sub>e intensity of investments within the meaning of Article 9(3) of Regulation (EU) 2019/2088.

In addition, the asset manager uses its analysis to focus on securities which, according to its

assessment, are expected to make a positive contribution to the fulfilment of the UN Sustainable Development Goals (SDGs) and qualify as sustainable investments within the meaning of Article 9 (2) of Regulation (EU) 2019/2088. A positive impact on the SDGs means that, for example, a company is offering products and/or services that contribute to the achievement of the 17 SDGs.

In addition, the objective of the asset manager is to invest only in securities that it considers to be above-average with regards to sustainable business criteria "ESG" (environmental, social and governance) criteria.

This assessment reflects the specific aspects of environmental, social and governance ("ESG") issues and systematically includes these in the investment selection process.

The asset manager bases the assessment on third-party data and proprietary qualitative and quantitative research.

Given that (i) a progressive approach to sustainability criteria can have a positive impact and (ii) sustainability risks may have a negative impact on returns, the aim of this procedure is to quantify ESG opportunities and ESG risks in order to be able to take account of these in the investment process. In principle, the approach ensures that investments are not made in companies that do not have good corporate governance procedures.

In addition, comprehensive exclusions are defined for business activities that the asset manager assesses as risky from a sustainability perspective.

The exclusions are updated on an ongoing basis to reflect new circumstances and information.

Sub-funds that implement a sustainable approach also consider principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators from Annex 1 of Regulation (EU) 2019/2088 are used for this purpose. Any relevant information in this respect shall be disclosed in the annual report.

The reference values listed in the table under 2.2.9 are not for sustainable investments. The asset manager selects from the investment universe the securities that fulfil the requirements of the sustainable approach.

The sub-funds that follow this approach fall within Article 9 of the SFDR. Further details on the

implementation of the approach can be found in the respective sub-fund annex to the Sales Prospectus.

Further information on the product-related sustainability policy can be found on the website of the relevant sub-fund: <https://products.swisscanto.com/products>.

#### *Equity securities and participation rights*

Equity securities and participation rights are not only investments in shares but also in REITs<sup>2</sup> (Real Estate Investment Trusts), listed private equity investments and other equity interests (cooperative society shares, non-voting stock, participation certificates, equity funds, certificates on equity securities, equity indices, etc.), as well as securities and rights which embody the right to acquire equity securities and participation rights by subscription or exchange, in particular warrants.

#### *Fixed-income and floating-rate securities and money market instruments*

Fixed-income and floating-rate securities and money market instruments are bonds, notes, convertible bonds, convertible notes, bonds-cum-warrants and debt securities of financial institutions, namely contingent convertible capital bonds, perpetuals, bond and money market funds, as well as certificates on interest-bearing securities and money market instruments, bond indices, etc. This includes asset-backed securities (ABS), mortgage-backed securities (MBS), collateralised debt obligations, collateralised mortgage obligations, hybrid preferred debt securities and other common and less common interest-bearing investments.

#### *UCITS and other UCIs (target funds)*

Each sub-fund may invest in units of UCITS and/or other UCIs (target funds) as described in section 2.3.1 e). Each sub-fund may also invest in units of funds under Swiss law (securities funds and other funds).

Subject to other sub-fund-specific limits, a sub-fund may invest in target funds for which a price is not determined and published daily and which cannot be sold on a daily basis. The conditions under

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<sup>2</sup> These are closed or open-ended funds pursuant to Article 41(1)(e) of the UCI Act or listed companies pursuant to Article 41(1)(a)-(d) of the UCI Act.

section 3.2 must be fulfilled when valuing target funds with NAVs that are not published on a daily basis.

#### *Derivatives*

The sub-funds use derivatives for hedging purposes, for efficient management and for implementing the portfolio strategy.

Subject to other sub-fund-specific limits, a sub-fund may invest in OTC derivatives for which a price is not published daily. The conditions under section 3.2 must be fulfilled when valuing OTC derivatives with prices that are not published on a daily basis. However, the valuation of derivatives with prices that are not published daily must still be carried out daily and verifiably on the basis of independent sources.

#### *Structured financial instruments*

The sub-funds may use structured financial instruments (e.g. certificates, notes) for hedging purposes, for efficient management and for implementing the portfolio strategy.

Structured financial instruments must meet the requirements of Article 41 of the UCI Act, be sufficiently liquid and be disposable at any time directly and without restriction. The valuation of structured financial instruments must be carried out regularly and verifiably on the basis of independent sources.

Subject to other sub-fund-specific limits, a sub-fund may invest in structured financial instruments for which a price is not published daily. The conditions under section 3.2 must be fulfilled when valuing structured financial instruments with prices that are not published on a daily basis.

#### *Other investments*

Other investments are real estate, goods, commodities, precious metals, volatility and insurance-linked securities. Indirect investments are made in real estate, goods, commodities, precious metals and volatility. Indirect investments may be made through the use of target funds, derivatives and structured financial instruments (certificates, notes, etc.).

If an indirect investment in real estate, goods and commodities is made via a derivative, the underlying must be a financial index.

### 2.2.2 For the “Sustainable Balanced” sub-funds

- Swisscanto (LU) Portfolio Fund Sustainable Balanced (EUR)

Asset classes	Ranges
(in % of net assets)	
Fixed-income and floating-rate securities and money market instruments and liquidity	35-65%
Equity securities and participation rights	35-65%

In addition, at least 25% of the assets of this sub-fund will be invested in equity securities and participation rights within the meaning of German tax law; both direct investments in equity securities and participation rights and eligible investments in target funds will count towards this percentage. The eligible portion of target fund investments is calculated by multiplying the net asset value of the target fund units held by the equity interest of the same target fund, using either the minimum specified in the fund contract or the prospectus of the target fund, or the figure published for the target fund by WM Datenservice or another data source.

A maximum of 10% of the net assets of this sub-fund may be invested in units of target funds as described in section 2.3.1 e).

### 2.2.3 For the “Relax” sub-funds

- Swisscanto (LU) Portfolio Fund Responsible Relax (CHF)
- Swisscanto (LU) Portfolio Fund Responsible Relax (EUR)
- Swisscanto (LU) Portfolio Fund Sustainable Relax (CHF)

Asset classes	Ranges
(in % of net assets)	
Fixed-income and floating-rate securities and money market instruments and liquidity	70–100%
Equity securities and participation rights	0–30%

### 2.2.5 For the “Select” sub-funds

- Swisscanto (LU) Portfolio Fund Responsible Select (CHF)
- Swisscanto (LU) Portfolio Fund Responsible Select (EUR)

- Swisscanto (LU) Portfolio Fund Sustainable Select (CHF)

Asset classes	Ranges
(in % of net assets)	
Fixed-income and floating-rate securities and money market instruments and liquidity	65–90%
Equity securities and participation rights	10–35%

2.2.5 For the “Responsible Balance” sub-funds

- Swisscanto (LU) Portfolio Fund Responsible Balance (CHF)
- Swisscanto (LU) Portfolio Fund Responsible Balance (EUR)

Asset classes	Ranges
(in % of net assets)	
Fixed-income and floating-rate securities and money market instruments and liquidity	35–80%
Equity securities and participation rights	20–65%

2.2.6 For the “Sustainable Balance” sub-funds

- Swisscanto (LU) Portfolio Fund Sustainable Balance (CHF)

Asset classes	Ranges
(in % of net assets)	
Fixed-income and floating-rate securities and money market instruments and liquidity	35–75%
Equity securities and participation rights	25–65%

In addition, at least 25% of the assets of this sub-fund will be invested in equity securities and participation rights within the meaning of German tax law; both direct investments in equity securities and participation rights and eligible investments in target funds will count towards this percentage. The eligible portion of target fund investments is calculated by multiplying the net asset value of the target fund units held by the equity interest of the same target fund, using either the minimum specified in the fund contract or the prospectus of the target fund, or the figure published for the target fund by WM Datenservice or another data source.

2.2.7 For the “Ambition” sub-funds

- Swisscanto (LU) Portfolio Fund Responsible Ambition (CHF)
- Swisscanto (LU) Portfolio Fund Responsible Ambition (EUR)
- Swisscanto (LU) Portfolio Fund Sustainable Ambition (CHF)

Asset classes	Ranges
(in % of net assets)	
Fixed-income and floating-rate securities and money market instruments and liquidity	15–60%
Equity securities and participation rights	40–85%

In addition, at least 25% of the assets of this sub-fund will be invested in equity securities and participation rights within the meaning of German tax law; both direct investments in equity securities and participation rights and eligible investments in target funds will count towards this percentage. The eligible portion of target fund investments is calculated by multiplying the net asset value of the target fund units held by the equity interest of the same target fund, using either the minimum specified in the fund contract or the prospectus of the target fund, or the figure published for the target fund by WM Datenservice or another data source.

2.2.8 For the “Focus” sub-funds

- Swisscanto (LU) Portfolio Fund Responsible Focus (CHF)
- Swisscanto (LU) Portfolio Fund Sustainable Focus (CHF)

Asset classes	Ranges
(in % of net assets)	
Fixed-income and floating-rate securities and money market instruments and liquidity	0–45%
Equity securities and participation rights	55–100%

In addition, at least 51% of the assets of this sub-fund will be invested in equity securities and participation rights within the meaning of German tax law; both direct investments in equity securities and participation rights and eligible investments in

target funds will count towards this percentage. The eligible portion of target fund investments is calculated by multiplying the net asset value of the target fund units held by the equity interest of the same target fund, using either the minimum specified in the fund contract or the prospectus of the target fund, or the figure published for the target fund by WM Datenservice or another data source.

Management Company has developed a protocol enabling it to maintain the sub-fund's investment policy, continuing without a benchmark index until a switch to another suitable benchmark index can be made. The protocol is available free of charge from the Management Company and can be requested in paper or electronic format.

#### 2.2.9 Information on the benchmark indices

##### a) Administrators of the benchmark indices

Pursuant to Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), benchmark administrators must appear in the Register of administrators and benchmarks maintained by ESMA in accordance with Article 36 of the Benchmark Regulation. The benchmark indices cited in this Sales Prospectus are managed by authorised or registered administrators.

##### b) Use of benchmark indices within the investment policy

The securities in the sub-funds listed in the following table are selected on a discretionary basis using a consistent investment process ("active management").

When composing the portfolios of the individual sub-funds, the selection and weighting of securities is focussed on companies included in the benchmark indices cited in the table. The extent of deviation from these benchmark indices is also shown in the table.

The investment policy of these sub-funds is guided by and aims to outperform the listed benchmark indices. Based on the market situation and risk assessments, the asset manager may at any time actively over- or underweight individual securities or sectors to a greater or lesser extent, deviating in both directions from the relevant benchmark indices.

##### c) Use of an internal procedure in the event of the discontinuation of the benchmark index, or material changes thereto

If a benchmark index is no longer provided by the administrator or is subject to material changes, the

Sub-fund name		Benchmark index <sup>3</sup>	Deviation from the benchmark index
The "Balanced" sub-funds			
1.	Swisscanto (LU) Portfolio Fund Sustainable Balanced (EUR)	<ul style="list-style-type: none"> <li>• 50% Bloomberg Global Aggregate Index Hedged in EUR</li> <li>• 40% MSCI World Index TR Net</li> <li>• 10% MSCI Emerging Markets Index TR Net</li> </ul>	material
The "Relax" sub-funds			
2.	Swisscanto (LU) Portfolio Fund Responsible Relax (CHF)	<ul style="list-style-type: none"> <li>• 45% SBI Foreign AAA-BBB TR</li> <li>• 6% SPI® TR</li> <li>• 32% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 4% SARON</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 8% MSCI World ex Switzerland Index TR Net</li> <li>• 2% MSCI Emerging Markets Index TR Net</li> </ul>	material
3.	Swisscanto (LU) Portfolio Fund Responsible Relax (EUR)	<ul style="list-style-type: none"> <li>• 40% Bloomberg Euro Aggregate Index TR</li> <li>• 34% Bloomberg Global Aggregate ex Euro Index TR Hedged in EUR</li> <li>• 6% MSCI EMU Index TR Net</li> <li>• 4% EURO Short Term Rate</li> <li>• 6% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 8% MSCI World ex EMU Index TR Net</li> <li>• 2% MSCI Emerging Markets Index TR Net</li> </ul>	material
4.	Swisscanto (LU) Portfolio Fund Sustainable Relax (CHF)	<ul style="list-style-type: none"> <li>• 4% SARON</li> <li>• 45% SBI® Foreign AAA-BBB (TR)</li> <li>• 32% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 6% SPI® TR</li> <li>• 8% MSCI World ex Switzerland Index TR Net</li> <li>• 2% MSCI Emerging Markets Index TR Net</li> </ul>	material
The "Select" sub-funds			
5.	Swisscanto (LU) Portfolio Fund Responsible Select (CHF)	<ul style="list-style-type: none"> <li>• 4% SARON</li> <li>• 36% SBI® Foreign AAA-BBB TR</li> <li>• 27% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 12% SPI® TR</li> <li>• 15% MSCI World ex Switzerland Index TR Net</li> <li>• 3% MSCI Emerging Markets Index TR Net</li> <li>•</li> </ul>	material
6.	Swisscanto (LU) Portfolio Fund Responsible Select (EUR)	<ul style="list-style-type: none"> <li>• 30% Bloomberg Euro Aggregate Index TR</li> <li>• 30% Bloomberg Global Aggregate ex Euro Index TR</li> </ul>	material

<sup>3</sup> A hedged benchmark may be used, depending upon the unit class currency.

Sub-fund name		Benchmark index <sup>3</sup>	Deviation from the benchmark index
		Hedged in EUR <ul style="list-style-type: none"> <li>• 14% MSCI EMU Index TR Net</li> <li>• 4% EURO Short Term Rate</li> <li>• 6% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 13% MSCI World ex EMU Index TR Net</li> <li>• 3% MSCI Emerging Markets Index TR Net</li> </ul>	
7.	Swisscanto (LU) Portfolio Fund Sustainable Select (CHF)	<ul style="list-style-type: none"> <li>• 4% SARON</li> <li>• 36% SBI® Foreign AAA-BBB TR</li> <li>• 27% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 12% SPI® TR</li> <li>• 15% MSCI World ex Switzerland Index (TR net)</li> <li>• 3% MSCI Emerging Markets Index (TR net)</li> </ul>	material
The "Balance" sub-funds			
8.	Swisscanto (LU) Portfolio Fund Responsible Balance (CHF)	<ul style="list-style-type: none"> <li>• 3% SARON</li> <li>• 23% SBI® Foreign AAA-BBB (TR)</li> <li>• 21% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified (TR)</li> <li>• 20% SPI® TR</li> <li>• 2% MSCI World ex Switzerland Index TR Net Hedged in CHF</li> <li>• 23% MSCI World ex Switzerland Index TR Net</li> <li>• 5% MSCI Emerging Markets Index TR Net</li> </ul>	material
9.	Swisscanto (LU) Portfolio Fund Responsible Balance (EUR)	<ul style="list-style-type: none"> <li>• 21% Bloomberg Euro Aggregate Index TR</li> <li>• 20% Bloomberg Global Aggregate ex Euro Index TR Hedged in EUR</li> <li>• 20% MSCI EMU Index TR Net</li> <li>• 25% MSCI World ex EMU Index TR Net</li> <li>• 6% J.P. Morgan Emerging Markets Global Bond Diversified Index TR</li> <li>• 5% MSCI Emerging Markets Index TR Net</li> <li>• 3% EURO Short Term Rate</li> </ul>	material
10.	Swisscanto (LU) Portfolio Fund Sustainable Balance (CHF)	<ul style="list-style-type: none"> <li>• 3% SARON</li> <li>• 23% SBI® Foreign AAA-BBB TR</li> <li>• 21% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified (TR)</li> <li>• 20% SPI® TR</li> <li>• 2% MSCI World ex Switzerland Index TR Net Hedged in CHF</li> <li>• 23% MSCI World ex Switzerland Index TR Net</li> </ul>	material

Swisscanto Asset Management

	Sub-fund name	Benchmark index <sup>3</sup>	Deviation from the benchmark index
		<ul style="list-style-type: none"> <li>• 5% MSCI Emerging Markets Index TR Net</li> </ul>	
	The "Ambition" sub-funds		
11.	Swisscanto (LU) Portfolio Fund Responsible Ambition (CHF)	<ul style="list-style-type: none"> <li>• 2% SARON</li> <li>• 13% SBI® Foreign AAA-BBB TR</li> <li>• 12% Bloomberg Global Aggregate ex Switzerland</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified (TR)</li> <li>• 27% SPI® TR</li> <li>• 6% MSCI World ex Switzerland Index TR Net Hedged in CHF</li> <li>• 30% MSCI World ex Switzerland Index TR Net</li> <li>• 7% MSCI Emerging Markets Index TR Net</li> </ul>	material
12.	Swisscanto (LU) Portfolio Fund Responsible Ambition (EUR)	<ul style="list-style-type: none"> <li>• 26% MSCI EMU Index TR Net</li> <li>• 37% MSCI World ex EMU Index TR Net</li> <li>• 12% Bloomberg Euro Aggregate Index TR</li> <li>• 11% Bloomberg Global Aggregate ex Euro Index TR Hedged in EUR</li> <li>• 7% MSCI Emerging Markets Index TR Net</li> <li>• 5% J.P. Morgan Emerging Markets Global Bond Diversified Index TR</li> <li>• 2% EURO Short Term Rate</li> </ul>	material
13.	Swisscanto (LU) Portfolio Fund Sustainable Ambition (CHF)	<ul style="list-style-type: none"> <li>• 2% SARON</li> <li>• 13% SBI® Foreign AAA-BBB TR</li> <li>• 12% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 27% SPI® TR</li> <li>• 6% MSCI World ex Switzerland Index TR Net Hedged in CHF</li> <li>• 30% MSCI World ex Switzerland Index TR Net</li> <li>• 7% MSCI Emerging Markets Index TR Net</li> </ul>	material
	The "Focus" sub-fund		
14.	Swisscanto (LU) Portfolio Fund Responsible Focus (CHF)	<ul style="list-style-type: none"> <li>• 2% SARON</li> <li>• 5% SBI® Foreign AAA-BBB TR</li> <li>• 5% Bloomberg Global Aggregate ex Switzerland Index TR Hedged in CHF</li> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 30% SPI® TR</li> <li>• 10% MSCI World ex Switzerland Index TR Net Hedged in CHF</li> <li>• 37% MSCI World ex Switzerland Index TR Net</li> <li>• 8% MSCI Emerging Markets Index TR Net</li> </ul>	material
15.	Swisscanto (LU) Portfolio Fund Sustainable Focus (CHF)	<ul style="list-style-type: none"> <li>• 2% SARON</li> <li>• 5% SBI® Foreign AAA-BBB (TR)</li> <li>• 5% Bloomberg Global Aggregate ex Switzerland Index TR</li> </ul>	material

Swisscanto Asset Management



Sub-fund name	Benchmark index <sup>3</sup>	Deviation from the benchmark index
	Hedged in CHF <ul style="list-style-type: none"> <li>• 3% J.P. Morgan Emerging Markets Bond Index Global Diversified TR</li> <li>• 30% SPI® TR</li> <li>• 10% MSCI World ex Switzerland Index TR Net Hedged in CHF</li> <li>• 37% MSCI World ex Switzerland Index TR Net</li> <li>• 8% MSCI Emerging Markets Index TR Net</li> </ul>	

## 2.3 Provisions applicable to all sub-funds

### 2.3.1 Authorised investments are:

#### a) Securities and money market instruments

The Fund may invest in securities and money market instruments that are admitted to trading on a regulated market within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFID II), or that are traded on another recognised and regulated market that operates regularly and is open to the public in a member state of the European Union (EU) or a state in Europe, Africa, Asia, Oceania or America.

#### b) New issues

The Fund may invest in securities and money market instruments originating from new issues provided the conditions of issue include the obligation to apply for official listing on a stock exchange or other recognised and regulated market that operates regularly and is open to the public in a member state of the EU or a state in Europe, Africa, Asia, Oceania or America, and provided admission to trading takes place within one year of issue.

#### c) Money market instruments (unlisted)

The Fund may invest in money market instruments which are not traded on a stock exchange or on another regulated market provided their issue or their issuers are subject to investment and investor protection regulations, on condition that these money market instruments satisfy the conditions laid down in Article 41 (1) h) of the UCI Act.

#### d) Liquidity

The Fund may invest in demand deposits and time deposits. These are deposits with credit institutions domiciled in an EU member state or in a non-EU member state that can be terminated at any time or within a period of no more than 12 months. In the case of credit institutions domiciled in non-EU member states, investments are only permitted if these credit institutions are subject to supervisory regulations which are equivalent to those under EU law.

#### e) Investments in fund units

The Fund may invest in units of UCITS of the open-ended type and/or in other undertakings for collective investment (other UCIs) within the meaning of the UCI Act. Investments in such funds are permissible only if they are domiciled in a member state of the EU or in a third country, provided that:

- such other UCIs have been approved in accordance with legislation subjecting them to prudential supervision that, in the opinion of the CSSF, is equivalent to that which applies under EU law, and that adequate provision exists for ensuring cooperation between authorities;
- the level of protection afforded to unitholders in other UCIs is equivalent to that afforded to unitholders in a UCITS and, in particular, the rules governing the separate safekeeping of Fund assets, borrowing, lending and the short-selling of securities and money market instruments are equivalent to the requirements laid down in Directive 2009/65/EC;
- the business operations of such other UCIs are reported in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and transactions during the reporting period;
- the UCITS or the other UCIs in which units are to be acquired may not be permitted, under the terms of their founding documents, to invest more than 10% of their fund assets in the units of other UCITS or UCIs.

#### f) Derivative financial instruments ( "derivatives" )

The Fund may invest in derivative financial instruments ( "derivatives" ), including equivalent cash-settled instruments that are traded on one of the regulated markets described above and/or derivative financial instruments that are not traded on a stock exchange ( "OTC derivatives" ), provided that:

- the underlyings are instruments as defined in Article 41(1) of the UCI Act, financial indices, interest rates, exchange rates or currencies in which the UCITS may invest in accordance with the

investment objectives stated in its founding documents;

- the counterparties in OTC derivatives transactions are institutions subject to prudential supervision in one of the categories authorised by the CSSF; and
- the OTC derivatives are reliably and verifiably valued on a daily basis and can be sold, liquidated or closed out by a countertrade at the initiative of the UCITS at any time at fair value.

g) Other investments

The Fund may, in compliance with the investment restrictions, invest in other securities or money market instruments than the aforementioned permissible securities or money market instruments.

h) Cash and other liquid assets

Cash and other liquid assets should be limited to demand deposits, such as cash (i) available at any time to make current or extraordinary payments or (ii) for the period necessary to reinvest in eligible assets in accordance with Article 41(1) of the UCI Law or (iii) for a period during which adverse market conditions prevail.

### 2.3.2 Investment restrictions

The following rules must be observed for sub-fund investments:

- a) A sub-fund may not acquire more than 10% of the outstanding securities, debt instruments or money market instruments or more than 10% of the non-voting shares of a single issuer. It may not hold more than 25% of the units of a single UCITS or other UCIs.
- b) Subject to the exceptions mentioned explicitly, no more than 10% of the net assets of a sub-fund may be invested in securities and money market instruments from the same issuer. The total volume of the securities and money market instruments from issuers in which more than 5% of net assets is invested may not exceed 40% of the net assets of any sub-fund.
- c) Investments must not confer rights on the Management Company that enable it to

exert significant influence over an issuer's operations.

- d) Furthermore, the restrictions stipulated under a) and c) do not apply to equity securities and participation rights that allow the sub-fund to participate in the capital of a company that is registered in a state outside the EU and invests its assets principally in the securities of issuers registered in that state if, according to the laws of that state, that issuer represents the only medium for investment in securities of issuers in that state. However, this exception applies only if the company registered outside the EU observes the investment restrictions of the sub-fund in question in its own investment policy.

- e) The 10% limit referred to in b) is raised to a maximum of 25% for covered bonds within the meaning of Article 3 (1) of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and the covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU and for bonds issued before 8 July 2022 by a credit institution domiciled in a Member State of the EU that is subject to special regulatory supervision by virtue of statutory provisions protecting the holders of such bonds. Specifically, the proceeds of the issue of these debt instruments must be invested, in accordance with statutory provisions, in assets which will provide sufficient cover for the liabilities arising in connection with the debt instruments for the entire term of these securities. The assets in which the proceeds are invested must be earmarked primarily for repaying the principal and paying the interest in the event of the issuer's default. Should a sub-fund invest more than 5% of its net assets in debt instruments as defined in this paragraph, that are issued by a single issuer, the combined value of these investments may not exceed 80% of the value of the sub-fund's net assets.

- f) The 10% restriction stipulated in b) may be raised to a maximum of 35% if the securities and money market instruments in question are issued or guaranteed by: (i) a member

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state of the EU, (ii) its regional authorities, (iii) another western European member state of the Organisation for Economic Cooperation and Development (OECD), (iv) the United States of America, (v) Canada, (vi) Japan, (vii) Australia and (viii) New Zealand, or (ix) an international public organisation of which one or more EU states are members. These securities and money market instruments are not taken into account in calculating the 40% limit mentioned in b).

g) **The 10% restriction stipulated in b) may be raised to a maximum of 100% if the securities and money market instruments in question are issued or guaranteed by a state, provided that:**

- the state is a member of the EU or is an OECD state,
- the sub-fund holds securities and/or money market instruments from at least six different issues; and
- the securities and/or money market instruments from a single issue do not exceed 30% of the net assets of a sub-fund.

h) A maximum of 20% of the net assets of a sub-fund may be invested in deposits with one and the same institution.

i) The overall risk arising from the use of derivative financial instruments may not exceed 100% of the net assets of a sub-fund and therefore the overall risk of the sub-fund may not exceed a total of 200% of the net assets of a sub-fund on a lasting basis. Temporary borrowing may not increase the overall risk of the sub-fund by more than 10%, meaning that the overall risk may never amount to more than 210% of the net assets of a sub-fund. With regard to investments in derivative financial instruments, the overall risk of the corresponding underlyings, provided they are not index-based derivatives, may not exceed the limits given under b), e), f), h), j), k) and l).

j) In the case of transactions involving OTC derivatives and/or techniques for the efficient management of the portfolio, e.g. securities lending, the risk exposure per

counterparty may not exceed 10% of the net assets of a sub-fund where the counterparty is a credit institution pursuant to the UCI Act. In all other cases, the risk per counterparty may not exceed 5% of the net assets of a sub-fund.

k) Subject to the exceptions stated under e), f) and g) and notwithstanding the upper limits laid down in b) first sentence, h) and j), each sub-fund may invest a maximum of 20% of its net assets with a single institution in a combination of the following:

- securities and money market instruments issued by this institution,
- deposits with this institution and/or
- risks arising from transactions in OTC derivatives acquired from this institution and/or involving techniques for the efficient management of the portfolio.

l) A maximum of 50% of the net assets of a sub-fund may be invested in units of target funds within the meaning of section 2.3.1 e) and a sub-fund may not invest more than 20% of its net assets in a single UCITS or other UCIs within the meaning of section 2.3.1 e). Investments in units of other UCIs that are not UCITS may not exceed a total of 30% of a sub-fund's net assets. If a sub-fund invests a substantial part of its net assets in target funds, the effective all-in fee paid by the relevant sub-fund itself and the target fund in which the sub-fund intends to invest may not exceed a total of 4.0% of the net assets of the sub-fund.

The Fund may acquire units in UCITS or other UCIs that are managed directly or indirectly by the Management Company itself or by a company with which it is affiliated by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes. The Management Company and the other company may not charge any issue or redemption fees in this regard.

m) Subject to other sub-fund-specific restrictions, each sub-fund may invest a maximum of 20% of its net assets in MBS, ABS and instruments of this type as

described in section 2.2.1, within the scope of its investment policy.

- n) A maximum of 10% of a sub-fund's net assets may be invested in other investments as described in section 2.3.1 g).
- o) Up to 20% of a sub-fund's net assets may be invested in contingent convertible bonds.
- p) Up to 20% of a sub-fund's net assets may be invested in perpetuals.
- q) Sub-funds with "Responsible" in their name may invest a maximum of 25% of their net assets in other investments as described in section 2.2.1, within the scope of their investment policy. Sub-funds with "Sustainable" in their name may not invest in other investments as described in section 2.2.1.
- r) Cash and liquid assets in the form of demand deposits within the meaning of sub-section 2.3.1 h) are limited to 20% of the net assets of the respective sub-fund. These restrictions may only be exceeded temporarily and for as long as strictly necessary on account of exceptionally unfavourable market conditions and if such excess is justified with regard to the interests of the unitholders.

Should the limits laid down in section 2.3.2 be exceeded unintentionally, priority must be given to bringing investments down to below the set percentages while safeguarding the interests of unitholders.

Unless it is stated specifically that they relate to the assets of the Fund in their entirety, the percentage restrictions stated above refer to the assets of each individual sub-fund. These restrictions do not apply in the event that subscription rights are exercised.

Irrespective of their obligation to ensure compliance with the principle of risk diversification, newly authorised sub-funds may deviate from the investment restrictions for a period of six months following their authorisation.

### 2.3.3 Unauthorised investments

The Fund may not:

- a) grant loans or act as guarantor for third parties;
- b) invest directly in real estate, commodities, commodity papers and precious metals or certificates on precious metals and commodities, or in securities issued by the Management Company;
- c) short-sell securities.

The Management Company may determine further investment restrictions at any time in the interests of the unitholders, provided such restrictions are necessary to comply with the laws and regulations of the countries in which the Fund's unit certificates are offered and sold.

Without prejudice to the unauthorised investments described in this section, the sub-funds are authorised to invest in the following:

- Investment instruments (e.g. certificates) with individual precious metals as the underlying that meet the requirements of Article 41 of the UCI Act and do not contain any embedded derivatives. Precious metals may be acquired indirectly if the acquisition does not result in or confer entitlement to physical delivery.
- The sub-fund can also invest in instruments (e.g. certificates) with individual commodities or commodity indices as the underlying that meet the requirements of Article 41 of the UCI Act and do not contain any embedded derivatives.

### 2.3.4 Investment techniques and instruments

- a) Repos  
The Management Company does not enter into securities repurchase agreements.
- b) Loans  
In principle, the Fund may not take out loans or temporarily overdraw its accounts. However, a sub-fund may take out loans for the purchase of foreign currencies in the form of a back-to-back loan or temporarily borrow up to 10% of the net assets.
- c) Long/short strategy  
In addition, the Portfolio Manager may seek to optimise portfolio returns by building up additional long and short positions. Additional long positions will be taken in equity securities and participation rights

which are the economic equivalent of a direct investment of a maximum of 30% of the net assets using derivative financial instruments (e.g. in the form of equity swaps), while also taking additional equivalent short positions in equity securities and participation rights which are overvalued in the Portfolio Manager's view. However, in accordance with section 2.3.3, the Fund will not engage in the short-selling of securities.

d) Other techniques:

d1) Managing currency exposure

Sub-funds may use currency forwards and swaps to hedge and efficiently manage their currency exposure and to implement the portfolio strategy. A sub-fund may also enter into a desired currency exposure in a currency permitted in the Fund's investment policy by means of the currency link to a financial instrument via the use of currency forwards and currency swaps. In such cases the currency exposure does not necessarily have to be built up in the Fund's currency of investment or account. Instead it can be achieved in a chosen, permitted investment currency of the Fund.

d2) Managing interest rate, currency and credit risks

In addition to the above transactions, each sub-fund may enter into futures and options transactions as well as swap transactions (interest rate swaps and combined interest rate and currency swaps as well as total return swaps), both for hedging purposes and efficient portfolio management, as well as to implement the portfolio strategy.

d3) Total return swaps

Total return swaps may be conducted for each sub-fund for the purposes of efficient portfolio management. The Management Company does not currently plan to make use of total return swaps. If the Management Company wishes to make use of this option, between 40% and 60% of the

assets of the relevant sub-fund would normally be covered by total return swaps.

However, the Management Company reserves the right to transfer up to 100% of the assets held in the relevant sub-fund into a total return swap, depending on market conditions, with the aim of efficient portfolio management in the interests of investors.

Both positive and negative income from total return swaps are fully taken into account in the fund assets.

d4) Managing credit risk

The sub-funds may also use securities (credit-linked notes; hereinafter "CLNs" ) as well as techniques and instruments (credit default swaps; hereinafter "CDS" ), both for hedging purposes and efficient management of credit risks, as well as to implement the portfolio strategy.

A CLN is a structured debt security with an embedded CDS. CLNs can be classified as securities/money market instruments and are issued by financial institutions that have a high rating; in cases where the CLNs are not listed or traded on a regulated market, investments in CLNs must be limited to 10%, as specified in section 2.3.2 n). In cases where the CLNs are listed or traded on a regulated market, the aforementioned 10% limit does not apply. In addition, the investment restrictions specified in section 2.3.2 b), e), f), h), j) and k) apply to CLNs. These statutory restrictions relate both to the issuer of the CLN and to the CLN's underlyings.

d5) Within the scope of its investment policy, each sub-fund may indirectly (via derivatives, structured financial instruments or target funds) enter into commitments on volatility indices or on indices that reflect a rule-based volatility strategy.

e) Joint management of assets

Swisscanto Asset Management  
International S.A.

For the purpose of efficient management of the Fund, and to the extent permitted by the investment policy, the Management Company may decide to jointly manage the assets or portions of the assets of certain sub-funds. Such jointly managed assets shall hereinafter be referred to as a “pool” , regardless of the fact that such pools are only combined for internal management purposes. The pools do not constitute a separate legal entity from the jointly managed sub-funds and investors have no direct access to them. Each individual jointly managed sub-fund retains the right to its specific assets. The jointly managed assets in the pools can be separated at any time and transferred to the individual participating sub-funds. If the assets of more than one sub-fund are merged for the purpose of joint management, the portion of the assets in the pool attributable to each of the participating sub-funds shall be recorded in writing with reference to the initial participation of the sub-fund in that pool. The rights of each participating sub-fund to the jointly managed assets relate to each individual position in that pool. Additional investments made for the jointly managed sub-funds shall be allocated to these sub-funds in accordance with their rights, while assets sold shall be deducted in the same way from the assets attributable to each participating sub-fund.

- f) Within the scope of the investment policy, the Board of Directors may pledge a sub-fund’ s assets or transfer ownership thereof as collateral in connection with transactions involving derivative financial instruments.
- g) Securities lending
  - g1) With a view to the efficient management of assets and for the purpose of generating additional income, a sub-fund may, in compliance with the pertinent legal provisions, employ securities lending techniques and instruments
    - provided they are permitted under Article 42(2) of the UCI Act and Article 11 of Directive 2007/16/EC of

19 March 2007 (Eligible Assets Directive).

- Generating additional income is possible and
- depends on current market conditions.

g2) When engaging in securities lending transactions, the sub-fund acts as lender, in which capacity it surrenders a security to the borrower, which the latter may dispose of for a limited period and for which the sub-fund receives a fee.

g2.1) Principal

Zürcher Kantonalbank shall be the sole direct borrower (principal) and the sole direct counterparty for securities lending transactions. As an independent public-law institution of the Canton of Zurich, it holds an unlimited state guarantee. As such, it is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA), whose rules are recognised by the CSSF as equivalent to those enshrined in EU law.

g2.2) Agent

RBC Investor Services Bank S.A. has been appointed agent for securities financing transactions. The agent is responsible for the operational aspects of the loan, the recovery of the security and the distribution of income to the sub-funds. In addition, the agent ensures that the amount of the collateral is adequate after the valuation discount and is in accordance with the admissibility criteria.

g3) Securities lending may not result in a change in the investment objective, nor may it entail substantial additional risks as compared with the original risk strategy.

The risks to which securities lending exposes a sub-fund shall be appropriately addressed by the risk management procedure. A detailed overview of the risks can be found in section 1.6.8 "Risks associated with securities lending" of this Sales Prospectus.

- g4) The Management Company will not accrue any income from securities lending transactions. All proceeds from securities lending shall be credited to the sub-fund involved in this securities lending less the fee paid to the agent for its securities lending services.  
91% of the gross income generated by the securities financing business goes into the fund assets. The agent receives the remaining 9%.
  - g5) All securities transferred under a securities lending transaction may be transferred back at any time and all securities lending agreements may be terminated at any time. Securities lending transactions shall be factored into the risk management procedure for liquidity risks in order to ensure that a sub-fund can meet its redemption obligations at all times.
  - g6) Exceptionally, as high as 60% of the assets of a sub-fund may be used for securities lending, depending on the respective market conditions, the objective of efficient portfolio management and in the interests of investors. It is expected that up to 15% of the assets of each sub-fund may be used for this purpose. The actual value of the securities lending invested in the Fund's assets can be found in the latest annual report (or semi-annual report).
- h) Collateral management
- h1) The risk positions that arise for a counterparty as a consequence of transactions involving OTC derivatives and techniques for efficient portfolio management will be combined for the purpose of calculating the thresholds of

counterparty risk exposure as set out in Article 43 of the UCI Act.

- h2) If a sub-fund engages in transactions in OTC derivatives and uses techniques for efficient portfolio management, counterparty risk exposure may, in accordance with ESMA/2014/937 (Guidelines on ETFs and other UCITS issues) and ESMA's CESR/10-788 (CESR's Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS), be reduced by accepting collateral insofar as it satisfies the following criteria. The same criteria apply to collateral received in connection with securities lending, unless otherwise stated.

h2.1) The following assets are accepted as eligible collateral:

- Cash and sight deposits – except for securities lending purposes – which are denominated in USD, EUR or CHF or the reference currency of a sub-fund and are deposited with legal entities pursuant to Article 50(f) of the UCITS Directive;
- Highly liquid bonds issued by issuers with a high credit rating, which enjoy brisk trading on a regulated market with transparent pricing, in order that they can be sold at short notice with no loss of liquidity. Moreover, the collateral must be valued at least once on every trading day. The term of the bonds is limited to a maximum of 20 years;
- Shares traded on a regulated market in a member state of the EU or on a stock exchange in an OECD member state and from issuers from these countries. In addition, these shares must enjoy brisk trading, with transparent

Swisscanto Asset Management

International S.A.



pricing and high liquidity assured.

#### h2.2) Valuation of collateral

Collateral in the form of securities is valued at least once daily at the last known market price and in accordance with standard market practice. The exchange on which the securities are listed and which is the main market for this security is used for the valuation.

#### h2.3) Safekeeping of collateral

The collateral received is held by the Depositary and its sub-depositaries on accounts separate from the assets. In the case of securities lending, the Depositary shall transfer the custody of the collateral to the agent, which may also use its sub-depositaries for this purpose.

#### h2.4) Cash collateral

Cash collateral accepted may only be invested in high-quality government bonds or in short-dated money market funds in accordance with the definition in the CESR's Guidelines.

By reinvesting cash collateral, a sub-fund is also exposed to the interest rate, credit and liquidity risks attached to the respective government bonds or money market funds, which may manifest should the counterparty default or be in arrears.

In the case of securities lending, cash collateral or sight deposits are not considered collateral, which excludes reinvestment in this regard.

#### h2.5) Correlation

The collateral accepted by the sub-fund must be issued by a legal entity which is independent of the counterparty and has no high correlation with the performance of the counterparty.

#### h2.6) Diversification of collateral

Collateral must be suitably diversified in terms of countries, markets and issuers. The criterion of suitable diversification is deemed to be satisfied in respect of issuer concentration if the sub-fund receives from the counterparty to the securities lending transaction and/or OTC derivatives transactions a collateral basket for which the maximum exposure to any particular issuer is 20% of the net asset value.

h2.7) Operational and legal risks in connection with collateral management must be calculated, controlled and reduced through the risk management process.

h2.8) In cases involving transfers of rights, the collateral accepted must be held in safekeeping by the sub-fund's Depositary. Under other types of collateral agreements, the collateral may be held by a third party which is subject to supervision and is not in any way connected with the provider of the collateral.

h2.9) The sub-fund may realise accepted collateral at any time without conferring with the counterparty or requiring the latter's approval.

#### h3) Haircut strategy

The Management Company has defined a strategy for imposing appropriate, conservative discounts on the collateral received ("haircut strategy").

The valuation discounts on collateral results in cover of more than 100%. This takes account of the fact that the valuation of the collateral or the liquidity profile of this asset changes daily. The adjusted collateral valuation

Swisscanto Asset Management

International S.A.

achieved with the haircut may at no time fall below the Fund's counterparty exposure.

The haircut strategy factors in the characteristics of the collateral, the nature and credit rating of the issuer of the collateral, the price volatility of the collateral, the currency and the results of possible stress tests that can be run on the collateral. If a sub-fund accepts collateral for at least 30% of its assets, it is required to have a suitable stress test strategy in place in order to ensure that said sub-fund can, in normal as well as extraordinary liquidity conditions, assess the liquidity risk associated with this collateral.

Owing to the different price volatilities, the haircuts on bonds are graded according to rating class. The bandwidth for haircuts on bonds is between 3% and 7%, and haircuts on shares amount to at least 12%.

The appropriateness of the haircuts applied is reviewed at regular intervals, but no less than once a year, and the haircuts are adjusted accordingly if required. In the event of significant changes in the markets, haircuts will be reviewed immediately.

### **3 Participation in the Fund**

#### **3.1 Conditions for the issue, redemption and conversion of units**

Units in a sub-fund are issued or redeemed on each bank business day in Luxembourg. A "bank business day" is any normal bank business day (i.e. days on which the banks are open during normal business hours in Luxembourg) with the exception of individual non-statutory holidays in Luxembourg.

"Non-statutory holidays" are days on which banks and financial institutions are closed. Units are not issued or redeemed on days on which the exchanges of the main countries in which the sub-funds invest are closed, or if the sub-funds' assets cannot be properly valued. No issues or redemptions take place on days on which the Management Company has decided not to calculate the net asset value as described in section 3.6.

The Management Company is entitled at its own discretion within the scope of its distribution activities to reject subscription orders and to temporarily or permanently suspend or limit the sale of units to natural persons or legal entities in certain countries or regions, or to permit subscriptions for specific sums of money. The Management Company may also repossess units at any time if they are in the possession of unitholders who are not permitted to acquire or hold units or particular classes of units.

The Management Company does not permit any market timing or activities which might be deemed equivalent to market timing. It reserves the right to refuse subscription and conversion orders from an investor whom the Management Company suspects of engaging in such activities, as well as to take the necessary steps in order to protect the other investors in the Fund.

Units are issued, redeemed and converted on the basis of orders received by the Depositary during usual local business hours but by no later than 15:00 Luxembourg time on a Luxembourg bank business day (order date).

The net asset value used for the calculation of the issue, redemption and conversion price is calculated on the following valuation day on the basis of the last known prices. Orders received after such time will be treated in the same way as those received on the following bank business day.

Subscriptions, redemptions and conversions are therefore effected on the basis of an unknown net asset value (forward pricing).

The individual valuation principles are described in the following paragraph.

#### **3.2 Net asset value, issue, redemption and conversion prices, partial swinging single pricing**

In accordance with the Management Regulations and in accordance with section 3.1, the net asset value (NAV) of the units is calculated by the Management Company for each separate sub-fund or unit class on each bank business day in Luxembourg.

The net asset value of a unit in a sub-fund or of a unit class is – unless stated otherwise in this Sales

Swisscanto Asset Management  
International S.A.

Prospectus – expressed in the sub-fund’s currency of account and is calculated by dividing the net assets of the sub-fund or the unit class by the number of units of that sub-fund or the respective unit class in circulation. The currency contained in the sub-fund name (in brackets) is the sub-fund currency. If the sub-fund name does not include a currency, the sub-fund currency is the Swiss franc (CHF). The net asset value is rounded to the nearest 0.01 of the unit of account.

The net assets of a given sub-fund or unit class correspond to the difference between the total assets of that sub-fund or unit class and the total liabilities that are attributable to it.

The total net assets of the Fund are expressed in CHF and correspond to the difference between the total assets of the Fund and its total liabilities. For the purpose of this calculation, the net assets of each sub-fund are converted into CHF, if they are not already expressed in CHF, and totalled.

Distributions in favour of the distribution units have the effect of reducing the net asset value of the distribution units by the amount distributed. By contrast, the net asset value of accumulation units remains unaffected by this process.

The assets of each sub-fund or unit class are valued as follows:

- a) Securities, derivatives and other investments listed on a stock exchange are valued at the latest available prices.  
If these securities, derivatives and other investments are listed on several exchanges, the latest available price on the exchange that represents the primary market for this security shall apply.  
In the case of securities, derivatives and other investments not commonly traded on an exchange and for which a secondary market among securities traders exists with market-compliant price discovery, the Management Company may value these securities, derivatives and other investments based on these prices.  
Securities, derivatives and other investments that are not listed on a stock exchange, but are traded on another regulated market that operates regularly and is recognised and

open to the public, are valued at the latest available price on this market.

- b) Securities and other investments that are neither listed on a stock exchange nor traded on a regulated market are valued at the last available market price. If no such price is available, the Management Company will value the securities according to other criteria, to be determined by the Board of Directors. The Management Company will base its calculation on the probable selling price, the level of which will be estimated with due care and to the best of the Management Company’s knowledge.
- c) Money market instruments that are not listed on an exchange, but are traded on another regulated market that operates regularly and is recognised and open to the public, may be valued as follows: The valuation price of such investments, based on the net acquisition price, shall be progressively adjusted to the redemption price while keeping the resulting investment return constant. If there are significant changes in the market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns.
- d) Liquid funds and fiduciary and fixed-term deposits will be valued at their nominal value plus accrued interest.
- e) For each sub-fund, the securities that are denominated in a currency other than that of the sub-fund are converted into the sub-fund currency at the relevant mean exchange rate. Futures contracts concluded for the purpose of hedging currency risks are taken into consideration in the conversion.
- f) Units in UCITS or other UCIs shall be valued at their last published net asset value. If no net asset value is available, only buying and selling prices, the units of such UCITS and other UCIs may be valued at the mean value of these buying and selling prices. Should no current prices be available, the Management Company will make a valuation according to other criteria, to be determined by the Board of Directors. The Management Company will

Swisscanto Asset Management

International S.A.

base its calculation on the probable selling price, the level of which will be estimated with due care and to the best of the Management Company' s knowledge.

- g) Derivatives which are traded neither on a stock exchange nor on another regulated market will be valued at a market value (fair value) which is appropriate given a careful assessment which takes into account all of the relevant circumstances.

In order to protect existing unitholders from transaction costs for the purchase and sale of investments caused by subscriptions and redemptions, the Board of Directors may decide to have the net asset value of a sub-fund calculated in accordance with the partial swinging single pricing method described below.

If, on a given bank business day, the total subscriptions or redemptions for all unit classes of a sub-fund result in a net inflow or outflow of assets that exceeds a specified threshold (represented as a percentage of the net asset value), the net asset value of the sub-fund in question is increased or decreased accordingly (partial swinging single pricing, hereinafter "PSSP" ). In such cases, the same net asset value shall apply for all unitholders subscribing or redeeming units on this valuation date.

The maximum adjustment amounts to 2% of the net asset value of the sub-fund concerned. This takes account of both the estimated transaction costs and the tax charges that may be incurred by the sub-fund concerned, as well as the estimated bid-ask spread of the assets in which the sub-fund invests. Such an adjustment will lead to an increase in the net asset value if the net movements result in an increase in the number of units in the relevant sub-fund. It will lead to a reduction in the net asset value if the net movements result in a decline in the number of units.

The Pricing Committee is responsible for determining the swing factor and the threshold, and decides on behalf of the Management Company.

The level of the swing factor is based on the historical incidental expenses arising for the purchase and sale of investments in the case of

subscriptions and redemptions (bid-ask spreads, standard brokerage fees, commissions, taxes, etc.).

The threshold is determined on the basis of the historical capital flows for the sub-fund concerned. The threshold also ensures that the net asset value is not swung in the case of a large proportion of the capital flows where no purchases or sales by the portfolio manager are necessary. In some circumstances, the threshold may also be set at zero for a particular period at the discretion of the Pricing Committee.

Where a sub-fund was established less than a year earlier, the swing factor and the threshold are determined depending on the characteristics of this sub-fund. The historical capital flows simulated in this way enable a representative value to be determined for the respective sub-fund.

In extraordinary situations such as unusually high market fluctuations or restricted market liquidity, the net asset value of the relevant sub-fund may be increased or reduced based on the day' s average value for incidental expenses for the purchase and sale of investments, or on values derived from the day' s market observations. This may lead to the cited maximum adjustment being temporarily exceeded in the best interests of unitholders. Unitholders will be informed by the Management Company in the usual manner of any such measures.

The Board of Directors has decided to use the PSSP method to calculate the net asset value of all sub-funds. The Board of Directors may decide to suspend the PSSP method without prior notice for individual or all sub-funds for a day on which a contribution in kind is made.

If, as a result of exceptional circumstances, the aforementioned valuation criteria cannot be applied or appear to be unsuitable, the Management Company is entitled to temporarily use other appropriate valuation criteria.

In exceptional circumstances, additional valuations may be made throughout the day and shall apply to issues and redemptions on that day.

In the event of a large volume of redemption orders, the Management Company may value the units of

the sub-fund in question on the basis of the sales prices received in the requisite securities sales transactions.

### 3.3 Sale of units

The issue price must be paid within three bank business days after receipt of the subscription order. However, the Management Company may extend this period to a maximum of five bank business days if the three-day period proves too short. Issue prices are rounded down to the nearest currency unit.

The following are charged on the issue of units:

- an agency fee which goes to the intermediary. The maximum agency fee payable for each sub-fund or unit class is set out in the table in section 1.2 "Structure of the Fund" .
- for conversions from one sub-fund to another within the same umbrella fund, the intermediary may charge a maximum of 50% of the permitted issuing agency fee, up to the countervalue of the units submitted for conversion; where unit classes of the same sub-fund are converted, no agency fee is charged.
- any taxes and duties charged in connection with the issue.

The Management Company may, at its discretion, accept contributions in kind for full or partial subscriptions. In such cases, the contribution in kind must comply with the investment policy and restrictions of the sub-fund. In addition, such investments will be audited by an auditor assigned by the Management Company; the audit will be available for inspection. Costs incurred in connection with contributions in kind will be borne by the relevant investor. To calculate the number of units to which an investor is entitled on the basis of his subscription in kind, sub-funds for which the SSP approach is used may use the valuated net asset value per unit for a valuation date instead of the modified net asset value per unit.

The corresponding number of units will be transferred to investors immediately after payment of the purchase price. The Board of Directors is authorised to accept subscriptions for specific sums of money and, on this basis, consent to the issue of fractions of units of up to four decimal places. In such cases, the Management Company has the power to authorise one of the sales or paying agents

to confirm the subscription of units to the unitholders in writing.

Only registered units shall be issued. They are not issued as physical certificates; they exist purely as book entries.

Physical bearer units which were not deposited by 18 February 2016 under the Act of 28 July 2014 on the mandatory deposit of bearer shares and units amending the Act of 10 August 1915 on commercial companies have been cancelled and the amounts corresponding to the value of these units deposited with the *Caisse de Consignation* until the holder demands their payment.

Subscribers should note that they must present proof of identity to the agent receiving their subscription, unless they are known personally to the agent. This ruling is intended to help combat the laundering of money originating from criminal activities, in particular the drugs trade.

### 3.4 Redemption of units

In principle, the Management Company will redeem units of the Fund at any time on a bank business day at the redemption price, against surrender of the corresponding unit certificates.

Since care must be taken that there are sufficient liquid assets in the Fund, payments on Fund units will usually be made within five bank business days after calculation of the redemption price, unless transfer of the redemption amount to the country in which the redemption has been applied for proves to be impossible owing to statutory provisions, such as foreign exchange and payment restrictions, or as a result of other circumstances beyond the control of the Depositary.

Repayment for the units is made in the currency of the respective sub-fund. No charge is made for redemption. Any taxes due on the redemption will be deducted from the redemption price. Redemption prices are rounded down to the nearest currency unit.

In the event of a large volume of redemption orders, the Depositary and the Management Company may decide to postpone the execution of redemption orders until the necessary assets of the Fund have been sold, without undue delay. Priority must

Swisscanto Asset Management  
International S.A.

subsequently be given to these deferred redemption orders.

The unit in question expires upon payment of the redemption price.

### 3.5 Conversion of units

Unitholders in each sub-fund are entitled to convert some or all of their units into units of another sub-fund offered for subscription, or to convert units of one class into another class within the same sub-fund. Such conversions may be undertaken on any day on which the net asset value of the sub-fund is calculated. The subscription requirements for a particular unit class must also be fulfilled in the case of the conversion of units from one class to another. Investors must submit a conversion application to the Management Company for at least 10 units of a sub-fund or unit class and surrender the unit certificates, if any were issued. Conversion is subject to the same time limits as for the issue and redemption of the sub-funds in question.

The intermediary may charge an agency fee on conversions of up to half the rate on issue, up to the value of the units submitted for conversion.

Where unit classes of the same sub-fund are converted, no agency fee is charged.

The Management Company will use the following formula to determine the number of units into which a unitholder may convert his/her existing units:

$$A = \left( \frac{B \times C}{D} \right) \times E$$

where:

- A = Number of units to be issued in the new sub-fund or the new unit class
- B = Number of units in the original sub-fund or the original unit class
- C = Redemption price per unit of the original sub-fund or the original unit class
- D = Net asset value per unit of the new sub-fund or the new unit class
- E = Exchange rate between the currencies of the two sub-funds or two unit classes on the date of conversion

Should the calculation of the number of new units result in fractions of units, the figure is rounded

down to the nearest whole number, unless the Board of Directors has approved the issue of fractions of units. The investor will receive payment for the fractions at the redemption price.

The Management Company will provide the unitholder with the details of the conversion.

### 3.6 Suspension of net asset value calculation and the issue, conversion and redemption of units

The Management Company is entitled to temporarily suspend the calculation of the net asset value, as well as the issue, conversion and redemption of units for one or more sub-funds in the following cases:

- a) If stock exchanges or markets that serve as the basis for the valuation of a substantial proportion of a sub-fund's assets, or foreign exchange markets for the currency in which the net asset value or a significant proportion of a sub-fund's investments are denominated are closed (apart from the usual public holidays), or if business is suspended or restricted on such markets, or if they are temporarily exposed to major fluctuations.
- b) If relevant disposals of a sub-fund's assets are not possible owing to political, economic, military or other emergencies which are beyond the control of the Management Company, or if such action would be detrimental to the interests of the unitholders.
- c) In the event of disruptions in the communications network, or if the net asset value of a sub-fund cannot be calculated with sufficient accuracy.
- d) If restrictions on foreign exchange transactions or other asset transfers make sub-fund transactions impossible, or if the purchase and sale of a sub-fund cannot be effected at normal exchange rates.
- e) If special circumstances concerning the careful, proper management of the Fund or sub-fund(s) in question make such suspension necessary and it is in the interests of the unitholders.

## **4 Appropriation of net income and capital gains**

### **4.1 Distribution units**

Under Article 12 of the Management Regulations, the Management Company will decide, after closing the annual accounts, whether and to what extent distributions are to be made on distribution units. Where distribution units are concerned, the Fund intends to distribute the greater part of earnings and to make such distributions within four months after the close of the financial year.

Distributions may be made from income (e.g. dividends or interest income) and/or out of capital (this may include realised and unrealised net changes in the net asset value). Distributions from income and/or capital result in an immediate reduction in the net asset value per unit of the sub-fund.

The Management Company is authorised to approve the distribution of interim dividends and the suspension of distributions.

Distributions are made upon the surrender of coupons. Payment will be made according to the procedure described under "Redemption of units" .

Claims for distributions and allocations that are not made within five years after their due date will become statute-barred and the assets will revert to the corresponding sub-fund or unit classes.

### **4.2 Accumulation units**

No distributions are planned for these unit classes. After the deduction of general costs, net income will be used to increase the net asset value of the units (accumulation).

## **5 Taxes and charges**

In the Grand Duchy of Luxembourg, the Fund' s assets are subject to a "taxe d' abonnement" of 0.05% p.a. of net assets for unit classes offered to private investors and of 0.01% p.a. of net assets for unit classes offered to institutional investors, payable quarterly. The Fund' s earnings are not taxed in Luxembourg.

No withholding tax is currently levied on distributions by the Fund. Under current legislation,

unitholders do not have to pay income tax, wealth tax or any other tax in Luxembourg, unless they are or have been resident in Luxembourg or operate a business there to which the units belong.

Potential unitholders should find out about the laws and regulations that apply to the subscription, purchase, ownership and sale of units at their place of residence and, if necessary, seek expert advice.

The unit classes for which the Management Company charges an all-in fee for running the Fund, asset management and distribution of the Fund units are listed in section 1.4.5.

In return, the Management Company will bear all costs regularly incurred in connection with running the Fund, asset management as well as with distribution of the Fund, if compensation is made for such costs, such as:

- costs of managing the Fund;
- fees and costs charged by the Depositary and the paying agents;
- costs of distribution;
- all costs imposed by law or by regulations, in particular the costs of publications of all types (such as price publications and notices to investors), as well as the fees payable to the supervisory authorities;
- printing the management regulations and sales prospectuses, as well as the annual and semi-annual reports;
- fees associated with any listing of the Fund and with its distribution both domestically and abroad;
- administrative costs, especially those for bookkeeping and calculating the net asset value;
- costs of paying out annual income to the investors;
- auditor fees;
- advertising costs.

The all-in fee is made up of two components: the flat management fee (to cover asset management and distribution costs) and the flat administration fee (to cover the costs of running the Fund and administrative costs).

The maximum all-in fee, maximum flat management fee and maximum flat administration fee for each sub-fund and unit class are set out in the table in section 1.4.5.

The sum of the flat management fee and the flat administration fee booked may not exceed the rate of the maximum all-in fee for the sub-fund or unit class in question. The aggregate figure for the all-in fee (or flat management fee and flat administration fee) actually paid out of the Fund to the Management Company is published in the Fund's annual and semi-annual reports.

The all-in fee (or flat management fee and flat administration fee) is charged to the Fund assets on a pro rata basis each time the net asset value is calculated, and is paid out at the end of each month.

The all-in fee does not cover taxes levied on the Fund assets, the usual transaction fees charged on purchases and sales or the costs of extraordinary action taken in the interests of the unitholders.

The all-in fee (or flat management fee and flat administration fee) to be paid to the Management Company shall first come out of investment income, then out of realised gains on securities transactions, and then out of fixed assets. The assets of each individual sub-fund shall be liable for all claims against that sub-fund. These costs shall be charged separately to each sub-fund. Costs borne by the Fund which cannot be allocated to a single sub-fund shall be charged to the individual sub-funds in proportion to their net assets. The assets of one sub-fund shall not be liable for claims against the assets of another sub-fund.

## **6 Information for unitholders**

### **6.1 Remuneration policy**

The Management Company has produced a remuneration policy in accordance with the applicable legal and regulatory requirements, particularly the UCI Act and the relevant ESMA guidelines on sound remuneration policies (ESMA/2016/411); this policy applies to all employees, in particular those identified under the UCI Act and including the salaried directors and executives of the Management Company. The remuneration policy has been prepared with the aim of protecting the interests of the investors as well as the interests of the Management Company and the Group on a long-term, sustainable basis. It is also in line with the business strategy, the goals and values of the Management Company and the

funds it manages, and comprises measures aimed at avoiding conflicts of interest.

The remuneration policy is designed to promote effective, sound risk management and to prevent excessive risk-taking.

Employee remuneration consists of a fixed and a variable component; these are in due proportion to one another, such that percentage of the fixed component of total remuneration is high enough to facilitate total flexibility in relation to the variable component and also to be able to waive payment of a variable component entirely. The variable component is largely based on the consolidated net income, the performance of the Management Company and the function and performance of the employee.

The performance targets for individual employees are assessed and reviewed annually. The annual assessment provides a basis for setting the level of variable remuneration and any increase in the fixed element. Financial as well as non-financial criteria are taken into account when assessing an employee's individual performance. The variable component may be waived entirely following a failure to meet performance targets or a poor business result.

The version of the remuneration policy currently in force, which includes a precise description of this policy, details of how remuneration is calculated, other compensation and the identity of the persons responsible for awarding the remuneration, is available at [www.swisscanto.com/lu/de/gs/rechtliche-hinweise/verguetungspolitik.html](http://www.swisscanto.com/lu/de/gs/rechtliche-hinweise/verguetungspolitik.html) and in hard copy, free of charge, at the registered office of the Management Company.

### **6.2 Accounting reports**

The annual audited accounting reports will be made available to unitholders at no charge no later than four months after the end of the financial year (31 March) at the registered office of the Management Company and the offices of the sales and paying agents. Unaudited semi-annual reports will be made available in the same way no later than two months after the end of the reporting period (30 September). Separate accounts will be drawn up for the individual sub-funds. The total of the sub-funds

Swisscanto Asset Management  
International S.A.



– after conversion into the currency of the Fund (CHF) – constitutes the Fund assets.

In the event that liabilities from transactions involving derivative financial instruments and/or loans exist at the end of the financial year, they are to be explicitly stated in the accounting report, i.e. the strike price of current options and any liabilities associated with financial forwards and futures on financial instruments and liabilities from currency forwards, excluding options, must be stated for each type of transaction.

### 6.3 Data protection

Investors are advised that for organisational reasons and due to the outsourcing of various tasks, it is possible that personal data and information on the unitholders may be processed in countries which may not be subject to the same data protection standards as in Luxembourg.

### 6.4 Other Information

Other information on the Fund or the Management Company, as well as on the net asset value and the issue and redemption prices of the units is available at the registered office of the Management Company on all bank business days.

The issue and redemption prices i.e. the net asset value of all unit classes, together with the note “excluding commission”, as well as any notifications relating to a suspension of net asset value calculations will also be published on every bank business day on the website: [www.swisscanto.com](http://www.swisscanto.com) as well as [www.fundinfo.com](http://www.fundinfo.com).

The Management Company may amend these provisions in whole or in part at any time in the interests of the unitholders and with the consent of the Depositary. Unless otherwise specified, amendments to the Management Regulations shall enter into force upon signature.

Unitholders listed in the register of unitholders will be promptly informed of changes to this Sales Prospectus and the Management Regulations by written notice.

In addition, the following documents are available for inspection at the registered office of the Management Company during normal business

hours. Copies are available free of charge from this office:

- Management Regulations
- Articles of Association of the Management Company
- Depositary Agreement between the Management Company and the Depositary.

The latest version of the Sales Prospectus, the Management Regulations, the Key Investor Information Document, the annual and semi-annual reports and notices to investors are available online at [www.swisscanto.com](http://www.swisscanto.com).

Management Company:

**Swisscanto Asset Management International S.A.**

Depositary:

**CACEIS Investor Services Bank S.A.**

## Specific provisions governing the sale of units in Germany, Austria and Liechtenstein

### **In the Federal Republic of Germany: Additional information for unitholders in the Federal Republic of Germany**

#### **Facilities according to Art. 92(1) a) of the Directive 2009/65/EC (as amended by the Directive (EU) 2019/1160) are available from:**

RBC Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette, Luxemburg

Email: [cswisscanto@rbc.com](mailto:cswisscanto@rbc.com)

RBC Investor Services Bank S.A. is responsible for processing subscription, repurchase and redemption orders and making payments to shareholders.

#### **The following facilities according to Art. 92(1) b) to e) of the Directive 2009/65/EC (as amended by the Directive (EU) 2019/1160) are available from [www.eifs.lu/swisscanto](http://www.eifs.lu/swisscanto):**

1. Information on how orders (subscription, repurchase and redemption) can be made and how repurchase and redemption proceeds are paid;
2. information and access to procedures and arrangements related to investors' rights and complaints handling;
3. information in relation to the tasks performed by the facilities in a durable medium;
4. the latest sales prospectus, the articles of association, the annual and semi-annual reports, as well as the key information documents.

#### **Reference point for Fund's documents**

In addition, the sales prospectus, the key investor information document, the management regulations, the semi-annual reports and the audited annual reports, as well as the issue and redemption prices and any notices for unitholders are published daily at [www.swisscanto.com](http://www.swisscanto.com) and at [www.fundinfo.com](http://www.fundinfo.com).

#### **Particular risks associated with obligations to provide evidence for tax purposes in Germany**

It is the intention of the Management Company to provide details of the tax base for Germany in accordance with the Investment Tax Act (InvStG). The Management Company must provide evidence that this tax base is accurate at the request of the German tax authorities. The principles for calculating this data may be

interpreted in different ways and no assurance can therefore be given that the German tax authorities will acknowledge every material aspect of the calculation method used by the Management Company. Should past mistakes come to light, corrections will not be made with relation to the past but instead taken into account when preparing the data for the current financial year. The correction may be to the advantage or disadvantage of unitholders receiving a distribution or having an accumulation amount credited to them during that financial year.

## **In Austria**

The following information is directed at potential investors in the Republic of Austria. It complements and clarifies the statements made in this sales prospectus with regard to the sale of fund units in Austria.

### **Facilities according to Art. 92(1) a) of the Directive 2009/65/EC (as amended by the Directive (EU) 2019/1160 are available from:**

RBC Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette, Luxemburg

Email: [cswisscanto@rbc.com](mailto:cswisscanto@rbc.com)

RBC Investor Services Bank S.A. is responsible for processing subscription, repurchase and redemption orders and making payments to shareholders.

### **The following facilities according to Art. 92(1) b) to e) of the Directive 2009/65/EC (as amended by the Directive (EU) 2019/1160 are available from [www.eifs.lu/swisscanto](http://www.eifs.lu/swisscanto):**

1. Information on how orders (subscription, repurchase and redemption) can be made and how repurchase and redemption proceeds are paid;
2. information and access to procedures and arrangements related to investors' rights and complaints handling;
3. information in relation to the tasks performed by the facilities in a durable medium;
4. the latest sales prospectus, the articles of association, the annual and semi-annual reports, as well as the key information documents.

## **Publications**

Issue and redemption prices are also published on the website of the daily newspaper "Der Standard" ([www.derstandard.at](http://www.derstandard.at)) and any other announcements at [www.swisscanto.com](http://www.swisscanto.com) and [www.fundinfo.com](http://www.fundinfo.com).

### **In the Principality of Liechtenstein**

The following information is directed at potential investors in the Principality of Liechtenstein. It complements and clarifies the statements made in this sales prospectus with regard to the sale of fund units in Principality of Liechtenstein.

#### **Facilities according to Art. 92(1) a) of the Directive 2009/65/EC (as amended by the Directive (EU) 2019/1160 are available from:**

RBC Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette, Luxemburg

Email: [cswisscanto@rbc.com](mailto:cswisscanto@rbc.com)

RBC Investor Services Bank S.A. is responsible for processing subscription, repurchase and redemption orders and making payments to shareholders.

#### **The following facilities according to Art. 92(1) b) to e) of the Directive 2009/65/EC (as amended by the Directive (EU) 2019/1160 are available from [www.eifs.lu/swisscanto](http://www.eifs.lu/swisscanto):**

1. Information on how orders (subscription, repurchase and redemption) can be made and how repurchase and redemption proceeds are paid;
2. information and access to procedures and arrangements related to investors' rights and complaints handling;
3. information in relation to the tasks performed by the facilities in a durable medium;
4. the latest sales prospectus, the articles of association, the annual and semi-annual reports, as well as the key information documents.

#### **Publications**

The net asset values are published at least twice a month on the website of Swiss Fund Data AG at [www.swissfunddata.ch](http://www.swissfunddata.ch).

#### **Place of performance and jurisdiction**

The place of performance and jurisdiction is Vaduz.

# ANNEX

## SUSTAINABILITY-RELATED DISCLOSURES SPECIFIC TO THE SUB-FUND IN ACCORDANCE WITH REGULATION (EU) 2019/2088

## Pre-contractual disclosure

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:

**Swisscanto (LU) Portfolio Fund Sustainable Balanced (EUR)**

Legal entity identifier (LEI-Code):

**5493005Q3OWBF2Q02321**

Version:

**July 2023**

**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.

## Sustainable investment objective

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

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: 20%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: 30%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will a minimum proportion of   % of sustainable investments.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**.



## ***What is the sustainable investment objective of this financial product?***

The primary sustainable investment objective of this financial product is the reduction of CO<sub>2</sub> emissions (quota of 80%) within the meaning of Article 9(3) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity for the portfolio is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement. The Portfolio Manager does not rely on an external reference benchmark aligned with the targets of the Paris Climate Agreement to achieve this objective. Instead, the Portfolio Manager ensures, as part of the direct investment process, that the methodology requirements for EU Paris-aligned benchmarks under Delegated Regulation (EU) 2020/1818 are met, rather than the Paris climate target of 1.5 degrees, whereby: (i) greenhouse gas (GHG) emissions are reduced by at least 7.5% plus economic growth per annum; (ii) the weighting of green versus brown investments is at least four times that of the benchmark; and (iii) the exclusions of Delegated Regulation 2020/1818 are complied with.

In accordance with the active investment strategy without use of an external reference benchmark, the requirements of Delegated Regulation 2020/1818 in relation to exposure to climate-critical sectors and GHG intensity are not implemented in relative terms versus a benchmark, but by means of absolute objectives to reduce the CO<sub>2</sub>e intensity of investments (pursuit of a decarbonisation trajectory).

In calculating the decarbonisation trajectory, we do not use Scope 3 GHG emissions due to insufficient data quality and incomplete data coverage, whilst awaiting better data coverage.

### **2. Sustainable investments in accordance with Article 9(2) SFDR**

In addition to the reduction of CO<sub>2</sub>e intensity, the Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs").

**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?***

The Portfolio Manager uses a range of data points to measure the attainment of its sustainable investment objectives. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the sustainable investment objectives:

**1. Reduction of CO<sub>2</sub>e intensity**

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

**2. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social values, or business activities that are considered high risk. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following activities correspond to the exclusions described in Delegated Regulation 2020/1818. The Portfolio Manager has also determined other additional activities which result in the exclusion of companies from the investment universe:



- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
  - Manufacture of war technology
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact.
- Child labour
- Production of pornography
- Coal mining \*
- Operation of nuclear plants \*
- Uranium extraction
- Production of nuclear reactors \*
- Genetic engineering: human medicine
- Production of tobacco products and cigarettes
- Alcohol production (> 5% turnover)
- Gambling (> 5% of turnover)
- Factory farming
- Coal reserves \*
- Operation of fossil fuel power plants \*
- Natural gas extraction \*
- Oil extraction \*
- Conventional car manufacturers that do not have a comprehensive strategy for the transition to the use of alternative more environmentally friendly motors \*
- Aircraft production \*
- Airlines \*
- Cruise ship operators \*
- Genetic engineering (release of GMOs) \*
- Unsustainable fishing and fish farming \*
- Unsustainable forestry management \*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- Countries with low levels of democracy and freedom (classified as “not free” in the Freedom in the World report published annually by Freedom House)
- Use of the death penalty
- High military budget > 4% of gross domestic product (GDP)
- Expanding nuclear energy sector (>50% of total)\*
- Non-signatory to the Paris Climate Agreement\*
- Non-signatory to the Convention on Biological Diversity (CBD)\*
- CPI score < 35 according to the Corruption Perceptions Index (CPI) of Transparency International
- Non-signatory to the Nuclear Non-Proliferation Treaty

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

\* Green bonds and sustainable bonds do not require exclusion providing the limits of Delegated Regulation (EU) 2020/1818 apply directly to all assets at project level. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives relating to one or more of the SDGs. The products and services of companies (hereinafter “sustainable solutions”) and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

If a sub-fund no longer complies with the characteristics described in point 1, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

Investments that no longer comply with the characteristics described in points 2 – 3 are removed from the portfolio by an appropriate deadline.

The sub-fund does not use a reference benchmark to meet the described sustainable investment objectives.

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

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

Issuers with a negative net contribution to the SDGs are removed from the investment universe of the financial product. The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts, hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGPs), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.



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

- Yes,  
The sub-fund considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. Accordingly, issuers categorised by the Portfolio Manager as causing significant harm on the basis of a PAI rating are excluded from the investment universe. The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible. The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

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

The fund invests in equities, bonds and money market instruments. The equity allocation is between 35% and 65%. Between 35% and 65% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The investment return should be generated in EUR.

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

#### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

#### **2. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). These include the exclusions described in Delegated Regulation 2020/1818. The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

#### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager invests in securities which, in its opinion, make a contribution to one or more sustainable objectives. The sustainable solutions of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds) are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies,

supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

#### **4. Investments in SDG leaders**

When constructing the investment universe, the Portfolio Manager considers the securities of issuers whose products and services or specific-purpose bonds make a significant contribution to the SDGs (“SDG leaders”). A significant contribution means at least 66.67% of turnover from a sustainable solution with a strongly positive contribution, or 33.33% of turnover from a sustainable solution with a positive contribution. In exceptional cases, an issuer may qualify as an SDG leader if it produces a key component of a sustainable solution, even if the 66.67% or 33.33% threshold is not met. Specific-purpose bonds also qualify as SDG leaders. As a result of the turnover requirements for inclusion in the investment universe, SDG leaders generally account for a high proportion of sustainable investments in accordance with Article 9(2).

#### **5. Investments in ESG leaders**

For the purposes of diversification, the Portfolio Manager also includes securities in the investment universe that are assessed as above-average on a best-in-class basis relating to a sustainable economic approach using environmental, social and governance (ESG) criteria. These securities are referred to as ESG leaders. Proprietary ESG scores calculated by the Portfolio Manager for companies and governments are used as the basis for identifying ESG leaders. These are based on the data of independent third-party providers and calculated using proprietary criteria, algorithms and weightings. The Portfolio Manager considers the relevance of ESG criteria with regards to sustainability risks and opportunities. The ESG scores calculated cover a scale of 0 to 100, whereby 0 is the lowest value, 50 the average, and 100 the best.

ESG leaders are companies with an ESG score  $\geq 50$  and governments with an ESG score  $\geq 66.67$ . In exceptional cases, ESG leaders may be defined on the basis of fundamental research even if their ESG score is under 50.

If an ESG leader generates turnover that qualifies as sustainable investment in accordance with Article 9(2) SFDR, this is also included in sustainable investments in accordance with Article 9(2) SFDR. However, as there is no minimum turnover requirement for ESG leaders, this typically represents a significantly lower proportion than for SDG leaders.

#### **6. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to traditional financial analysis when selecting investments, in order to guarantee a positive contribution (opportunities) to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers based on proprietary ESG scores.

The weighting of all positions in ESG laggards in the sub-fund is the same or lower than the weighting of all positions in ESG laggards in the sub-fund’s benchmark.

**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?**

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Any breach of these standards results in the exclusion of the issuer from the financial product's universe of investee companies.

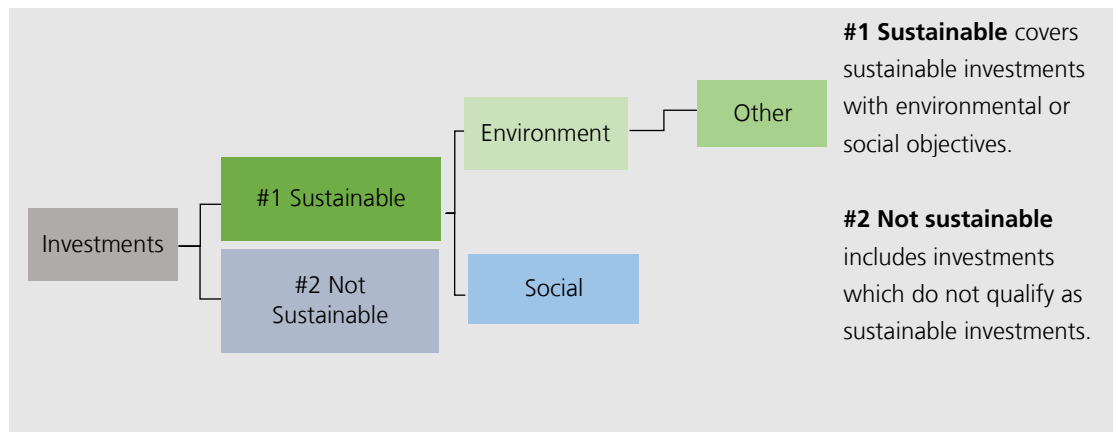


**Asset allocation** describes the share of investments in specific assets.

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

The Portfolio Manager pursues the aforementioned sustainable investment objectives: (i) reduction of CO<sub>2e</sub> intensity in accordance with Article 9(3) SFDR; and (ii) sustainable investment in accordance with Article 9(2) SFDR. The reduction of CO<sub>2e</sub> intensity aligned with the 1.5-degree target of the Paris Climate Agreement is applied to 80% of the sub-fund's portfolio (excluding cash and derivatives).

The Portfolio Manager invests at least 50% of the net assets of the sub-fund in sustainable investments in accordance with Article 9(2) SFDR.



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

Derivatives are not used to achieve the sustainable investment objective.



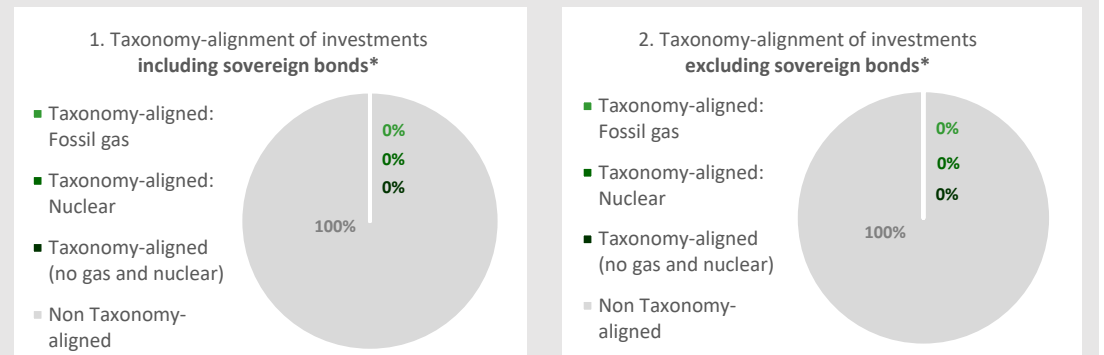
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue sustainable investments aligned with the EU taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 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 proportion of sustainable investments with an environmental objective is 20% of the portfolio.



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

The minimum proportion of sustainable investments with a social objective is 30% of the portfolio.



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

Investments classified as “not sustainable” are all investments included in net assets after the deduction of sustainable investments. No investments other than sustainable investments are made. Derivatives and cash are excluded.



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

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

An index is not used as a reference benchmark to meet the sustainable investment objectives.



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

Further information on the product-related sustainability policy of the sub-fund can be found on the following website:

<https://products.swisscanto.com/products/product/LU0208341965>.



## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Relax (CHF)**

Legal entity identifier: (LEI-Code):

**5493003FVJM6BSK5QE46**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

● ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs")). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in equities, bonds and money market instruments. Between 35% and 65% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 0% and 30%. The investment return should be generated in CHF.

- **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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.

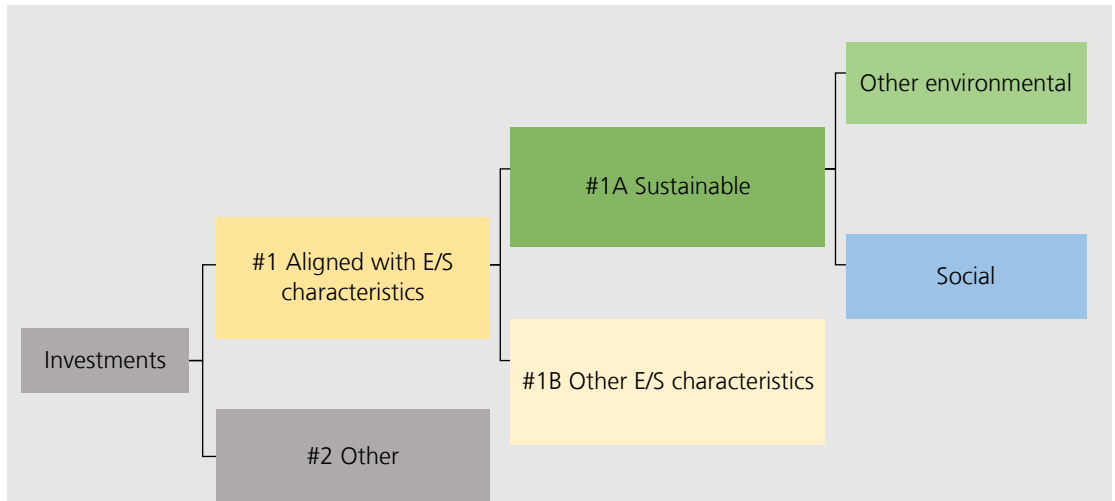




**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



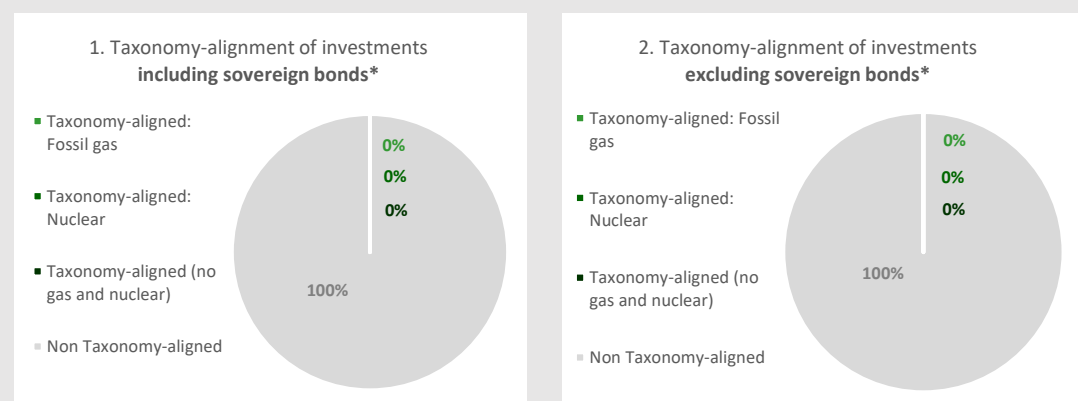
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0112799969>.

## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Relax (EUR)**

Legal entity identifier: (LEI-Code):

**549300M2X0JT0TG9GP21**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

- ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs")). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in equities, bonds and money market instruments. Between 70% and 100% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 0% and 30%. The investment return should be generated in EUR.

- ***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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

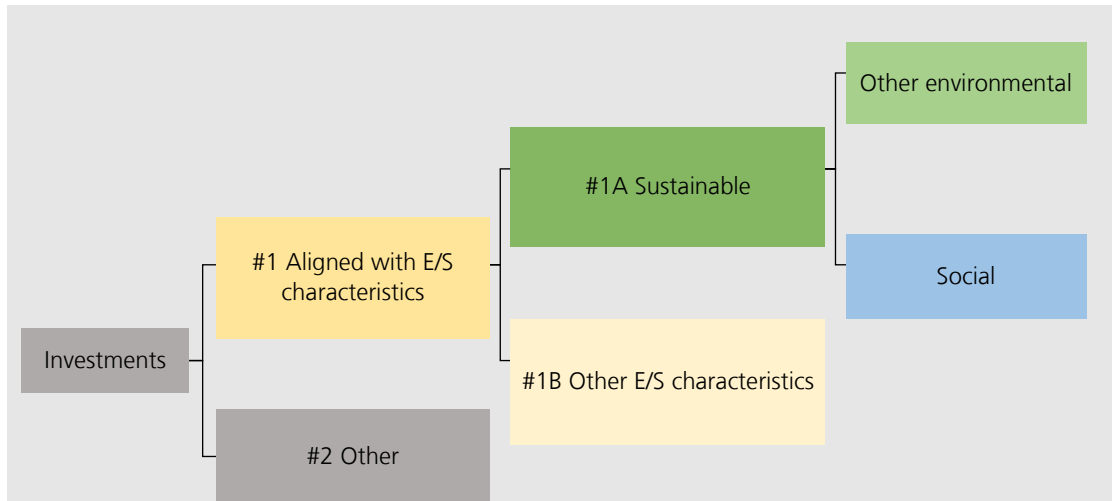
In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.



**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



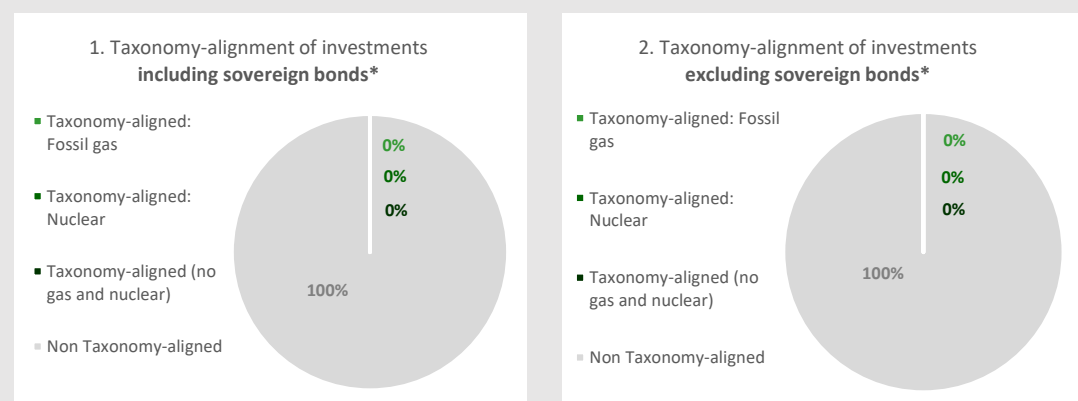
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU1775789594>.

## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Select (CHF)**

Legal entity identifier: (LEI-Code):

**549300DCBHLGB0HCE981**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.



- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

● ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in equities, bonds and money market instruments. Between 65% and 90% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 10% and 35%. The investment return should be generated in CHF.

- **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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

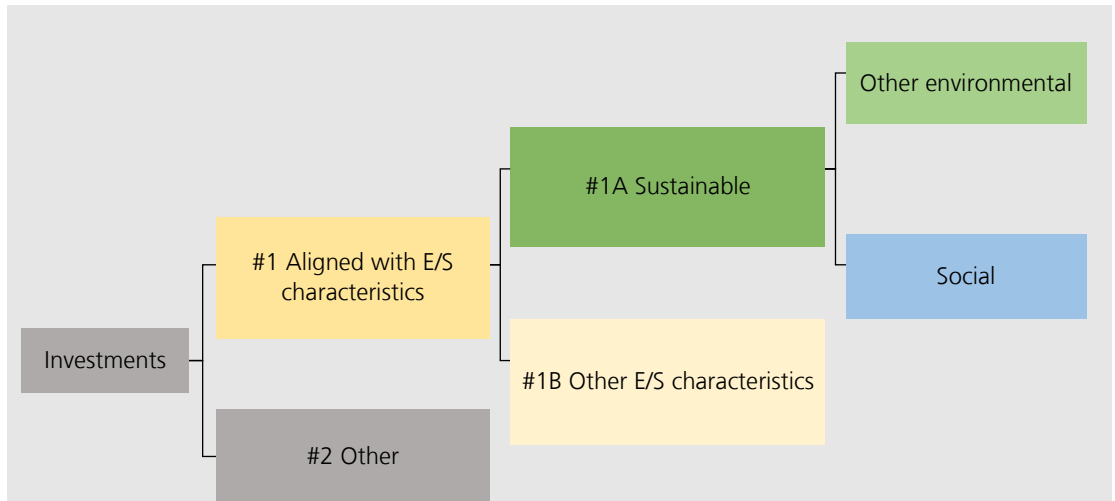
In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.



**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



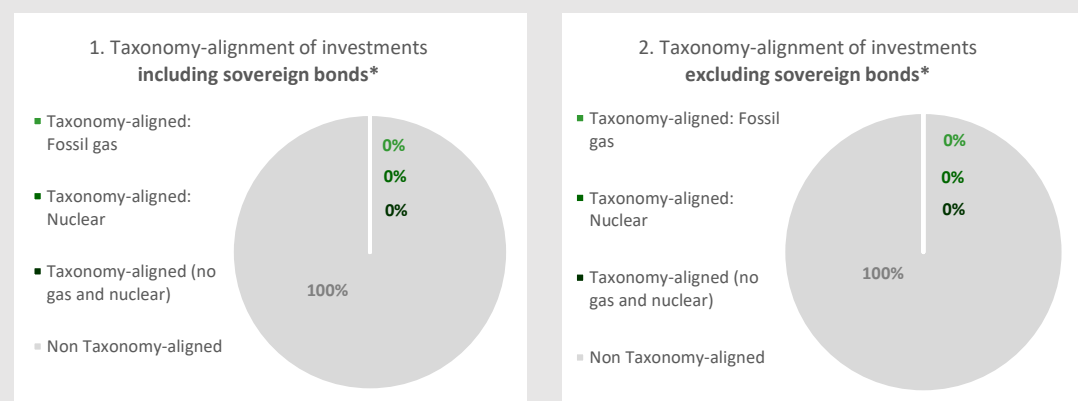
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.





are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0112800569>.

## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Select (EUR)**

Legal entity identifier: (LEI-Code):

**549300ZSSV1ZG3JJGU13**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

- ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in equities, bonds and money market instruments. Between 65% and 90% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 10% and 35%. The investment return should be generated in EUR.

- ***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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

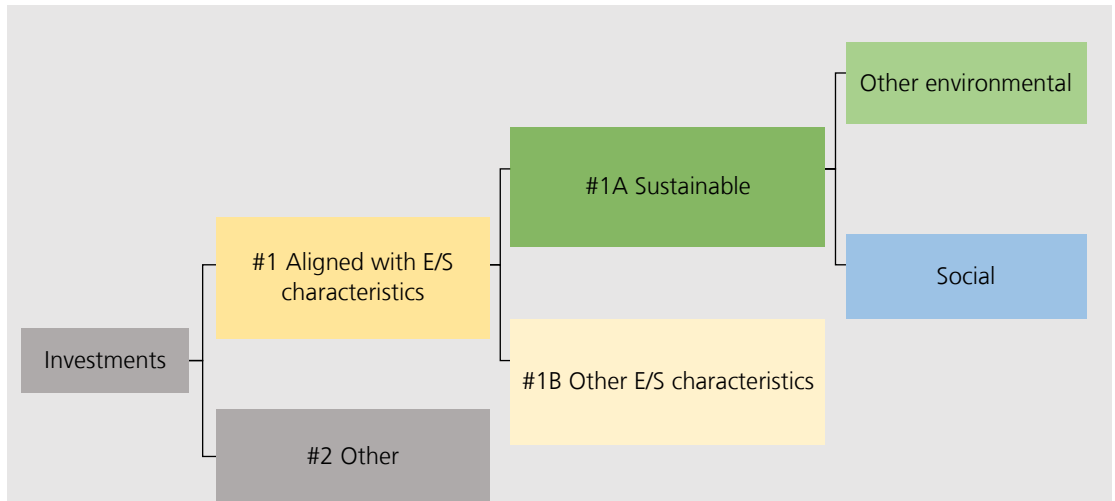
In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.



**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



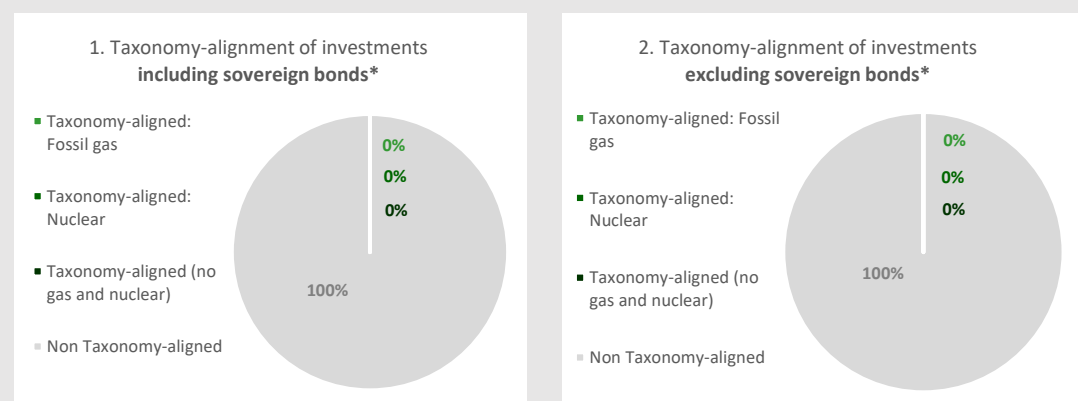
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0112799290>.

## Pre-contractual disclosure

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:

**Swisscanto (LU) Portfolio Fund Sustainable Select (CHF)**

Legal entity identifier (LEI-Code):

**3912003XMD3409Q7HE83**

Version:

**July 2023**

**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.

## Sustainable investment objective

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

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_ 10%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_ 10%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will a minimum proportion of \_\_\_\_\_% of sustainable investments.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**.



## ***What is the sustainable investment objective of this financial product?***

The primary sustainable investment objective of this financial product is the reduction of CO<sub>2</sub> emissions (quota of 80%) within the meaning of Article 9(3) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity for the portfolio is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement. The Portfolio Manager does not rely on an external reference benchmark aligned with the targets of the Paris Climate Agreement to achieve this objective. Instead, the Portfolio Manager ensures, as part of the direct investment process, that the methodology requirements for EU Paris-aligned benchmarks under Delegated Regulation (EU) 2020/1818 are met, rather than the Paris climate target of 1.5 degrees, whereby: (i) greenhouse gas (GHG) emissions are reduced by at least 7.5% plus economic growth per annum; (ii) the weighting of green versus brown investments is at least four times that of the benchmark; and (iii) the exclusions of Delegated Regulation 2020/1818 are complied with.

In accordance with the active investment strategy without use of an external reference benchmark, the requirements of Delegated Regulation 2020/1818 in relation to exposure to climate-critical sectors and GHG intensity are not implemented in relative terms versus a benchmark, but by means of absolute objectives to reduce the CO<sub>2</sub>e intensity of investments (pursuit of a decarbonisation trajectory).

In calculating the decarbonisation trajectory, we do not use Scope 3 GHG emissions due to insufficient data quality and incomplete data coverage, whilst awaiting better data coverage.

### **2. Sustainable investments in accordance with Article 9(2) SFDR**

In addition to the reduction of CO<sub>2</sub>e intensity, the Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs").

**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?***

The Portfolio Manager uses a range of data points to measure the attainment of its sustainable investment objectives. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the sustainable investment objectives:

**1. Reduction of CO<sub>2</sub>e intensity**

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

**2. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social values, or business activities that are considered high risk. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following activities correspond to the exclusions described in Delegated Regulation 2020/1818. The Portfolio Manager has also determined other additional activities which result in the exclusion of companies from the investment universe:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
  - Manufacture of war technology
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact.
- Child labour
- Production of pornography
- Coal mining \*
- Operation of nuclear plants \*
- Uranium extraction
- Production of nuclear reactors \*
- Genetic engineering: human medicine
- Production of tobacco products and cigarettes
- Alcohol production (> 5% turnover)
- Gambling (> 5% of turnover)
- Factory farming
- Coal reserves \*
- Operation of fossil fuel power plants \*
- Natural gas extraction \*
- Oil extraction \*
- Conventional car manufacturers that do not have a comprehensive strategy for the transition to the use of alternative more environmentally friendly motors \*
- Aircraft production \*
- Airlines \*
- Cruise ship operators \*
- Genetic engineering (release of GMOs) \*
- Unsustainable fishing and fish farming \*
- Unsustainable forestry management \*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- Countries with low levels of democracy and freedom (classified as “not free” in the Freedom in the World report published annually by Freedom House)
- Use of the death penalty
- High military budget > 4% of gross domestic product (GDP)
- Expanding nuclear energy sector (>50% of total)\*
- Non-signatory to the Paris Climate Agreement\*
- Non-signatory to the Convention on Biological Diversity (CBD)\*
- CPI score < 35 according to the Corruption Perceptions Index (CPI) of Transparency International
- Non-signatory to the Nuclear Non-Proliferation Treaty

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.



\* Green bonds and sustainable bonds do not require exclusion providing the limits of Delegated Regulation (EU) 2020/1818 apply directly to all assets at project level. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives relating to one or more of the SDGs. The products and services of companies (hereinafter “sustainable solutions”) and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

If a sub-fund no longer complies with the characteristics described in point 1, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

Investments that no longer comply with the characteristics described in points 2 – 3 are removed from the portfolio by an appropriate deadline.

The sub-fund does not use a reference benchmark to meet the described sustainable investment objectives.

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

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

Issuers with a negative net contribution to the SDGs are removed from the investment universe of the financial product. The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts, hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGPs), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.



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

Yes,  
The sub-fund considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. Accordingly, issuers categorised by the Portfolio Manager as causing significant harm on the basis of a PAI rating are excluded from the investment universe. The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible. The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

No



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

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

The fund invests in equities, bonds and money market instruments. Between 65% and 90% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 10% and 35%. The investment return should be generated in CHF.

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

#### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

#### **2. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). These include the exclusions described in Delegated Regulation 2020/1818. The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

#### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager invests in securities which, in its opinion, make a contribution to one or more sustainable objectives. The sustainable solutions of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds) are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies,

supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

#### **4. Investments in SDG leaders**

When constructing the investment universe, the Portfolio Manager considers the securities of issuers whose products and services or specific-purpose bonds make a significant contribution to the SDGs (“SDG leaders”). A significant contribution means at least 66.67% of turnover from a sustainable solution with a strongly positive contribution, or 33.33% of turnover from a sustainable solution with a positive contribution. In exceptional cases, an issuer may qualify as an SDG leader if it produces a key component of a sustainable solution, even if the 66.67% or 33.33% threshold is not met. Specific-purpose bonds also qualify as SDG leaders. As a result of the turnover requirements for inclusion in the investment universe, SDG leaders generally account for a high proportion of sustainable investments in accordance with Article 9(2).

#### **5. Investments in ESG leaders**

For the purposes of diversification, the Portfolio Manager also includes securities in the investment universe that are assessed as above-average on a best-in-class basis relating to a sustainable economic approach using environmental, social and governance (ESG) criteria. These securities are referred to as ESG leaders. Proprietary ESG scores calculated by the Portfolio Manager for companies and governments are used as the basis for identifying ESG leaders. These are based on the data of independent third-party providers and calculated using proprietary criteria, algorithms and weightings. The Portfolio Manager considers the relevance of ESG criteria with regards to sustainability risks and opportunities. The ESG scores calculated cover a scale of 0 to 100, whereby 0 is the lowest value, 50 the average, and 100 the best.

ESG leaders are companies with an ESG score  $\geq 50$  and governments with an ESG score  $\geq 66.67$ . In exceptional cases, ESG leaders may be defined on the basis of fundamental research even if their ESG score is under 50.

If an ESG leader generates turnover that qualifies as sustainable investment in accordance with Article 9(2) SFDR, this is also included in sustainable investments in accordance with Article 9(2) SFDR. However, as there is no minimum turnover requirement for ESG leaders, this typically represents a significantly lower proportion than for SDG leaders.

#### **6. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to traditional financial analysis when selecting investments, in order to guarantee a positive contribution (opportunities) to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers based on proprietary ESG scores.

The weighting of all positions in ESG laggards in the sub-fund is the same or lower than the weighting of all positions in ESG laggards in the sub-fund’s benchmark.

**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?**

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Any breach of these standards results in the exclusion of the issuer from the financial product's universe of investee companies.

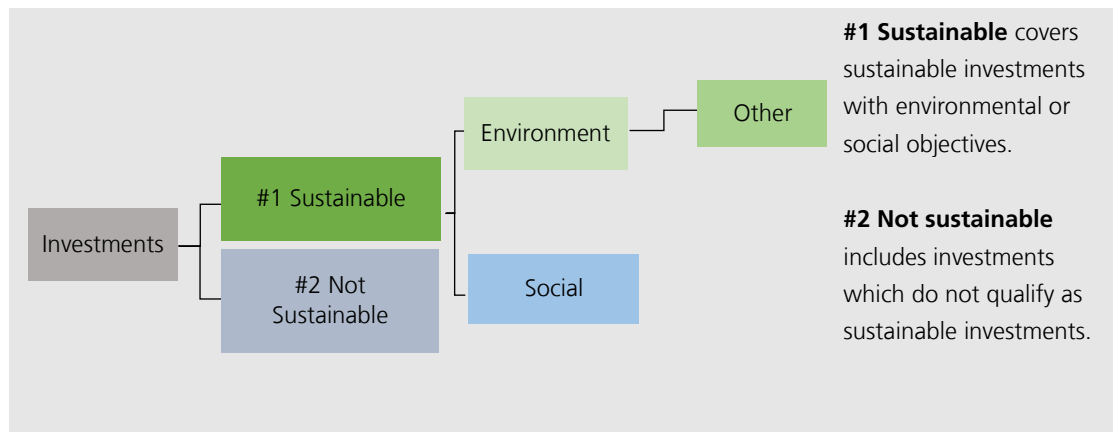


**What is the asset allocation and the minimum share of sustainable investments?**

**Asset allocation** describes the share of investments in specific assets.

The Portfolio Manager pursues the aforementioned sustainable investment objectives: (i) reduction of CO<sub>2e</sub> intensity in accordance with Article 9(3) SFDR; and (ii) sustainable investment in accordance with Article 9(2) SFDR. The reduction of CO<sub>2e</sub> intensity aligned with the 1.5-degree target of the Paris Climate Agreement is applied to 80% of the sub-fund's portfolio (excluding cash and derivatives).

The Portfolio Manager invests at least 20% of the net assets of the sub-fund in sustainable investments in accordance with Article 9(2) SFDR.



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

Derivatives are not used to achieve the sustainable investment objective.



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

0% of the portfolio. The fund does not pursue sustainable investments aligned with the EU taxonomy.

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

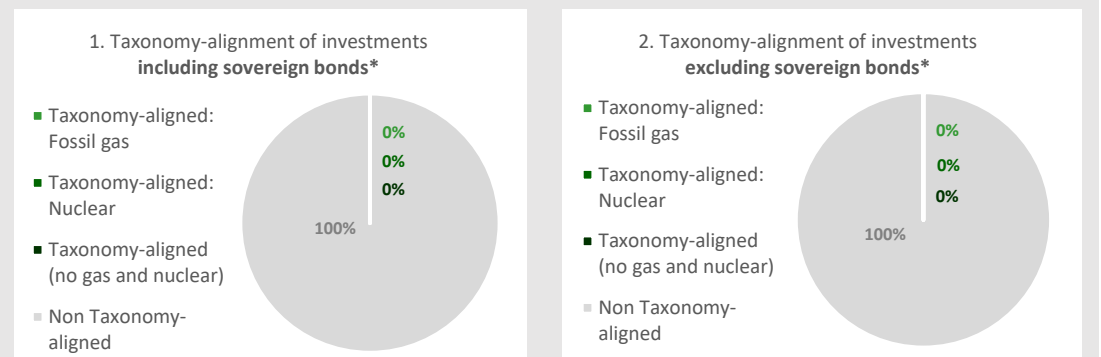
- Yes
- In fossil gas       In nuclear energy
- No

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.

*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% of the portfolio.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 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 proportion of sustainable investments with an environmental objective is 10% of the portfolio.



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

The minimum proportion of sustainable investments with a social objective is 10% of the portfolio.



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

Investments classified as “not sustainable” are all investments included in net assets after the deduction of sustainable investments. No investments other than sustainable investments are made. Derivatives and cash are excluded.



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

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

An index is not used as a reference benchmark to meet the sustainable investment objectives.



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

Further information on the product-related sustainability policy of the sub-fund can be found on the following website:

<https://products.swisscanto.com/products/product/LU2423146039>.

## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Balance (CHF)**

Legal entity identifier: (LEI-Code):

**549300MYFUHLQIWGU303**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.





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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

- ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs")). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in equities, bonds and money market instruments. Between 35% and 80% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 20% and 65%. The investment return should be generated in CHF.

- ***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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

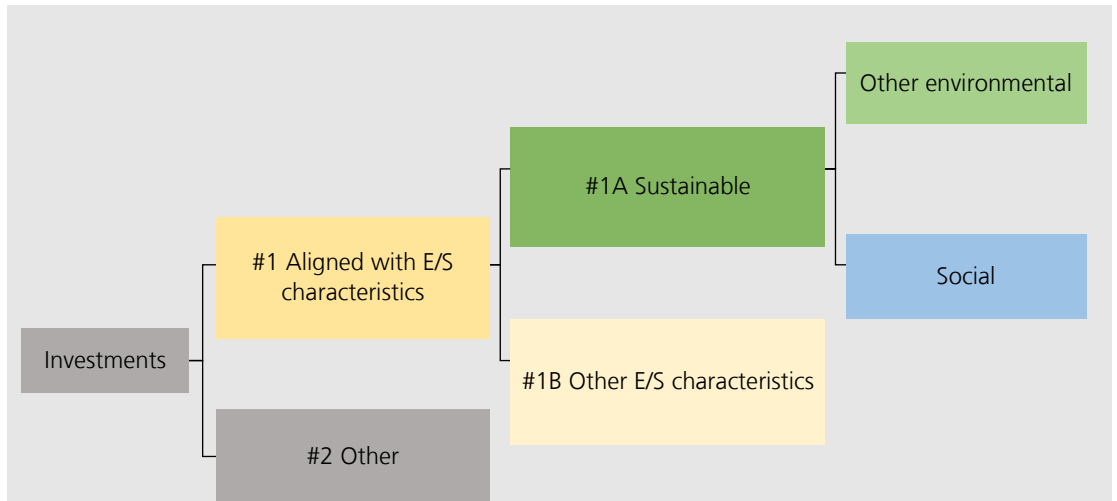
In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.



**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.





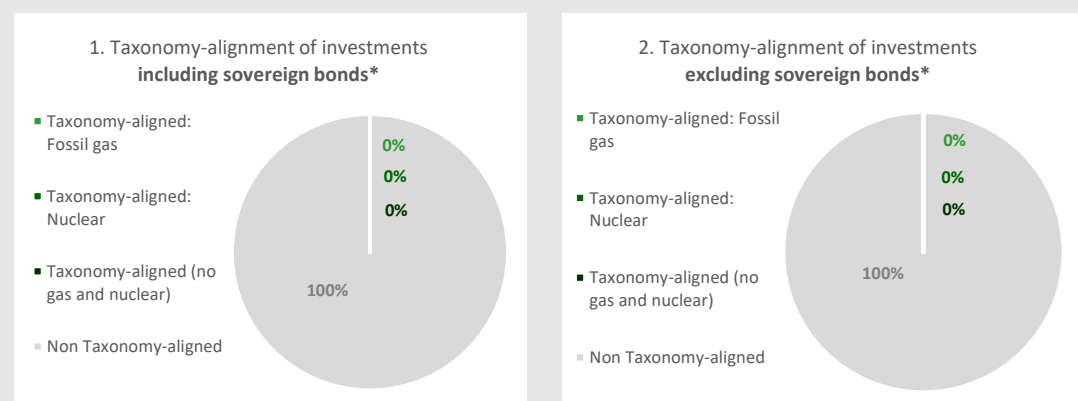
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0112803316>.

## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Balance (EUR)**

Legal entity identifier: (LEI-Code):

**549300BWWREIUPX2DR18**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

- ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs")). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in equities, bonds and money market instruments. Between 35% and 80% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 20% and 65%. The investment return should be generated in EUR.

- **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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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



traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

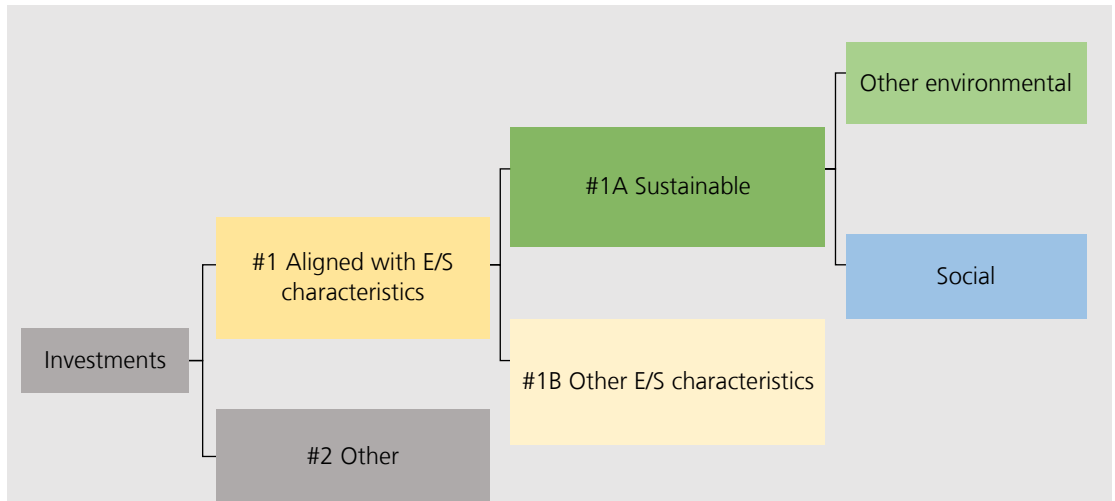
In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.



**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



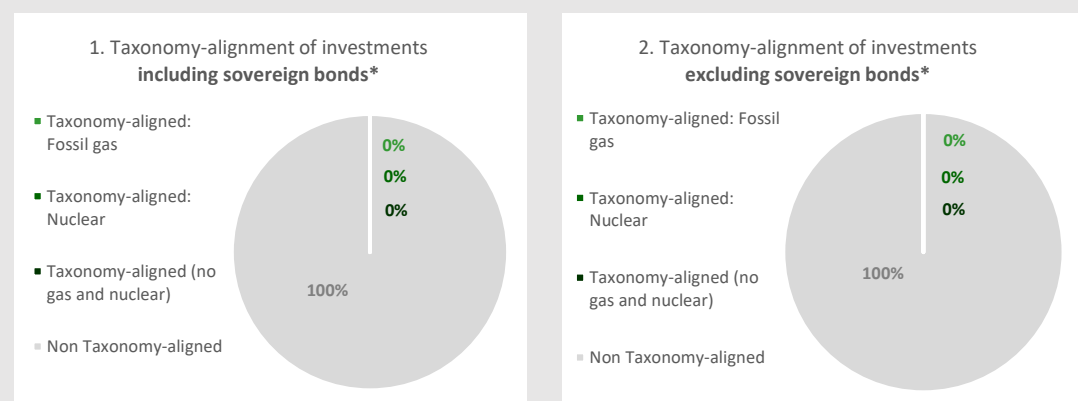
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0112804983>.

## Pre-contractual disclosure

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:

**Swisscanto (LU) Portfolio Fund Sustainable Balance (CHF)**

Legal entity identifier (LEI-Code):

**549300UWR31L6HUAIX55**

Version:

**July 2023**

**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.

## Sustainable investment objective

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

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: 10%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: 10%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will a minimum proportion of   % of sustainable investments.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**.



## ***What is the sustainable investment objective of this financial product?***

The primary sustainable investment objective of this financial product is the reduction of CO<sub>2</sub> emissions (quota of 80%) within the meaning of Article 9(3) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity for the portfolio is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement. The Portfolio Manager does not rely on an external reference benchmark aligned with the targets of the Paris Climate Agreement to achieve this objective. Instead, the Portfolio Manager ensures, as part of the direct investment process, that the methodology requirements for EU Paris-aligned benchmarks under Delegated Regulation (EU) 2020/1818 are met, rather than the Paris climate target of 1.5 degrees, whereby: (i) greenhouse gas (GHG) emissions are reduced by at least 7.5% plus economic growth per annum; (ii) the weighting of green versus brown investments is at least four times that of the benchmark; and (iii) the exclusions of Delegated Regulation 2020/1818 are complied with.

In accordance with the active investment strategy without use of an external reference benchmark, the requirements of Delegated Regulation 2020/1818 in relation to exposure to climate-critical sectors and GHG intensity are not implemented in relative terms versus a benchmark, but by means of absolute objectives to reduce the CO<sub>2</sub>e intensity of investments (pursuit of a decarbonisation trajectory).

In calculating the decarbonisation trajectory, we do not use Scope 3 GHG emissions due to insufficient data quality and incomplete data coverage, whilst awaiting better data coverage.

### **2. Sustainable investments in accordance with Article 9(2) SFDR**

In addition to the reduction of CO<sub>2</sub>e intensity, the Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs").

**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?***

The Portfolio Manager uses a range of data points to measure the attainment of its sustainable investment objectives. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the sustainable investment objectives:

**1. Reduction of CO<sub>2</sub>e intensity**

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

**2. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social values, or business activities that are considered high risk. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following activities correspond to the exclusions described in Delegated Regulation 2020/1818. The Portfolio Manager has also determined other additional activities which result in the exclusion of companies from the investment universe:



- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
  - Manufacture of war technology
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact.
- Child labour
- Production of pornography
- Coal mining \*
- Operation of nuclear plants \*
- Uranium extraction
- Production of nuclear reactors \*
- Genetic engineering: human medicine
- Production of tobacco products and cigarettes
- Alcohol production (> 5% turnover)
- Gambling (> 5% of turnover)
- Factory farming
- Coal reserves \*
- Operation of fossil fuel power plants \*
- Natural gas extraction \*
- Oil extraction \*
- Conventional car manufacturers that do not have a comprehensive strategy for the transition to the use of alternative more environmentally friendly motors \*
- Aircraft production \*
- Airlines \*
- Cruise ship operators \*
- Genetic engineering (release of GMOs) \*
- Unsustainable fishing and fish farming \*
- Unsustainable forestry management \*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- Countries with low levels of democracy and freedom (classified as “not free” in the Freedom in the World report published annually by Freedom House)
- Use of the death penalty
- High military budget > 4% of gross domestic product (GDP)
- Expanding nuclear energy sector (>50% of total)\*
- Non-signatory to the Paris Climate Agreement\*
- Non-signatory to the Convention on Biological Diversity (CBD)\*
- CPI score < 35 according to the Corruption Perceptions Index (CPI) of Transparency International
- Non-signatory to the Nuclear Non-Proliferation Treaty

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

\* Green bonds and sustainable bonds do not require exclusion providing the limits of Delegated Regulation (EU) 2020/1818 apply directly to all assets at project level. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives relating to one or more of the SDGs. The products and services of companies (hereinafter “sustainable solutions”) and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

If a sub-fund no longer complies with the characteristics described in point 1, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

Investments that no longer comply with the characteristics described in points 2 – 3 are removed from the portfolio by an appropriate deadline.

The sub-fund does not use a reference benchmark to meet the described sustainable investment objectives.

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

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

Issuers with a negative net contribution to the SDGs are removed from the investment universe of the financial product. The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts, hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.



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

- Yes,  
The sub-fund considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. Accordingly, issuers categorised by the Portfolio Manager as causing significant harm on the basis of a PAI rating are excluded from the investment universe. The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible. The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

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

The fund invests in equities, bonds and money market instruments. Between 35% and 75% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The equity allocation is between 25% and 65%. The investment return should be generated in CHF.

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

#### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

#### **2. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). These include the exclusions described in Delegated Regulation 2020/1818. The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

#### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager invests in securities which, in its opinion, make a contribution to one or more sustainable objectives. The sustainable solutions of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds) are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies,

supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

#### **4. Investments in SDG leaders**

When constructing the investment universe, the Portfolio Manager considers the securities of issuers whose products and services or specific-purpose bonds make a significant contribution to the SDGs (“SDG leaders”). A significant contribution means at least 66.67% of turnover from a sustainable solution with a strongly positive contribution, or 33.33% of turnover from a sustainable solution with a positive contribution. In exceptional cases, an issuer may qualify as an SDG leader if it produces a key component of a sustainable solution, even if the 66.67% or 33.33% threshold is not met. Specific-purpose bonds also qualify as SDG leaders. As a result of the turnover requirements for inclusion in the investment universe, SDG leaders generally account for a high proportion of sustainable investments in accordance with Article 9(2).

#### **5. Investments in ESG leaders**

For the purposes of diversification, the Portfolio Manager also includes securities in the investment universe that are assessed as above-average on a best-in-class basis relating to a sustainable economic approach using environmental, social and governance (ESG) criteria. These securities are referred to as ESG leaders. Proprietary ESG scores calculated by the Portfolio Manager for companies and governments are used as the basis for identifying ESG leaders. These are based on the data of independent third-party providers and calculated using proprietary criteria, algorithms and weightings. The Portfolio Manager considers the relevance of ESG criteria with regards to sustainability risks and opportunities. The ESG scores calculated cover a scale of 0 to 100, whereby 0 is the lowest value, 50 the average, and 100 the best.

ESG leaders are companies with an ESG score  $\geq 50$  and governments with an ESG score  $\geq 66.67$ . In exceptional cases, ESG leaders may be defined on the basis of fundamental research even if their ESG score is under 50.

If an ESG leader generates turnover that qualifies as sustainable investment in accordance with Article 9(2) SFDR, this is also included in sustainable investments in accordance with Article 9(2) SFDR. However, as there is no minimum turnover requirement for ESG leaders, this typically represents a significantly lower proportion than for SDG leaders.

#### **6. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to traditional financial analysis when selecting investments, in order to guarantee a positive contribution (opportunities) to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers based on proprietary ESG scores.

The weighting of all positions in ESG laggards in the sub-fund is the same or lower than the weighting of all positions in ESG laggards in the sub-fund’s benchmark.

**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?**

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Any breach of these standards results in the exclusion of the issuer from the financial product's universe of investee companies.

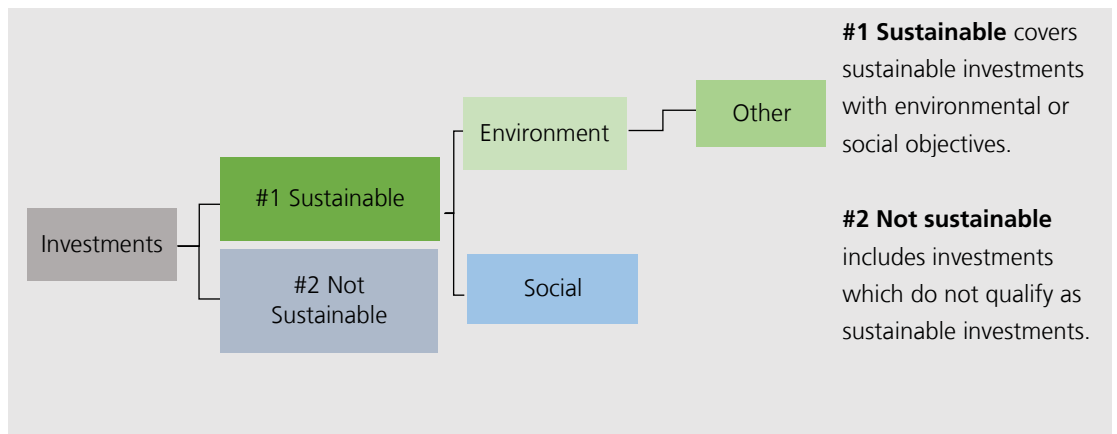


**What is the asset allocation and the minimum share of sustainable investments?**

**Asset allocation** describes the share of investments in specific assets.

The Portfolio Manager pursues the aforementioned sustainable investment objectives: (i) reduction of CO<sub>2e</sub> intensity in accordance with Article 9(3) SFDR; and (ii) sustainable investment in accordance with Article 9(2) SFDR. The reduction of CO<sub>2e</sub> intensity aligned with the 1.5-degree target of the Paris Climate Agreement is applied to 80% of the sub-fund's portfolio (excluding cash and derivatives).

The Portfolio Manager invests at least 20% of the net assets of the sub-fund in sustainable investments in accordance with Article 9(2) SFDR.



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

Derivatives are not used to achieve the sustainable investment objective.



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

0% of the portfolio. The fund does not pursue sustainable investments aligned with the EU taxonomy.

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

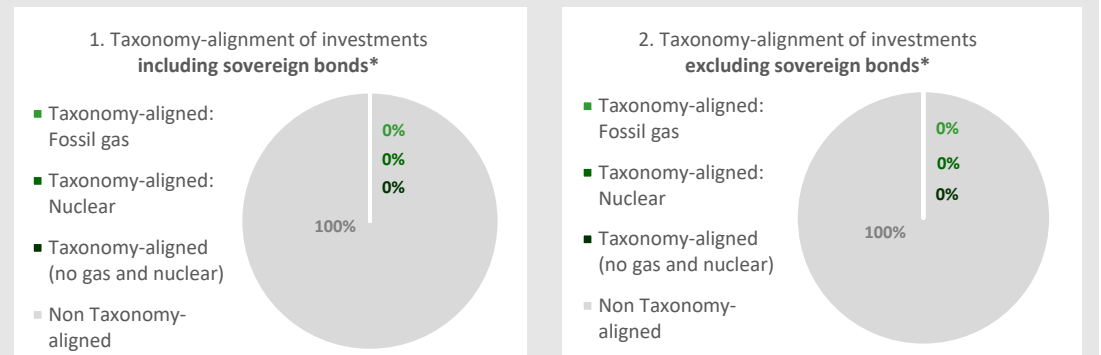
- Yes  
 In fossil gas       In nuclear energy
- No

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.

*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% of the portfolio.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 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 proportion of sustainable investments with an environmental objective is 10% of the portfolio.



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

The minimum proportion of sustainable investments with a social objective is 10% of the portfolio.



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

Investments classified as “not sustainable” are all investments included in net assets after the deduction of sustainable investments. No investments other than sustainable investments are made. Derivatives and cash are excluded.



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

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

An index is not used as a reference benchmark to meet the sustainable investment objectives.



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

Further information on the product-related sustainability policy of the sub-fund can be found on the following website:

<https://products.swisscanto.com/products/product/LU0136171393>.



## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Ambition (CHF)**

Legal entity identifier: (LEI-Code):

**549300CQ3FJL25CFNE54**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

- ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in shares, bonds and money market instruments. The equities portion is between 40% and 85%. Between 15% and 60% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The investment return should be generated in CHF.

- **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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.

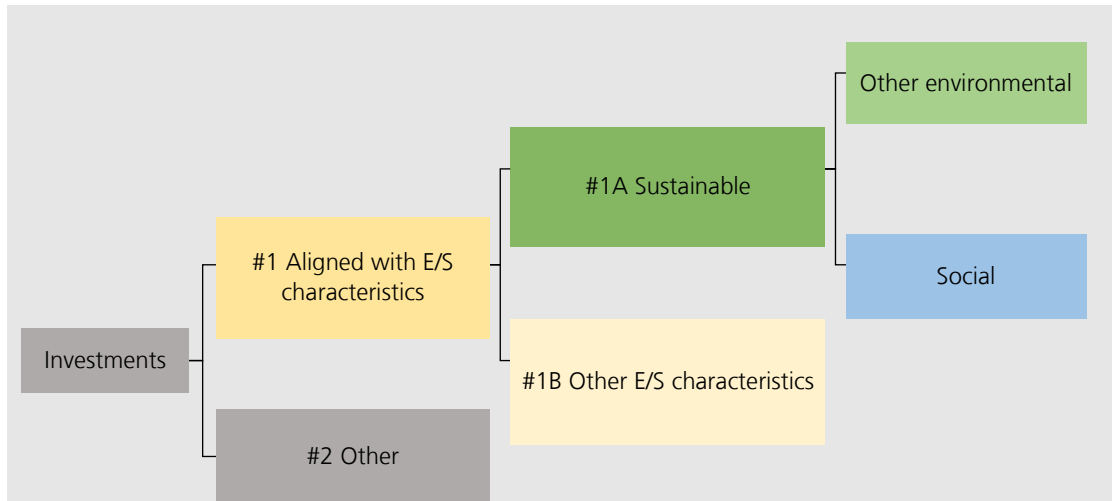




**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



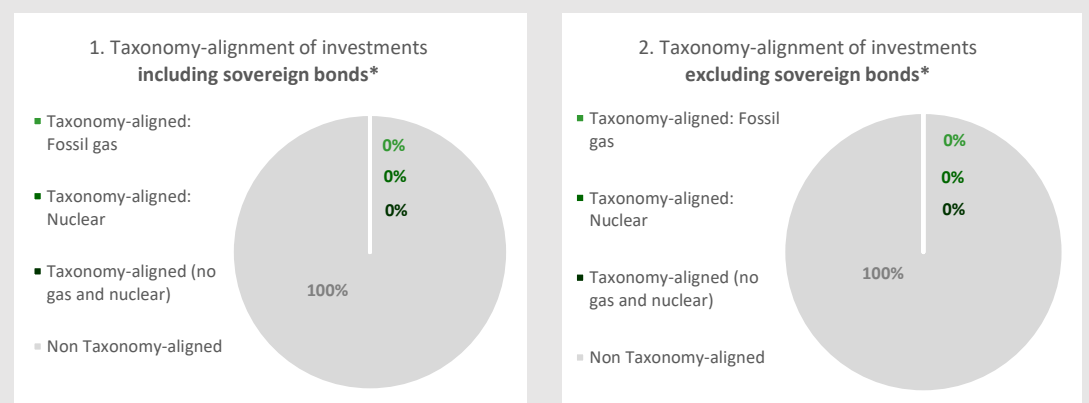
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0161537534>.

## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Ambition (EUR)**

Legal entity identifier: (LEI-Code):

**549300661D4U5C32RI64**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

- ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs")). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in shares, bonds and money market instruments. The equities portion is between 40% and 85%. Between 15% and 60% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The investment return should be generated in EUR.

- **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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

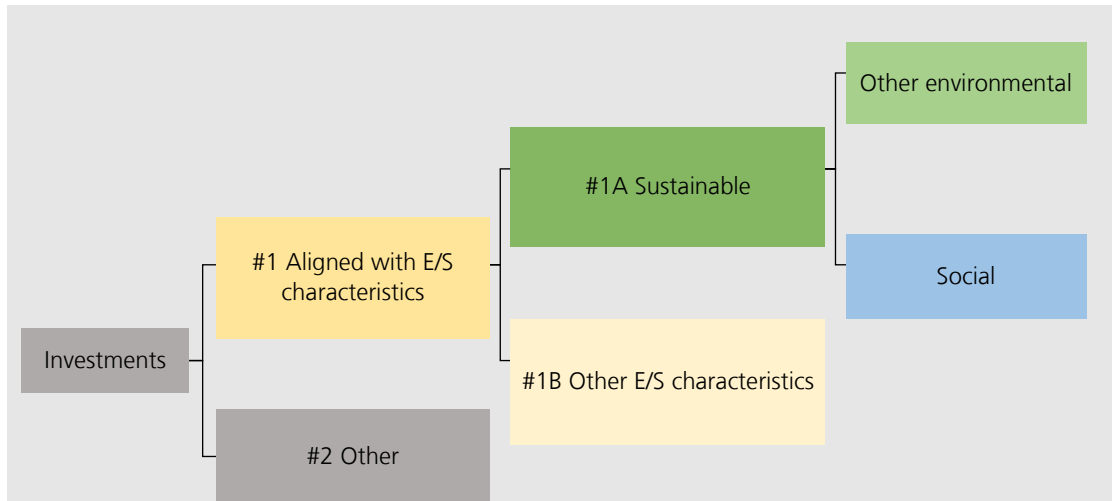
In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.



**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



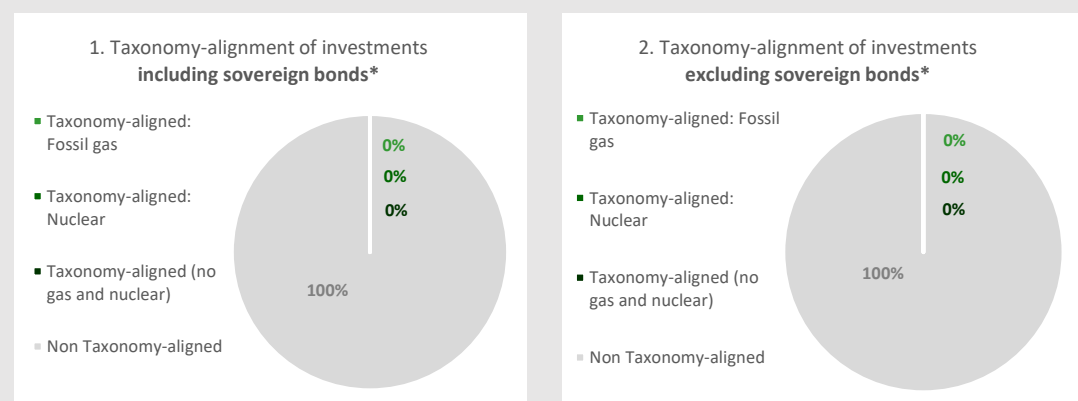
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0161533970>.

## Pre-contractual disclosure

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:

**Swisscanto (LU) Portfolio Fund Sustainable Ambition (CHF)**

Legal entity identifier (LEI-Code):

**3912002MS4VLKZHGGP29**

Version:

**July 2023**

**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.

## Sustainable investment objective

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

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_ 10%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_ 10%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will a minimum proportion of \_\_\_\_\_% of sustainable investments.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**.



## ***What is the sustainable investment objective of this financial product?***

The primary sustainable investment objective of this financial product is the reduction of CO<sub>2</sub> emissions (quota of 80%) within the meaning of Article 9(3) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity for the portfolio is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement. The Portfolio Manager does not rely on an external reference benchmark aligned with the targets of the Paris Climate Agreement to achieve this objective. Instead, the Portfolio Manager ensures, as part of the direct investment process, that the methodology requirements for EU Paris-aligned benchmarks under Delegated Regulation (EU) 2020/1818 are met, rather than the Paris climate target of 1.5 degrees, whereby: (i) greenhouse gas (GHG) emissions are reduced by at least 7.5% plus economic growth per annum; (ii) the weighting of green versus brown investments is at least four times that of the benchmark; and (iii) the exclusions of Delegated Regulation 2020/1818 are complied with.

In accordance with the active investment strategy without use of an external reference benchmark, the requirements of Delegated Regulation 2020/1818 in relation to exposure to climate-critical sectors and GHG intensity are not implemented in relative terms versus a benchmark, but by means of absolute objectives to reduce the CO<sub>2</sub>e intensity of investments (pursuit of a decarbonisation trajectory).

In calculating the decarbonisation trajectory, we do not use Scope 3 GHG emissions due to insufficient data quality and incomplete data coverage, whilst awaiting better data coverage.

### **2. Sustainable investments in accordance with Article 9(2) SFDR**

In addition to the reduction of CO<sub>2</sub>e intensity, the Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs").



**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?***

The Portfolio Manager uses a range of data points to measure the attainment of its sustainable investment objectives. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the sustainable investment objectives:

**1. Reduction of CO<sub>2</sub>e intensity**

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

**2. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social values, or business activities that are considered high risk. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following activities correspond to the exclusions described in Delegated Regulation 2020/1818. The Portfolio Manager has also determined other additional activities which result in the exclusion of companies from the investment universe:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
  - Manufacture of war technology
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact.
- Child labour
- Production of pornography
- Coal mining \*
- Operation of nuclear plants \*
- Uranium extraction
- Production of nuclear reactors \*
- Genetic engineering: human medicine
- Production of tobacco products and cigarettes
- Alcohol production (> 5% turnover)
- Gambling (> 5% of turnover)
- Factory farming
- Coal reserves \*
- Operation of fossil fuel power plants \*
- Natural gas extraction \*
- Oil extraction \*
- Conventional car manufacturers that do not have a comprehensive strategy for the transition to the use of alternative more environmentally friendly motors \*
- Aircraft production \*
- Airlines \*
- Cruise ship operators \*
- Genetic engineering (release of GMOs) \*
- Unsustainable fishing and fish farming \*
- Unsustainable forestry management \*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- Countries with low levels of democracy and freedom (classified as “not free” in the Freedom in the World report published annually by Freedom House)
- Use of the death penalty
- High military budget > 4% of gross domestic product (GDP)
- Expanding nuclear energy sector (>50% of total)\*
- Non-signatory to the Paris Climate Agreement\*
- Non-signatory to the Convention on Biological Diversity (CBD)\*
- CPI score < 35 according to the Corruption Perceptions Index (CPI) of Transparency International
- Non-signatory to the Nuclear Non-Proliferation Treaty

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

\* Green bonds and sustainable bonds do not require exclusion providing the limits of Delegated Regulation (EU) 2020/1818 apply directly to all assets at project level. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager focuses on the securities of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives relating to one or more of the SDGs. The products and services of companies (hereinafter “sustainable solutions”) and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

If a sub-fund no longer complies with the characteristics described in point 1, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

Investments that no longer comply with the characteristics described in points 2 – 3 are removed from the portfolio by an appropriate deadline.

The sub-fund does not use a reference benchmark to meet the described sustainable investment objectives.

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

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

Issuers with a negative net contribution to the SDGs are removed from the investment universe of the financial product. The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts, hereinafter "PAIs"). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.



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

Yes,  
The sub-fund considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. Accordingly, issuers categorised by the Portfolio Manager as causing significant harm on the basis of a PAI rating are excluded from the investment universe. The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible. The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

No



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

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

The fund invests in equities, bonds and money market instruments. The equity allocation is between 40% and 85%. Between 15% and 60% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The investment return should be generated in CHF.

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

#### **1. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 7.5% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (7.5%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

#### **2. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). These include the exclusions described in Delegated Regulation 2020/1818. The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

#### **3. Sustainable investments in accordance with Article 9(2) SFDR**

The Portfolio Manager invests in securities which, in its opinion, make a contribution to one or more sustainable objectives. The sustainable solutions of companies and the specific-purpose bonds of companies, supranational entities and governments (e.g. social, green or sustainable bonds) are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies,

supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

#### **4. Investments in SDG leaders**

When constructing the investment universe, the Portfolio Manager considers the securities of issuers whose products and services or specific-purpose bonds make a significant contribution to the SDGs (“SDG leaders”). A significant contribution means at least 66.67% of turnover from a sustainable solution with a strongly positive contribution, or 33.33% of turnover from a sustainable solution with a positive contribution. In exceptional cases, an issuer may qualify as an SDG leader if it produces a key component of a sustainable solution, even if the 66.67% or 33.33% threshold is not met. Specific-purpose bonds also qualify as SDG leaders. As a result of the turnover requirements for inclusion in the investment universe, SDG leaders generally account for a high proportion of sustainable investments in accordance with Article 9(2).

#### **5. Investments in ESG leaders**

For the purposes of diversification, the Portfolio Manager also includes securities in the investment universe that are assessed as above-average on a best-in-class basis relating to a sustainable economic approach using environmental, social and governance (ESG) criteria. These securities are referred to as ESG leaders. Proprietary ESG scores calculated by the Portfolio Manager for companies and governments are used as the basis for identifying ESG leaders. These are based on the data of independent third-party providers and calculated using proprietary criteria, algorithms and weightings. The Portfolio Manager considers the relevance of ESG criteria with regards to sustainability risks and opportunities. The ESG scores calculated cover a scale of 0 to 100, whereby 0 is the lowest value, 50 the average, and 100 the best.

ESG leaders are companies with an ESG score  $\geq 50$  and governments with an ESG score  $\geq 66.67$ . In exceptional cases, ESG leaders may be defined on the basis of fundamental research even if their ESG score is under 50.

If an ESG leader generates turnover that qualifies as sustainable investment in accordance with Article 9(2) SFDR, this is also included in sustainable investments in accordance with Article 9(2) SFDR. However, as there is no minimum turnover requirement for ESG leaders, this typically represents a significantly lower proportion than for SDG leaders.

#### **6. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to traditional financial analysis when selecting investments, in order to guarantee a positive contribution (opportunities) to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers based on proprietary ESG scores.

The weighting of all positions in ESG laggards in the sub-fund is the same or lower than the weighting of all positions in ESG laggards in the sub-fund’s benchmark.

**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?**

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Any breach of these standards results in the exclusion of the issuer from the financial product's universe of investee companies.

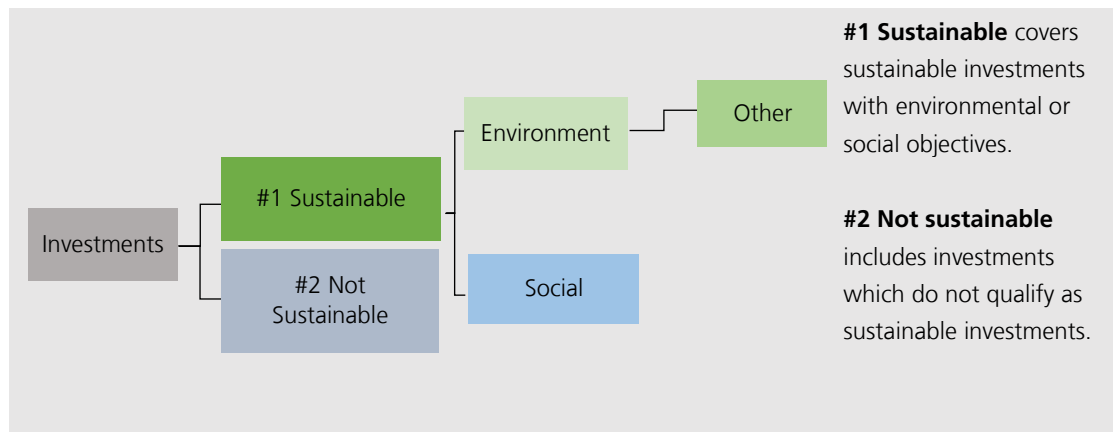


**What is the asset allocation and the minimum share of sustainable investments?**

**Asset allocation** describes the share of investments in specific assets.

The Portfolio Manager pursues the aforementioned sustainable investment objectives: (i) reduction of CO<sub>2e</sub> intensity in accordance with Article 9(3) SFDR; and (ii) sustainable investment in accordance with Article 9(2) SFDR. The reduction of CO<sub>2e</sub> intensity aligned with the 1.5-degree target of the Paris Climate Agreement is applied to 80% of the sub-fund's portfolio (excluding cash and derivatives).

The Portfolio Manager invests at least 20% of the net assets of the sub-fund in sustainable investments in accordance with Article 9(2) SFDR.



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

Derivatives are not used to achieve the sustainable investment objective.



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

0% of the portfolio. The fund does not pursue sustainable investments aligned with the EU taxonomy.

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

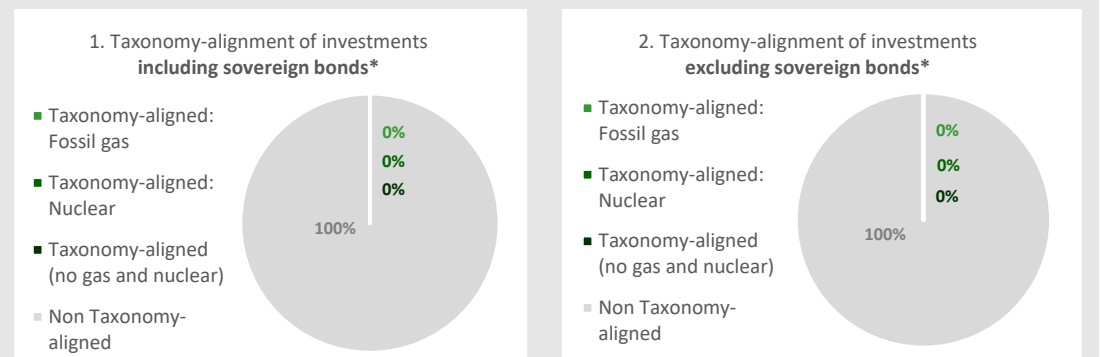
- Yes  
 In fossil gas       In nuclear energy
- No

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.

*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% of the portfolio.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



 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 proportion of sustainable investments with an environmental objective is 10% of the portfolio.



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

The minimum proportion of sustainable investments with a social objective is 10% of the portfolio.



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

Investments classified as “not sustainable” are all investments included in net assets after the deduction of sustainable investments. No investments other than sustainable investments are made. Derivatives and cash are excluded.



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

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

An index is not used as a reference benchmark to meet the sustainable investment objectives.



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

Further information on the product-related sustainability policy of the sub-fund can be found on the following website:

<https://products.swisscanto.com/products/product/LU2423146203>.

## 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

Product name:

**Swisscanto (LU) Portfolio Fund Responsible Focus (CHF)**

Legal entity identifier: (LEI-Code):

**549300WLCBSRIB0E4R71**

Version:

**July 2023**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_\_%

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 \_\_\_\_\_5% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with a social objective.

It promotes E/S characteristics, but **will not make any sustainable investments**.



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

The sub-fund pursues an investment strategy that considers environmental and social characteristics. These characteristics include exclusion criteria, the integration of ESG considerations with the investment process, the reduction of CO<sub>2</sub>e intensity and sustainable investments.

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

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

The Portfolio Manager uses a range of data points to measure the attainment of the environmental and social characteristics promoted. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process.

Sustainability indicators integrated with the investment process are then used to assess the attainment of the characteristics promoted:

#### **1. Exclusion criteria**

The Portfolio Manager uses exclusion criteria to identify an increased risk of harm to environmental and social characteristics. These exclusion criteria are also used to establish an investment universe focused more specifically on investments that are aligned with these values.

The following businesses/criteria result in the exclusion of companies:

- The production of weapons and munitions, including the following banned weapons:
  - Cluster bombs and munitions
  - Anti-personnel and landmines
  - Biological and chemical weapons
  - Nuclear weapons systems
  - Nuclear weapons material
  - Enriched uranium
  - Blinding laser weapons
  - Incendiary weapons
- Manufacturer of war technology (> 5% turnover)
- Behaviour-based exclusions including those included in the list of the SVVK-ASIR (Swiss association for the promotion of responsible capital investment)
- Breaches of the UN Global Compact\*
- Child labour
- Production of pornography
- Coal mining (> 5% of turnover)\*\*
- Coal reserves (excl. metals production)\*\*

Exclusions for government issuers:

- Countries included on the Non-Cooperative Countries and Territories (NCCT) list of the Financial Action Task Force (FATF)
- CPI score < 20 according to the Corruption Perceptions Index (CPI) of Transparency International

The Portfolio Manager reserves the right to exclude additional countries for reasons of business policy.

- \* In the event of breaches by companies of the UN Global Compact principles (UN standard on human rights, labour rights, the environment and anti-corruption) that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.
- \*\* Green bonds and sustainable bonds do not require exclusion. For green and sustainable bonds, issuers must use the proceeds raised through the issue of the green or sustainable bond for specific purposes. If this is the case, green bonds are used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment. Sustainable bonds are also used to raise capital for specific activities to mitigate or prevent adverse impacts on the environment and on society. Investments in green bonds or sustainable bonds thus make a contribution to a positive impact in relation to the relevant exclusion criteria.

## **2. ESG integration**

The Portfolio Manager integrates environmental (E), social (S) and governance (G) factors for companies and governments into the investment process (ESG integration) in order to identify opportunities and risks prior to any investment decision. The assessment of the sustainability of a company or government regarding ESG criteria is carried out using proprietary ESG scores. These scores are calculated and measured using proprietary methods using data from independent, third-party providers and proprietary qualitative and quantitative research.

## **3. Reduction of CO<sub>2</sub>e intensity**

Additionally, the Portfolio Manager's investment activity is focused on a continuous reduction in the CO<sub>2</sub>e intensity of investments in accordance with the Paris Climate Agreement.

CO<sub>2</sub>e intensity for companies is defined as CO<sub>2</sub>e emissions in relation to turnover (tonnes of CO<sub>2</sub>e per USD million of turnover), and for government bonds as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per USD million of gross domestic product). Greenhouse gases with a global warming effect are included in accordance with the international Greenhouse Gas Protocol (GHG Protocol) (measured in CO<sub>2</sub> equivalents – CO<sub>2</sub>e). Data of independent third parties is used to calculate CO<sub>2</sub>e intensity. The Portfolio Manager uses this data to calculate the relevant CO<sub>2</sub>e intensity, taking account of data availability and quality, any methodology discrepancies and special cases.

## **4. Sustainable investments**

The Portfolio Manager also invests in the securities of companies and specific-purpose bonds (e.g. social, green or sustainable bonds), which, based on its assessment, make a contribution to sustainable objectives (sustainable investment within the meaning of Article 2(17) SFDR) relating to one or more of the United Nations Sustainable Development Goals (hereinafter the "SDGs"). The products and services of companies (hereinafter "sustainable solutions") and specific-purpose bonds are assessed with regards to their contribution to the SDGs using the data of independent third-party providers. The turnover of companies is used to examine the proportion of business that

has a positive or negative impact on one or more of the objectives. For the specific-purpose bonds of companies, supranational entities and governments, we assess whether the proceeds have a positive impact on one or more of the SDGs.

Investments that no longer comply with the characteristics described in points 1-2 and 4 are removed from the portfolio by an appropriate deadline. If a sub-fund no longer complies with the characteristics described in point 3, the Portfolio Manager adjusts the portfolio by changing the weighting of the various securities or by replacing holdings with securities with lower CO<sub>2</sub>e intensity, in accordance with the annual targets. The Portfolio Manager ensures that the corresponding guideline is complied with on average over the year.

The sub-fund does not use a reference benchmark to measure the described environmental and social characteristics.

- ***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 Portfolio Manager uses its SDG research to focus on securities which, based on its assessment, make a positive contribution to the SDGs. This means, for example, a company or specific-purpose bond (e.g. a social, green or sustainable bond) offering products and/or services that make a contribution to one or more of the SDGs.

**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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

The sub-fund also considers adverse impacts on sustainability factors (principal adverse impacts (hereinafter "PAIs")). The mandatory indicators in Annex I of the commission delegated regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 (hereafter "Annex I to Regulation (EU) 2019/2088") are used for this purpose. Issuers categorised by the Portfolio Manager as causing significant harm on the basis of PAIs are not included in sustainable investments.

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

Any breaches of the following standards are considered when analysing investments for inclusion as sustainable investments: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions. Serious breaches of these standards result in the exclusion of any sustainable investments of the issuer.

*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 considers principal adverse impacts (PAIs) on sustainability indicators. The mandatory indicators in Annex I to Regulation (EU) 2019/2088 are used for this purpose. The PAIs are taken into account in the investment process via the use of sustainable investments, exclusion criteria, the reduction of CO<sub>2</sub>e intensity and ESG integration, and directly in the calculation of PAI scores.  
The Portfolio Manager uses the data of third-party providers. Where this is not possible, the Portfolio Manager will make reasonable efforts to obtain the data directly or to estimate this data in the best way possible.  
The information regarding PAIs required under Article 11(2) of Regulation (EU) 2019/2088 is published in the Annual Report.

- No



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

The fund invests in equities, bonds and money market instruments. The equities portion is between 55% and 100%. Between 0% and 45% of the fund's assets can be invested in variable and fixed-interest securities and money market instruments as well as in liquidity. The investment return should be generated in CHF.

- **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 Portfolio Manager considers the environmental and social characteristics promoted by the sub-fund in the daily management of the portfolio. Implementation of the approach-specific limits are considered by the Portfolio Manager when taking investment decisions on portfolio construction, and continuous compliance is ensured as part of ongoing portfolio monitoring.

**1. Exclusion criteria**

The consideration of sustainability aspects includes the definition of exclusion criteria for business activities that the Portfolio Manager judges to be high-risk (see above). The exclusion criteria are verified at least once a year for any changes or new information and adjusted accordingly.

**2. ESG integration**

As part of the investment process, the Portfolio Manager follows an approach which integrates environmental, social and governance (ESG) aspects. This means that environmental and/or social characteristics are automatically considered in addition to

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

traditional financial analysis when selecting investments, in order to guarantee a positive contribution to ESG criteria and where applicable investment returns. There are therefore limited investments in ESG laggards. ESG laggards are companies within a specific sector or industry branch with particularly poor ESG scores versus their peers on the basis of proprietary ESG scores.

The weight of all positions in ESG Laggards of the Sub-Fund is lower or equal to the weight of all positions in ESG Laggards of the Sub-Fund's Benchmark.

### **3. Reduction of CO<sub>2</sub>e intensity**

The Portfolio Manager's investment activity targets a continuous reduction in the CO<sub>2</sub>e intensity of investments as follows:

The Portfolio Manager defines a guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets on an annual basis. The Portfolio Manager defines the respective guideline each year on the basis of the target value for the global reduction of CO<sub>2</sub>e emissions (at least 4% annually), which is based on the Paris Climate Agreement of 12 December 2015. The guideline for the average CO<sub>2</sub>e intensity of the sub-fund's assets is calculated by discounting the CO<sub>2</sub>e intensity of the assets included in the reference benchmark as at the end of 2019 annually by the target value (4%) and global economic growth. The Portfolio Manager uses a rolling arithmetic average of nominal economic growth over the last three years to calculate economic growth.

### **4. Sustainable investments**

The Portfolio Manager invests inter alia in securities which, based on its assessment, make a positive contribution to the SDGs. The sustainable solutions of companies and specific-purpose bonds are examined with regards to their contribution to the SDGs using the data of independent third-party providers. For this purpose, a proprietary model examines around 800 product and service solutions for their contribution to one or more of the SDG targets. This results in a matrix with 70 solutions for the 169 SDG targets or the 17 SDGs. For this assessment, we verify what proportion of a company's turnover has a positive or negative impact on one or more of the SDGs. Qualitatively, this impact is divided into five categories and ranges from strongly positive, positive, neutral, negative to strongly negative. The contribution made to the SDGs is classified in one of five categories: strongly positive, positive, neutral, negative or strongly negative. For example, in the automotive sector, we consider electric vehicles to be a more climate-friendly transportation option (strongly positive) than hybrid vehicles (positive). Turnover is also classified according to its contribution to environmental or social objectives. Only turnover classified as making a positive or strongly positive contribution to the SDGs is categorised as sustainable investment. The specific-purpose bonds of companies, supranational entities and governments qualify as sustainable investments if the proceeds have a positive impact on one or more of the SDGs. The turnover of issuers causing significant harm to environmental or social sustainable investment objectives cannot be included in the proportion of sustainable investment.

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

The fund follows an active investment strategy and does not use a reference universe. It is not possible to quantify the minimum rate to reduce the scope of eligible 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 ?***

Good governance is considered when analysing investments by verifying compliance with the following global standards: the UN Global Compact (UNGC), UN Guiding Principles on Business and Human Rights (UNGP), and the International Labour Organisation (ILO) Conventions.

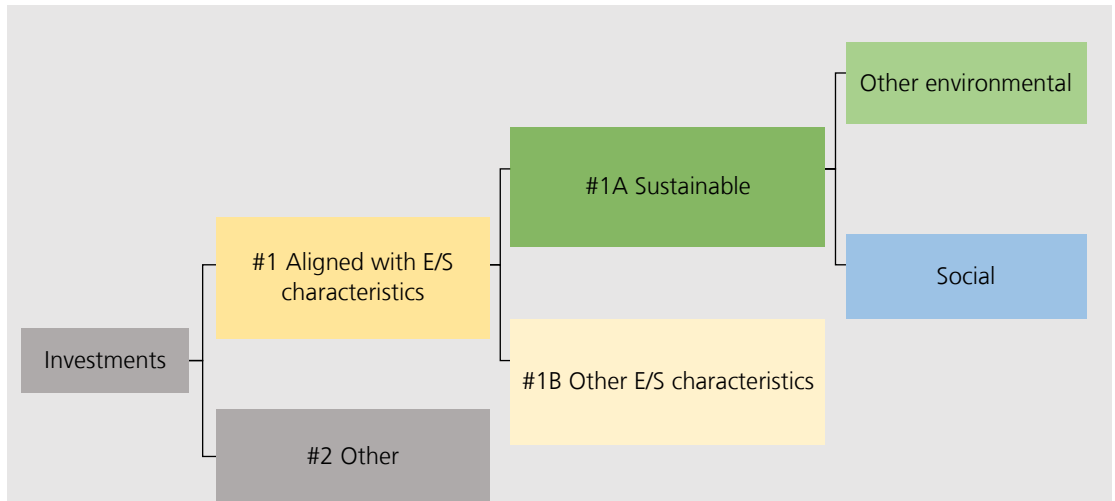
In the event of breaches by companies that are uncovered by a screening based on the data of an external data provider, where appropriate, the Portfolio Manager will enter into dialogue with the company to urge them to change their behaviour. Any investments will be sold if there is no change in behaviour within an appropriate period of time. This is also the case if dialogue is considered inappropriate based on the severity of the breach.



**Asset allocation**  
describes the share of  
investments in specific  
assets.

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

The Portfolio Manager ensures that at least 67% of the net assets of the sub-fund pursue the promoted environmental and social characteristics in accordance with the table below (#1 Aligned with E/S characteristics). The Portfolio Manager restricts investments in other assets (#2 Other) that do not pursue environmental and/or social characteristics to 33% of the sub-fund's net assets



**#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.

**#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.

The category #1 Aligned with E/S characteristics covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are only used to a limited extent for hedging purposes and do not pursue environmental or social characteristics.



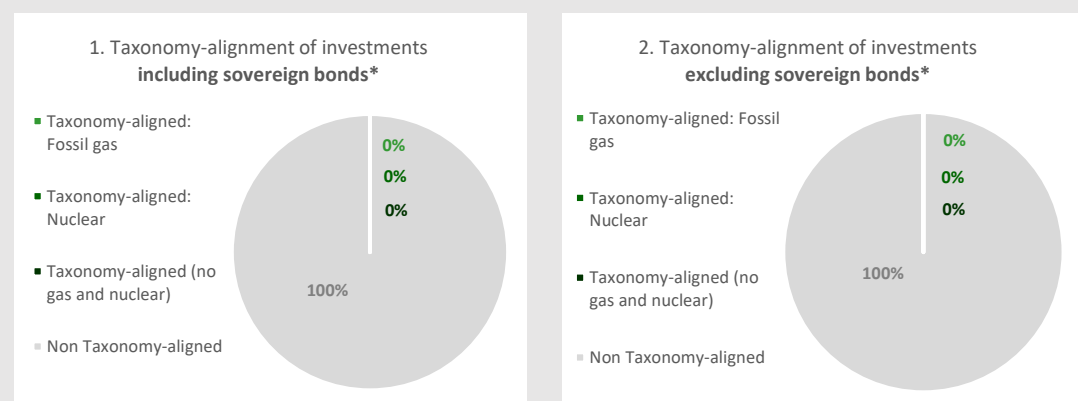
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the portfolio. The fund does not pursue a sustainable investment aligned with the EU Taxonomy.

### 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% of the portfolio.

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.

<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 activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective 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?**

2.5% of the portfolio.



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

2.5% of the portfolio.



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

This sub-fund may invest up to 33% of net sub-fund assets in assets that do not align with environmental and/or social characteristics (#2 Other). These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the sub-fund. For these investments, minimum environmental and social safeguards are not generally applied.



**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?**

A specific index is not designated as a reference benchmark to determine whether the financial product is aligned with the environmental and/or social characteristics it promotes.



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

More product-specific information can be found on the website:  
<https://products.swisscanto.com/products/product/LU0161534861>.