

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.

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: Aliter Investors – Ethica Balanced

Legal entity identifier: 984500DAFX95D9DF8057

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective : ____% <div> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy </div> <div> <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy </div> <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective : ____%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments <div> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy </div> <div> <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy </div> <div> <input type="checkbox"/> with a social objective </div> <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



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

Aliter Investors promotes environmental and social characteristics in the broadest sense, which means that it predominantly invests in companies that distinguish themselves in their ability to protect the environment and to care about their employees, with special focus being placed on the protection of human dignity.

For this purpose, the sub-fund carries out both positive and negative screening.

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

The Investment Manager predominantly measures the attainment of the environmental and social characteristics promoted by this financial product by considering whether a defined exclusion policy and key indicators for adverse impacts have been met. The key indicators for adverse impacts that are applied for this purpose are:

The principal adverse sustainability indicator no. 14 in Table 1 of Annex I to the SFDR Level 2, which relates to the exposure to controversial weapons (anti-

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

personnel mines, cluster munitions, chemical weapons and biological weapons), is taken into account by the Manager's exclusion regulation set out below.

- The principal adverse sustainability indicator no. 10 in Table 1 of Annex I to the SFDR Level 2, which relates to violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, is implemented by the investment restriction for considerable controversies described below and is also contained in the Manager's own ESG materiality assessment by means of a rating penalty.
- Other principal adverse sustainability indicators in Table 1 of Annex I to the SFDR Level 2 are fully integrated into Lombard Odier's ESG/CAR materiality assessment methodology, if this deals with the assessment of the direct engagement with the sub-fund's target values. For every issuer, the weighting of the principal adverse sustainability indicators is set out in accordance with the Investment Manager's internal materiality framework, which defines the exposure of the different sectors to sustainability challenges. For this reason, the weighting of the principal adverse sustainability indicators can vary depending on the composition and exposure of the portfolio (e.g. water and waste figures being assigned a lower weighting if they are not relevant to the activities of the investee companies).
- Other principal adverse sustainability indicators in Table 2 (environment) and Table 3 (social) in Annex I to the SFDR Level 2 are incorporated into the Investment Manager's ESG materiality assessment, if they are available.

The way in which principal adverse sustainability indicators are taken into consideration may change over time depending upon a number of factors, including the changing composition of the Sub-Fund's investment portfolio, market conditions, data coverage and developments in global sustainability analysis.

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?

N/A

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?

N/A

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

N/A

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

N/A

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.

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.



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



Yes, Principal adverse impacts on sustainability factors are those impacts of investment decisions and advice that result in negative effects on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. They are taken into account as follows:

- Principal adverse sustainability indicator number 14 in Table 1, Annex I of SFDR Level 2 related to the exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) is taken into account through the Manager's investment exclusion rule described below.
- Principal adverse sustainability indicator number 10 in Table 1, Annex I of SFDR Level 2 related to the Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises is implemented through the investments restriction of severe controversies described below and is also included into the Managers proprietary ESG materiality rating via a rating penalty.
- Other principal adverse sustainability indicators in Table 1, Annex I of SFDR Level 2 are fully embedded within the Lombard Odier ESG/CAR Materiality Rating Methodology when assessing direct exposure to the Sub-Fund's target assets. For each issuer, the weighting of the principal adverse sustainability indicators is set according to the Investment Manager's in-house materiality framework that defines the exposure of the different industries to the sustainability challenges. The principal adverse sustainability indicators weighting may thus vary according to the portfolio composition and exposure (e.g. water or waste metrics will be underweighted if not relevant for the investee companies activities).
- Other principal adverse sustainability indicators in table 2 (environmental) and table 3 (social), Annex I of SFDR Level 2 are embedded into the Investment Manager's ESG materiality rating when available.

The way in which principal adverse sustainability indicators are taken into consideration may change over time depending upon a number of factors, including the changing composition of the Sub-Fund's investment portfolio, market conditions, data coverage and developments in global sustainability analysis.

No

What investment strategy does this financial product follow?



The sub-fund invests mainly in equities around the world (mainly in the developed markets) and in investment grade debt instruments (bonds and money market instruments) that are denominated in euro.

The sub-fund invests in companies that meet ESG (environment, social and governance) criteria, with an ethical approach and exclusion policy being applied with respect to the following elements:

- The arms industry: no direct investment in companies involved in manufacturing or selling of anti-personal mines, cluster bombs (Ottawa and Oslo conventions), or nuclear (whether depleted or enriched), biological, chemical (white phosphorus in particular);
- Sectors causing addiction: tobacco and related products (e-cigarettes and next-generation tobacco/nicotine products) and supporting services (filters, smoking halls, etc) whether in production, sales or distribution (5% of revenues), alcohol

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

(no more than 20% of revenues), gambling (no more than 5% of revenues), pornography (0% of revenues).

The investment team uses a best in class process for the ESG selection:

- The Sub-Fund's investment universe consists of the top-rated companies (those companies that make the greatest effort) in terms of their sustainable development strategy, assessed using ESG criteria;
- The ESG rating ranges from A to D (with A+ being the best rating). Companies and countries with a rating below B- are automatically excluded from the portfolio.

In case of an issuer's ESG rating being downgraded to the non-investment universe, the Investment Manager must sell this position within three months of the downgrade.

In addition to the exclusion policy and best in class approach, this sub-fund will overweight investments in companies with the best ESG practices that contribute to environmental sustainability, focus on healthy life and work conditions, and protect human life and human dignity.

When selecting bonds, only investment-grade bonds (corporate bonds) are selected. The selection of bonds is made in a similar way as for the equity part, by maximising the ESG score and minimising the tracking error. The modified duration of the non-equity segment is intended to range from -2 to +5. The ESG approach also applies to government bonds based on the Lombard Odier (Europe) S.A. internal selection methodology.

Furthermore, the sub-fund may (directly or via UCITS/UCIs) invest up to 10% of its net assets in transferable securities (equities, bonds or money market instruments) that are selected on the basis of their environmental or social dimension or their thematic output. For this reason, the environmental and social influence of all securities is analysed by a dedicated team prior to their acceptance into the sub-fund.

The sub-fund may invest 30% to 50% of its net assets in equities and 30% to 60% of its net assets in investment-grade debt instruments. In addition, the sub-fund may invest up to 10% of its net assets in UCITS/UCIs. This upper limit also applies to investments in money market UCITS/UCIs.

● ***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 investee companies are evaluated by the Investment Manager before any investments are made. This ensures that the company fulfils all of the requirements of the binding elements of the investment strategy, i.e. the positive and negative screening criteria. The portfolio is also reviewed on an ongoing basis. If a company falls below the standards, the Investment Manager has three months to terminate the investment.

Furthermore, the companies being invested in are regularly monitored on a monthly basis in order to ensure that they meet the fund's ESG criteria.

Finally, the Investment Manager applies an exclusion policy relating to direct investments that are deemed incompatible with Lombard Odier's and Aliter Investors' approach to responsible investments. Hence, The Sub-Fund shall not be invested in companies which themselves or through entities they control companies:

- are involved in the manufacture or sale of antipersonnel mines, cluster bombs (Ottawa and Oslo Conventions), or nuclear (whether depleted or enriched), biological weapons, chemical weapons (white phosphorus in particular);
- act in sectors linked to addiction: tobacco and related products (e-cigarettes and next-generation tobacco/nicotine products) and supporting services (filters, smoking halls, etc) whether in production, sales or distribution (0% maximum of turnover), alcohol (20% maximum of turnover), games of chance (5% maximum of turnover), pornography (0% maximum of turnover).

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

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

Taxonomy-aligned activities are expressed as a share of:

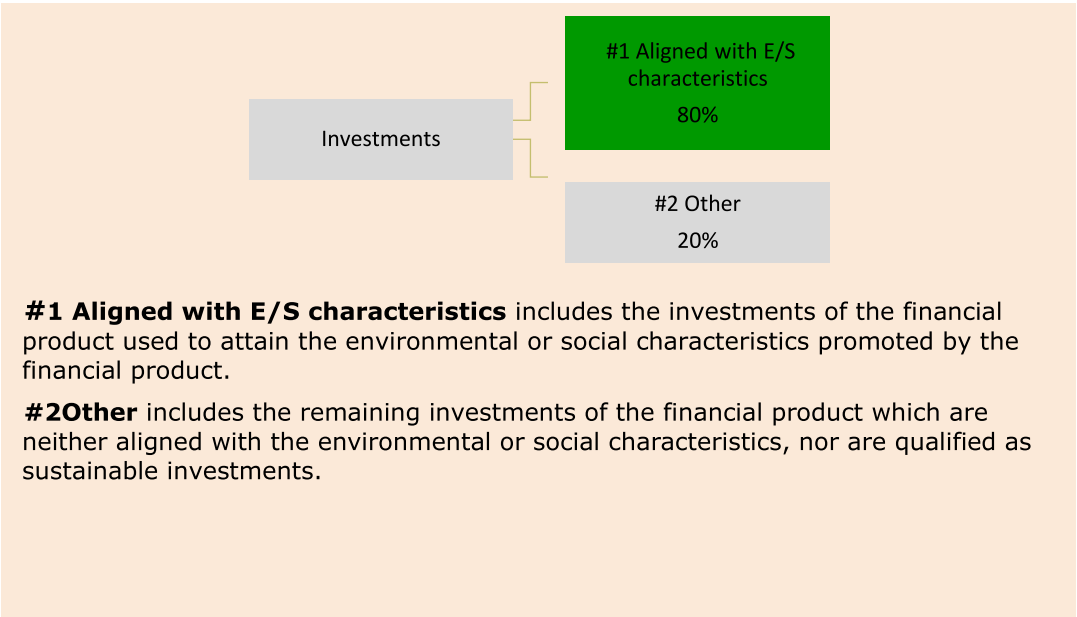
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2023. 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.



N/A.

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

Criteria used to assess good governance practices include business ethics, management of the legal and regulatory environment, labor practices, and employee engagement.

What is the asset allocation planned for this financial product?

The fund is invested in such a way that at least 80% of investments (with the exception of cash) promote environmental or social characteristics. This includes both single line securities and external UCITS funds, which, according of the prospectus, may represent up to 10% of the fund. The investments in the category Other, up to 20%, are cash, cash equivalents and equity that are not aligned with the climate impact mitigation characteristic or for which there are not sufficient ESG data available. The Investment Manager will ensure that thes companies pass nevertheless the other filters, namely the exclusion strategy.

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

Derivatives are not in the scope of investments used to meet the evironmental or social characteristics promoted by the sub-fund. They are used for portfolio management efficiency purposes.



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

This Sub-Fund promotes environmental and/or social characteristics but does not make any sustainable investments.

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

☐

Yes

☐

In fossil gas

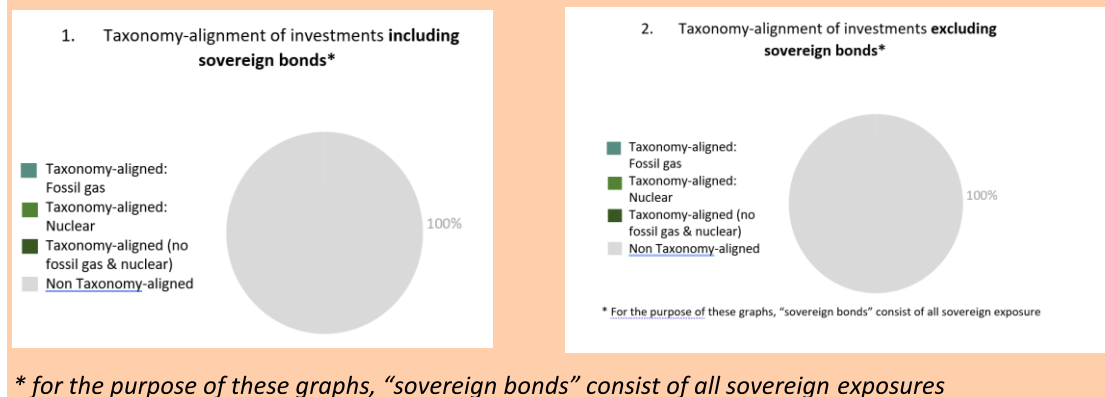
☐

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.



What is the minimum share of investments in transitional and enabling activities?

This Sub-Fund promotes environmental and/or social characteristics but does not make any sustainable investments



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

N/A

What is the minimum share of socially sustainable investments?



N/A



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

Investments under "#2 Other" are investment that are not used to meet the environmental or social characteristics promoted by the Sub-fund. They can be comprised of investments in UCITS/UCIs, derivatives, or cash and cash equivalents. These investments cannot be immediately linked to a single issuer and therefore cannot be evaluated against any minimum environmental or social safeguards.



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?

N/A.

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

N/A.

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

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

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

N.A.

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

N.A.

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

N.A.



Where can I find more product specific information online?

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

to be created