



EUROPEAN  
COMMISSION

Brussels, 31.10.2022  
C(2022) 7545 final

ANNEXES 1 to 4

## **ANNEXES**

*to the*

**COMMISSION DELEGATED REGULATION (EU) .../...**

**amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in precontractual documents and periodic reports for financial products investing in environmentally sustainable economic activities**

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


**Product name: CT (Lux) Sustainable Multi-Asset Income**

**Legal entity identifier: 213800VPOORXSZ9R2T24**

## Sustainable investment objective


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

●● ☒ Yes

 It made **sustainable investments** with an **environmental objective:**  
46.85%

- ✘ 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 made **sustainable investments with a social objective: 49.58%**

☒ ☐ ☐ **No**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**

**To what extent was the sustainable investment objective of this financial product met?**

The CT (Lux) Sustainable Multi-Asset Income Fund allocated across sustainable equity, sustainable credit, sustainable government bonds and sustainable alternatives, in line with its investment policy, over the period. The Fund invests around a number of themes, which in turn link to the UN Sustainable Development Goals (“SDGs”). These themes include Health and Well-being, linking to SDG 2 and SDG 3, and Energy

Transition, linking to SDG 7 and SDG 13, among others. Every investment made by the Fund was deemed sustainable, as per the Investment Manager's definition of sustainable investment. In the event that an investment subsequently became non-sustainable, the Fund would divest from the name.

The Fund aims for a minimum of 90% of investments to be classified as sustainable investments. As at 30/09/2024, it held 96.44% in sustainable investments.

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

● ***How did the sustainability indicators perform?***

The Fund exclusively invests in sustainable investments using the Investment Manager's 'Avoid, Invest, Improve' framework. It adheres to a set of exclusions, targets investment that are considered to be sustainable investments, and undertakes impact-focused, active engagement with companies, using the SDGs.

The Fund utilises several indicators to assess performance against this framework. During the period under review the Fund:

1. Did not invest in companies which breached the exclusion criteria and/or global norms.
2. Invested exclusively in sustainable investments, with 96.44% of holdings (as at 30/09/2024) demonstrating a positive revenue alignment with, or dedicated use of, proceeds that contributes to the SDGs.
3. Had 32.78% of its holdings in green, sustainability linked or labelled bonds (as at 30/09/2024).
4. Had 122 investee company engagements, representing 78 companies engaged across 14 countries. 23 milestones linked to environmental or social objectives were reported, of the total 30 milestones recorded.

● ...and compared to previous periods?

**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.

Sustainability Indicator	2024	2023	2022
<b>Divestment due to breach of exclusion criteria</b>	0	0	0
<b>Proportion of the Fund aligned with SDGs<sup>1</sup> including Green Bonds (ex cash and currency positions)</b>	96.44%	98.92%	93.67%
<b>Green or Labelled Bonds</b>	32.78%	33.57%	17.9%
<b>Engagement</b>			
Companies Engaged	78	80	91
Engagement Milestones	30	28	33

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The Fund's investment approach assesses that the sustainable investments held in the portfolio do not significantly harm other sustainable investment objectives in several ways.

The Fund screens out investments that are contrary to the goals of making positive contributions to the environment and/or society. The criteria is product- and conduct-based, covering topics such as fossil fuels, weapons, and global norms breaches.

For labelled bonds, each bond is reviewed and approved by the Investment Manager to ensure it does not significantly harm sustainability objectives. The Investment Manager excludes labelled bonds with very poor ESG management practices that breach the Fund's exclusion criteria. Labelled bonds are also assessed for financial management issues that may undermine confidence in the issuer's ability to fulfil its Green Bond commitments. Such assessments consider whether the proceeds are ring-fenced for environmental-linked projects; any unallocated proceeds are to be held in cash, government bonds, or other liquid short-term instruments.

Through the Investment Manager's investment research, ESG factors are considered throughout the investment cycle, which serves to mitigate the risks of significant harm.

Companies are also identified which the Investment Manager thinks could benefit

<sup>1</sup> Calculated as the proportion of Fund held in issuers which have greater than 50% of their net revenue aligned with the UN SDGs.

from active engagement to address material ESG issues, before they are considered to be significantly harmful.

— — — *How were the indicators for adverse impacts on sustainability factors taken into account?*

Investments which are reported as sustainable investments have been assessed to ensure they do not significantly harm (DNSH) sustainability objectives using an in-house data driven model and investment due diligence.

The Investment Manager identifies harm when assessing a sustainable investment by using quantitative thresholds against a selection of principal adverse impact indicators, including mandatory indicators from Table 1 and certain indicators from Tables 2 and 3 of Annex I of the Regulatory Technical Standards. Issuers which fall below these thresholds are flagged as potentially harmful and a review is then undertaken to determine whether significant harm is being caused by the issuer. Where quantitative data is not available, the Investment Manager endeavours to satisfy that no significant harm has taken place through desk-based qualitative research.

Depending on the type and materiality of the principal adverse impact indicator, the Investment Manager will either engage with the issuer to address the harmful practices by taking appropriate action, or limit exposure to such issuers in the portfolio.

During the review period, the Investment Manager reviewed all portfolio holdings and concluded that there were no significant adverse impacts relating to them.

— — — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details.*

The sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The Fund excluded companies that breached UN Global Compact (UNG) principles and further considered good conduct when making investments. In addition, the DNSH checks also assessed issuers for explicit harm against the underlying principles of the UNGC and OECD Guidelines.



## How did this financial product consider principal adverse impacts on sustainability factors?

The Fund proactively considered the principal adverse impacts (“PAIs”) of its investment decisions that may negatively harm sustainability factors through a combination of exclusions, engaging with investee companies and investment research.

As part of portfolio construction and stock selection, the Fund has in place exclusions that correspond to sustainability factors. The exclusions applied by the Fund relate to fossil fuel exposure, non-renewable energy consumption, global norms, controversial weapons and corruption. The Fund adhered to its exclusion policy during the period under review.

In addition, the Fund considered PAIs as part of its stewardship activities. Details of PAI engagement are outlined later in this report. PAIs were also considered as part of investment research during the period under review.



## What were the top investments of this financial product?

Largest investments*	Sector	% Assets	Country
Government of United Kingdom	Treasury	12.59%	United Kingdom
Government of Germany	Treasury	5.45%	Germany
Microsoft Corporation	Information Technology	1.90%	United States
NVIDIA Corporation	Information Technology	1.31%	United States
Verizon Communications Inc.	Communications	1.18%	United States
Triple Point Energy Transition plc	Financials	1.09%	United Kingdom
Greencoat UK Wind PLC	Utilities	1.09%	United Kingdom
Impact Healthcare REIT plc	Real Estate	1.06%	United Kingdom
Legal & General Group plc	Financials	1.05%	United Kingdom
Schneider Electric SE	Capital Goods	1.03%	France
Renewables Infrastructure Group Limited	Utilities	1.02%	United Kingdom
Greencoat Renewables PLC	Utilities	0.97%	Ireland
VH Global Sustainable Energy Opportunities plc	Financials	0.95%	United Kingdom
Orange SA	Communications	0.94%	France
Eli Lilly and Company	Health Care	0.91%	United States

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 01/10/2023 to 30/09/2024

\* The top investments may comprise multiple individual issues, covering both equity and bonds for corporate issuers and multiple bonds for sovereign issuers. The top investments held by the Fund during the current reference period have been calculated at representative intervals commencing from 01/01/2024.

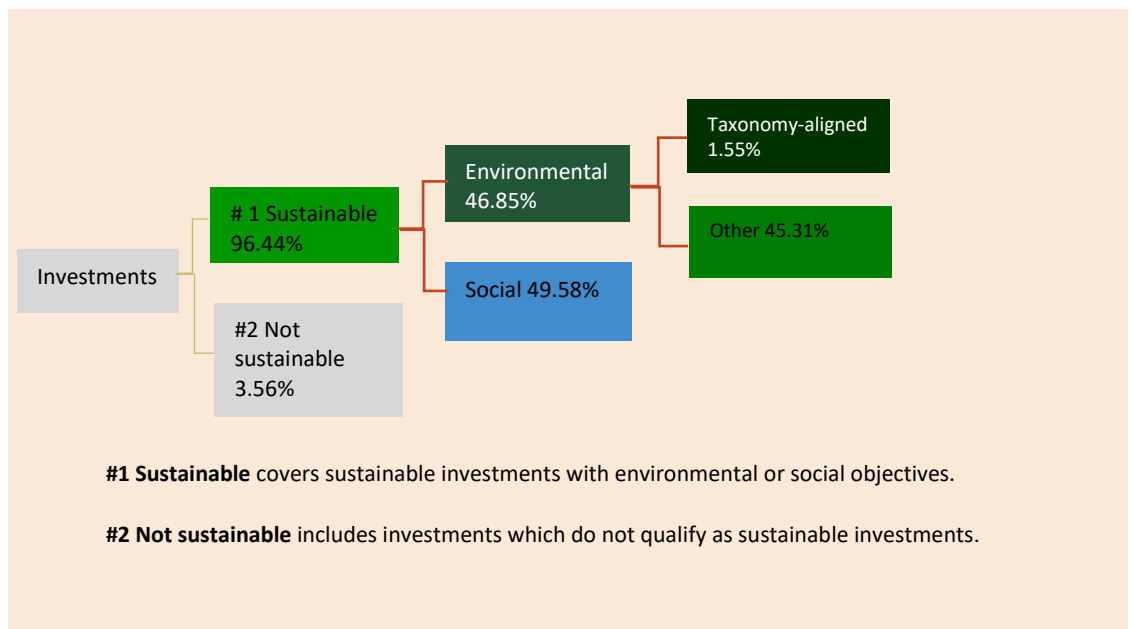


## What was the proportion of sustainability-related investments?

As at 30/09/2024, the Fund held 96.44% in investments which are deemed to be sustainable investments. The remaining 3.56% was in cash, derivatives and currency positions.

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

### What was the asset allocation?



Note: an investment may contribute to one or more environmental or social objectives. Investments have been split based on a quantitative review of revenue exposure. Due to rounding, reported figures may not sum to 100%.

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

● *In which economic sectors were the investments made?*

Sector	% of Net Assets
<b>Communication Services</b>	<b>5.15%</b>
Diversified Telecommunication Services	3.90%
Interactive Media & Services	0.14%
Media	0.46%
Wireless Telecommunication Services	0.65%
<b>Consumer Discretionary</b>	<b>3.01%</b>
Automobiles	0.77%
Broadline Retail	0.82%
Diversified Consumer Services	0.64%
Hotels Restaurants & Leisure	0.04%
Household Durables	0.18%
Specialty Retail	0.55%
<b>Consumer Staples</b>	<b>1.28%</b>
Food Products	0.69%
Household Products	0.59%
<b>Financials</b>	<b>21.24%</b>
Banks	7.47%
Capital Markets	1.09%
Consumer Finance	0.28%
Financial Services	6.73%
Insurance	5.67%
<b>Health Care</b>	<b>12.71%</b>
Biotechnology	1.13%
Health Care Equipment & Supplies	2.66%
Health Care Providers & Services	2.80%
Health Care Technology	0.00%
Life Sciences Tools & Services	1.30%
Pharmaceuticals	4.81%
<b>Industrials</b>	<b>6.48%</b>
Building Products	0.91%
Commercial Services & Supplies	0.58%
Electrical Equipment	1.98%
Ground Transportation	0.64%
Industrial Conglomerates	0.18%
Machinery	0.96%
Professional Services	0.95%
Trading Companies & Distributors	0.27%
<b>Information Technology</b>	<b>11.71%</b>
Communications Equipment	0.77%
Electronic Equipment Instruments & Components	1.07%
It Services	0.66%
Semiconductors & Semiconductor Equipment	4.53%
Software	4.31%
Technology Hardware Storage & Peripherals	0.38%



<b>Materials</b>	<b>3.61%</b>
Chemicals	2.22%
Construction Materials	0.27%
Containers & Packaging	1.11%
<b>Real Estate</b>	<b>4.32%</b>
Diversified Reits	1.62%
Health Care Reits	1.20%
Real Estate Management & Development	0.87%
Specialized Reits	0.64%
<b>Sovereign</b>	<b>18.21%</b>
Sovereign	18.21%
<b>Utilities</b>	<b>8.79%</b>
Electric Utilities	3.23%
Gas Utilities	0.18%
Independent Power And Renewable Electricity Producers	3.46%
Multi-Utilities	1.79%
Water Utilities	0.13%

\* Due to rounding, the percentages for subsectors may not total to the sector percentage



### **To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund does not commit to holding a minimum proportion in sustainable investments with an environmental objective aligned with the EU Taxonomy Regulation. It does, however, have discretion to invest in these type of securities as part of delivering its investment objective.

1.55% of the investments made by the Fund are in economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation. This taxonomy alignment figure is based on reliable data that has been made available by third-party data providers and is measured by the proportion of turnover associated with economic activities that qualify as environmentally sustainable. Third-party data providers may use actual data reported by companies on taxonomy alignment or estimated data when calculating taxonomy alignment. The methodology upon which any estimates are based are proprietary to the third-party data provider. An economic activity qualifies as environmentally sustainable under the EU Taxonomy Regulation where it substantially contributes to one of six environmental objectives.

The proportion of the Fund's investments that contributed towards these environmental objectives is broken down as follows:

Climate change mitigation	This figure will be presented when data quality improves.
Climate change adaptation	This figure will be presented when data quality improves.

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.

Sustainable use and protection of water and marine resources	This figure will be presented when data quality improves.
Transition to a circular economy	This figure will be presented when data quality improves.
Pollution prevention and control	This figure will be presented when data quality improves.
Protection and restoration of biodiversity and ecosystems	This figure will be presented when data quality improves.

The mentioned percentage figures have been subject to an assurance review by a third party auditor.

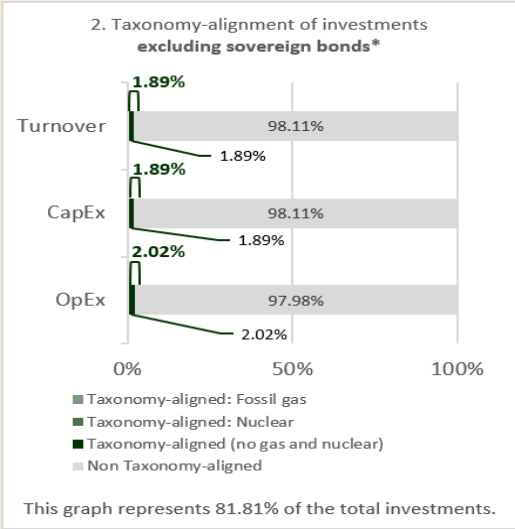
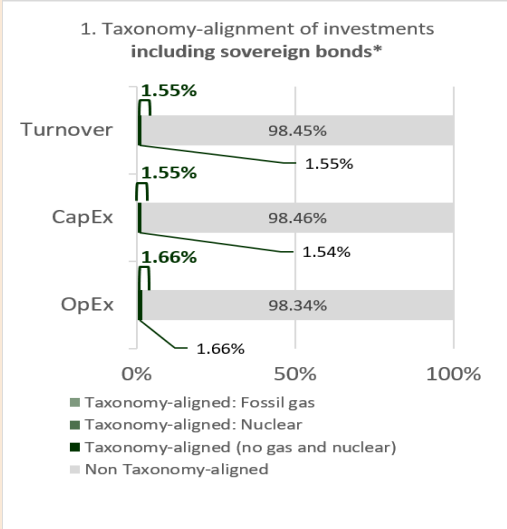
● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>2</sup>?**

☐ Yes:

☐ In fossil gas    ☐ In nuclear energy

☒ No

*The graphs below show in green the percentage of investments that were 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.

<sup>2</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 no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

0.02% of the investments made by the Fund are in transitional activities as defined by the EU Taxonomy Regulation.

1.03% of the investments made by the Fund are in enabling activities as defined by the EU Taxonomy Regulation.

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

	2024	2023	2022
EU Taxonomy Alignment	1.55 %	1.92%	0.00%



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 was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

45.31% of the sustainable investments had an environmental objective not aligned with the EU Taxonomy.



**What was the share of socially sustainable investments?**

49.58% of the sustainable investments had a social objective.



**What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards.?**

Holdings classified as not sustainable refer to cash, derivatives and currency positions only. These are held for the purposes of liquidity and hedging. This comprised 3.56% of the Fund. When investing in cash and derivatives, the Investment Manager considers ESG factors as part of counterparty selection.



**What actions have been taken to attain the sustainable investment objective during the reference period?**

During the year there were 122 ESG specific engagements with companies held in the Fund. These covered 78 companies in 14 countries across a range of themes.

Engagements are structured in line with the Investment Manager’s engagement themes, which align with the PAIs. Below is a breakdown of the engagements undertaken and the PAI categories that they address. It is noted that an engagement may correlate with a number of PAI indicators.

Engagements theme	Alignment with PAIs	Proportion of engagements
Climate Change	GHG Emissions and Energy Performance	24.38%
Environmental Stewardship	Biodiversity, Water, Waste	10.74%
Business Conduct	Social and Employee Matters	6.61%
Human Rights		4.96%
Labour Standards		19.01%
Public Health		4.55%
Corporate Governance		29.75%



### How did this financial product perform compared to the reference sustainable benchmark?

The Investment Manager does not use a reference benchmark to measure the attainment of the sustainable investment objective applied by the Fund.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective.

- ***How did the reference benchmark differ from a broad market index?***  
Not applicable.
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***  
Not applicable.
- ***How did this financial product perform compared with the reference benchmark?***  
Not applicable.
- ***How did this financial product perform compared with the broad market index?***  
Not applicable.