

Information on the integration of ESG factors and sustainability risks in the investment decision-making process

1. BLI - Banque de Luxembourg Investment acting under the commercial name Conventum Third Party Solutions

BLI - Banque de Luxembourg Investment acting under the commercial name Conventum Third Party Solutions ("Conventum TPS"), operates as a management company in accordance with chapter 15 of the law of 17 December 2010 on undertakings for collective investment as well as a manager approved in accordance with the law of 12 July 2013 relating to alternative investment fund managers.

Conventum TPS offers its services to third party fund initiators, to whom portfolio management is generally delegated.

2. Regulatory context

This document is established in the context of the 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 ("SFDR"). According to SFDR Financial market participants shall:

- publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process (article 3).
- publish and maintain on their websites:
 - (a) where they consider principal adverse impacts of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of their size, the nature and scale of their activities and the types of financial products they make available; or
 - (b) where they do not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to consider such adverse impacts (article 4 1.).
- include in the information provided in accordance with point (a) above at least the following:
 - (a) information about their policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;
 - (b) a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned;
 - (c) brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable;
 - (d) a reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement (article 4.2).

This document contains information on investment funds managed by Conventum TPS. Investors are informed that information on ESG factors and sustainability risk integration applied to financial products managed by BLI – Banque de Luxembourg Investments are disclosed in a separate document published on www.bli.lu.

3. ESG factors and sustainability risk integration

Conventum TPS acting as portfolio manager

The funds managed by Conventum TPS acting as portfolio manager are set up in accordance with Article 6 of SFDR and do not promote environmental and/or social characteristics nor have sustainable investments as their objective.

The investment process is not driven by environmental, social and governance ("ESG") considerations and Conventum TPS invests in companies / issuers, regardless of potential ESG impacts as Conventum TPS does not consider sustainability risks, nor adverse impacts of investment decisions on sustainability factors in its investment process.

Conventum TPS considers that applying mandatory ESG criteria to its investment process reduces the investment universe and thus excludes certain issuers, leading Conventum TPS to ignore investment possibilities offering attractive risk adjusted return opportunities. Depending on the managed fund's investment policy, the extra-financial information available for the financial product's investment universe is very limited and the application of ESG criteria to the investment process would result in a very limited investment universe.

Furthermore, Conventum TPS considers that in evaluating a security or issuer based on ESG criteria involves additional risks which it is not willing to take into consideration at the present stage. Investors are invited to consult the risks associated with investments that meet environmental, social and governance criteria as set hereafter.

Conventum TPS acting as management company/alternative investment fund manager, portfolio management function being delegated to a regulated portfolio manager

Where Conventum TPS delegates the portfolio management to a third party portfolio manager, the governing body of the fund is competent to decide the investment strategy and the SFDR classification of the managed fund, in line with the portfolio management services offered by the delegate portfolio manager.

The implementation of the investment strategy (including the application of ESG factors and sustainability risks and the exercise of the voting rights where applicable) is assured by the delegate third party portfolio manager.

Conventum TPS invites the delegate portfolio managers to comply with the SFDR requirements for the funds they manage including:

- The publication of the information about policies on the integration of sustainability risk in the investment decisions process on the portfolio manager's website (according to Article 3 of the SFDR).
- The publication of information required according to Article 4 of SFDR related to adverse sustainability impacts on the portfolio manager's website.
- The publication of the portfolio manager's remuneration policy including information on how this policy is consistent with the integration of sustainability risks on the portfolio manager's website, where applicable.
- The review of the investment decision making process applicable to the fund to integrate the sustainability risks, where applicable.

Conventum TPS will monitor the proper implementation of these provisions in the context of its periodic due diligence analyses that it carries out on its delegates.

For further information, please consult the website of the third party portfolio manager as disclosed in the prospectus of the given funds.

4. Risks related to investments that meet environmental, social and governance (“ESG”) criteria

Investments made according to ESG criteria, including exclusion criteria, may lead to a deliberate restriction of the possible investment universe and, as a result, the waiver of investment opportunities, an underweighting of certain securities or a reduction in exposure resulting from the application of these non-financial criteria. The application of ESG criteria may in some cases result in more concentrated portfolios.

In addition, the adoption of ESG criteria, which is a factor of medium and long-term sustainability, may undermine short-term profit. As a result, ESG funds may perform differently from similar funds that do not follow these non-financial criteria. The application of ESG criteria and their evolution may lead the portfolio manager to have to sell a security held prematurely, despite the financial performance of the security.

When evaluating a security on the basis of ESG criteria, Conventum TPS may use information, reports, selections, ratings, analyses and ESG data received by a third party. These may be incomplete, inaccurate or even unavailable. Thus, the portfolio manager may evaluate a security on the basis of incomplete or inaccurate information, or, in the event of unavailability, may not be able to conduct such an evaluation. Conventum TPS may not guarantee, explicitly or implicitly, the fairness, accuracy, reasonableness or completeness of the evaluation of the ESG criteria.

Finally, investors should note that exclusions and restrictions on investments based on ESG criteria may not directly reflect their own subjective ethical views.
