

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: AXIOM EMERGING
MARKETS CORPORATE BONDS

Legal entity identifier:
254900BO47A43TYKTA54

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.



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 ___% 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 Compartment promotes environmental and social characteristics through the use of ESG scores. The ESG scores make use of hundreds Environmental, Social and Governance factors to measure the non-financial performance of the issuer. Factors common to all sectors as well as sector specific are considered based on a materiality approach.

Examples of the environmental issues assessed include carbon emissions, resource use, land use and biodiversity and effluents and waste. Examples of social issues assessed include, data privacy and security, product governance, human capital, occupational health & safety and labor practices.

The ESG scores are sourced from a third-party data provider.

There is no reference benchmark designated for the environmental and social characteristics promoted by the Compartment. The benchmarks (€STR; SONIA; SARON; SOFR) do not integrate environmental and social considerations.

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 ESG score is used to measure the attainment of the environmental and social characteristics of the Compartment. This score is the result of the assessment of hundreds of sustainability indicators covering multiple environmental and social issues. For instance, under the aforementioned “emissions, effluents and waste” characteristic, indicators such as effluent management, emergency intervention program, EMS certification, environmental management system, environmental policy, programs related to non-GHG atmospheric emissions, offshore well management, and disclosure of hydrocarbon spills and performance are all taken into account.

● ***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 Compartment does not currently commit to investing in any sustainable investment within the meaning of the SFDR or the Taxonomy Regulation.

● ***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?***

The Compartment does not currently commit to investing in any sustainable investment within the meaning of the SFDR or the Taxonomy Regulation.

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

Not applicable.

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

Not applicable.

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

No

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.

The Principal Adverse Impacts (PAIs) on sustainability factors considered by the Compartment consist of a set of indicators that are relevant for the issuers of our investment universe. The financial product takes into account and monitor the following PAIs:

1. Greenhouse gas emissions
2. Carbon footprint
3. Greenhouse gas emission intensity of invested companies
4. Exposure to companies operating in the fossil fuels sector
5. Share of consumption and production of non-renewable energy
6. Energy consumption intensity by sectors with high climate impact
7. Activities with negative impact on sectors with high climate impact
8. Water consumption
9. Ratio of hazardous waste
10. Violations of the principles of the United Nations Global Compact and the OECD Guideline for Multinational Enterprises
11. Absence of processes and mechanisms for monitoring compliance with the principles of the United Nations Global Compact and the OECD Guideline for Multinational Enterprises
12. Unadjusted gender pay gap
13. Gender diversity within the Board of Directors

The PAIs related to the exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) are not monitored as they are addressed through the Management Company’s exclusion policy.

Relevant information on principal adverse impacts on sustainability factors will be disclosed in due course in the Company’s annual report.



What investment strategy does this financial product follow?

The investment objective of the Compartment is to achieve, over a minimum 5-year investment horizon, an annual gross return (before management fees) of 500 basis points above, for each share class, its reference rate (each a “Benchmark”). To achieve this, the Management Company relies mainly on a discretionary selection of bonds, without seeking to replicate the content of a particular index or benchmark and without any credit rating constraint.

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

In addition, as part of its investment strategy and in line with its investment objective, the Compartment also incorporates environmental, social and governance (ESG) criteria in the selection of its investments.

- ***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 Compartment uses the following binding elements to select the investments to attain the environmental or social characteristics it promotes:

Exclusion filters: They are used to exclude from the scope of investments companies involved in forbidden activities, which are covered through the Management Company thematic and sectoral policies and related exclusion list. Forbidden activities include among others tobacco production, coal mining production, alcohol, cannabis and adult entertainment. The Level 1 exclusions are applied to this Compartment.

ESG screening: They are provided by an ESG research company and are systemically integrated into the investment process. To attain the environmental or social characteristics promoted by the Compartment, the Management Company must maintain a weighted-average ESG rating for its portfolio that is superior to the average ESG rating of its investment universe.

In addition, the Management Company commits to maintaining a minimum coverage of ESG scores of 90% in the case of instruments issued by “Investment Grade” categorized issuers and 75% in the case of instruments issued by “High Yield” categorized issuers.

Issuers in the “Investment Grade” category are those with a rating equal to or higher than BBB- by Standard and Poor’s, or Baa3 by Moody’s, or BBB- by Fitch Ratings (whichever is lower) or deemed equivalent by the Management Company. Issuers in the “High Yield” category are those rated strictly below BBB- by Standard and Poor’s, or Baa3 by Moody’s, or BBB- by Fitch Ratings (whichever is lower) or deemed equivalent by the Management Company.

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

There is no commitment to reduce the scope of investments by a minimum rate prior to the application of the investment strategy.

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

The Management Company sources different data points to qualify the Governance of investee companies. Three types of information are analyzed: 1. Banks’ pillar 2 capital requirements; 2. Good Governance test result sourced from a data provider; 3. Sub-criteria scores related to companies’ management structures, employee relations, remuneration of staff and tax compliance taken from the Management Company’s data providers’ ESG scores. Minimum performance thresholds are defined for each of the three data types. If a company does not meet any threshold or no information is available, the Management Company sends a questionnaire. Companies that fail to respond the questionnaire or which provide answers that are unsatisfactory, as per the Management Company’s ESG Committee’s assessment, are excluded from the Compartment’s investments.

What is the asset allocation planned for this financial product?

At least 75% of the Compartment’s investment (excluding non single-name, cash and cash equivalents) will be used to attain the environmental and social characteristics promoted by the Compartment. The remaining 25% will be in issuers for which ESG ratings are not available or for

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



which all the environmental and social indicators cannot be assessed due to a lack of data. Minimum environmental and social safeguards are however covered through the application of the sectoral and thematic policies.

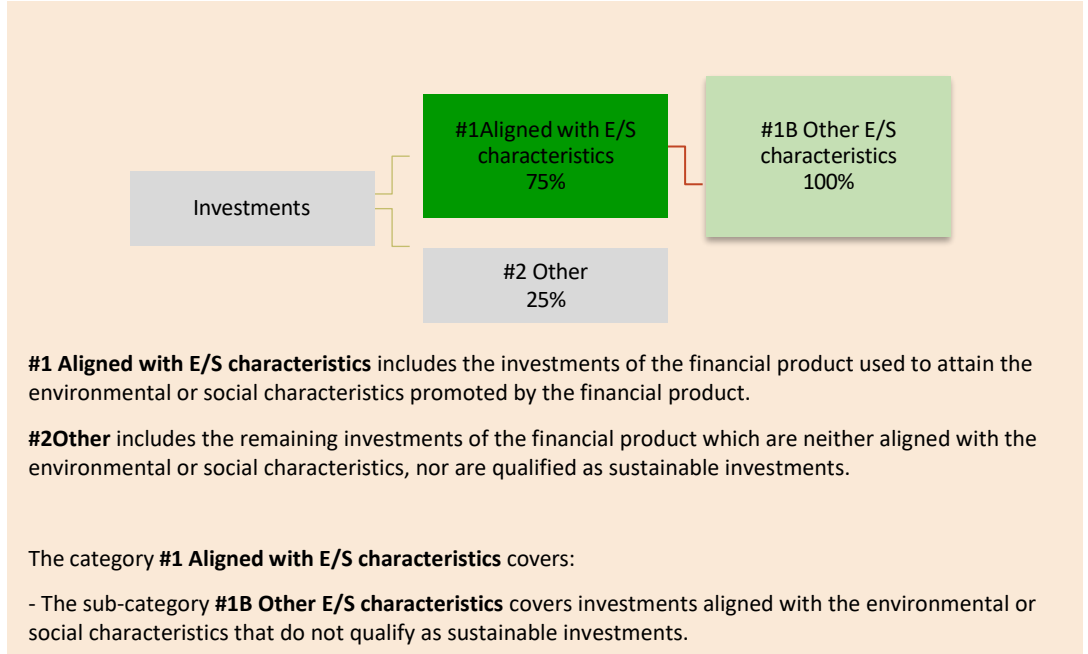
The planned asset allocation is monitored continuously and evaluated on a yearly basis.

Asset allocation

describes the share of investments in specific assets.

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.



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

The Compartment does not make use of derivatives to attain the environmental or social characteristics it promotes.



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

0% of the Compartment’s investments are taxonomy-aligned.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹⁰?**

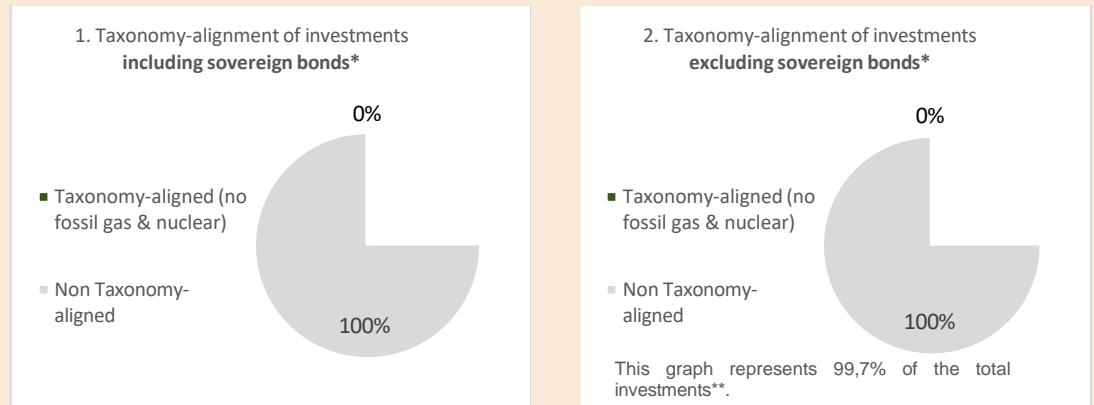
- Yes:
 - In fossil gas
 - In nuclear energy
- No

¹⁰ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

** This percentage is purely indicative and may vary.

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

The Compartment has a 0% minimum share of investments in transitional and enabling activities.

 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?

Non applicable.



What is the minimum share of socially sustainable investments?

Non applicable.



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

Investments included in "#2 Other" are in companies or instruments for which ESG ratings are not available or for which all the environmental and social indicators cannot be assessed due to lack of data. Minimum environmental and social safeguards are however covered through the application of the sectoral and thematic policies.



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?

No ESG reference benchmark is used.

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

Not applicable.

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?***
Not applicable.
- ***How does the designated index differ from a relevant broad market index?***
Not applicable.
- ***Where can the methodology used for the calculation of the designated index be found?***
Not applicable.



Where can I find more product specific information online?

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

<https://www.axiom-ai.com/en/our-funds/detail/LU2802104476>