

ANNEX

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

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.

Product name: Global Strategic Bond Fund (the “Sub-Fund”)

Legal entity identifier: 213800G3YKH466UQKQ75

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 Sub-Fund promotes the environmental characteristics of: a reduction in environmental harm derived from thermal coal extraction (where the issuer has no mandated transition plan), a reduction on controversial weapons production, maintenance, or use of, and the social characteristics of: a reduction in human and labour rights controversy occurrences, through limiting the exposure of its portfolio to companies identified as engaging in such activities. In relation to issuers who are less advanced in their sustainability practices, the Sub-Investment Manager may use engagement to generate positive changes for all stakeholders.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

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.

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

The investment strategy of the Sub-Investment Manager is to exclude or restrict investment in a number of securities issued by entities identified according to a set of ESG factors (as detailed in the description of the Sub-Fund's investment strategy below). Therefore, the key sustainability indicators to measure the attainment of the ESG characteristics this strategy promotes is:

- The weighted average ESG rating of the portfolio being greater than “BBB”, using the MSCI scale.
- The weighted average ESG rating of the portfolio relative to the Bloomberg Global Aggregate Total Return Index, using the MSCI scale.

- ***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 - the Sub-Fund does not make any sustainable investments.

- ***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.



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

☐ Yes

☒ No

The Sub-Fund promotes environmental and social characteristics but does not commit to invest in companies classified as sustainable investments (which would require a full PAI review as part of the "do no significant harm" test), accordingly, principal adverse impacts on sustainability factors are not considered.



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 Sub-Fund seeks to achieve its investment objective by employing an active management approach and will invest primarily in and gain exposure to a diversified portfolio of global debt and fixed income securities denominated in different currencies issued by government and/or corporate entities which securities may be fixed or floating, rated or unrated, including high yield (non-Investment grade) bonds, variable rate notes, bonds, treasury bills, non-convertible bonds/debentures and preferred stock.

The Sub-Investment Manager will actively manage the strategy using fundamental research, overlaid with absolute and relative value analysis. The Sub-Investment Manager seeks to add value primarily through asset allocation, duration management and security selection. The Sub-Investment Manager also assesses ESG factors with particular focus on those considered most likely to have a material impact on the performance of the holdings or potential holdings in the Sub-Fund's portfolio. These ESG factors, which are incorporated into the investment process alongside financials, valuation, macro-economics and other factors, are components of the investment decision. Consequently, ESG factors are not the sole driver of an investment decision but are instead one of several important inputs considered during investment analysis.

Investment Strategy:

A screen will be applied to the investment universe according to the exclusionary criteria as detailed above. Investments which pass the screening criteria form the investment universe and will be assessed based on their fundamentals and valuations. The ESG ratings of issuers will be integrated into the investment process by regularly reviewing improvements and any deterioration of their scores, over time. The overall Sub-Fund's portfolio's ESG rating will also be reviewed to ensure it meets the minimum criteria stated above.

To ensure compliance with issuer restrictions and exclusions, the Sub-Fund's portfolio will be regularly monitored. Where an issuer falls onto the exclusion list or breaches the restrictions in place, the investment will be eliminated in accordance with the Sub-Fund's portfolio guidelines.

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 binding elements are:

1. Application of the following sustainable minimum exclusion criteria for direct investments:
 - securities issued by companies having a severe violation / breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues;
 - securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons);
 - securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services;
 - thermal coal extraction where the issuer has no mandated transition plan; and

- securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco which represents more than 10% of their revenues.

The sustainable minimum exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance.

2. Application of positive screening via the ESG factors:

- The Sub-Fund will maintain a positive balance between improving and declining issuer ratings, based on the MSCI scale.

3. In the portfolio construction of the Sub-Fund, the following minimum thresholds on ESG ratings, as determined by the Sub-Investment Manager's selected third-party data provider, must be met:

- The weighted average ESG rating for the portfolio of rated assets held by the Sub-Fund must be at least "BBB" using the MSCI scale;
- The weighted average ESG rating for rated bonds will be at least one notch higher than the Bloomberg Global Aggregate Total Return Index, until such time as the index is at least "A" rated;
- The maximum exposure of the Sub-Fund to bonds with an ESG rating lower than "BB" must not exceed 10% of the NAV of the Sub-Fund;
- The maximum exposure of the Sub-Fund to individual bonds with ESG ratings lower than "BBB" must not exceed 2% of the NAV of the Sub-Fund; and
- No sovereign debt with an ESG rating lower than "BB" will be held. Sovereign debt investments will be focused on OECD hard currency bonds.

The Sub-Investment Manager will only hold on behalf of the Sub-Fund a bond that is rated lower than "BBB" when in the opinion of the Sub-Investment Manager the rating does not fully reflect the position of the relevant issuer, or has not captured recent positive sustainability-related changes which have been implemented by the relevant issuer. This may include issuers which are transitioning their business model to generate positive changes such as those investing in the reduction of their carbon footprint. Some issuers (for example smaller issuers) may not be rated or covered by data providers and may publish little or no information on their ESG policies and sustainability risks, and in these cases the Sub-Investment Manager's scope for analysis of ESG factors and sustainability risk will be limited.

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

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

The Sub-Investment Manager will assess the good governance practices of issuers. It is expected that companies conduct their operations in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles (UNGP) on Business and Human Rights, and the UN Global Compact principles. To identify potential breaches of these norms, the corporate holdings of the portfolio are periodically screened using external specialized research, such as controversies, that indicate actual or potential breaches of international norms and standards.

What is the asset allocation planned for this financial product?

At least 80% of the Sub-Fund's assets will be investments aligned with any one or more of the environmental and social characteristics of the Sub-Fund. The Sub-Fund does not commit to making sustainable investments. Any investments in the "#2Other" category is likely to include investments and other instruments of the Sub-Fund that

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



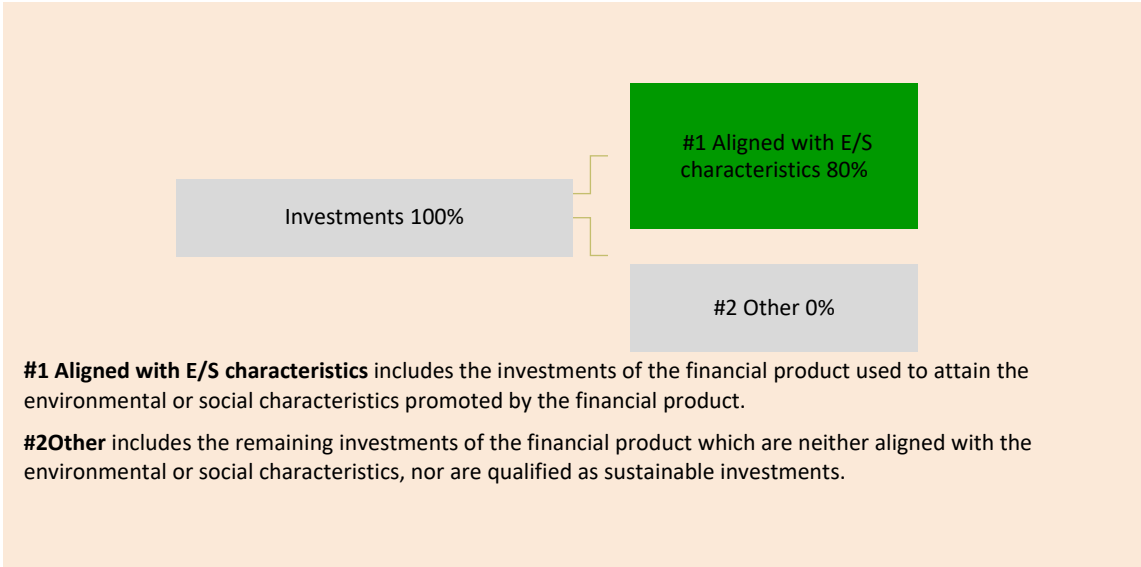
Asset allocation describes the share of investments in specific assets.

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.

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 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

cannot be aligned with the environmental and social characteristics of the Sub-Fund. These can include, for example, cash, cash equivalents and derivatives. The Sub-Fund does not make a minimum commitment to making investments that fall within the “#2Other” category and therefore 0% is included for that category in the graph below. This means that between 0% and 20% of the Sub-Fund’s assets might at any point in time be in investments that qualify as “#2Other” investments.



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

The Sub-Fund does not use derivatives on indices to attain its promoted ESG characteristics.



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

While the Sub-Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not make any assessment of whether its investments are Taxonomy-aligned; as such, the Sub-Fund will invest 0% of its Net Asset Value in Taxonomy-aligned investments.

The “do no significant harm” principle referred to above applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

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



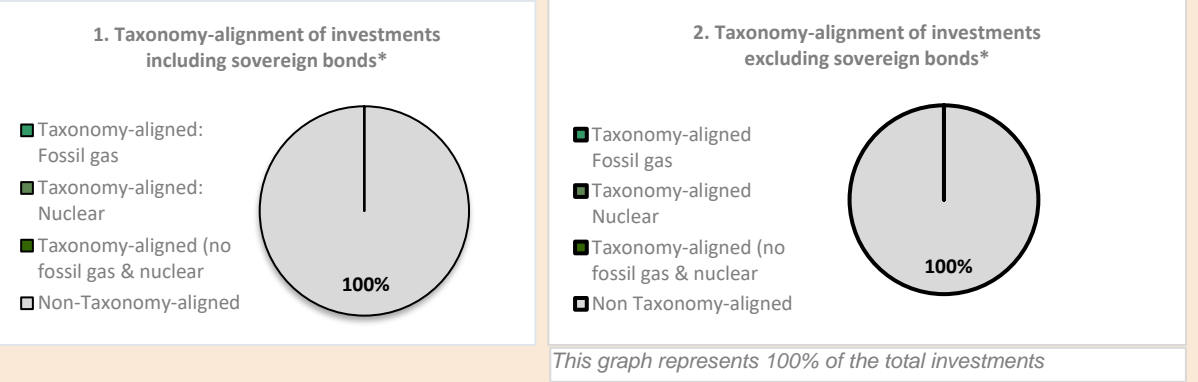
Yes:



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.

No

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

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.



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?

The “#2Other” category will include investments and other instruments of the Sub-Fund made/used for the purpose of efficient portfolio management, that may not be aligned with the environmental and social characteristics of the Sub-Fund. These can include, for example, cash, cash equivalents and derivatives. No minimum environmental or social safeguards are applied to these investments. The Sub-Fund does not make a minimum commitment to making investments that fall within the “#2Other” category and therefore 0% is included in the “What is the asset allocation planned for this financial product?” section above.



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 reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

N/A

- ***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: www.nedgroupinvestments.com