

ANNEX D

Template 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: C-QUADRAT ARTS Total Return Bond

Legal entity identifier: 529900A9BPR8MV42CI17

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?

Yes

No

- | | |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> It will make a minimum of sustainable investments with an environmental 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 |
| <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __% | <input type="checkbox"/> with a social objective |
| | <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?

In addition to financial performance, the following environmental and social characteristics are taken into account when selecting assets:

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

- Environmental: Avoidance of climate transition risks, conservation of flora and fauna, protection of natural resources and the atmosphere, limitation of soil degradation and climate change, avoidance of interference with ecosystems and losses of biodiversity.
- Social: Universal human rights, prohibition of child labour and forced labour, compliance with the principles of equal treatment, fair working conditions and appropriate remuneration.
- Governance: Compliance with business ethics and anti-corruption principles in accordance with the UN Global Compact, principles of corporate governance and regulations for the prevention of money laundering and terrorist financing.

No reference benchmark (index) has been specified to attain the environmental or social characteristics promoted by the financial product.

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

As part of the environmental-social-governance analysis to determine the most sustainable companies in different sectors of the economy, the following indicators from external data providers are used, amongst others.

| | |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indicator | Funds that are classified in accordance with Article 8 or 9 of the Disclosure Regulation |
| Description | Funds that promote environmental or social characteristics and observe the principles of corporate governance or aim for sustainable investment are considered sustainable. Particular care is taken to ensure that investments are made exclusively in target funds that are classified as funds in accordance with Article 9 of Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector and are promoted as such. |
| Methodology | Verification that the funds are classified in accordance with the Disclosure Regulation pursuant to Article 8 or 9.. |

| | |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indicator | Funds classified under MiFID II |
| Description | Investments are made in target funds which, according to Article 2 no. 7 of Delegated Regulation (EU) 2017/565 (as amended by Delegated Regulation 2021/1253) (MiFID II) show or correspond to a combination of (a) A Minimum proportion in environmentally sustainable investments within the meaning of Article 2 number 1 of Regulation (EU) 2020/852; (b) A Minimum proportion in sustainable investments within the meaning of Article 2 number 7 of Regulation (EU) 2019/2088; (c) A consideration of the most significant adverse impacts on sustainability factors or a combination thereof.. |
| Methodology | Verification that the funds comply with at least one of the requirements (a) to (c) described above under MiFID II. |

- **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?**

Not relevant for this fund.

- **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?**

Not relevant for this fund.

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

Not relevant for this fund.

- **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 relevant for this fund.

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 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

Please refer to the fund’s annual report in the “Additional information – information on transparency in accordance with Regulation (EU) 2020/852 or information in accordance with Art. 11 of the Disclosure Regulation” section for further information.



What investment strategy does this financial product follow?

C-QUADRAT ARTS Total Return Bond seeks to achieve moderate capital growth.

The investment strategy of the C-QUADRAT ARTS Total Return Bond fund is actively managed and is not based on a benchmark. Rather, the aim is to generate absolute value growth over the long term.

The following assets may be selected for the fund in accordance with the Investment Act.

The fund invests at least 51% of the fund’s assets in units of other investment funds that are listed in accordance with Art. 8 or 9 pursuant to Regulation (EU) 2019/2088 (“Disclosure Regulation”). Units may also be acquired in investment funds that aim to achieve a neutral or opposing performance in relation to a specific market trend.

Securities (including securities with embedded derivative instruments) may be acquired up to 49% of the fund assets. However, equities and equity-equivalent securities must not be acquired.

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

Derivative instruments may be used as part of the investment strategy up to 49% of the fund assets (calculated according to market prices) and for hedging purposes.

Sight deposits and callable deposits with a maximum term of 12 months can be held up to 49% of the fund assets. No minimum bank balance is to be held.

- **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 fund applies exclusion criteria.

Companies that violate the UN Global Compact are considered non-investable. The topics of forced labour, child labour and discrimination are also covered in this context. Assessment guidelines for controversies in the area of environmental problems include the principle of best available technology (BAT) as well as international environmental legislation. Investments in companies related to banned weapons (according to the “Ottawa Convention”, “Oslo Convention” and the UN Conventions “UN BWC”, “UN CWC”) are not made.

Investments in companies that generate a significant proportion of their turnover from the extraction of oil sands or conversion of coal into electricity are excluded.

When investing in states, countries with a low sustainability rating are excluded. Dimensions of the assessment include environmental, social and government activities that comply with international conventions and standards. This is based on an analysis of relevant controversies, such as corruption, environmental pollution or freedom of expression. In addition, states violating the “Freedom House Index” are excluded.

The investment fund invests at least 51% of the fund’s assets in units of other investment funds that are classified in accordance with Art. 8 or 9 of the Disclosure Regulation.

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

Not relevant for this fund.

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

Companies are covered which, in the course of their business, comply with the governance aspects set out in Art. 2 no. 17 of Regulation (EU) 2019/2088 (“Disclosure Regulation”). This only includes companies that apply governance practices, in particular with regard to sound management structures, employee relations, employee remuneration and tax compliance.

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.

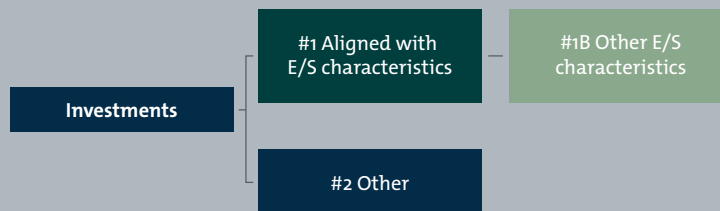
What is the asset allocation planned for this financial product?

The assets of the fund are divided into different categories in the chart below. “Investments” covers all assets that can be acquired for the fund.

Category “#1 Aligned with E/S characteristics” comprises those assets that are transacted within the framework of the investment strategy to attain the promoted ecological or social characteristics. The minimum proportion of investments made to meet the promoted environmental or social characteristics is 51%

Category “#2 Other investments” includes, for example, derivatives, bank deposits or financial instruments for which there is not enough data to be able to assess it for the sustainable investment strategy of the fund. Up to 49% of the investments may correspond to category “#2 Other”.

Category “#1A Sustainable” includes sustainable investments as defined in Article 2 Item 17 of the Disclosure Regulation. This includes investments that can be used to pursue “Taxonomy-aligned” environmental objectives, “other environmental objectives” and social objectives (“Social”). At least 0% is invested in sustainable investments (category “1A Sustainable”). Category “#1B Other E/S characteristics” includes investments that target environmental and social characteristics, but do not qualify as sustainable investment.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product. **#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Not relevant for this fund.

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.



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

At this point in time, the company does not yet have any reported and reliable data to be able to bindingly determine ecologically sustainable economic activities in accordance with the requirements as set forth in Article 3 of the Taxonomy Regulation. The minimum share of Taxonomy-aligned investments is therefore reported as zero per cent (0%).

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

Yes:

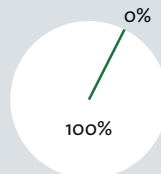
In fossil gas In nuclear energy

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.

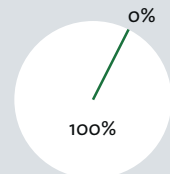
1. Taxonomy-alignment of investments including sovereign bonds*

● Taxonomy-aligned
○ Other investments



2. Taxonomy-alignment of investments excluding sovereign bonds*

● Taxonomy-aligned
○ Other investments



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

¹ 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.



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 investments in transitional and enabling activities?**

At this point in time, the company does not yet have any reported and reliable data to be able to bindingly determine ecologically sustainable economic activities in accordance with the requirements as set forth in Article 3 of the Taxonomy Regulation. The minimum share of Taxonomy-aligned investments is therefore reported as zero per cent (0%).



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

Not relevant for this fund.



- **What is the minimum share of socially sustainable investments?**

Not relevant for this fund.



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

Category “#2 Other investments” includes investments that do not contribute to environmental or social characteristics. These include, for example, derivatives, investments for diversification purposes, investments for which there is no data, or cash used for liquidity management purposes. No minimum environmental or social safeguards were taken into account in the acquisition of these assets, with the exception of the minimum exclusions that apply to investments for diversification purposes



Where can I find more product specific information online?

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

C-QUADRAT ARTS Total Return Bond A

C-QUADRAT ARTS Total Return Bond H

C-QUADRAT ARTS Total Return Bond T

C-QUADRAT ARTS Total Return Bond VT-Ausland (PLN)

C-QUADRAT ARTS Total Return Bond VT-Inland

C-QUADRAT ARTS Total Return Bond VTA

C-QUADRAT ARTS Total Return Bond VTA (CZK hedged)

C-QUADRAT ARTS Total Return Bond VTA (PLN hedged)