

Annex to the Sustainable Finance Discloser Regulation

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, establishing a list of environmentally sustainable economic activities. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Name des Produkts:

C-QUADRAT ARTS Total Return ESG

Unternehmenskennung (LEI-Code):

529900R7GX3HX07QCZ36

Ecological and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ ☐ ☒ Yes

☐ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: 0%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 0% of sustainable investments

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ 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

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☐ It made **sustainable investments with a social objective**: 0%

☒ It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the sustainable objectives of this financial product are attained

This financial product does not contribute to any environmental objective within the meaning of Art. 9 of the Taxonomy Regulation.

The fund's assets were invested in a risk-diversified manner, primarily in equity, government bonds with a good credit rating and the money market.

The selection of securities was based on a best-in-class approach and, in addition to financial aspects, also took particular account of ecological, social and governance criteria. Sustainability or ESG (Ecological, Social, Governance) criteria were taken into account when investing the fund assets. For this purpose, greenhouse gas emissions, climate targets, measures and strategies to reduce emissions of the respective issuers were included in the investment decision.

The composition of the portfolio as well as ESG scores, exclusions and other sustainability factors of the underlying assets were reviewed both at the time the investment decision was made and on an ongoing basis.

The assessment of the social and environmental characteristics of the investments was based on information from specialised external data providers as well as on own analyses conducted by internal analysts.

● How did the sustainability indicators perform?

Indicator

ISS ESG Performance Score

Description

A company's ESG performance is assessed using a standard set of more than 700 cross-sector indicators, supplemented by 100 sector-specific indicators to capture a company's key ESG challenges. Four to five key issues are identified for each sector. To ensure that performance on these key issues is appropriately reflected in the overall rating results, their weighting accounts for at least 50% of the overall rating. The level of industry-specific E, S and G risks and impacts determines the respective performance requirements: A company in a high-risk industry must perform better than a company in a low-risk industry to receive the same rating. Each ESG company rating is complemented by an analyst opinion which provides a qualitative summary and analysis of the key rating findings across three dimensions: sustainability opportunities, sustainability risks and governance. To ensure high-quality analyses, indicators, rating structures and results are regularly reviewed by an internal methodology board at the external data provider. In addition, the methodology and results are regularly discussed at the data provider with an external rating committee composed of highly recognised ESG experts.

Methodology

The ESG performance score is the numerical representation of the alphabetical ratings (A+ to D-) on a scale of 0 to 100. All indicators are rated individually based on clearly defined absolute performance expectations. Based on the individual scores and indicator level weightings, the results are aggregated to provide theme-level data and an overall score (performance score). 100 is the best score, 0 the worst.

Indicator

Sustainalytics ESG Risk Score

Description

The ESG risk rating assesses corporate actions and industry-specific risks in the environmental, social and governance areas.

The assessment is carried out in relation to factors identified as Material ESG Issues (MEIs) of an industry, such as environmental performance, resource conservation, human rights compliance, supply chain management. The assessment framework comprises 20 MEIs which are made up of more than 250 indicators. For each industry, three to eight of these issues are usually relevant.

Methodology

The scale ranges between 0 and 100 points (scores). 0 is the best rating, 100 the worst. The companies are grouped into five risk categories based on their scores, starting with the lowest risk “Negligible” (0 to 10 points) up to “Severe” (more than 40 points), the worst rating. Companies are thus also comparable across different sectors.

reference period	31.12.2022
ISS ESG Performance Score	27.10
Sustainalytics ESG Risk Score	10.09
Aligned with E/S - characteristics	54.17%
Other investments	45.83%

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.



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

- The management according to the principal adverse impact of investment decisions on sustainability factors is not part of the investment strategy in this fund.



What were the top investments of this financial product?

- Principal investments include the 15 positions in the securities portfolio with the highest average market value across all valuation dates. The valuation dates are the last valuation dates of each month in the period under review including the reporting date. The information is given as a percentage of the average fund assets over all reporting dates.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

01/01/2022 - 31/12/2022

Largest investments	Sector	Assets	Country
Italy BTP (IT0000366655)	Public administration and defence; compulsory social security	2.88%	Italy
Anthem Inc. (US0367521038)	Health care	1.40%	USA (United States of America)
Eli Lilly & Co. (US5324571083)	Manufacture of pharmaceuticals	1.05%	USA (United States of America)
Bristol-Myers Squibb Co. (US1101221083)	Manufacture of pharmaceuticals	1.01%	USA (United States of America)
The Hershey Company (US4278661081)	Manufacture of food products and animal feeds	0.96%	USA (United States of America)
Amgen Inc. (US0311621009)	Manufacture of pharmaceuticals	0.95%	USA (United States of America)
Pepsico Inc. (US7134481081)	Manufacture of beverages	0.92%	USA (United States of America)
General Mills Inc. (US3703341046)	Manufacture of food products and animal feeds	0.82%	USA (United States of America)
Canadian Imperial Bank of Commerce Ltd. (CA1360691010)	Credit institutions (excluding special credit institutions)	0.81%	Canada
Robert Half International Inc. (US7703231032)	Labour recruitment and provision of personnel	0.81%	USA (United States of America)
Bank of Nova Scotia (CA0641491075)	Credit institutions (excluding special credit institutions)	0.77%	Canada
Italy BTP (IT0004848831)	Public administration and defence; compulsory social security	0.74%	Italy
Vivendi SA (FR0000127771)	Media; motion picture activities; cinematography; music publishing	0.71%	France
Loblaw Companies Ltd. (CA5394811015)	Wholesale trade, except of motor vehicles and motorcycles	0.69%	Canada
AbbVie Inc. (US00287Y1091)	Manufacture of pharmaceuticals	0.68%	USA (United States of America)



What was the proportion of sustainability-related investments?

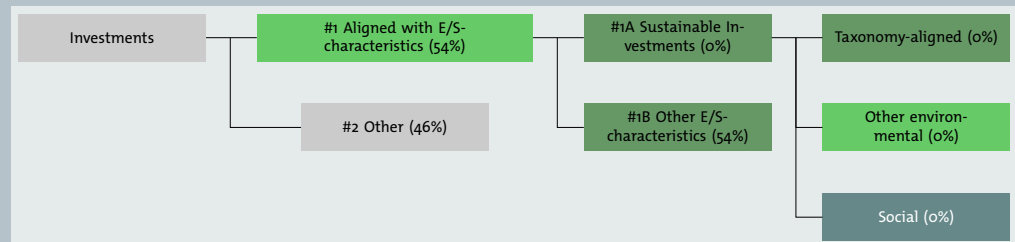
Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

The assets of the fund are divided into different categories in the chart below. The respective share of the fund's assets is shown as a percentage. "Investments" covers all assets that can be acquired for the fund.

Category "#1 Aligned with ecological or social characteristics" comprises those assets that are transacted within the framework of the investment strategy to achieve the promoted ecological or social characteristics.

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.



#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 Subcategory #1A Sustainable covers environmentally and socially sustainable investments.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● In which economic sectors were the investments made?

The average of the market values over all valuation dates per economic sector is calculated for all positions of the securities portfolio. The valuation dates are the last valuation dates of each month in the period under review, including the reporting date. The information is given as a percentage of the average fund assets over all reporting dates.

Information according to Art. 54 RTS ("[...] the share of investment during the period under review in various sectors and sub-sectors, including sectors and sub-sectors of the economy that generate income from the exploration, extraction, production, processing, storage, refining or distribution, including transport, storage and trading of fossil fuels as defined in Article 2 no. 62 of Parliament and Council Regulation (EU) 2018/1999.") is not possible as currently the NACE code and not the NACE class code is kept in the system.

Sector	proportion
Credit institutions (excluding special credit institutions)	6.88%
Publishing	6.49%
Manufacture of food products and animal feeds	5.44%
Public administration and defence; compulsory social security	4.16%
Manufacture of pharmaceuticals	4.01%
Retail trade, except of motor vehicles and motorcycles	3.47%
Manufacture of electronic and optical products	2.67%
Telecommunications	2.67%
Associated companies	1.99%
Health care	1.95%
Manufacture of chemicals and chemical products	1.75%
Manufacture of paper and paper products	1.72%
Non-life insurance	1.44%
Wholesale trade, except of motor vehicles and motorcycles	1.25%
Manufacture of beverages	1.13%

Sector	proportion
Information services	1.11%
Manufacture of other goods	1.07%
Labour recruitment and provision of personnel	1.04%
Mechanical engineering	1.01%
Advertising and market research	0.95%
Life insurance	0.92%
Architectural and engineering activities; research laboratories	0.91%
Information technology services	0.88%
Energy supply	0.74%
Media; motion picture activities; cinematography; music publishing	0.71%
Economic service activities	0.65%
Other financial service activities	0.64%
Land transport and transport via pipelines	0.57%
Manufacture of rubber and plastic products	0.52%
Civil engineering	0.50%
Manufacture of fabricated metal products	0.50%
Manufacture of electrical equipment	0.49%
Manufacture of leather and leather products	0.41%
Manufacture of motor vehicles, trailers and semi-trailers	0.38%
Catering	0.38%
Legal, accounting and auditing activities	0.36%
Reinsurance	0.36%
Manufacture of printed matter; copying	0.36%
Postal and courier activities	0.34%
Real estate and housing	0.34%
Stock and commodity exchanges	0.34%
Research and development	0.25%
Management consultancy	0.24%
Glass, glassware, ceramics, manufacture of stone and earth products	0.24%
Sale, maintenance and repair of motor vehicles	0.22%
Warehousing and transport services	0.21%
Other transport equipment	0.19%
Manufacture of textiles	0.11%
Renting of personal and household goods	0.11%
Gambling, betting and lottery activities	0.10%
Extraction of oil and natural gas	0.05%



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

The fund has not made any sustainable investments with an environmental objective according to the EU Taxonomy Regulation. The minimum share of Taxonomy-aligned investments is therefore shown as 0 per cent as at the reporting date.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

[] Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

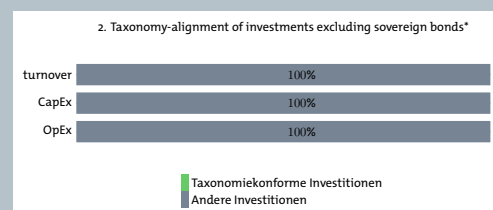
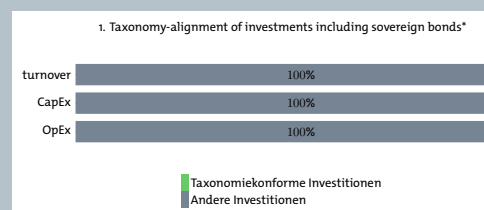
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.

- **capital expenditure (CapEx)** shows the green investments made by investee companies, relevant for a transition to a green economy.

- **operational expenditure (OpEx)** reflects the green operational activities of investee companies.

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.

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.

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

No investments were made for this fund that flowed into transitional activities or enabling activities. The minimum share of Taxonomy-aligned investments is therefore shown as 0 per cent as at the reporting date.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

“Other investments” included investments that do not contribute to environmental or social characteristics. These include, for example, derivatives, investments for diversification purposes, investments for which no data is available or cash for liquidity management. With the exception of the minimum exclusions that apply to investments for diversification purposes, no minimum environmental or social protection was taken into account in the acquisition of these assets.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The fund applied exclusion criteria and also managed according to an ESG strategy (“best in class”).

Investments in companies that violate the UN Global Compact were not considered eligible for investment. The topics of forced labour, child labour and discrimination were also covered in this context. The Best Available Technique (BAT) principle and international environmental legislation, amongst others, were used as assessment guidelines for controversies in the area of environmental problems. Investments in companies to outlawed weapons (according to the “Ottawa Convention”, “Oslo Convention” and the UN conventions “UN BWC”, “UN CWC”) were not made. For investments in countries, countries with a low sustainability rating were excluded. Dimensions of the assessment included environmental, social and governmental activities that comply with international conventions and standards. This was based on an analysis of relevant controversies, such as corruption, environmental pollution or freedom of expression. Countries that violate global norms such as the Freedom House Index were also excluded. Investments in companies that generate a significant share of their turnover from the extraction or conversion of coal or oil sands into electricity were excluded.

The investment strategy was used to guide investment decisions, taking into account certain criteria such as investment objectives or risk tolerance.



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

- Not relevant for this fund.

How does the reference benchmark differ from a broad market index?

Not relevant for this fund.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not relevant for this fund.

How did this financial product perform compared with the reference benchmark?

Not relevant for this fund.

How did this financial product perform compared with the broad market index?

Not relevant for this fund.
