



Flossbach von Storch

30 September 2023

NOTE:

This pre-contractual information is an extract from the currently valid sales prospectus and should only be read in conjunction with it.

Should this document deviate from the pre-contractual information in the sales prospectus, the version of the currently valid sales prospectus is legally binding.



ANNEX 11b Flossbach von Storch – Dividend – pre-contractual disclosure

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
**Flossbach von Storch –
Dividend**

Legal entity identifier:
5299002K4EX1L20Z5698

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 **0%** 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?

Flossbach von Storch follows a holistic sustainability approach across the group: As a long-term investor, Flossbach von Storch attaches importance to portfolio companies managing their environmental and social footprint responsibly and actively counteracting negative impacts of their activities. To be able to recognise negative impacts at an early stage, the handling of investments with their ecological and social footprint is examined and evaluated. For this purpose, certain environmental and social characteristics are taken into account in the investment strategy and, where possible or necessary, positive development is worked towards.

The following environmental and social characteristics are promoted as part of the investment strategy:

Flossbach von Storch – Dividend implements exclusion criteria with social and environmental characteristics. This means, for example, excluding investments in companies with certain business

models. A list of the exclusion criteria can be found in the section “What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?”.

In addition, an engagement policy is implemented as part of the investment strategy in order to be able to work towards a positive development in the event of particularly severe negative impacts on certain sustainability factors in investments. The engagement policy covers the following areas in particular: greenhouse gas emissions and social issues/employment.

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?**

In order to achieve the environmental and social characteristics promoted by Flossbach von Storch – Dividend, the following sustainability indicators are considered.

The exclusions are applied based on turnover thresholds. Investments are excluded in companies that generate

- >0% of their turnover from controversial weapons,
- >10% of their turnover from producing and/or selling armaments,
- >5% of their turnover from producing tobacco products,
- >30% of their turnover from mining and/or selling coal.

Companies that commit serious violations of the principles of the UN Global Compact with no positive outlook are also excluded. If there is no improvement in the circumstances leading to the serious violation, a divestment should generally take place. Furthermore, state issuers that are considered “not free” according to the Freedom House Index are excluded.

The exclusion list is continuously assessed and updated monthly based on internal and external ESG research data. Compliance with the exclusion criteria is monitored both before an investment is made and on an ongoing basis while the investment is held.

In order to measure potential severe negative environmental/social impacts of portfolio companies’ activities, Flossbach von Storch takes into account the so-called “principal adverse impacts” (PAIs) pursuant to Article 7 (1) (a) of Regulation (EU) 2019/2088 (Disclosure Regulation) as part of the investment process.

Flossbach von Storch – Dividend has a particular focus on the following PAI indicators: Greenhouse gas emissions (Scope 1 and 2), greenhouse gas emission intensity and carbon footprint based on Scope 1 and 2, as well as the consumption of non-renewable energies. Portfolio companies are also reviewed for set climate targets and progress is monitored on the basis of the above sustainability indicators. In addition, attention is paid to violations of the principles of the UN Global Compact, violations of the OECD Guidelines for Multinational Enterprises and the processes in place to comply with these principles and guidelines. The indicators are prioritised according to relevance, severity of negative impacts, and data availability. The evaluation is not based on rigid bandwidths or thresholds that companies must meet or achieve; rather, the focus is on whether there is a positive development in how they are managing the indicators or if they are working towards this where possible and necessary. More detailed information is provided below in the section “Does this financial product consider principal adverse impacts on sustainability factors?”.

Due to the insufficient quality and coverage of the data, so-called Scope 3 emissions are not taken into account in the PAI indicator of greenhouse gas emissions. Similarly, the data point “Energy production of non-renewable sources” is not taken into account in the PAI indicator “Non-renewable energy consumption and production”. The fund manager will continuously monitor data coverage and, if deemed feasible, include it in its investment and engagement process.

- 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 applicable. Flossbach von Storch – Dividend promotes E/S characteristics but does not make 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?

Not applicable. Flossbach von Storch – Dividend promotes E/S characteristics but does not make sustainable investments.

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 no 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

Flossbach von Storch – Dividend considers the principal adverse impacts of the investment decision on sustainability factors (PAIs or PAI indicators) in accordance with Article 7 (1) (a) of Regulation (EU) 2019/2088 (Disclosure Regulation), as well as an additional climate-related indicator (“Companies without carbon emission reduction initiatives”) and two additional social indicators (“Lack of a human rights policy” and “Lack of anti-corruption and anti-bribery policies”) in the investment process.

The identification, prioritisation and evaluation of the principal adverse impacts is carried out using specific ESG analyses that are prepared individually for invested issuers/guarantors and are taken into account in the risk/reward profile of the company analyses. The PAI indicators are prioritised according to relevance, severity of negative impacts, and data availability. The evaluation is not based on rigid bandwidths or thresholds that companies must meet or achieve; rather, the focus is on whether there is a positive development in how they are managing the PAI indicators.

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 consideration of PAIs also serves to achieve the environmental and social characteristics promoted by Flossbach von Storch – Dividend:
 As part of the engagement policy, efforts are made to reduce particularly negative impacts for, among others, the indicators of greenhouse gas emissions (Scope 1 and 2) and serious violations of the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises. This means that, if one of the portfolio companies does not adequately manage the indicators identified as particularly negative, this is addressed with the company and an attempt is made to work towards a positive development over an appropriate period of time. If management does not take the necessary steps for improvement to a sufficient extent during this time, the fund management will use its voting rights in this regard, or reduce or sell the investment. In addition, exclusions such as producing and/or selling controversial weapons and mining and/or selling coal may contribute to a reduction or avoidance of individual adverse sustainability impacts.

Due to the insufficient quality and coverage of the data, so-called Scope 3 emissions are not taken into account in the PAI indicator of greenhouse gas emissions. Similarly, the data point “Energy production of non-renewable sources” is not taken into account in the PAI indicator “Non-renewable energy consumption and production”. The fund manager will continuously monitor data coverage and, if deemed feasible, include it in its investment and engagement process.

No



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 general investment policy and investment strategy of Flossbach von Storch – Dividend is defined in Annex 11a and is based on the generally applicable sustainability approach of ESG integration, participation and voting of the Flossbach von Storch Group, as well as exclusion criteria and consideration of the principal adverse impacts of the investment decision on sustainability factors (as described above).

Sustainability factors are comprehensively integrated into a multi-stage investment process. Sustainability factors include aspects related to environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters, such as PAI indicators and other ESG controversies.

As part of a specific ESG analysis, sustainability factors are reviewed for their potential opportunities and risks, and an assessment is made to the best of our knowledge and belief as to whether or not a company stands out negatively in terms of its environmental and social activities and how it manages them. Each of the factors is considered from the perspective of a long-term investor to ensure that none of these aspects have a negative impact on the long-term success of an investment.

The findings of the ESG analysis are taken into account in the risk/reward profile of the company analyses. Only if there are no serious sustainability conflicts that jeopardise the future potential of a company or issuer is an investment idea entered in the focus list (for equities) or guarantor list (for bonds), thus becoming a potential investment. The fund managers can only invest in securities that are on the internal focus or guarantor list. This principle ensures that invested securities have passed the in-house analysis process and comply with the common understanding of quality.

In connection with active participation as a shareholder, Flossbach von Storch follows a fixed engagement policy and guidelines for exercising voting rights. The developments of the portfolio investments are monitored and analysed in this context. If one of the portfolio companies does not adequately manage the sustainability factors identified as particularly negative, which can have a long-term impact on business development, this is addressed directly with the company and an attempt is made to work towards a positive development. Flossbach von Storch sees itself as a constructive sparring partner (where possible) or as a corrective partner (where necessary) that makes appropriate suggestions and supports management in the implementation. If management does not take the necessary steps to create a sufficiently sustainable business model, the fund management will use its voting rights in this regard, or reduce or sell the investment.

- **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?**

In the area of environmental and social characteristics, the sub-fund only makes investments in companies that comply with the following exclusion criteria:

- Controversial weapons (turnover tolerance $\leq 0\%$)
- Producing and/or selling armaments (turnover tolerance $\leq 10\%$)
- Producing tobacco products (turnover tolerance $\leq 5\%$)
- Mining and/or selling coal (turnover tolerance $\leq 30\%$)
- No serious violations of the UN Global Compact

In addition, sovereign issuers with an insufficient score according to the Freedom House Index classification (classification “not free”) are excluded.

The sub-fund shall ensure responsible management of the following PAI indicators: Greenhouse gas emissions (Scope 1 and 2), greenhouse gas emission intensity and carbon footprint based on Scope 1 and 2, as well as the consumption and production of non-renewable energies (focused only on data point “Energy consumption”). In addition, attention is paid to violations of the principles of the UN Global Compact, violations of the OECD Guidelines for Multinational Enterprises and the processes in place to comply with these principles and guidelines.

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

Not applicable. The sub-fund does not commit to reducing the investment portfolio by a certain minimum rate.

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

Flossbach von Storch pays particular attention to corporate governance in its analysis process, as this is responsible for the sustainable development of the company. This also requires responsible management of environmental and social factors that contribute to the long-term success of the company.

Within the framework of the multi-stage analysis process, an in-house review is carried out to ensure that investments are made in companies that demonstrate good governance practices. This includes addressing the following questions:

- Does management properly and sufficiently take into account environmental, social and economic conditions?
- Do the (employed) managers act responsibly and with a view to the future?

In addition, the guidelines on the exercise of voting rights define critical factors that can stand in the way of good governance and that must be taken into account in principle when attending general and shareholders’ meetings.

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.

What is the asset allocation planned for this financial product?

The investment focus is on equities. An investment may involve a mixture of bonds, money market instruments, share certificates and equity index certificates, target funds, derivatives, cash and fixed-term deposits. Details of the individual, product-specific limits can be found in the Investment Policy in Annex 11a.

The planned asset allocation is as follows.

Taxonomy-aligned activities are expressed as a share of:

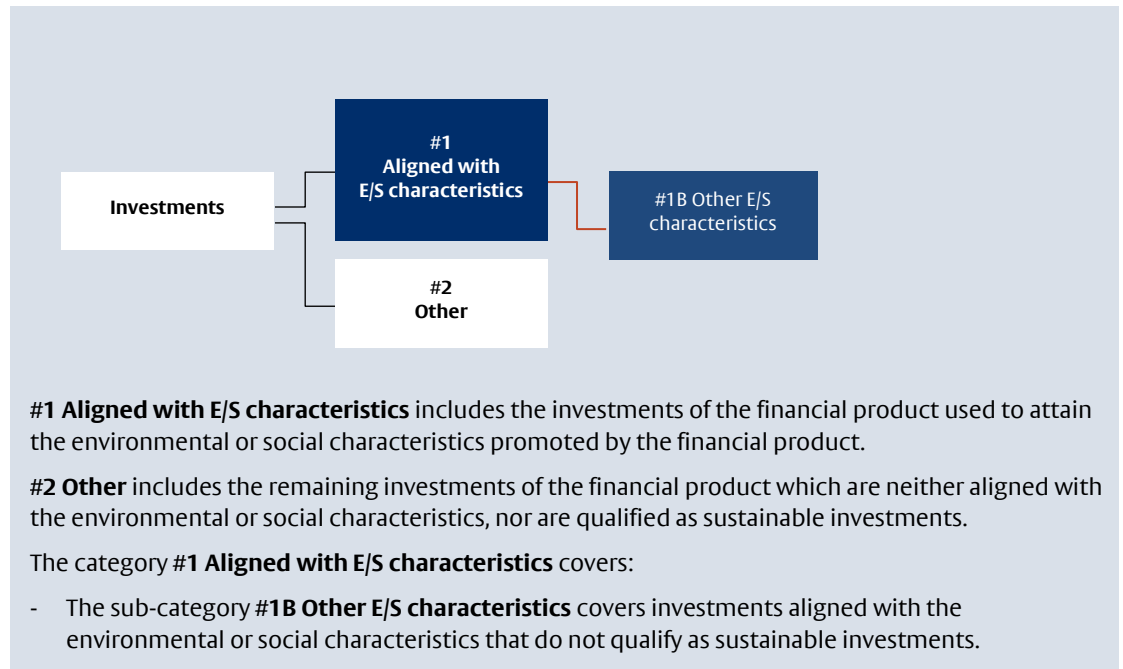
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

#1 Aligned with E/S characteristics:

At least 51 per cent will be invested in transferable securities and money market instruments. These portfolio assets as well as derivatives for investment purposes and possible target fund investments are subject to ongoing screening with regard to the aforementioned exclusion criteria and PAI indicators.

#2 Other:

The remaining investment portion relates to liquid assets (esp. cash to service short-term payment obligations) and derivatives (esp. forward exchange transactions for hedging purposes).



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

Derivatives are used to achieve the sub-fund's investment objectives, both for investment and hedging purposes. Where these are used for investment purposes, they take into account the environmental and social characteristics promoted by the sub-fund. This does not include derivatives on indices. Where these are used for hedging purposes, they are not used to achieve the environmental and social characteristics.



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

The investments underlying Flossbach von Storch – Dividend do not contribute to achieving an environmental objective pursuant to Article 9 of Regulation (EU) 2020/852 (EU Taxonomy). The minimum proportion of environmentally sustainable investments made in accordance with the EU Taxonomy is 0 per cent.

The main objective of the sub-fund is to contribute to the pursuit of the environmental and social characteristics. Therefore, this sub-fund does not currently commit to investing a minimum proportion of its total assets in environmentally sustainable economic activities as defined in Article 3 of the EU Taxonomy. This also concerns information on investments in economic activities classified as enabling or transitional activities under Article 16 or 10(2) of the EU Taxonomy.

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.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

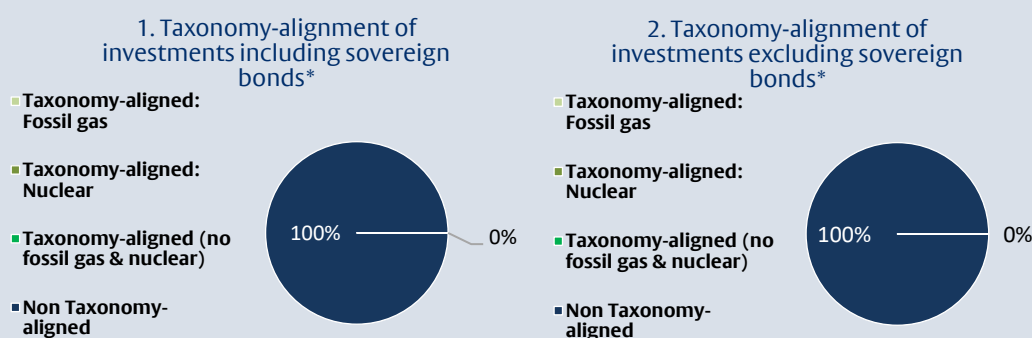
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

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

The sub-fund does not aim to make any taxonomy-aligned investments in fossil gas or nuclear energy.

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.

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

Not applicable. Flossbach von Storch – Dividend promotes E/S characteristics but does not make sustainable investments.

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?

Not applicable. Flossbach von Storch – Dividend promotes E/S characteristics but does not make sustainable investments.

What is the minimum share of socially sustainable investments?

Not applicable. Flossbach von Storch – Dividend promotes E/S characteristics but does not make sustainable investments.

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.



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

The following investments for the sub-fund fall under “#2 Other”:

Liquid assets are used primarily in the form of cash to service short-term payment obligations. No environmental or social minimum safeguards are defined here.

Derivatives used for hedging purposes and derivatives on indices used for investment purposes. No environmental or social minimum safeguards are defined here.

Investments in target funds are used for further diversification. When selecting target funds, the environmental and social characteristics promoted by this sub-fund will be considered.



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

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?

Not applicable. Flossbach von Storch – Dividend promotes E/S characteristics but does not designate an index as a reference benchmark.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?
Not applicable.
- 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:

www.fvsinvest.lu/esg