



Active Asset Allocation (A3) (Plus) ESG

Contents

- I. Summary
- II. No sustainable investment objective
- III. Environmental or social characteristics of the financial product
- IV. Investment strategy
- V. Proportion of investments
- VI. Monitoring of environmental or social characteristics
- VII. Methodologies
- VIII. Data sources and processing
- IX. Limitations to methodologies and data
- X. Due diligence
- XI. Engagement policies

Summary

Environmental and social characteristics are taken into consideration when selecting financial instruments as part of Active Asset Allocation (A3) (Plus) ESG. However, discretionary portfolio management does not aim for sustainable investment or contribute to achieving an environmental or social objective in the meaning of EU regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

The minimum requirement for the inclusion of an issuer, a financial instrument (excluding investment funds) or an underlying asset in a discretionary mandate which considers sustainability criteria is that MSCI ESG Research (UK) Limited and MSCI ESG Research LLC (hereinafter "MSCI") issued an ESG rating of at least "A"

The minimum requirement for an investment fund listed by MSCI in a peer group with a name containing the term "emerging markets" or "high yield" or an investment fund that, based on its peer group, invests exclusively or primarily in equities from a country whose public limited companies are included in the MSCI Emerging Markets (EM) index is an ESG score of "BBB". An ESG rating from MSCI of at least "A" is a minimum requirement for all other investment funds.

Moreover, issuers, with the exception of governments and investment funds, should be excluded if the overall assessment of the issuer according to MSCI's analysis indicates that the issuer's business practices or the manufactured products materially violate national or international norms, laws and/or generally accepted global standards. Issuers should also be excluded if they are active in business areas that are controversial in the bank's view or if they generate significant revenue in these business areas.

Principal adverse impacts on sustainability factors ("PAIs") may be considered within the decision making process for investment funds (with the exception of those that are predominantly invested in sovereign bonds or other investment instruments issued by states) and for investment instruments issued by issuers other than states ("other issuers").

At least 51% of the portfolio (excl. liquidity in the form of account balances and short-term deposits) shall be invested in investment instruments that take into account PAIs based on the criteria defined below.



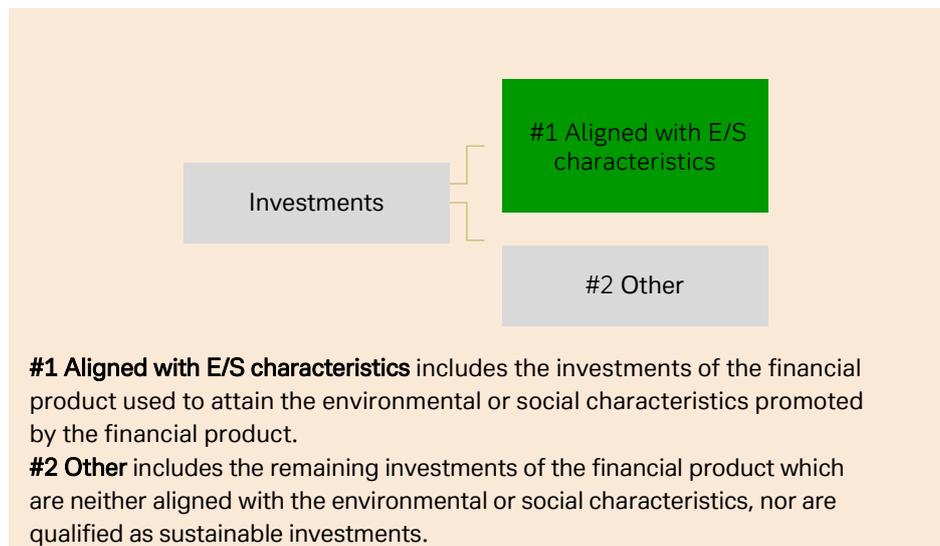
PAIs are considered in the investment decision making process as described below:

- For issuers with the exception of states in the group “greenhouse gas emissions”, adverse impacts on sustainability factors are currently taken into account solely by excluding companies that earn more than 5% of their revenues with the production of thermal coal and/or unconventional oil/gas. In the group “social factors and employment”, adverse impacts on sustainability factors are currently taken into account solely by excluding companies that violate the principles of the UN Global Compact or are active in the production of and trade in controversial weapons such as weapons systems, nuclear weapons, anti-personnel landmines, incendiary weapons and cluster ammunition. This consideration process focuses only on the issuer itself or to the degree that an investment instrument issued by such an issuer is the underlying asset of another investment instrument. For this purpose, the exclusion criteria provided by MSCI, which the Bank has agreed with MSCI, are applied.
- In the investment decision making process for investment funds, PAIs are considered only to those funds that are not predominantly invested in sovereign bonds or other investment instruments issued by states. This is done via an exclusion approach based on the information obtained by the investment / fund company or MSCI.

Thereby, investment funds that do not take into consideration at least one indicator of the PAI families

- Greenhouse gas emissions as well as
 - Social and employee matters
- are excluded.

What asset allocation is planned for this financial product?



Any sustainability criteria do not apply to account balances (including short-term deposits). When investing, account balances (incl. short-term deposits) may also account for up to 100% of the assets subject to management in what the bank considers to be special market situations.

As soon as an investment instrument no longer meets the sustainability criteria, the bank will give priority to selling this investment instrument while safeguarding the interests of the customer. Compliance with the above sustainability criteria within financial portfolio management is controlled by portfolio management. The portfolio composition is reviewed by internal quality management in relation to a reporting date in the quarter.

In financial portfolio management, only investment instruments are taken into account for which, in the bank's view, sufficient data are available to assess the sustainability criteria. If data is not



available, the bank does not make any estimates. The bank has carefully selected the data provider MSCI and is in constant exchange with MSCI on developments in data quality.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

Environmental and social characteristics are taken into consideration when selecting financial instruments as part of Active Asset Allocation (A3) (Plus) ESG. However, discretionary portfolio management does not aim for sustainable investment or contribute to achieving an environmental or social objective in the meaning of EU regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

The minimum requirement for the inclusion of an issuer, a financial instrument (excluding investment funds) or an underlying asset in a discretionary mandate which considers sustainability criteria is that MSCI ESG Research (UK) Limited and MSCI ESG Research LLC (hereinafter "MSCI") issued an ESG rating of at least "A".

The minimum requirement for an investment fund listed by MSCI in a peer group with a name containing the term "emerging markets" or "high yield" or an investment fund that, based on its peer group, invests exclusively or primarily in equities from a country whose public limited companies are included in the MSCI Emerging Markets (EM) index is an ESG score of "BBB". An ESG rating from MSCI of at least "A" is a minimum requirement for all other investment funds.

Moreover, issuers, with the exception of governments and investment funds, should be excluded if the overall assessment of the issuer according to MSCI's analysis indicates that the issuer's business practices or the manufactured products materially violate national or international norms, laws and/or generally accepted global standards. Issuers should also be excluded if they are active in business areas that are controversial in the bank's view or if they generate significant revenue in these business areas.

Principal adverse impacts on sustainability factors ("PAIs") may be considered within the decision making process for investment funds (with the exception of those that are predominantly invested in sovereign bonds or other investment instruments issued by states) and for investment instruments issued by issuers other than states ("other issuers").

At least 51% of the portfolio (excl. liquidity in the form of account balances and short-term deposits) shall be invested in investment instruments that take into account PAIs based on the criteria defined below.

PAIs are considered in the investment decision making process as described below:

- For issuers with the exception of states in the group "greenhouse gas emissions", adverse impacts on sustainability factors are currently taken into account solely by excluding companies that earn more than 5% of their revenues with the production of thermal coal and/or unconventional oil/gas. In the group "social factors and employment", adverse impacts on sustainability factors are currently taken into account solely by excluding companies that violate the principles of the UN Global Compact or are active in the production of and trade in controversial weapons such as weapons systems, nuclear weapons, anti-personnel landmines,



incendiary weapons and cluster ammunition. This consideration process focuses only on the issuer itself or to the degree that an investment instrument issued by such an issuer is the underlying asset of another investment instrument. For this purpose, the exclusion criteria provided by MSCI, which the Bank has agreed with MSCI, are applied.

- In the investment decision making process for investment funds, PAIs are considered only to those funds that are not predominantly invested in sovereign bonds or other investment instruments issued by states. This is done via an exclusion approach based on the information obtained by the investment / fund company or MSCI.

Thereby, investment funds that do not take into consideration at least one indicator of the PAI families

- Greenhouse gas emissions as well as
 - Social and employee matters
- are excluded.

Investment strategy

The assets under management are broadly diversified to implement a specific risk return-profile with additional focus on environmental, social or governance (“ESG”) aspects. The objective is to generate performance for the managed assets that is oriented towards that of the capital markets, within the limits of the strategy agreement concluded with the Client and the permissible investment instruments.

For clients who opt for a plus strategy, in the event of falling prices on the capital markets the focus is on limiting losses to the agreed target value over the calendar year (no capital protection). The plus strategy aims for a reduced risk with constant return opportunities. The increased risk tolerance is reflected with a decreased minimum quota for cash and bond investments and bond-related investments.

The Active Asset Allocation (A3) (Plus) ESG will preferentially invest in investment instruments that meet the ESG criteria and take into consideration PAIs of the PAI families “Greenhouse gas emissions” and “Social and employee matters”, as specified in the section above.

The Bank uses exclusively the updated positive lists for the selection of investment instruments, which consider the a.m. minimum MSCI ESG rating of “A”, resp. “BBB” for Emerging Market or High Yield investments, as well as the mentioned exclusions.

In the investment decision making process for investment funds that do not invest predominantly in investment instruments issued by states, in addition PAIs are considered for PAI families “Greenhouse gas emissions” and “Social and employee matters”.

Account balances and short-term deposits are held exclusively at Deutsche Bank Luxembourg S.A. ESG criteria are not applied to these assets. If the Bank believes that special market conditions prevail, account balances and short-term deposits may account for a substantial part of the assets under management. In these special market conditions, up to 100% of the assets may therefore be held in non-ESG compliant investment instruments.

The positive lists will be updated by MSCI regularly. If any investment instrument does no longer fulfil the ESG criteria, the Bank will make reasonable effort to sell the position, whilst safeguarding the Client's interests at all times.



MSCI uses a scoring model identifying and estimating considerable ESG related chances and risks, which considers characteristics of good governance. In addition, issuers will be excluded if they operate in areas of business that the Bank deems critical or if they generate significant revenues in such areas.

Proportion of investments

What asset allocation is planned for this financial product?



Financial portfolio management approach does not pursue sustainable investments, nor does it take into account the EU criteria for environmentally sustainable economic activities. As the financial portfolio management approach currently does not pursue a minimum proportion of sustainable investments that qualify as environmentally sustainable in accordance with the EU Taxonomy Regulations, no data is currently being collected on whether some investments in the portfolio do fully or partially align with the EU Taxonomy. Also, no data is collected on whether sustainable investments may be made under the Disclosure Regulation to achieve environmental or social goals.

When assessing whether environmental and social characteristics have been met, the investment instruments invested are taken into account. In the case of investment instruments issued by companies or states, issuers and underlying of the investment instruments are valued. In the case of investment funds, the total assets of the fund's shall be considered. This means that not every portfolio component within the fund assets has to meet the environmental and social characteristics.

Monitoring of environmental or social characteristics

When selecting investment instruments, the Bank refers to the regularly updated positive lists provided by MSCI for guidance. The requirements for inclusion in these positive lists are an MSCI ESG rating of 'A' or higher and the application of the Bank's exclusion criteria.

In the investment decision making process for other issuers and investment funds that do not invest predominantly in investment instruments issued by states, PAI factors are considered for PAI families "Greenhouse gas emissions" and "Social and employee matters" as described above.



The positive lists will be updated by MSCI regularly. If any investment instrument does no longer fulfil the sustainability criteria, the Bank will make reasonable effort to sell the position, whilst safeguarding the Client's interests at all times.

The portfolio composition is reviewed by an internal quality management system based on a reporting date in the quarter. An external check for compliance with the sustainability criteria does not take place.

Methodologies

The positive lists will be updated by MSCI regularly. In the investment decision making process for other issuers and investment funds that do not invest predominantly in investment instruments issued by states, PAIs are considered for PAI families "Greenhouse gas emissions" and "Social and employee matters" as described above.

For other issuers this is done via data provided by MSCI that considers exclusion criteria in the positive lists.

For investment funds that do not predominantly invest in states, it takes place using an exclusion approach based on information provided by asset management firms, investment, or funds companies or MSCI.

Data, especially with regard to the consideration of PAIs, is currently not always available to the Bank and MSCI from the investment/fund companies or the respective issuers. If data is available from the investment/fund companies, it is used and checked for plausibility on the basis of MSCI data. If no data from the investment/fund companies is available, MSCI data will be used as the basis for assessment.

Data sources and processing

In the context of discretionary portfolio management, investments will be made into investment instruments that meet certain sustainability criteria. The rating and assessments of MSCI is used to assess whether a financial instrument meets the sustainability criteria.

The minimum requirement for an issuer, financial instrument, with the exception of investment funds, or underlying asset to be included in the above-mentioned positive list is an ESG rating from MSCI of at least "A" (on a scale where "AAA" is MSCI's best rating for sustainability and "CCC" its worst).

Investment funds listed by MSCI in a peer group with a name containing the term "emerging markets" or "high yield" and investment funds that, based on their peer group, invest exclusively or primarily in equities from a country whose public limited companies are included in the MSCI Emerging Markets (EM) index are also deemed eligible if their ESG score according to the positive list is "BBB". An ESG rating from MSCI of at least "A" is a minimum requirement for all other investment funds.

Special provisions for derivative transactions: When executing derivative transactions, the counterparty of the derivative transaction (the stock exchange) does not require an MSCI ESG rating, i.e. it is permitted to execute derivative transactions with stock exchanges that have no MSCI ESG rating or an MSCI ESG rating below "A" and that are consequently not included on any positive list. It is also permitted to invest in derivative contracts that use as an underlying



instrument one or multiple indices, even if no MSCI ESG rating is available for the relevant indices or if their MSCI ESG rating is lower than "A" and they are consequently not included on any positive list. Other underlying instruments of derivative contracts (or issuers of such underlying instruments), for which MSCI has prepared a positive list, must meet the minimum requirement of an MSCI ESG rating of "A" or higher.

MSCI uses a scoring model intended to identify and measure significant ESG opportunities and risks to determine the rating. This includes aspects of corporate governance. Regardless of the above-mentioned ESG rating, the investment strategy additionally applies exclusion criteria provided by MSCI as agreed between the bank and MSCI.

In the investment decision making process for other issuers and investment funds that do not invest predominantly in investment instruments issued by states, PAI factors are considered for PAI families "Greenhouse gas emissions" and "Social and employee matters" as described above.

For other issuers this is done via data provided by MSCI that considers exclusion criteria in the positive lists.

For investment funds that do not predominantly invest in states, it takes place using an exclusion approach based on information provided by asset management firms, investment, or funds companies or MSCI.

If data is available from the investment/fund companies, it is used and checked for plausibility on the basis of MSCI data. If no data from the investment/fund companies is available, MSCI data will be used as the basis for assessment.

Limitations to methodologies and data

MSCI's compliance is not monitored with respect to sustainability and exclusion criteria. It cannot be guaranteed the accuracy of MSCI's assessment, or the accuracy and completeness of the positive list generated by MSCI, but will use information from MSCI as a basis. No influence on disruptions to MSCI's analysis and preparation for research is made.

Due to emerging standards in the area of the consideration of sustainability criteria and an ongoing legal framework, data are not yet available from the capital management companies, but also from the respective issuers of the Bank and MSCI, in particular with regard to the consideration of adverse effects on sustainability factors.

If data from the capital management company or investment/fund companies are not available, MSCI data will be used as the basis for the assessment.

As the Bank considers MSCI as the sole data provider and does not verify the accuracy and completeness of the assessments and positive lists provided by MSCI, restrictions on the fulfilment of the sustainability criteria could arise.

In order to minimize the aforementioned limitation, the Bank has carefully selected the data provider MSCI and is in constant exchange with MSCI on developments in data quality.



Due diligence

The Bank bases its selection of investment instruments on the updated positive lists drawn up by MSCI, taking into account an MSCI ESG rating of at least "A" and the exclusion criteria specified by the Bank.

In the investment decision making process for other issuers and investment funds that do not invest predominantly in investment instruments issued by states, PAI factors are considered for PAI families "Greenhouse gas emissions" and "Social and employee matters" as described above.

The positive lists will be updated by MSCI regularly. If any investment instrument does no longer fulfil the sustainability criteria, the Bank will make reasonable effort to sell the position, whilst safeguarding the Client's interests at all times.

The portfolio composition is reviewed by an internal quality management system based on a reporting date in the quarter. An external check for compliance with the sustainability criteria does not take place.

Engagement policies

Where Deutsche Bank Luxembourg S.A. acts as Financial Market Participant for financial products in scope of the Disclosure Regulation, we do not engage directly with investee companies and so do not influence business activity or risks.