

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: Synchrony (LU) Liquoptimum USD **Legal entity identifier:** 549300AO80PMMTCCEL17

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. This 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.

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="radio"/> X 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"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> X 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 pursues an investment strategy that promotes the following environmental and social characteristics:

- Exclusions based on standards and values

The exclusion policy covers companies and sovereign and quasi-sovereign issuers, and focuses on controversial activities deemed harmful to society and/or the environment, as well as serious violations of international standards relating to human rights, labour standards, environmental protection and the fight against corruption. For sovereign issuers, exclusions are based on the likelihood of a country being affected by violent conflict or the perceived level of corruption.

- Positive filtering / Positive tilt

The sub-fund focuses on companies that meet high sustainability criteria in various areas, based on ESG ratings or indicators (see below).

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

The investment manager uses a series of indicators to measure the achievement of the environmental and social characteristics promoted. It is based on analyses and data supplied mainly by an external, independent service provider (MSCI ESG Research). The indicators used, which are integrated into the investment process, include :

Exclusion criteria

- Company exclusion criteria:
 - Coal mining (>25% of revenues)
 - Oil sands extraction (>25% of revenues)
 - Shale oil/gas production (>25% of revenues)
 - Arctic oil/gas production (>25% of revenues)

Production of controversial weapons
 Significant breaches of the UN Global Compact principles on human rights, labour standards, environmental protection and anti-corruption
 List of the SVVK-ASIR (Swiss Association for Responsible Investment) "exclusion recommendations".

■ Country exclusion criteria:

Political stability and absence of violence/terrorism
 Corruption Perceptions Index (CPI, Transparency International) < 30

Positive filtering / Positive tilt

Environmental and social criteria are integrated at various stages of the investment process, in addition to traditional financial criteria. Investment decisions are made on the basis of ESG information from a variety of sources, including proprietary analysis, extra-financial data providers such as, but not limited to, MSCI ESG Research, information sourced directly from issuers, credit rating agencies, third-party analysis (including brokers) and financial and general media. The resulting ESG data are integrated and processed by the sub-fund's investment managers.

Investment decisions aim to increase exposure to securities with low sustainability risks and/or reduce exposure to securities with high sustainability risks, in line with good governance practices. The investment manager aims to build a portfolio with an ESG rating higher than that of the market index used for comparison purposes, i.e. the Bloomberg U.S. Aggregate 1-3 Year.

The sub-fund does not use a specific benchmark to measure the environmental or social characteristics promoted.

● ***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

● ***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

— ***How were the indicators for adverse impacts on sustainability factors 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

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 Union 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.



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

X

Yes

The sub-fund takes into account the negative impacts of its investments on the environment and society through its exclusion policy and management decisions (positive screening / positive tilt).

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 sub-fund has a very defensive risk profile, in USD, based on broad diversification and a focus on high-quality debtors with short-term maturities. This strategy aims to achieve a regular return in USD. The sub-fund's net assets consist mainly of USD-denominated bonds (including a maximum of 25% convertible bonds) and/or other USD-denominated securities or debt rights issued by private or public-sector borrowers worldwide (including emerging countries).

The sub-fund may also invest up to 49% of its net assets in cash and/or other monetary investments.

Direct and/or indirect investments in ABS (asset backed securities) and MBS (mortgage backed securities) are authorised up to a maximum of 10% of net assets.

Investments in emerging countries are limited to a maximum of 49% of net assets.

The sub-fund may invest up to 10% of its net assets in units of UCITS/other UCIs.

The sub-fund may use derivatives for the purpose of hedging and/or sound portfolio management.

The sub-fund is actively managed and has no benchmark index.

The reference currency of the sub-fund is the dollar (USD). Investments can be made in currencies other than those of the reference currency.

The investment process takes into account the environmental and social characteristics promoted by the sub-fund in the day-to-day management of the portfolio: constant comparison of fundamentals (i.e. financial and ESG data) and valuation to obtain active investment decisions on interest rates (sovereign macroeconomic and ESG data) and credit (corporate financial data and credit models, ESG data), portfolio construction (conditional preference for green and sustainable bonds) and risk management (full integration of ESG data into portfolio and risk management systems).

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 of the sub-fund include:

- the exclusion of issuers, in accordance with the above exclusion criteria applicable to companies and countries.
- Elimination of issuers classified as underperformers (MSCI ESG rating < BB).
- A better ESG profile than the market index used for comparison purposes by the investment manager, i.e. the Bloomberg U.S. Aggregate 1-3 Year.
- A rate of analysis of ESG criteria for eligible securities covering:
 - at least 90% of the net assets or number of issuers in the portfolio for debt securities and money market instruments with an investment grade credit rating and sovereign debt issued by developed countries;
 - at least 75% of the net assets or number of issuers in the portfolio for debt securities and money market instruments with a high yield credit rating and sovereign debt issued by "emerging" countries.

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

The sub-fund does not apply a committed minimum rate to reduce the scope of the investments considered before applying this investment strategy.

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

The investment manager has decided to follow a quantitative approach using a rating model provided by an external service provider, MSCI ESG Research. The use of a dedicated indicator ("Good Governance test") as a benchmark for "good governance" makes it possible to encompass the four aspects of good governance highlighted by article 2(17) of the SFDR.

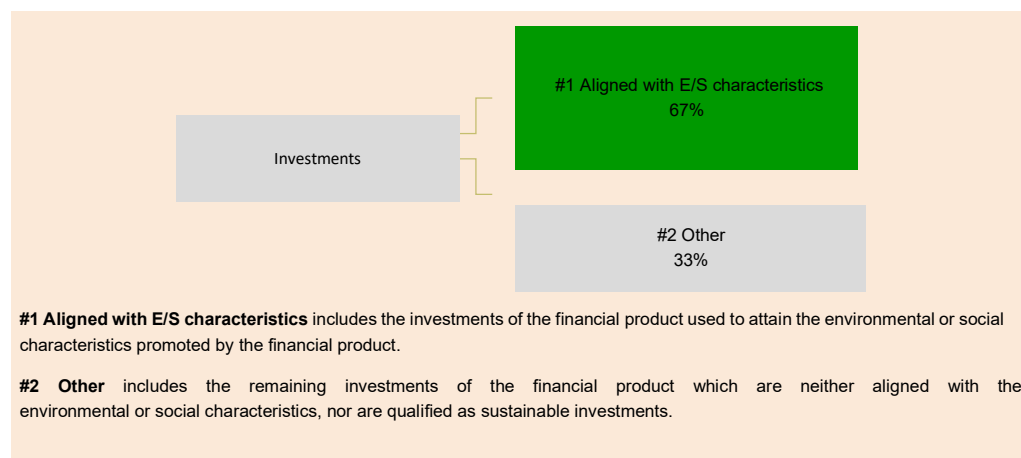
The criterion used amounts to excluding issuers classified as underperformers, those rated CCC or B.

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



What is the asset allocation planned for this financial product?

At least 67% of the sub-fund is aligned with E/S characteristics (#1 Aligned with E/S characteristics) and up to 33% is invested in Other (#2 Other).



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

Derivatives are only used for the purpose of hedging and/or sound portfolio management and do not contribute to achieving the environmental and/or social characteristics promoted by the financial product.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully 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.



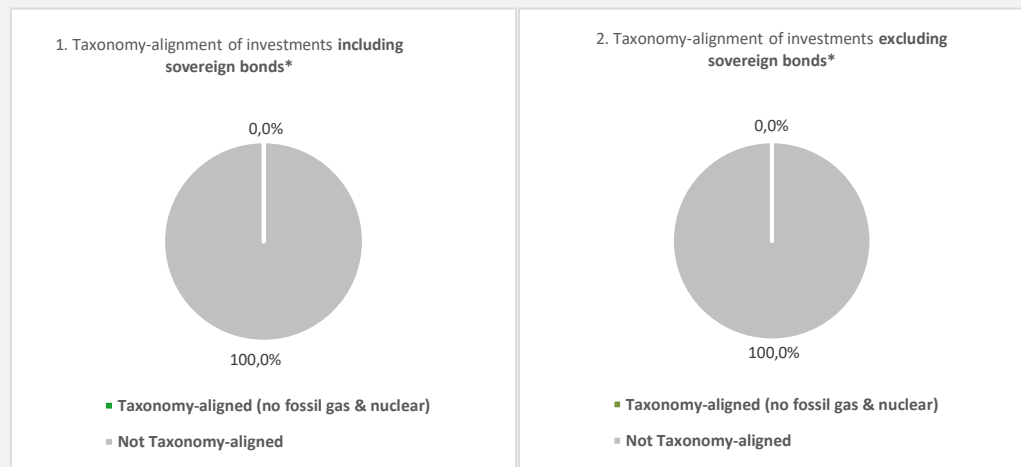
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable

● **Does the financial product invest in fossil gas and/or nuclear energy activities that comply with the EU Taxonomy⁶?**

- ☐ 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.



This graph represents max. 100% of the total investments.

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



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?**

Not applicable



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

Not applicable



What is the minimum share of socially sustainable investments?

Not applicable

⁶ Fossil gas and/or nuclear activities will only comply with the EU Taxonomy if they contribute to limiting climate change ("climate change mitigation") and do no significant harm to 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 sub-fund's "#2 Other" investments include derivatives used for the purpose of hedging and/or sound portfolio management, as well as cash used for cash management purposes. None of the investments in category "#2 Other" offer minimum environmental or social safeguards.



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 specific index is designated as a benchmark to determine whether the sub-fund is aligned with the environmental or social characteristics promoted.

- ***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 of the management company GERIFONDS (Luxembourg) SA (<https://www.gerifonds.lu>).

Further information on the responsible investment policy set out here is available on the "Sustainable investment" page of the website of the management company GERIFONDS (Luxembourg) SA (<https://www.gerifonds.lu/fr/page/investissements-durables>).