

Product name: Synchrony (LU) Swiss All Caps (CHF) Legal entity identifier: 549300ZLHR87U24IWQ77

## 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 type="radio"/> <input type="radio"/> Yes <input checked="" type="radio"/> <input type="radio"/> <input checked="" type="radio"/> No	
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____% <input type="checkbox"/> 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"/> It promotes <b>Environmental/Social (E/S) characteristics</b> 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"/> with an environmental objective in economic activities that 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 <b>sustainable investments with a social objective:</b> ____%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### 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 sub-fund excludes issuers that seriously infringe international standards (United Nations Global Compact) or carry out activities that have a negative impact on society (production of controversial weapons, etc.) or the environment (thermal coal, oil sands, etc.).
- 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).
- Active shareholding
 

The sub-fund exercises its voting rights in the long-term interests of its investor clients by supporting a strong corporate governance culture, effective management of social and environmental issues and comprehensive reporting in accordance with relevant standards.

No specific benchmark has been designated to verify the environmental or social characteristics promoted.

### 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 are integrated into the investment process.

The indicators used by the sub-fund include:

#### 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".

#### Positive filtering / Positive tilt

Investment decisions are based on quantitative ESG ratings or indicators provided mainly by an external service provider (MSCI ESG Research). It aims 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 benchmark SPI® index.

#### The exercise of voting rights

The sub-fund exercises its voting rights in respect of the securities it holds on the basis of analyses and recommendations provided by Institutional Shareholder Services Inc. (ISS) and offers a high level of transparency through annual reporting of its votes.

● **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

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.



**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.

#### **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, management decisions (positive screening/favourable orientation) and the exercise of voting rights (active shareholding).

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?

- Purpose  
The sub-fund aims for long-term capital growth by investing in high-quality Swiss companies with distinctive competitive advantages.
- Portfolio assets  
The sub-fund's net assets are invested primarily in equities and other securities or participation rights of companies which have their registered office in Switzerland and/or conduct the majority of their business in Switzerland and which are included in the SPI® index. The sub-fund is actively managed. The SPI® index is used to define the main investment universe. However, the investment manager is not bound by the weighting of securities in the aforementioned index and may also invest in securities that are not included in this index (up to a maximum of 33%).  
  
The reference currency of the sub-fund is the Swiss franc (CHF). Investments can be made in currencies other than that of the reference currency.
- Derivative products  
The sub-fund does not use derivatives for hedging purposes or for proper portfolio management.
- Reference benchmark  
The sub-fund is actively managed without any constraints in relation to a benchmark index; as a result, the sub-fund's performance may differ from that of the benchmark index.
- Investment process:  
The investment manager's investment style is based on a fundamental analysis approach, with a long-term horizon that leads to a portfolio with strong convictions. The investment process begins with a top-down approach, which consists of determining the major trends in the economy in order to draw up financial forecasts (interest rates, equity markets, currencies). The investment manager, with the help of the macroeconomic team, determines which phase the economic cycle is in. In an acceleration phase, the manager will overweight small and mid caps and cyclical companies, while in a slowdown phase it will overweight large caps and defensive companies. Companies are then selected on the basis of a fundamental analysis and an intrinsic valuation model based on discounted future cash flows (i.e. DCF). On the basis of this review, the investment manager makes the decision to buy a security; conversely, when a given security reaches its price target, the investment manager reviews the case and, if there is evidence of further upside potential, is free to retain the investment. The buy/sell discipline is linked to its fundamental/value investment approach.

Sustainability factors are systematically integrated through the exclusion policy, positive screening and the exercise of voting rights. In addition, the investment manager integrates ESG ratings into the fundamental valuation of companies. Companies with high ESG ratings are favoured by the model over companies with poor sustainability credentials.

## 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:

- Excluding issuers that:
  - are involved in nuclear weapons from countries that are not signatories to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and other controversial weapons.
  - derive a significant proportion of their revenues from activities that are detrimental to society or the environment, such as thermal and metallurgical coal mining and the exploration and production of unconventional oil and gas. Please refer to the BCGE Asset Management responsible investment policy for more details on the exclusion thresholds applicable to the above activities.
  - seriously violate the UN Global Compact principles on human rights, labour standards, environmental protection and anti-corruption.
- A better ESG profile than the benchmark SPI® index.
- An ESG criteria analysis rate for eligible securities covering at least 90% of the net assets or the number of issuers present in the sub-fund in the case of equities issued by large caps, and at least 75% in the case of equities issued by small and mid caps.

The sub-fund relies on information from a variety of sources, including in-house research, the proprietary valuation model and ESG data providers (e.g. MSCI ESG Research). On the basis of this information, the fund's investment manager decides whether or not to add certain securities or to increase/reduce the investment in certain securities.

● **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?**

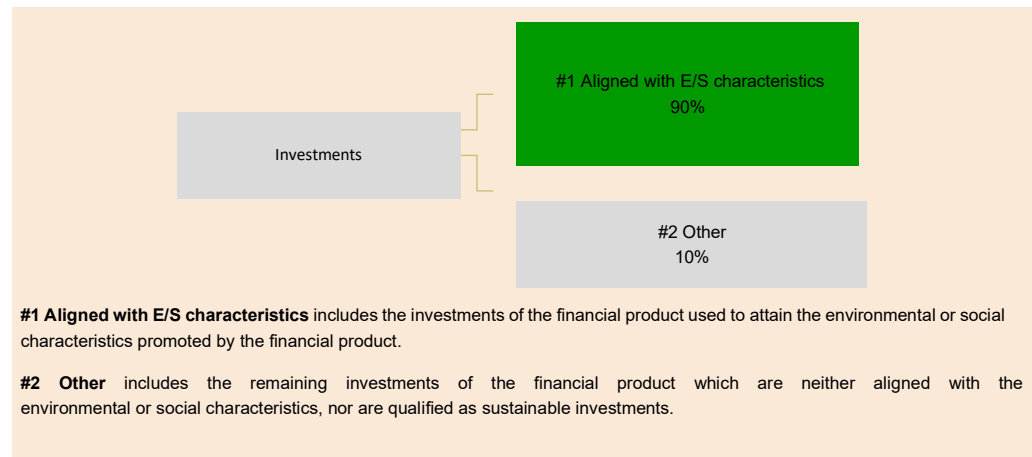
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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.

**What is the asset allocation planned for this financial product?**

At least 90% of the sub-fund is aligned with E/S characteristics (#1 Aligned with E/S characteristics) and up to 10% is invested in Other (#2 Other).



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

The sub-fund does not use derivatives for hedging purposes or for proper portfolio management.

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 Taxonomy?**

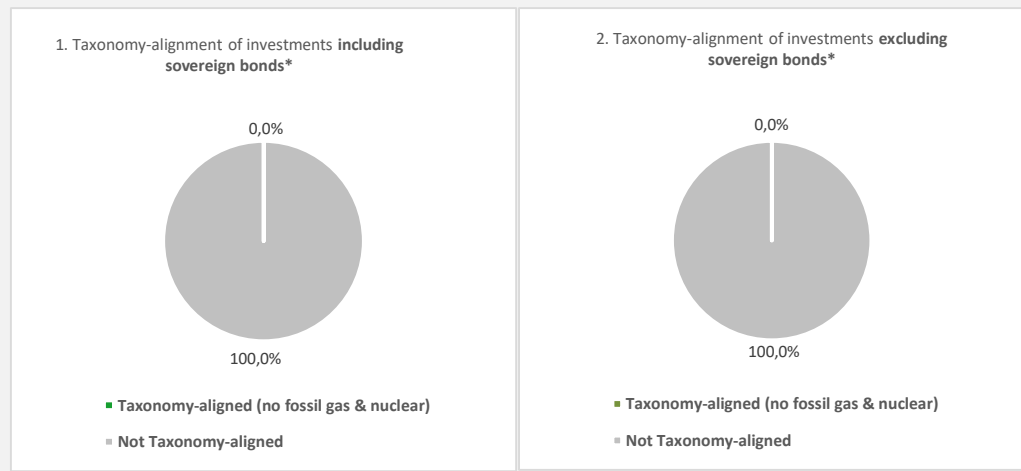
☐ Yes

☐ 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<sup>7</sup>, 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.

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

Not applicable

<sup>7</sup> 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.



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



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

Not applicable



**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 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>).