Bellevue
Excellence in Specialty Investments

Bellevue Sustainable Entrepreneur Europe (Lux)

EU SFDR Disclosure (2019/2088) Sustainability preferences (MiFID II)

December 2022

The following information summarizes the regulatory requirements of the EU Disclosure Regulation 2019/2088 (EU SFDR) and the sustainability preferences (MiFID II) with respect to individual funds and groups of funds summarized thereafter.

Bellevue Sustainable Entrepreneur Europe (Lux)

I Definition of ESG characteristics (EU SFDR)

a) Summary

The investment strategy takes into account social, environmental as well as governance-related characteristics (ESG) as part of the implementation of its investment objectives, in accordance with the provisions of Article 8 of the EU Disclosure Regulation 2019/2088 (EU SFDR).

b) No sustainable investment objective

The investment strategy takes into account social, environmental or governance-related characteristics, but does not pursue a sustainable investment objective. The fund invests to some extent in sustainable investments. While the adverse impacts on sustainability goals mentioned in Annex I of the RTS are not explicitly taken into account until the RTS is ratified, harmful ESG practices are evaluated by means of involvement in controversial business areas, ESG ratings, and by taking into account the standards of the UN Global Compact, the UN Guiding Principles for Business and Human Rights, and Conventions 1 and 2 of the International Labor Organization (ILO).

c) Environmental or social characteristics of the fund

The fund takes into account social as well as environmental characteristics. These essentially comprise the following elements:

1) Exclusion of serious violations of global norms
2) Exclusion of very serious controversies
3) Value-based exclusions based on revenue thresholds
4) ESG integration with a focus on positive criteria – ESG Rating, ESG Rating Trend and Low Carbon Transition (LCT)
5) ESG stewardship through constructive corporate dialogue (engagement) and the exercise of voting rights (proxy voting)

d) Investment strategy

The investment objective of the fund is to achieve long-term capital growth by investing in equities and other equity securities. In doing so, the sustainability characteristics described under c) are taken into account as follows:

Serious violations of global standards in the areas of the environment, human rights and ethical business practices are excluded. This is measured by compliance with the principles of the UN Global Compact Compliance, UN Guiding Principles for Business and Human Rights, and standards of the International Labor Organization.

Very serious controversies (category red, score = 0) according to MSCI ESG Research data are excluded. A controversy is defined as an incident or an ongoing situation where a company's business activities and/or products are claimed to have a negative impact on the environment, on society and/or the company's corporate governance. Controversies are rated by MSCI ESG on a scale from 0 to 10 depending on the severity of their consequences. This scale groups controversies into the categories of very severe, severe, moderate and minor.

In contrast to exclusions based on violations of global standards, **value-based exclusions** are based on social, ethical and moral views. Percentages of sales per business segment are defined which a company must not exceed in controversial business areas such as conventional weapons, thermal coal or tobacco production. Issuers whose annual sales exceed the defined tolerance limits are excluded.

In addition, Bellevue Asset Management AG (hereinafter "BAM") follows an "ESG integration approach" in its investment process with the sub-aspects environment ("E" for Environment), social ("S" for Social) and good governance ("G" for Governance).

Further information on the application of its sustainability approach can be found here: https://www.bellevue.ch/ch-en/private/esg/sustainability

The investment process of the Bellevue Sustainable Entrepreneur Europe (Lux) Fund takes MSCI ESG Research's ESG ratings, ESG rating trends and low carbon transition scores into account in this context.

e) Proportion of investments

In principle, BAM aims to invest the entire assets of the above-mentioned funds in a sustainable manner. However, as there is not yet a sufficient amount of data available in every asset class and some companies do not yet have an ESG rating, a **minimum percentage allocation to investments with sustainable characteristics of 75%** is defined. Investments that do not fully meet the criteria of BAM's ESG integration approach are allocated a maximum permissible residual share (25%).

The use of own target funds that comply with BAM's sustainability policy is permitted. The selection of sustainable target funds from third parties also takes into account sustainability aspects. For each target fund, BAM reviews the sustainability approach of the respective provider and its implementation in the respective target fund. The following criteria are assessed:

- Does the asset manager apply exclusion criteria?
- Does the asset manager have one of the following sustainable investment approaches: ESG integration, best-in-class, sustainable thematic investments (themes) or impact investing?
- Does the target fund have a minimum MSCI ESG fund rating of BB?
- Does the provider have a voting policy that incorporates ESG criteria?

A target fund must meet at least half of the required criteria to be rated as an investment with sustainable characteristics by BAM. If a target fund does not meet the aforementioned criteria, it must be classified under the residual quota.

For a derivative with one underlying instrument, the underlying instrument as well as the issuer must meet the asset manager's criteria for an investment with sustainable characteristics as described above. Otherwise, it is allocated to the portion of the assets that is classified under the residual quota.

For a derivative with several underlying instruments (e.g. index, basket), the underlying instruments of the derivative on average as well as the issuer must meet the asset manager's criteria for an investment with sustainable characteristics as described above. Otherwise, it is allocated to the portion of the assets that is classified under the residual quota.

The Bellevue Sustainable Entrepreneur Europe (Lux) Fund was awarded the FNG Label. The minimum requirements of the FNG Label must be met at all times. Further information can be found at: https://fng-siegel.org/kriterien/.

f) Monitoring of environmental or social characteristics

The ESG characteristics mentioned are recorded and documented at least on a quarterly basis. Compliance with the specifications with regards to the global standards as well as the value-based exclusions is checked by Bellevue Risk Management. Exposure regarding value-based controversial business areas, potential/assumed ESG laggards (MSCI ESG rating CCC or B), as well as current engagement and voting activities are discussed with the portfolio management teams during internal reviews. A quarterly summary of key ESG characteristics of the individual funds is provided to the Executive Board of Bellevue Asset Management AG as well as to the Board of Directors of Bellevue Group.

g) Methodology

Global norms

Compliance with the given ESG characteristics is checked using various methodologies. Compliance with global standards, including compliance with the exclusion of controversial weapons, is measured against the standards and principles of the UN Global Compact, the UN Guiding Principles for Business and Human Rights, and Conventions 1 and 2 of the International Labour Organization (ILO). Based on assessments by leading ESG research providers (currently MSCI ESG), BAM maintains an exclusion list which is updated quarterly and approved by the Chief Compliance Officer.

Norms-based exclusions

Business areas that are controversial in terms of ethical and moral values are excluded if their sales exceed the tolerance limits for annual sales defined below:

Business area	Threshold
Controversial weapons	0%
Conventional weapons	5%
Uranium mining	5%
Nuclear power	5%
Thermal coal	5%
Fracking/oil sands	5%
Production of tobacco	5%
Sale of tobacco	20%
Adult entertainment	5%
Gambling	5%
Palm oil	5%

ESG integration

BAM uses the following three issuer-specific elements as the basis for integrating sustainable policy criteria into its investment decision process:

<u>ESG rating</u>

ESG ratings are based primarily on data from third-party providers (currently MSCI ESG Research Inc.) and they are derived from various sub-scores. A company's ESG ratings may be better or worse than the average for its industry peers, which can be an indication of weakness or strength regarding the respective sustainability criteria. In the event of a weak reading, BAM will apply its own fundamental research to determine whether there is a good reason for the below-average scores or whether the below-average scores can be traced to the absence of publicly available information or to endogenous shortcomings of the given ESG methodology.

Most ESG rating methodologies are based on a rigidly defined systematic approach that does not always result in an objective or "fair" assessment of a company's overall ESG profile. In fact, such methods often systematically disadvantage start-ups and small cap companies relative to large cap companies. A lack of manpower and experience in handling ESG issues can result in a company being underrated, and the rating methodology used might not be equally applicable to every company in a given sector.

BAM determines the ESG criteria it considers to be relevant (for example, measurement and disclosure of a company's environmental footprint, working conditions, employee training and development, product safety, board independence and board compensation) based, among other factors, on their relevance in relation to sustainability risks and opportunities. The ESG criteria are then holistically integrated into the stock selection process together with quantitative and qualitative inputs derived from its own fundamental research.

If BAM finds that there is a legitimate reason for an issuer's below-average score based on the sustainability criteria relevant to that issuer, its securities may be excluded from or underweighted in the fund's portfolio. The findings resulting from the ESG integration approach can lead to a constructive dialogue (engagement process) with the company's management to discuss the identified weaknesses in the field of ESG. If BAM discovers that there is not a legitimate reason for a below-average score based on the sustainability criteria relevant to that issuer, its own assessment will be juxtaposed with that of the external ESG provider and documented. In such cases, an investment in a purported ESG laggard with an ESG rating of B may be warranted. BAM may also invest in purported ESG laggards with B ratings if its in-house research reveals that their company management has rectified the identified weaknesses in the relevant sustainability criteria and that this action will likely have a positive impact on their ratings in future assessments by the external ESG provider. Companies with CCC ratings are excluded from the Bellevue Sustainable Entrepreneur Europe (Lux) Fund's investment universe.

The evaluation of good corporate governance practices, such as viable management structures, employee relations, and compensation models, is included in the overall assessment of ESG ratings as well as in conjunction with global standards. As an active, fundamentals-oriented asset manager, good corporate governance is also an integral part of its company analyses.

Please visit: www.msci.com or search for MSCI ESG metrics calculation methodology for more information on MSCI ESG ratings methodology.

ESG rating trend

The ESG rating trend shows the ESG rating change from the prior period/assessment to the current period/assessment and a distinction is made between upgrades, neutral and downgrades. The ESG rating trend adds a dynamic element to BAM's ESG integration process and also permits investments to be made in purportedly weaker-rated companies (B ratings) that have a positive or at least a neutral rating trend. Companies that are still in the early stages of their corporate development, small-cap and even mid-cap companies are systematically disadvantaged by the typical rating methodologies relative to large companies. A lack of manpower and experience in ESG issues may result in a company being underrated. Another contributing factor is the application of a set of criteria dictated by the methodology that cannot be reliably applied to every company in a given sector.

Low-carbon transition

The 2018 United Nations Environment Program (UNEP) Emissions Gap Report confirmed that limiting global warming to 1.5 °C as set out in the Paris Agreement will necessitate unprecedented and urgent action accelerating the "low-carbon transition". Low-carbon transition refers to the necessary process by which the global economy transitions from high-carbon business operations and energy sources to low-carbon or zero-carbon operations and energy sources. In the event of a low-carbon transition, demand for carbon-intensive products would decline in favor of low-carbon/zero-carbon products, exposing carbon-intensive companies and industries (such as coal-fired power plants, coal mining, manufacturers of fossil-fuel powered vehicles, etc.) to the risk of asset stranding. Such companies and industries would be potential laggards in the global transition to a low-carbon economy. Conversely, companies and industries whose products and business operations are well positioned for this transition (e.g., renewable energy companies, electric vehicle manufacturers, etc.), could be at the vanguard of the low-carbon transition and would likely experience increased demand for their products and services.

There could be shifts in demand within one industry, from one company to another (e.g. electric power producers), or from one industry to another industry (e.g. from coal miners to solar cell manufacturers), which could change the risk-return profile of the companies concerned. The methodology developed by MSCI ESG Research (Carbon Delta) is therefore designed to identify potential leaders and laggards not only within a specific industry, but also across industries.

The fund's investment team therefore uses low-carbon transition data from MSCI ESG Research and relies on its low-carbon transition categories. Companies classified in the category of "Asset Stranding" are excluded from the fund's investment universe. The other categories, product/operational transition, neutral, and solutions, and the associated LCT scores (0-10), are referenced when building and managing the fund's portfolio. A balanced mix is sought and companies with higher scores are preferred during the stock selection process.

In addition, the aggregated Scope 1 + 2 CO_2 intensity[1] of the fund and, if available, of the relevant benchmark is measured and published on a quarterly basis.

h) Data sources and processing

The fund uses various data sources to assess and measure ESG characteristics. Primarily, data from MSCI ESG Research is used as a basis for compliance with global norms and value-based controversial business areas. The same applies to the measurement of CO2 intensities and the assessment of overall ESG ratings. Based on insights from our proprietary fundamental analysis, aggregated ESG ratings from external providers are assessed. In some cases, suspected ESG laggards are subject to additional analyses. Both our own analyses and the sustainability data made publicly available via Bloomberg (ESGD) are suitable for this purpose. The determination of an internally revised ESG rating does not take place due to a lack of external traceability. Information on the degree of coverage of external ESG research is published in the fund reporting.

i) Limitations of the methodology and data

The data sources used may be incomplete or may not lead to an appropriate assessment of the ESG characteristics described in all cases as a result of systematic weaknesses in the ESG methodology of third-party providers. For example, in the case of biotechnology companies, MSCI ESG heavily weights the "access to healthcare" criterion. Innovative biotech companies that are only at the research stage cannot, by definition, fulfill this criterion or can only do so inadequately and are thus systematically undervalued.

Isolated data gaps and any objective misjudgments resulting from weaknesses in the ESG rating methodologies are filled to the best of our knowledge and belief by our own assessments from fundamental stock analysis or by consulting other data sources and third-party providers (e.g. Bloomberg). Issuers without ESG research coverage are automatically allocated to the quota for which an assessment of the social or environmental characteristics cannot be made in full.

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[1] Scope 1 emissions: Direct emissions caused by a company's activities; Scope 2 emissions: The second group includes all emissions caused by the production of energy used by a company.

j) Due diligence

The due diligence of the portfolio and the processes described are part of Risk Management's area of responsibility. Control mechanisms for compliance with sustainability requirements are implemented in the portfolio management system. Further ESG risk reviews are part of the regular review meetings with the portfolio management team. The Compliance Office is responsible for the oversight and review of all compliance-related topics, in particular the issuance, monitoring and updating of sustainability-related directives, both at portfolio level and at corporate level. Relevant ESG issues are periodically discussed by representatives of Risk Management, Product/Sustainability Management and Compliance.

The Bellevue Sustainable Entrepreneur Europe (Lux) Fund has also been certified with the FNG Label. Compliance with the related requirements is reviewed within the scope of an annual audit process by independent consultants.

k) Engagement policy

Portfolio managers engage in an active and constructive dialogue with the management or other relevant representatives of the portfolio companies with regard to environmental, social and governance aspects. If there are indications of controversial sustainability aspects in the run-up to the company discussions, these are constructively raised with the company and progress (e.g. strategy, process adjustments, improvement of ESG rating) is documented over time. Furthermore, BAM represents the long-term interests of its investors by actively exercising its voting rights at the general meetings of portfolio companies through proxy voting.

l) Designated reference benchmark

Unless otherwise stated in the fund documents or on the website, a standard benchmark is used for the respective fund to measure relative performance. This standard benchmark is used as a reference value in the monthly factsheets and quarterly ESG reports.

II Definition of sustainability preferences (MiFID II)

With the amendment of the MiFID II Directive as part of the implementation of the EU Action Plan Financing Sustainable Growth, the consultation of clients' sustainability preferences in investment advisory will become mandatory as of August 2, 2022. Financial instruments that may target (potential) clients with sustainability-related objectives according to Art. 9 (9) UA 1 MiFID II-DRL are required to apply one or more of the following three concepts:

a) a financial instrument where the (potential) client determines that a minimum proportion is to be invested in environmentally sustainable investments within the meaning of the **Taxonomy Regulation** (Art. 2 No. 1);
b) a financial instrument for which the (potential) client determines that a minimum proportion shall be invested in **sustainable investments within the meaning of the Disclosure Regulation** 2019/2088 (Art. 2 No. 17);
c) a financial instrument where the main **adverse impacts on sustainability factors ("PAI")** are taken into account, whereby the qualitative or quantitative elements demonstrating this consideration are determined by the (potential) client.

Sustainable investments within the meaning of the Disclosure Regulation (SFDR)

In its implementation, BAM applies the **concept b)** of **sustainable investments as defined in the Disclosure Regulation (SFDR)**, which entails the following requirements:

- ESG strategy with share of sustainable investments as defined by the SFDR, using specific percentages
- No severe violations of the UN Global Compact and democracy/human rights
- Product provider (BAM) takes into account recognized industry standard (UN PRI)

Art. 2 No. 17 of the Disclosure Regulation 2019/2088 defines a "Sustainable Investment" as an investment in an **economic activity that contributes to the achievement of an environmental and/or a social objective while not significantly harming any of these objectives**. Furthermore, the invested companies must apply practices of good corporate governance **("Good Governance")**.

For an investment to qualify as a “Sustainable Investment”, BAM applies the **17 UN Sustainable Development Goals (SDGs)**. These sustainable development goals are general, universal goals for all UN member states, which were adopted in September 2015 as the successor to the Millennium Goals. All people in the world should be able to live in a fairer, more prosperous and more peaceful society by 2030. ESG research provider MSCI ESG measures the target contribution of companies to each of the SDGs and categorizes them as "Strongly Aligned”, “Aligned”, “Neutral”, “Misaligned” and “Strongly Misaligned”. As soon as there is a **positive impact on at least one of the 17 SDGs ("Aligned" or "Strongly Aligned"), and one or more other SDGs are not negatively impacted at the same time ("Misaligned" or "Strongly Misaligned")**, BAM assumes a positive alignment with a sustainable objective, i.e. these companies are added to the quota of "Sustainable Investments".

Investments are assigned to the “**Sustainable Investment**”-quota if, on the one hand, they exhibit a positive target contribution as described above and, on the other hand, they meet the sustainable investment characteristics described under I (including UN Global Compact compliance) which also ensures that good governance practices are applied.

BAM has been a signatory of the UN Principles for Responsible Investment (UN PRI) since August 20, 2019, and thus meets the required and globally recognized industry sustainability standard.

The **minimum proportion of "Sustainable investments"** for the Bellevue Sustainable Entrepreneur Europe (Lux) Fund is **50%**.

Further information on MSCI ESG's SDG Alignment Methodology can be found on the following website: www.msci.com

Principle Adverse Impact Indicators ("PAI")

Furthermore, **concept c)**, and thus the most important adverse sustainability impacts ("PAIs"), is applied. The consideration of adverse sustainability impacts is largely dependent on the availability of relevant information. Relevant data is not always available in sufficient quantity and quality for all assets in which Bellevue Asset Management invests. Consequently, the list of PAI indicators considered is continuously expanded depending on data availability and data quality.

In a first step, the PAI data is made available to the sustainability specialists from the product management team. Based on internal sustainability guidelines, experience values and differentiated views of sustainability developments and trends, they assess any outliers and then define the further procedure in connection with the PAI indicator concerned together with the responsible investment teams. Possible measures include regular monitoring, the exercise of voting rights on a designated agenda item at a general meeting, the initiation of an ESG engagement with the company, or the reduction or exit of the position. Prioritization is based, among other things, on the size of the position and relative comparative data with direct peer companies in the same industry.

The following table shows which mandatory and optional PAI indicators are currently taken into account. The applicable definitions of the individual indicators are listed in Annex 1 to the EU SFDR RTS Level 2 regulation.

Mandatory indicators				
PAI Nr.	**Adverse Sustainability Indicator**	**Consideration within BAM ESG framework**		**Specific ESG or proxy criteria**
		Exclusion list	**MSCI ESG Rating**	
1	GHG emissions		X	
2	Carbon footprint		X	
3	GHG intensity of investee companies			X
4	Exposure to companies active in fossil fuel sector*	X		
5	Share of non-renewable energy consumption and production	n.a. [1]		
6	Energy consumption intensity per high impact climate sector	n.a. [1]		
7	Activities negatively affecting biodiversity-sensitive areas	n.a. [1]		
8	Emissions to water			X
9	Hazardous waste and radioactive waste ratio			X
10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	X		
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	n.a. [1]		
12	Unadjusted gender pay gap	n.a. [1]		
13	Board gender diversity	n.a. [1]		
14	Exposure to controversial weapons	X		
Additional climate and other environment-related indicators				
4	Investments in companies without carbon emission reduction initiatives			X
Additional indicators for social and employee matters				
1	Investments in companies without workplace accident prevention policies			X

1) The PAIs indicated cannot be evaluated at present due to insufficient data quality or availability. The data situation is reassessed periodically.

PAI indicators No. 1 and No. 2 are taken into account as part of an issuer's overall ESG rating. Depending on the industry affiliation, the weighting or relevance of the individual indicator may vary. Companies with exposure to PAI indicators No. 4 (5% annual sales threshold), No. 10 (zero tolerance) and No. 14 (zero tolerance) are part of our quarterly updated exclusion list and are excluded from the investment universe. For the assessment of PAI indicators No. 3, No. 8 and No. 9 as well as for the additional PAI indicators in the area of environment (No. 4) and social affairs (No. 1), specific criteria provided for this purpose are applied. MSCI ESG research is used as a data source.

ANNEX II

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

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental 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 50% 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	X with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	X with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

What environmental and/or social characteristics are promoted by this financial product?

The investment strategy takes into account social, environmental as well as governance-related characteristics (ESG) as part of the implementation of its investment objectives, in accordance with the provisions of Article 8 of the EU Disclosure Regulation 2019/2088 (EU SFDR). These mainly include the following elements: Exclusion of serious violations of global norms, value-based exclusions based on revenue thresholds, ESG integration into fundamental company analysis, ESG stewardship through constructive company dialogue (engagement), and exercise of voting rights (proxy voting).

In the following, minimum proportions for investments with sustainable characteristics as well as sustainable investments are defined as part of the asset allocation. If investments no longer meet the requirements of the respective sustainability policy and thus fall below the minimum proportions, the deficiency must be remedied within three months. Otherwise, the minimum proportions specified below may only be fallen short of temporarily and for an absolutely necessary period if circumstances require this due to exceptionally unfavorable market conditions and such a shortfall is justified with regard to the interests of investors, e.g. in very serious circumstances.

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

To measure the achievement of the individual environmental or social characteristics, the "minimum exclusion criteria" specified in the binding elements of the investment strategy are used as sustainability indicators. These are: Weapons (revenue threshold 10%), controversial weapons (revenue threshold 0%), tobacco production (revenue threshold 5%), distribution of tobacco (revenue threshold 20%), thermal coal (revenue threshold 5%), fracking/oil sands (revenue threshold 5%), pornography (revenue threshold 5%), gambling (revenue threshold 5%), palm oil (revenue threshold 5%), serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation.

Furthermore, to qualify as an investment with sustainable characteristics, companies must possess a minimum ESG rating of at least a "BB" currently measured by the MSCI ESG rating methodology on a scale of AAA - CCC. Finally, the Investment Advisor actively exercises its voting rights in the long-term interests of investors and engages in constructive dialogue (engagement) on selected issuers. The company reports on its voting and engagement activities at least once a year.

- ***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?***

The goals of sustainable investments are to positively contribute to at least one of the 17 United Nations Sustainable Development Goals (UN SDGs).

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- ***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?***

The sustainable investments must not significantly harm (DNSH) any of the 17 United Nations Sustainable Development Goals (UN SDGs). Therefore we currently use the so-called UN SDG Alignment Score methodology provided by

MSCI ESG. The scale for the SDG Alignment Score ranges from -10.0 to +10.0. A company that shows a positive contribution to at least one of the 17 UN SDGs (i.e. MSCI ESG UN SDG Net Alignment Score >=2.0) must not show a negative contribution to any other UN SDG (i.e. MSCI ESG UN SDG Net Alignment Score <-2.0). Furthermore, the issuers must exhibit at least an MSCI ESG rating of BB ("Good Governance").

How have the indicators for adverse impacts on sustainability factors been taken into account?

The adverse impact indicators are considered within the minimum exclusion criteria (no serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation). This is implicitly accompanied by consideration of PAIs No.4 (investment in fossil fuel companies), No.10 (violations of the UNGC Principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises), and No.14 (engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons). Furthermore, No.3 (GHG intensity), No.8 (water emissions) and No.9 (hazardous waste) are explicitly considered as separate criteria. PAI No. 1 (GHG emissions) and No. 2 (GHG footprint) are included in the MSCI ESG overall rating with different weightings depending on the industry relevance and are thus implicitly taken into account via the MSCI ESG minimum rating of "BB" per issuer.

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.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The OECD Guidelines are taken into account as part of the minimum exclusion criteria (no serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation). In addition to data from MSCI ESG Research, public company data, broker research, the financial press and specific exchanges with companies are also used to assess sustainability.

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.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

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

X Yes, the main adverse impacts of investment decisions on sustainability factors (PAIs) are taken into account in the "minimum exclusion criteria" mentioned in the context of the mandatory elements of the investment strategy and at least for the proportion of the fund assets categorized as "investments with sustainable characteristics" and as "sustainable investments". This is implicitly accompanied by the consideration of PAIs No.4 (investment in fossil fuel companies), No.10 (violations of UNGC principles and of the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises) and No.14 (engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)). Furthermore, No.3 (GHG intensity), No.8 (water emissions) and No.9 (hazardous waste) are explicitly considered as separate criteria. PAI No. 1 (GHG emissions) and No. 2 (GHG footprint) are included in the MSCI ESG overall rating with different weightings depending on the industry relevance and are thus implicitly taken into account via the MSCI ESG minimum rating of BB per issuer.

No

What investment strategy does this financial product follow?

The investment objective of the fund is to achieve long-term capital growth. Sustainability features are taken into account as follows: Serious violations of global norms in the areas of the environment, human rights and ethical corporate practices are excluded. This is measured by compliance with the principles and guidelines of the UN Global Compact Compliance, the UN Guiding Principles for Business and Human Rights, and the standards of the International Labor Organization. In contrast to exclusions based on violations of global standards, value-based exclusions are based on social, ethical and moral views. Percentages of sales per business segment are defined, which a company may not exceed in ESG-critical business segments such as conventional weapons, thermal coal or tobacco production. Issuers whose annual sales exceed the defined revenue thresholds are excluded. In addition, the investment advisor follows an "ESG integration approach" in the investment process with the sub-aspects environment, social and good corporate governance. Further information on the application of the sustainability approach can be found at: https://www.bellevue.ch/ch-en/private/esg/sustainability

- ***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?***

  Companies that seriously violate principles and standards of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation are excluded. In addition, no investments will be made in companies related to controversial weapons.

Specifically, investments are made in companies that achieve an ESG rating according to MSCI ESG Rating >= “BB” and comply with the following minimum exclusions: Weapons (revenue threshold 10%), controversial weapons (revenue threshold 0%), tobacco production (revenue threshold 5%), distribution of tobacco (revenue threshold 20%), thermal coal (revenue threshold 5%), fracking/oil sands (revenue threshold 5%), pornography (revenue threshold 5%), gambling (revenue threshold 5%), palm oil (revenue threshold 5%)

For the "sustainable investments" partially made in the financial product, the SDG alignment score methodology is applied. At portfolio level, a share of at least 50% is taken into account for companies that have an SDG Alignment Score of at least -2.0 (ensuring DNSH) and, for an SDG objective, at least +2.0 (positive contribution to an objective).

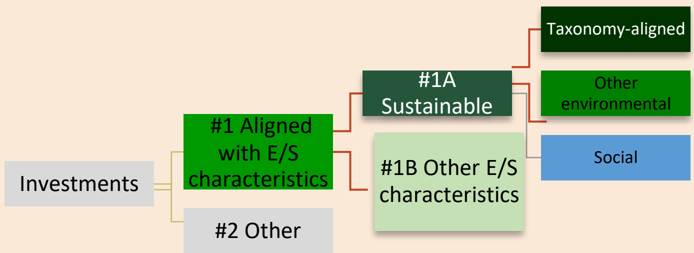
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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 undertake to reduce the investment universe by a certain minimum rate.

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

Irrespective of the company’s underlying industry group governance is a fundamental rating component of MSCI ESG. Thus, procedures of good corporate governance are derived on the one hand from an MSCI ESG rating of at least BB and on the other hand from the exclusion of serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation.



#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. The minimum share is 75%.

#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 sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives. The minimum share is 50%
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments. The minimum share is N/A (results as the difference from #1(min. 75%) - #1A(min. 50%).

[include note only for the financial products referred to in Article 6 , first paragraph, of Regulation (EU) 2020/852

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.

[include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **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.

What is the asset allocation planned for this financial product?

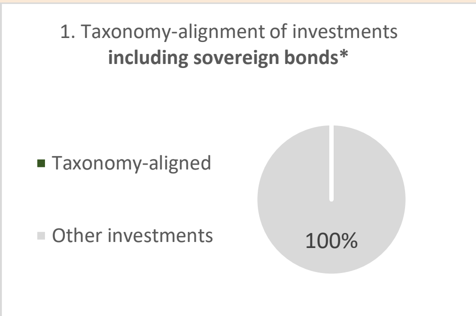
- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

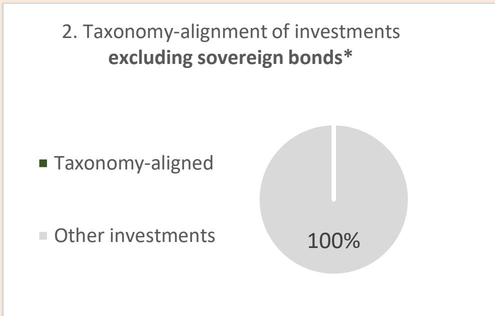
  The (sub-)fund may use derivative financial instruments for investment and hedging purposes. Derivatives are not used to achieve the environmental or social characteristics promoted by the financial product. Further information on how to deal with sustainability aspects of derivatives can be found in the EU SFDR Regulatory Product Disclosure documents at https://www.bellevue.ch/ch-en/private/esg/sustainability/sustainability-portfolio

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

The main objective of this fund is to achieve long-term capital growth by considering E/S characteristics. Therefore, this sub-fund does not currently commit to invest a minimum proportion of its total assets in environmentally sustainable economic activities as defined in Article 3 of the EU Taxonomy Regulation (2020/852). This also concerns information on investments in economic activities that are classified as enabling or transitional activities pursuant to Article 16 or 10(2) of the EU Taxonomy Regulation (2020/852).

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?***

  transitional activities: 0%

  enabling activities: 0%

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

Sustainable investments are assessed on the basis of their contributions to the 17 United Nations Sustainable Development Goals (SDGs). As these include both environmental and social goals, it is not possible to set specific minimum shares for environmental and social investments in each case. The total share of sustainable investments in relation to environmental and social goals of the fund is at least 50%.

What is the minimum share of socially sustainable investments?

Sustainable investments are assessed on the basis of their contributions to the 17 United Nations Sustainable Development Goals (SDGs). As these include both environmental and social goals, it is not possible to set specific minimum shares for environmental and social investments in each case. The total share of sustainable investments in relation to environmental and social goals of the fund is at least 50%.

[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

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

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

Hedging instruments, investments for diversification purposes, investments for which no data are available, or cash for liquidity management.

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

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.bellevue.ch/ch-en/private/esg/sustainability/sustainability-portfolio