

## WEBSITE PRODUCT DISCLOSURES FURTHER TO ARTICLE 10 OF THE SUSTAINABILITY FINANCE DISCLOSURE REGULATION

Product name: **DGC Franck Muller Luxury Fund**

Legal entity identifier: 529900R1UZF09FB5GF35

### Summary

The Sub-fund promotes environmental and social characteristics, in line with Article 8 of SFDR, by applying exclusion and screening criteria as further described below but does not have sustainable investment as its objective. The Sub-fund considers the principal adverse impacts of its investments on sustainability factors in accordance with Article 7.1(a) SFDR. The Sub-fund excludes tobacco producers, gambling companies, controversial weapons producers, companies active in fossil fuel sector as well as companies with an MSCI ESG rating score of "CCC", companies in severe breach of the UN Global Compact Code and with serious controversies according to the MSCI ESG Controversy related to the company's negative impacts on the environment. The Sub-Fund uses various sustainability indicators for the selection of investments in order to be able to reduce the investment universe and assess the suitability of the investments in terms of the contribution to the promoted environmental and social characteristics. The Investment Manager uses a combination of fundamental analysis (investment cases, macro scenario analysis integration...), valuation analysis (Discounted Cash Flow estimate, PEG valuation...) and ESG criteria to select investments. The guidelines have been placed with an ESG methodology. Every binding elements of the funds are checked at different level of the investment process and by different teams. MSCI ESG Manager is the Investment Manger's main source of various underlying ESG indicators used. No specific ESG index has been designated.

### No sustainable investments objectives

The Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Sub-fund will not make sustainable investments.

### Environmental or social characteristics of the financial product

The Sub-Fund promotes social and environmental characteristics by investing at least 70% of its net assets in high quality stocks operating into the luxury sector, including manufacturing, retail, marketing and/or high-end consumer goods and services with exposure to global listed equity markets that exhibit strong ESG credentials, with a specific focus on CO2 emissions. The Sub-Fund does not seek to invest in sustainable investments as defined by the EU Taxonomy Regulation, i.e. the investments do not consider the EU criteria for environmentally sustainable economic activities.

The Sub-fund promotes Environmental, Social and Governance ("ESG") factors integration through: exclusion and best-in-class methodologies.

## Investment Strategy

The Sub-Fund uses various sustainability indicators for the selection of investments in order to be able to reduce the investment universe and assess the suitability of the investments in terms of the contribution to the promoted environmental and social characteristics. The Investment Manager uses a combination of fundamental analysis (investment cases, macro scenario analysis integration...), valuation analysis (Discounted Cash Flow estimate, PEG valuation...) and ESG criteria to select investments.

First, will be excluded from the investment universe any: tobacco producers, gambling companies, controversial weapons producers and companies active in fossil fuel sector. The Investment Manager further excludes any company with an MSCI ESG rating score of "CCC", a severe violation of the UN Global Compact Code ("red flag") and any serious controversies according to the MSCI ESG Controversy ("red flag") related to the company's negative impacts on the environment.

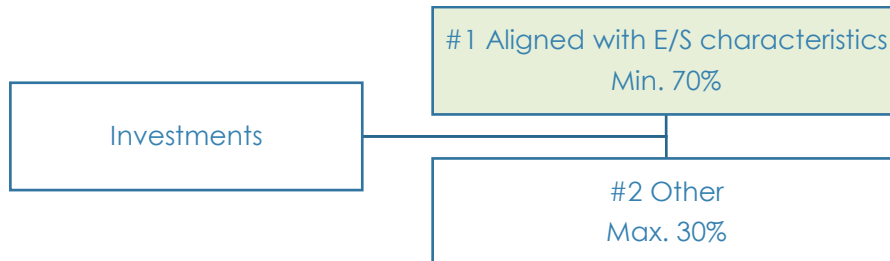
Investments that meet the exclusion criteria are assessed with regard to their MSCI ESG rating score to identify and select the suitable investments. The Investment Manager gives special consideration to the MSCI carbon emission score. This score is out of 10, with 10 being the best and 0 the worst. And to potentially enter the Sub-Fund's aligned E/S characteristics part, the company must have a carbon emission score equal or superior to 8/10. The Sub-Fund's investments in companies with a MSCI carbon emission score lower than 8 are residual (i.e. equal or below 15% of the net assets of the Sub-Fund). In order to assist the Investment Manager in the identification and selection of the suitable investments within the investment universe, a proprietary internal rating called "NScore", is used. This score evaluates, the ESG situation of a company, its recent evolution, its place in its industry distribution as well as, according to an established limit, its negative impacts. The Investment Manager's conducts a quartile test and favours companies with their Governance pillar in the 3rd or 4th quartile of the distribution.

Finally, the Investment Manager limits investments in companies with a MSCI ESG rating score of "B" and "BB" to no more than 5% and 20% respectively. A stock with an MSCI ESG rating score of "B" will not exceed 2.5% of the net assets of the sub-fund. And if a company has no MSCI ESG rating score and its industry has a median score of at least "BB", investment is still permitted. However, these investments are residuals (i.e. equal or below 20%).

The Investment Manager considers PAI 1 – GHG Emissions, PAI 2 – Carbon Footprint, PAI 3 – GHG Intensity, PAI 4 – Exposure to companies active in fossil fuel sector and PAI 6 – Energy consumption intensity per high impact climate sector. These principal adverse impacts are indicated in Table 1, Annex 1 of the Sustainable Finance Disclosure Regulation Level II. Levels of these PAIs are evaluated with respect to limits. Investments in companies in breach with the PAI limit are still permitted. However, these investments will be part of the financial component of the Sub-Fund's portfolio (i.e. not E/S aligned) and the sum of all these investments will not exceed 10% for each PAI(s) 1,2,3 and 6 of the Sub-Fund's total net assets. Companies that have exposure to companies active in the fossil fuel sector (PAI 4) are excluded from the Sub-Fund's investment.

## Proportion of investments

The Sub-fund invests at least 70% of its net assets in assets that have been determined as “eligible” as per the ESG methodology in place (hence in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics). Up to 30% of its net assets are not aligned with these characteristics (#2 Other).



In line with the market positioning of this Sub-Fund, the purpose of these remaining investments (#2 Other) is to provide investors with an exposure to non-ESG aligned investments while at the same time ensuring a predominant exposure to environmentally and socially aligned investments. Remaining investments can be used by the portfolio management for performance, diversification, liquidity and hedging purposes and such investments do respect the exclusion criteria set by the Investment Manager.

## Monitoring of environmental or social characteristics

The ESG data is processed and analysed by the ESG team, which is responsible for quality control of the information and processed ESG outputs. This monitoring includes a daily automated level check for the portfolio as well as an alarm system for any changes in any of the MSCI ESG data. An internal ESG report is produced on a quarterly basis by the ESG analyst. The NScore rely on proprietary methodologies and is continuously made available to Investment Managers to assess the impact of their investment decisions. The risk team monitors the portion of the Sub-Fund's assets invested in investments #1 Aligned with E/S characteristics, and #2 Other. Pre-trade and post-trade monitoring is also performed.

## Methodologies

The Sub-Fund's ESG methodology considers the following elements depending on the extent to which investments are expected to contribute to the promoted environmental and social characteristics:

- Negative Screening (Exclusion Criteria)
- Positive screening (ESG rating)
- Consideration of Principal Adverse Impact (PAI) indicators

The assessment of compliance with the standards for good corporate governance is considered directly via the exclusion criterion "Serious violations of the UN Global

Compact Code (without a positive outlook)" and indirectly via the MSCI ESG rating (min. BBB) of the respective investment. In the course of the assessment and evaluation of companies, MSCI also considers their good corporate governance practices. This applies to all investments that are intended to contribute to the achievement of the Sub-Fund's promoted environmental and social characteristics. The Investment Manager's conducts a quartile test and favours companies with their Governance pillar in the 3rd or 4th quartile of the distribution.

### **Data sources and processing**

After an exhaustive analysis and due diligence of several ESG providers, we decided to select MSCI. MSCI ESG Manager is the Investment Manger's main source of various underlying ESG indicators used. ESG External data are collected and controlled by the ESG team and are plugged into internal model. Of all the data/metrics we use from MSCI, the only current estimates are for the calculation of scope 3 in the greenhouse gas emissions.

### **Limitation to methodologies and data**

Data provided by companies is limited and transparency will grow over time. We hope that current and future regulation will improve standardized reporting and corporate disclosures on which ESG data rely. We reserve the right to disregard third-party information on a case-by-case basis where it is deemed to be incorrect or incomplete. For any company that is not part of the ESG data provider universe, we have decided to assign industry risk. We limit the number of companies that do not have data or are not part of the data provider universe, in order to reduce possible approximations or estimates. These investments will not be aligned with the promoted environmental and social characteristics.

### **Due diligence**

Indeed, the Investment Manager applies a rigorous investment due diligence process, that combines a negative and positive screening to assess the attainment of the promoted environmental and social characteristics. For potential investments, financial strength and fair valuation of underlying securities are part of the process as well as evaluation of sustainability risks, opportunities and adverse impacts.

### **Engagement policies**

Currently, we do not have engagement policies with companies.

### **Designated reference benchmark**

No specific ESG index has been designated