



# Pre-contractual disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

**Product: Active Asset Allocation (A3) ESG**

as of: 10.03.2021

This disclosure shall provide information on how the ESG criteria promoted are met and in which way they are considered when selecting financial instruments for A3 ESG. Please read the following information carefully before making any decision if to enter into such management mandate.

<p><b>Environmental and/ or social characteristics</b></p>	
<p>This product:</p> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> Promotes environmental or social characteristics, but does not have as its objective a sustainable investment</li> <li><input type="radio"/> It does not invest in sustainable investments</li> <li><input type="radio"/> It invests partially in sustainable investments</li> <li><input type="radio"/> Has sustainable investment as its objective. 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.</li> </ul> <p>Has a reference benchmark been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product?</p> <ul style="list-style-type: none"> <li><input type="radio"/> Yes</li> <li><input checked="" type="radio"/> No</li> </ul>	
<p><b>What environmental and/or social characteristics are promoted by this financial product?</b></p>	
<p><b>What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?</b></p> <p>The evaluation of ESG criteria that are taken into consideration for the investments within the strategy is based exclusively on positive lists for mutual funds, bond issuers and equities provided and updated by MSCI ESG Research (UK) Limited and MSCI ESG Research LLC (all "MSCI").</p> <p>The minimum requirement for the inclusion of an issuer, a financial instrument (excluding investment funds) or an underlying asset on a positive list is that it has been given a rating of 'A' or better by MSCI (on a scale from 'AAA' to 'CCC', where 'AAA' is the best and 'CCC' the worst possible rating awarded by MSCI in relation to sustainability).</p> <p>For funds, MSCI calculates a 'fund ESG quality score', which represents the weighted average of the individual ESG ratings of the assets held in the fund based on the latest inventory of positions published by the fund. The minimum requirement for the inclusion of an investment fund in a positive list is that MSCI has given it an ESG rating of 'BBB' or higher, if the investment fund is listed by MSCI in a peer group with a name containing the term 'emerging markets' or 'high yield', or if – based on its peer group – the investment fund invests in equities from a country whose public limited companies are included in the MSCI Emerging Markets (EM) index. For any other investment fund, the minimum requirement for inclusion in a positive list is that MSCI has awarded it an ESG rating of 'A' or higher.</p> <p>MSCI prepares ESG ratings of countries, federal, regional and local authorities and other state-linked issuers (collectively 'states') based on ESG risk factors in the value creation process of the state in question. For other issuers, MSCI uses a scoring model that is designed to identify and assess material ESG opportunities and risks. A risk is deemed material under the scoring model if it can be expected, according to MSCI, that issuers in a particular industry will be facing a significant burden of costs in connection with this risk in the future. An opportunity is deemed material under the scoring model if it is likely,</p>	<p><b>Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.</b></p>



<p>according to MSCI that this opportunity will benefit the profit generation of companies in the future.</p> <p>Irrespective of the aforementioned ESG rating, the Bank also applies the exclusion criteria provided by MSCI, which have been agreed by the Bank and MSCI. At present, additional exclusion criteria are included in the positive list for 'other issuers' only, and are applied only to the issuers themselves and in cases where an investment instrument from this issuer serves as an underlying asset for another investment instrument.</p> <p>This means that, in the selection process of 'other issuers' (excluding states), even issuers with an ESG rating of 'A' or better will currently not be deemed eligible by MSCI for inclusion in a positive list and, consequently, for investments by the Bank, if the analysis conducted by MSCI finds that any of the following applies to the 'other issuer':</p> <p>§ Issuers are to be excluded if the overall assessment finds that the issuer's business practices or manufactured products breach national or international norms, laws and/or universally accepted global standards in any material way. MSCI refers to such cases as ESG controversies.</p> <p>§ In addition, issuers must be excluded if they operate in areas of business that the Bank deems critical or if they generate significant revenues in such areas.</p>	
<p><b>What investment strategy does this financial product follow?</b></p>	<p><b>Investment strategies</b> guide investment decisions based on factors such as investment objectives and risk tolerance.</p>
<p>The assets under management are broadly diversified to implement a specific risk-return-profile with additional focus on environmental, social or governance ("ESG") aspects. Each portfolio is oriented on a benchmark specifically determined for the respective portfolio. The objective is to generate performance for the managed assets that is oriented towards that of the capital markets, within the limits of the strategy agreement concluded with the Client and the permissible investment instruments.</p>	<p><b>Binding elements</b> are commitments that cannot be amended during the life of the financial product.</p>
<p><b>What are the binding elements for the investment selection?</b></p>	
<p>The Bank uses exclusively the updated positive lists for the selection of investment instruments, which consider the a.m. minimum MSCI ESG rating of „A“, resp “BBB” for Emerging Market or High Yield investments, as well as the mentioned exclusions.</p>	<p><b>How is the strategy implemented in the investment process on a continuous basis?</b></p>
<p>The positive lists will be updated by MSCI regularly. If any investment instrument does no longer fulfil the ESG criteria, the Bank will make reasonable effort to sell the position, whilst safeguarding the Client's interests at all times.</p>	<p><b>Good governance</b> practices include sound management structures, employee relations, remuneration of staff and tax compliance.</p>
<p><b>What is the policy to assess good governance practices of the investee companies?</b></p>	
<p>The Bank uses exclusively the positive lists from MSCI for the selection of investment instruments, which consider the a.m. minimum MSCI ESG rating of „A“, resp “BBB” for Emerging Market or High Yield investments, as well as the mentioned exclusions.</p> <p>MSCI uses a scoring model identifying and estimating considerable ESG related chances and risks, which considers characteristics of good governance. In addition, issuers will be excluded if they operate in areas of business that the Bank deems critical or if they generate significant revenues in such areas.</p>	<p><b>Where can I find further details to the investment strategy?</b></p>
<p>Further information can be found in the Appendix to the Management Mandate.</p>	
<p><b>Asset Allocation</b></p>	
<p><b>What investments are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments?</b></p>	<p>Account balances as well as short-term deposits are permitted as non ESG compliant investments. They are used as a liquidity buffer in the active portfolio management process.</p> <p>Derivatives, which do not have an ESG index or securities considering the minimum criteria as an underlying, are allowed for hedging purposes only.</p> <p>Given that the ESG rating of a fund/ETF/index is based on a (modified) average of the ESG ratings of its constituents, the Client may have exposure to individual securities/companies with an ESG rating below the rating of the fund/ETF/index. The fund/ETF/index itself follows the ESG criteria described above.</p>



<b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b>	<i>Derivatives are financial instruments whose value derives from the value of an underlying asset, but is not equal to an actual investment in the underlying.</i>
Derivatives may only be used for hedging purposes.	
<b>Can I find on-line more product-specific information?</b>	
Further information can be found under <a href="https://deutschewealth.com/en/articles/regulatory_information.html">https://deutschewealth.com/en/articles/regulatory_information.html</a>	
<b>Is a specific index designated as a reference sustainable benchmark to meet the sustainable investment objective?</b>	
No	