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I.
TRANSPARENCY OF STRATEGIES FOR MANAGING SUSTAINABILITY RISKS

AND

II.
TRANSPARENCY OF ADVERSE IMPACTS AT THE CORPORATE LEVEL

VERSION January 2025

I. TRANSPARENCY OF STRATEGIES FOR MANAGING SUSTAINABILITY RISKS

Introduction

On 10 March 2021, Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector came into force. This comprehensive EU regulation aims to align the transition to a low-carbon, more sustainable, resource-efficient circular economy with the Union's long-term competitiveness objectives. Building on the 2015 Paris Agreement on climate change, which the EU has ratified, the European Green Deal set out the EU's strategy for a sustainable economy, covering all economic sectors. Achieving its climate targets will require massive investments in sustainable projects, and both private and institutional capital must therefore be redirected toward sustainability.

The Disclosure Regulation serves as a key implementation pillar of both the United Nations Paris Agreement and the European Green Deal. It is accompanied by numerous other regulatory measures that continue to evolve dynamically, necessitating ongoing adjustments.

The Regulation establishes transparency requirements for financial products in order to improve their comparability. All funds must disclose sustainability information and be classified into one of three categories under the Regulation's framework:

Article 6 funds are "traditional" products that meet certain minimum disclosure requirements but do not promote specific ESG characteristics.

Article 8 funds pursue an explicit ESG strategy ("promote environmental and/or social characteristics") and must meet detailed disclosure obligations regarding those characteristics.

Article 9 funds have a core objective of achieving a positive impact on environmental and social outcomes and must provide the most comprehensive disclosures of their sustainable objectives, actions, and expected impacts.

As an independent full-service provider for UCITS and AIFs, MASTERINVEST operates as a classic investment management company that outsources all fund-management and advisory functions to external national or international asset managers and advisers. With the support of over 30 external managers and advisers, we currently oversee approximately 80 retail and specialist funds across a wide range of strategies – from capital-preservation Austrian bond funds to international equity funds, emerging-market funds, mixed-asset funds, and fund-of-funds in every variant.

Under MASTERINVEST's business model, each external manager or adviser is responsible for implementing its own strategy for managing sustainability risks within its investment process, in accordance with Regulation (EU) 2019/2088.

Corporate Level MASTERINVEST

- We support the Principles for Responsible Investment (PRI), an investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact.

- We monitor the UN Global Compact principles on human rights & labour standards, environment & climate action, and anti-corruption within our independent risk-management framework for all investment funds. In the event of any breaches, we initiate an engagement process with the responsible fund manager.

- Our proprietary investments as a fund company are 100 % allocated to Article 8 funds that have been awarded the Austrian Ecolabel UZ 49.

- Details of our strategies for incorporating sustainability risks into our investment-decision processes can be found on our website under: „SERVICE“ / „LEGAL NOTICE“:

  www.masterinvest.at/Rechtliche-Hinweise

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  To safeguard investors' interests and uphold our responsibilities in line with good corporate governance, MASTERINVEST – where a fund directly invests in listed equities – exercises the associated voting rights according to its Engagement Policy, applying the Glass Lewis ESG Policy.

  Further information on our engagement approach, including our detailed annual report on voting behavior, can be found on our website.

Sustainability Risks

An investment fund incorporates all relevant financial and non-financial risks into its investment process and continuously evaluates them. This includes relevant sustainability risks as defined by the Disclosure Regulation, which may have material adverse effects on the performance of an investment.

A sustainability risk in the areas of Environment, Social, and Governance is an event or condition whose occurrence could have material negative impacts on the performance of a fund investment. On the one hand, physical environmental risks – such as extreme weather events, gradual temperature increases, or pollution – can adversely affect companies. On the other hand, so-called transition risks (arising from the shift to a carbon-neutral and resilient economy and society), including political regulations, technological developments, and changes in consumer behavior, can have both positive and negative effects on companies. The same applies to social objectives (e.g., labour standards, supply-chain responsibility) and governance-related risks (e.g., tax compliance, corruption).

The occurrence of sustainability risks can significantly impair an investment's value, potentially leading to a material deterioration of its financial profile, liquidity, profitability, and reputation. If sustainability risks are not already reflected in the investment's valuation process, they may materially adversely affect the expected or estimated market price and/or liquidity of the asset – and, in turn, the performance of the investment fund.

It should be noted that sustainability risks must be considered from two distinct perspectives (double materiality):

- Financial materiality: risks stemming from sustainability factors that may negatively impact assets or companies.
- Societal/ecological materiality: risks caused by companies that may negatively influence sustainability factors.

"Principal adverse impacts" are understood to be those effects of investment decisions and advice that negatively affect sustainability factors.

The significance of sustainability risks varies depending on the individual investment fund and the specific investment process of each external fund manager or adviser.

Strategy

Investment Funds

Regardless of the specific sustainability strategies employed by our external asset managers or advisers, MASTERINVEST is committed to the six Principles for Responsible Investment (PRI) as defined by the United Nations. We also embrace our corporate responsibility to ensure that the UN Global Compact goals – covering human rights & labour standards, environment & climate action, and anti-corruption – are upheld to the greatest extent possible across our funds' investments.

We therefore consider it our duty to act in the best long-term interests of our fund investors and to advance these principles insofar as they are consistent with our fiduciary responsibilities. In close coordination with each external manager or adviser, MASTERINVEST strives to integrate sustainability-risk considerations into the investment process of all our retail funds and regards the management of sustainability risks as relevant for every fund we manage.

The same overarching strategy applies to our specialist funds, although tailored deviations may be agreed with investors on a case-by-case basis.

Through our own sustainability-risk strategy – independent of those of our external managers – we ensure that our fiduciary and societal responsibilities are met by implementing robust monitoring, control, and risk-management processes, along with a dedicated engagement framework for our external managers.

We also regard independent sustainability certifications by third-party experts – such as the Austrian Ecolabel UZ 49 – as valuable complements to our fiduciary oversight of investment funds.

Compliance with our sustainability criteria is continuously monitored for all funds within our risk-management framework. MASTERINVEST's Sustainability-Risk Strategy employs a comprehensive set of sustainability indicators covering:

- Corporate investments (equities and corporate bonds)
- Sovereign investments (government bonds)
- Fund investments (including open-ended real-estate funds and other funds)

These indicators are applied to each fund's entire portfolio (100 %, excluding "Other Investments").

- For Article 6 funds, sustainability risks are monitored according to the core principles and indicators defined in MASTERINVEST's Sustainability-Risk Strategy.
- For Article 8 funds, an expanded framework of sustainability indicators is applied.

The indicators selected by MASTERINVEST ensure that – independent of the external asset manager – the management approach is continuously overseen and remains compliant with the legal requirements for an Article 8 fund. They are organized by asset class (sovereigns, corporates, funds, and real-estate funds), reflect the relevant sustainability factors, and capture the principal adverse impacts on those factors within each category.

Data Basis for Our Investment Funds

MASTERINVEST relies on its established partner, MSCI ESG Research LLC, to quantify and classify securities and investment funds. MSCI ESG Research has been conducting sustainability analyses for over 40 years and is one of the world’s largest providers of ESG research (legal licensing information available at

www.msci.com/additional-terms-of-use-msci-esg-research-llc).

Our external managers and advisers use their own ESG data providers and supplement these with internally processed data in their ESG approaches.

MASTERINVEST independently monitors sustainability risks and the fulfillment of any promoted environmental or social characteristics – regardless of the fund manager – using the sustainability indicators we have defined and our own ESG data source, MSCI.

Please note that external data may, at times, be incomplete, inaccurate, or temporarily unavailable, and that different providers may produce diverging results due to variations in weighting, methodology, data sources, etc. Data quality and availability are continuously enhanced by ESG data providers, and underlying methodologies are regularly improved.

Transparency

Article 6 Funds under Regulation (EU) 2019/2088 that integrate sustainability risks into their investment decisions (Article 6):

On our website www.masterinvest.at, you will find information for retail funds in the Fund Selector section. Under the “Investment policy - target market” tab, the fund’s classification as an Article 6 product is indicated.

In the “Fund Data” tab, the name of the external fund manager or adviser is shown, including a link to their website.

Under “Current Documents”, you will find references to how sustainability risks are considered within the fund documentation. The PRIIP KID and the factsheet both indicate the fund’s classification and confirm that sustainability risks are taken into account.

Further details are available in the fund’s prospectus (for UCITS) or § 21 disclosure document (for AIFs), specifically in:

- Section 1.12/1.14 – DESCRIPTION OF THE FUND’S OBJECTIVES, INVESTMENT STRATEGY, AND INVESTMENT POLICY
- Section 1.12/1.18 – FUND RISK PROFILE

These sections also include references and links to external sources.

Article 8 Funds under Regulation (EU) 2019/2088 that promote environmental and/or social characteristics (ESG criteria) (Article 8):

Since 1 January 2023, for Article 8 investment funds, detailed and comprehensive ESG-related disclosures are available on our website www.masterinvest.at in the green tab of the Fund Selector. These include:

- Pre-contractual disclosures (Annex II)
- Periodic disclosures (Annex IV)
- Website disclosures in accordance with Article 10 of the Delegated Regulation (EU) 2022/1288.

In the “Investment policy - target market” tab of the Fund Selector, each fund’s classification as an Article 8 product is clearly indicated.

Additional ESG-related materials are available, including the Asset Manager’s ESG investment approach supplement and information on independent ESG certifications.

Under the “Current documents” tab, you will also find disclosures related to the promotion of environmental and/or social characteristics. The PRIIP KID and the factsheet confirm the fund’s classification and outline the ESG features taken into account, including a note on taxonomy alignment.

Further details are provided in the fund’s prospectus (for UCITS) or § 21 disclosure document (for AIFs), particularly in:

- Section 1.12 / 1.14 – Description of the fund’s objectives, investment strategy, and policy
- Section 1.12 / 1.18 – Risk profile of the fund

These sections include relevant disclosures and links to source references.

Special Funds

Regulation (EU) 2019/2088 also applies to special funds, and the same legal requirements are in force. As with mutual funds, special funds are classified under Article 6, Article 8, or Article 9, and the corresponding provisions are observed.

At MASTERINVEST, we generally pursue the same strategies for managing sustainability risks in special funds as we do for mutual funds – together with our institutional clients. However, the final decision lies with the investor.

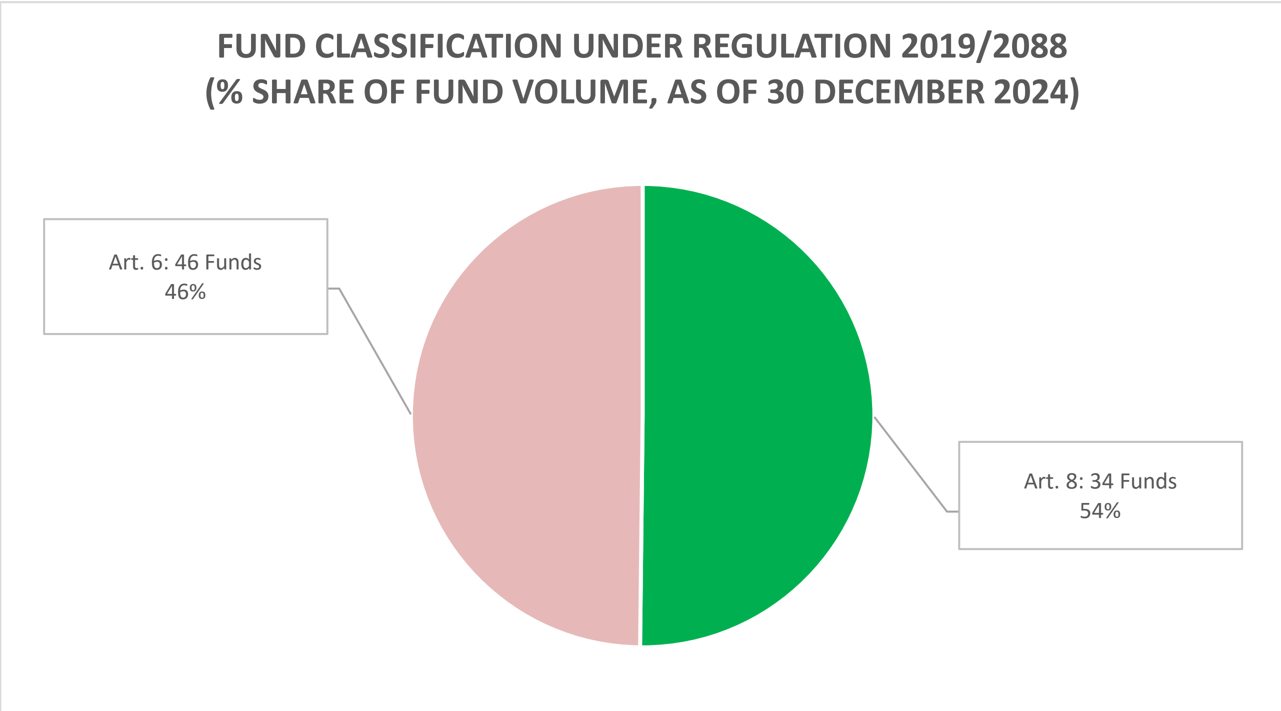
Special funds are characterized by the existence of not only agreed fund rules and a § 21 document (prospectus), but also additional individual agreements concerning the specific investment policy between the investor, the external fund manager, and MASTERINVEST as the management company.

These individual agreements may also define specific strategies for addressing sustainability risks. Such information is generally not made public.

Disclosure and transparency for special funds are provided in the manner agreed upon with the respective client.

Current Situation

The following chart shows the distribution of fund volumes according to the classification system into Article 6, 8, or 9 funds:



II. TRANSPARENCY OF ADVERSE IMPACTS AT THE CORPORATE LEVEL

In accordance with the provisions of Article 4 of Regulation (EU) 2019/2088, MASTERINVEST will, on the basis of the proportionality principle, refrain from complying with the annual disclosure requirements.

Meeting these obligations would currently involve a significant administrative and financial burden and is therefore not deemed proportionate.

At present, this disclosure obligation applies to entities with more than 500 employees. MASTERINVEST currently employs 17 full-time staff.

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MASTERINVEST Kapitalanlage GmbH
The Management Board