

LYXOR ASSET MANAGEMENT DISCLOSURE

JANUARY 2023

BACKGROUND

This document constitutes a disclosure under Regulation (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”).

Lyxor Asset Management (“Lyxor” or the “Firm”) is a regulated full scope AIFM and Investment Manager to UCITS Funds. It is authorised and regulated. CTA with the CFTC/NFA, NFA. Lyxor Asset Management is a registered investment advisor with the Securities and Exchange Commission (“SEC”) in the United States| CRD# 305112/SEC#: 801-144997.

Lyxor is dedicated to achieving the best possible risk-adjusted returns for its investors and believes that Responsible Investment (“RI”) and Environmental, Social and Governance (“ESG”) are important factors to consider when delivering this. Lyxor takes ESG factors into account while ensuring that assets under its stewardship are managed in a way which maximises value for its clients. ESG principles help Lyxor uncover company risks as is consistent with its fiduciary duty.

Key Definitions

‘sustainable investment’ as defined in Article 2(17) of the Regulation: “an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management

structures, employee relations, remuneration of staff and tax compliance”;

‘sustainability risk’ as defined in Article 2(22) of the Regulation: *“an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.”*

‘sustainability factors’ as defined in Article 2(24) of the Regulation: *“environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.”*



SUSTAINABILITY RISK POLICIES (Under Art. 3 SFDR)

Integration of sustainability risks in investment decisions

Lyxor acts as the Investment Manager for a number of strategies and investment funds. The portfolio managers of these strategies and investment funds in turn report to the Lyxor Investment Committee (“TIC”). Consequently, the integration of sustainability risks is both fund specific and firm wide.

Lyxor integrates sustainability risks in investment decisions through a combination of firmwide policies in relation to sustainability factors and the adherence to responsible business conduct codes.

■ Firmwide policies in relation sustainability factors:

Responsible Investment and ESG Policies: ESG principles help Lyxor uncover company risks as is consistent with its fiduciary duty. Consequently, this document outlines a broad policy approach to consider RI and ESG factors in WFMÍ’S investment process. Lyxor has both a Responsible Investment Policy and a Corporate Social Responsibility Policy. Both documents are publicly available on our website.

AML Policy: The Firm is committed to conducting all activities in compliance with the relevant AML rules and regulations as referred to in this document. Lyxor holds all employees responsible for knowing and complying with the relevant AML rules and regulations, and the Firm’s AML policies and procedures. Employees are expected to report any suspicious activity to the MLRO without delay. A copy of WFMÍ’S AML Policy can be made available upon request.

Anti-Bribery Policy & Assessment: The Firm has an Anti-Bribery Policy in place to prevent bribery and corruption. Anti-bribery training is provided to all staff on an annual basis and the Firm carries out an annual anti-bribery risk assessment.

■ Adherence to responsible business conduct codes:

Lyxor adheres to a number of business conduct codes. These are as follows:

FCA: Lyxor is a regulated firm and adheres to the FCA’s ‘11 Principles for business’, and the FCA’s Conduct of Business rules.

PRI: The PRI is the world’s leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

SBAI: The SBAI is a standard-setting body for the alternative investment industry and custodian of the Alternative Investment Standards. The SBAI provides a mechanism for creating a framework of transparency, integrity and good governance designed to improve how the alternative investment industry operates, facilitates investor due diligence and complements public policy.

AIMA: The Alternative Investment Management Association (AIMA) is the global representative of the alternative investment industry, with around 2,000 corporate members in over 60 countries. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides.

NO CONSIDERATION OF SUSTAINABILITY ADVERSE IMPACTS (Under Art. 4 SFDR)

Lyxor measures the Principal Adverse Impact of certain funds, but does not quantify the entire firm's impact. Lyxor takes into account the adverse impacts of sustainability risks to the extent that such risks form an intrinsic part of other risks, such as market risk and operational risk. However, Lyxor does not consider this to amount to considering the adverse impacts on sustainability factors of investment decisions as set out under the SFDR.

Where any of our Funds promotes environmental or social characteristics or has 'sustainable investment' as an objective, we will ensure that sustainability risks in relation to the Fund are considered. For the Funds which do consider, address and mitigate PAIs we use MSCI to measure these.

Where a Fund does not promote environmental or social characteristics or have 'sustainable investment' as an objective, we consider that the best interests of the Funds investors are served by following the investment objectives and policies of the Fund.

Lyxor plan to review its approach to the consideration and management of principal adverse impacts on an ongoing basis, building on its existing engagement and responsible investing practices shared with its underlying managers.

REMUNERATION POLICY IN RELATION TO THE INTEGRATION OF SUSTAINABILITY RISKS (Under Art. 5 SFDR)

Lyxor recognises the value of integrating ESG risks and considerations in the investment process and adopts remuneration and career management policies to promote the adoption of leading practices by all relevant personnel.

In accordance with Article 5 of the Sustainability Finance Disclosure Regulations, sustainability risks are integrated in the remuneration structure in the variable and discretionary elements of the remuneration of the portfolio managers. This is reflected in the Firm's Remuneration Policy in order to promote sound and effective risk management with respect to sustainability risks. Consequently, the Firm's Remuneration Policy does not encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance.

