

Periodic 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

Product name: Defensive Equity Collar

For year ending: 31 Dec 2023

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

Yes

It made **sustainable investments 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

It made **sustainable investments with a social objective: \_\_\_%**

No

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

### To what extent were the environmental and/or social characteristics promoted by this financial product met?

This Fund specifically aims to:

- Reduce the impact of the Fund on Climate Change (relative to the appropriate broad market benchmark)
- Increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores (relative to the appropriate broad market benchmark)



The indicators used to measure the outcomes of this approach are:

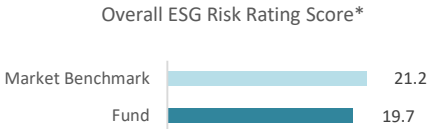
- Reduction in carbon intensity of the portfolio versus the appropriate broad market benchmark.
- Reduction in fossil fuel involvement of the portfolio versus the appropriate broad market benchmark.
- Reduction in the overall ESG risk scores versus the appropriate broad market benchmark.

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

● **How did the sustainability indicators perform?**

**Overall ESG Risk Rating**

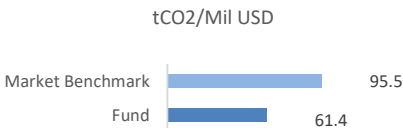
The Environmental, Social & Governance (ESG) Risk Rating measures the degree to which a company's economic value is at risk due to not considering ESG factors using a calculation of the company's unmanaged ESG risks.



\*A lower score indicates a lower level of unmanaged ESG risk and potential risk to the economic value.

**Carbon Intensity\***

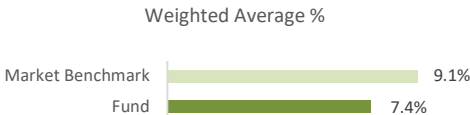
Carbon intensity is a metric used to compare company emissions across industries. The absolute emissions are divided by total earnings with the figure expressed in tonnes of carbon dioxide equivalent per million USD of total revenue.



\*Carbon intensity equals Scope 1 and 2 emissions only.

**Fossil Fuel**

Fossil Fuel Involvement measures the percentage of earnings that companies get from thermal coal extraction, coal-based power generation, oil and gas production, oil and gas-based power generation, and oil and gas related products and services.



- ***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?***

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

- ***How were the indicators for adverse impacts on sustainability factors taken into account?***

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

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

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

**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.

*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 Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors?

The Fund aims to reduce negative impacts to the environment and society. These negative impacts are also called adverse impacts, of which the most significant are referred to as principal adverse impacts (PAI).

Where possible and feasible, and in line with the nature of the investments, a number of adverse impacts are structurally and systematically considered as part of this Fund's investment decision making. This consideration occurs before making investment decisions and, where an investment is made, as part of our ongoing monitoring and management of that investment.

We consider the following key PAIs in decision making:

### Impact on climate change:

- > Greenhouse gas emissions
- > Carbon footprint
- > Exposure to companies active in the fossil fuel sector

### Impact on society:

- > Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- > Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

Investment decisions result in more capital allocation to companies with improved PAI as a result of the ESG data integration. Further details on the principle adverse impacts can be found at <https://www.ilim.com/media/mkltlygj/ilim-pai-statement-2024.pdf>



## What were the top investments of this financial product?

### Average over period 01 January 2023 to 31 December 2023

Largest Assets	Sector	Country	Assets %
APPLE INC	Information Technology	United States	3.4
MICROSOFT CORP	Information Technology	United States	2.8
ALPHABET INC	Communication Services	United States	1.6
NVIDIA CORP	Information Technology	United States	1.4
AMAZON.COM INC	Consumer Discretionary	United States	1.0
TESLA INC	Consumer Discretionary	United States	0.9
UNITEDHEALTH GROUP INC	Health Care	United States	0.7
VISA INC	Financials	United States	0.7
MASTERCARD INC	Financials	United States	0.6
HOME DEPOT INC (THE)	Consumer Discretionary	United States	0.5
JOHNSON & JOHNSON	Health Care	United States	0.5
ELI LILLY & CO	Health Care	United States	0.5
LVMH MOET HENNESSY LOUIS VUITTON SE	Consumer Discretionary	France	0.4
PROCTER & GAMBLE CO (THE)	Consumer Staples	United States	0.4
META PLATFORMS INC	Communication Services	United States	0.4

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

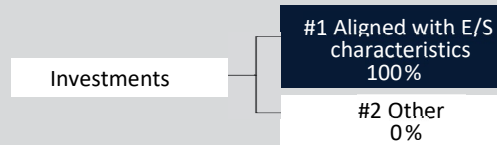


## What was the proportion of sustainability-related investments?

The fund may invest in developed market equities along with derivative strategies to manage risk. The fund promotes environmental and social characteristics alongside other factors (Article 8 of the SFDR).

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



**#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.

**#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 allocation to #2 Other investment above, is immaterial as the fund keeps only small levels of cash and derivatives for liquidity purposes.

### In which economic sectors were the investments made?

The product invests in equities which can be classified into sectors. The table below illustrates the sector breakdown of the equity investments made by the product.

Sector	Assets %
INFORMATION TECHNOLOGY	23.5
FINANCIALS	15.6
CONSUMER DISCRETIONARY	12.9
HEALTH CARE	12.3
INDUSTRIALS	9.4
COMMUNICATION SERVICES	7.3
CONSUMER STAPLES	5.1
ENERGY	4.3
MATERIALS	3.9
UTILITIES	3.1
REAL ESTATE	2.6

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

While the product seeks to achieve a reduction in exposures to the fossil fuel industry through the promotion of environmental characteristics, companies with revenue involvement to the below fossil fuel activities remain:

- > exploration of fossil fuels
- > mining of fossil fuels
- > extraction of fossil fuels
- > production of fossil fuels
- > processing of fossil fuels
- > storage, refining, distribution (including transportation and storage and trade) of fossil fuels

The Fund's equity exposure to companies with involvement in the above sectors is estimated to be 7.4%. This compares favourably to the broad market benchmark which has 9.1% exposure.



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Although the Fund promoted environmental and social characteristics, the Fund's investment strategy does not explicitly target sustainable investments that are aligned with the EU Taxonomy criteria. Notwithstanding this, some of the Fund's investments were aligned with the EU Taxonomy. The environmental objective of these investments was "climate change mitigation" per Article 9 of the EU Taxonomy.

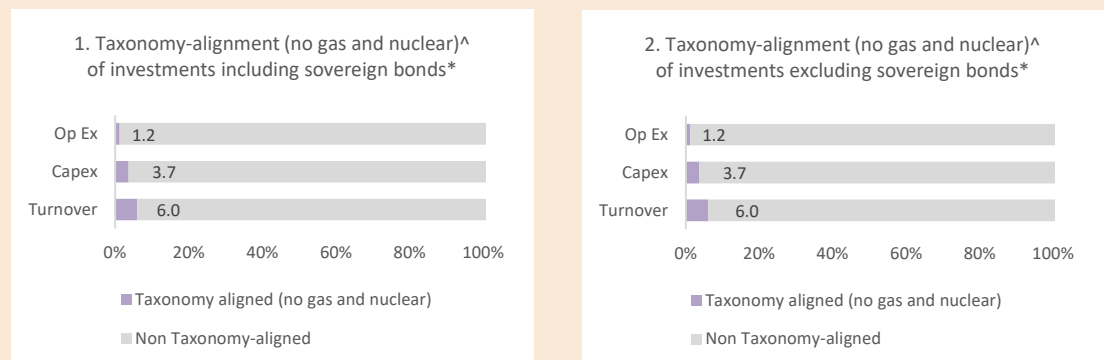
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (Op Ex) reflects the green operational activities of investee companies.

#### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy? (1)

Yes
  In fossil gas<sup>^</sup>
 In nuclear energy<sup>^</sup>
  
 No

*The graphs below show in purple the percentage of investments that were 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 bond*




\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

<sup>^</sup>Data relating to Taxonomy aligned Fossil Gas and Nuclear is not currently available. Data relating to these activities will be populated once the data becomes available.

<sup>1</sup>Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**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.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of investments made in transitional and enabling activities?**

The proportion of investments made by the Fund in transitional and enabling activities are 4.8% during the reference period.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.



**What was the share of socially sustainable investments?**

N/A - The Fund did not intend to make any investments in sustainable investments with a social objective.



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The Fund will invest in equities. The Fund may also invest in cash, derivatives such as future contracts and also currency derivatives such as currency forwards. Derivatives may be used to maintain or manage exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling transferable securities. The Fund will not generate synthetic short positions for investment purposes using financial derivatives. Given the nature of derivative investments, no minimum environmental or social safeguards can be applied. For cash holdings, no cash is held with banks which are on the Investment Manager's exclusion list.

**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**



The Investment Manager's Responsible Investment Framework is incorporated where possible into the Index which the Fund tracks. For the equity exposures, the following approach is applied within the Index which is detailed in the Investment Manager's Responsible Investment Framework as follows:

1. The Index excludes the securities of companies which exhibit poor behaviour (UN Global Compact Violators) and those involved in activities such as the manufacturing of Controversial Weapons and Tobacco.
2. The Index integrates security level ESG risk ratings and PAI indicators within the Investment Manager's equity investments to ensure a material improvement in these aggregate characteristics compared to broad market benchmark. These enhancements are achieved by overweighting securities that rank favourably across these metrics and underweighting laggards. The desire to maintain high levels of diversification within the Index means that laggards are not eliminated entirely which enables the Investment Manager to use its shareholding to engage with companies to encourage them to embrace sustainable practices.



## How did this financial product perform compared to the reference benchmark?

The Fund has designated Solactive ILIM Sustainable Developed Market Equity Index NTR (the “Index”) as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

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

- ***How does the reference benchmark differ from a broad market index?***

The designated index promotes environmental and/or social characteristics due to the integration of ESG data. The broad market index does not consider the promotion of environmental and/or social characteristics and is weighted based on market capitalisation. The designated index is based on the constituents of the broad market index. Through a rules based methodology designed by the Investment Manager and applied by the benchmark provider to the broad market index, the designated index is formed. The broad market benchmark is the Solactive GBS Developed Markets Large & Mid Cap Index.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

As the fund follows a passive indexed strategy whereby the Fund aims to replicate the performance of the reference benchmark, the performance of the E/S characteristics of the Fund and the reference benchmark are expected to be in line.

- ***How did this financial product perform compared with the reference benchmark?***

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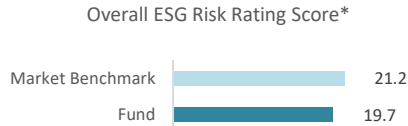




**How did this financial product perform compared with the broad market index?**

**Overall ESG Risk Rating**

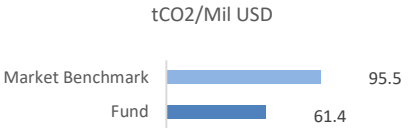
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