

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

**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.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product Name:** Vontobel Fund – Emerging Markets Debt

**Legal Entity Identifier:** 529900JVJXWCEMOZ2X89

# Environmental and/or social characteristics

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

☒ ☐ **YES**

☐ ☒ **NO**

☐ 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: \_\_\_\_%**

☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of **11.84%** 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?

The environmental and social characteristics promoted by the Sub-Fund were met.

Since its re-categorization from an SFDR Article 6 to an Article 8 product as from January 26, 2024, the Sub-Fund invested in issuers that the Investment Manager considered well-prepared to handle financially material environmental and/or social challenges. Issuers were selected based on the Investment Manager’s ESG framework, as described in the pre-contractual disclosure annex for the Sub-Fund. In addition, the Sub-Fund invested 11.84% of its net assets in sustainable investments by investing in securities of issuers that provided solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment. By following this process, the Investment Manager promoted a combination of environmental (such as “greenhouse gas emissions”, “biodiversity” or “waste”) and social characteristics (such as “inequality”, “labour relations”, “investment in human capital”), for example because these aspects were integrated in the Investment Manager’s ESG assessment framework or because some of the applied mechanisms related directly to one of these characteristics. The ESG assessment framework may not include all of these characteristics as the aspects considered in this process may depend for example on the sector or geography the issuer is operating in.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and social characteristics that it promotes.

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

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

During the reference period, the attainment of the environmental and social characteristics promoted by the Sub-Fund has been measured with the sustainability indicators, as presented in the table below:

Sustainability Indicators	Value	Comments
Percentage of investments in securities of corporate issuers that derive a non-negligible part of their revenues from products and/or activities excluded by the Sub-Fund	0%	Excluded products and /or activities are indicated under the investment strategy section of the pre-contractual disclosure annex
Percentage of investments in securities of sovereign issuers that are excluded based on the exclusion criteria applied by the Sub-Fund	0%	
Percentage of investments in issuers that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies. Such controversies may be related to environmental, social or governance issues.	0%	3 issuers were flagged with severe controversies by either MSCI or Sustainalytics: Pemex, Petroleos del Peru and Saudi Arabian Oil. Pemex and Petroleos del Peru are on watch list, and Saudi Arabian Oil has been classified as a denied controversy case.
Percentage of investments in securities of corporate issuers that are considered "ESG Leaders" based on the Investment Manager's assessment (based on a score provided by Sustainalytics, a third-party ESG data provider; potentially subject to the Investment Manager's review	81.35%	18.65% of corporate issuers obtained a score below 25. The issuers were Poinsettia Finance (score: 16.32), Uzpromstroybank (22.13), MC Brazil Downstream (5.79), Galaxy Pipeline assets Bidco (15.20), Aragvi Holding (18.75), EnfraGen (16.57), Tengizchevroil Finance (23.75), Hungarian Export-Import Bank (14.55), Finance department Government of Sharjah (0.78), Comision Federal de Electricidad (18.39), Emirate of Abu Dhabi (17.32), Uzbekneftegaz JSC (22.13). The Investment Manager has conducted a qualitative analysis of the issuers.
Percentage of investments in securities of issuers that provide solutions to at least one of the actionable themes (climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment) and that qualify as sustainable investments	11.84%	
Sub-Fund's combined minimum weighted average ESG rating of securities of corporate and sovereign issuers compared to their respective universe in the benchmark (J.P. Morgan EMBI Global Diversified or CEMBI Broad Diversified)	Sub-Fund: 43.19  Benchmark: 49.58  The Sub-Fund's score is 87.11% of the one of the benchmark	

Percentage of securities covered by ESG analysis	81.97%	Some issuers were not covered by MSCI or Sustainalytics regarding controversies and ESG rating. [The Investment Manager conducted additional research to insure that the issuers were not involved in any controversies or violation of UNGC.]
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● **... And compared to previous periods?**

Financial year of the Fund ending on 31 August	2024	2023
Sustainability Indicators	Value	Value
Percentage of investments in securities of corporate issuers that derive a non-negligible part of their revenues from products and/or activities excluded by the Sub-Fund	0%	N/A
Percentage of investments in securities of sovereign issuers that are excluded based on the exclusion criteria applied by the Sub-Fund	0%	N/A
Percentage of investments in issuers that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies. Such controversies may be related to environmental, social or governance issues.	0%	N/A
Percentage of investments in securities of corporate issuers that are considered "ESG Leaders" based on the Investment Manager's assessment (based on a score provided by Sustainalytics, a third-party ESG data provider; potentially subject to the Investment Manager's review	81.35%	N/A
Percentage of investments in securities of issuers that provide solutions to at least one of the actionable themes (climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment) and that qualify as sustainable investments	11.84%	N/A
Sub-Fund's combined minimum weighted average ESG rating of securities of corporate and sovereign issuers compared to their respective universe in the benchmark (J.P. Morgan EMBI Global Diversified or CEMBI Broad Diversified)	Sub-Fund: 43.19  Benchmark: 49.58  The Sub-Fund's score is 87.11% of the one of the benchmark	N/A
Percentage of securities covered by ESG analysis	81.97%	N/A

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The objective of the sustainable investments that the financial product partially made was to invest in securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment. The assessment was conducted by the Investment Manager, based on quantitative ESG indicators and qualitative assessment of products, technologies, services or projects. The qualitative assessment considered research related to peer group and scientific studies. To qualify as sustainable investment, the issuer had a significant part of its activities related to these solutions, linked to at least one of the actionable themes. The Investment Manager required a minimum threshold of revenues or capital expenditure or operational expenditure or allocated funding of at least 20% (depending on the products, technologies, services or projects, an appropriate metric was used; for example, for financial institutions, the Investment

Manager would prefer “allocated funding”, if relevant). If a security complied with this minimum requirement, the entire investment was considered a sustainable investment (provided that do no significant harm and, where applicable, good governance criteria were met, as described below), either with an environmental (climate change mitigation, responsible use of natural resources) or a social (addressing basic needs, empowerment) objective.

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

In order to ensure that the Sustainable Investments of the Sub-Fund do not cause significant harm to any environmental or social investment objective, the Sub-Fund takes into account all the mandatory principal adverse impacts indicators and ensures that the Sub-Fund’s investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as further outlined below.

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

For the Sustainable Investments that the Sub-Fund partially made, the Investment Manager took into account the adverse impacts on sustainability factors by applying the following process: The Investment Manager applied a process to identify the investments’ exposure to principal adverse impacts on sustainability factors based on in-house research; data sources included ESG data providers, news alerts, and the issuers themselves. Where no reliable third-party data was available, the Investment Manager made reasonable estimates or assumptions. No investment was identified as having a critical and poorly managed impact in any of the considered principal adverse impacts areas during the reference period.

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

The Sub-Fund has a controversy monitoring process in place, that among others takes into account the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This process is based on third party data and may be complemented by the Investment Manager’s own ESG research capabilities. The Sub-Fund excludes issuers that are (i) in violation of the norms and standards (defined under the investment strategy section) promoted by the Sub-Fund; (ii) involved in critical controversies. Unless, in either case, the Investment Manager has identified a positive outlook (i.e., through proactive response by the issuer, proportionate rectification measures already announced or taken, or through active ownership activities with reasonable promise of successful outcomes).

*The EU Taxonomy sets out a “do no 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 EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU 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 Investment Manager considered the following adverse sustainability indicators for the Sub-Fund’s investment strategy:

Table	Number	Principal Adverse Impact Indicator
1	1	Scope 1 GHG emissions
1	1	Scope 2 GHG emissions
1	1	Total GHG emissions (Scope 1 and 2)
1	2	Carbon footprint
1	3	GHG intensity of investee companies
1	4	Exposure to companies active in the fossil fuel sector
1	5	Share of non-renewable energy consumption

**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.

1	5	Share of non-renewable energy production
1	6	Energy consumption intensity per high impact climate sector NACE B-H and L
1	7	Activities negatively affecting biodiversity-sensitive areas
1	8	Emissions to water
1	9	Hazardous waste and radioactive waste ratio
1	10	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
1	14	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
1	16	Number of investee countries subject to social violations
1	16	Percentage of investee countries subject to social violations

The Investment Manager applied a process to identify issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research and/or external data sources including ESG data providers, news alerts, and the issuers themselves.

No investment was identified as having a critical and poorly managed impact in any of the considered principal adverse impacts areas. As a result of such screening, the Investment Manager did not invest in certain companies and issuers.



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

The top investments of the Sub-Fund are detailed below:

Largest investments	Sector	% Assets	Country
Banque Ouest-Africaine de Developpement	Financial and insurance activities	2.05	Togo
Bond Ivory Coast	Public administration and defence; compulsory social security	1.88	Ivory Coast
Petroleos del Peru	Manufacturing	1.77	Peru
Vontobel Fund – Emerging Markets Blend I USD	Financial and insurance activities	1.68	Luxembourg
Transnet	Retail trade, except of motor vehicles and motorcycles	1.65	South Africa
MC Brazil Downstream	Financial and insurance activities	1.64	Brazil
GACI First Investment	Financial and insurance activities	1.60	Cayman Islands
Pemex	Mining and quarrying	1.55	Mexico
Bond Cameroon	Public administration and defence; compulsory social security	1.45	Cameroon
Bond Gabon	Financial and insurance activities	1.39	United States
Bond Bahamas	Public administration and defence; compulsory social security	1.36	Bahamas
JSC National Company KazMunayGas	Mining and quarrying	1.36	Kazakhstan

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 26/01/2024-31/08/2024

Africa Finance	Financial and insurance activities	1.31	Nigeria
Bond Tajikistan	Public administration and defence; compulsory social security	1.25	Tajikistan
Poinsettia Finance	Financial and insurance activities	1.25	Cayman Islands

The portfolio proportions of investments presented above are an average over the reference period, based on the Sub-Fund's holdings at the quarter-ends (29/02/2024, 31/05/2024 and 31/08/2024) of the financial year.

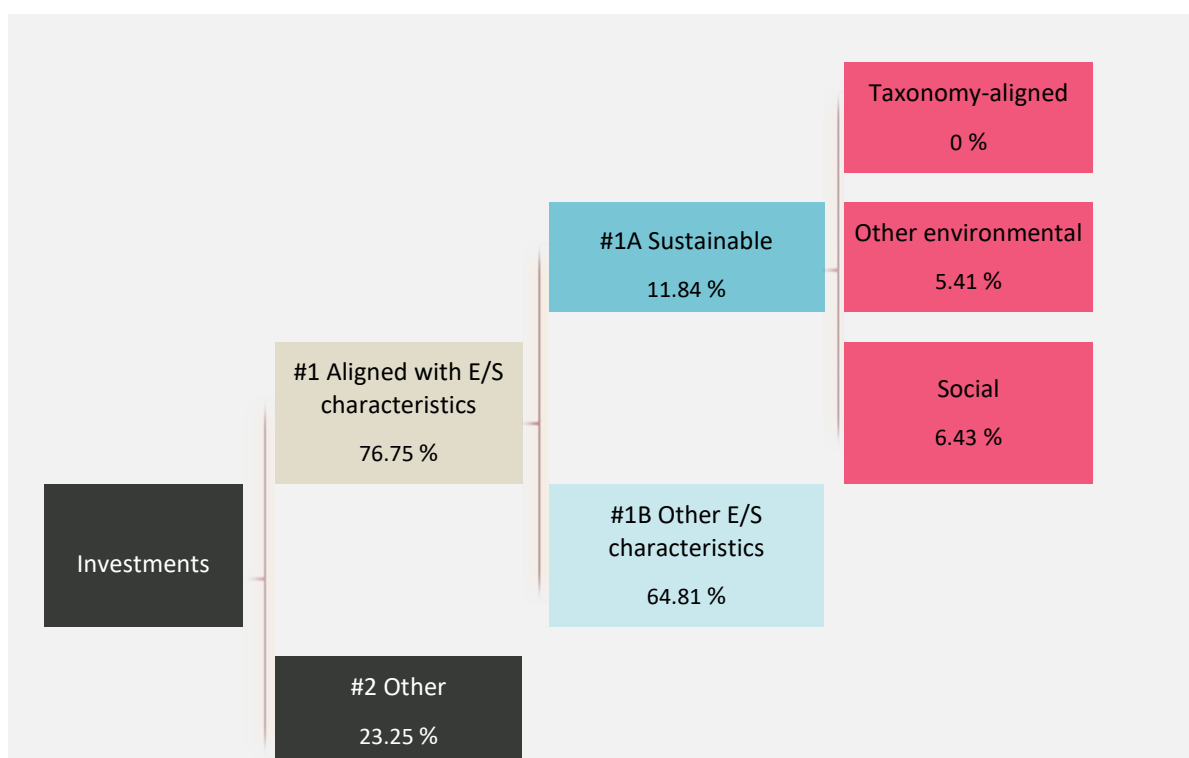


## What was the proportion of sustainability-related investments?

The proportion of sustainability-related investments was 76.75% (assets aligned with environmental and social characteristics).

## 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 category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Depending on the potential usage of derivatives as part of this Sub-Fund's investment strategy, the exposure detailed above could be subject to variability as the portfolio's total value of investments (NAV) may be impacted by the Mark to Market of derivatives. For more details on the potential usage of derivatives by this Sub-Fund, please refer to its pre-contractual disclosures and the investment policy described in the Sales Prospectus.

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

The Sub-Fund's investments were made in the economic sectors detailed below:

Top sector	Sub- sector	Proportion (%)
Public administration and defence; compulsory social security	Administration of the State and the economic and social policy of the community	39.11
Financial and insurance activities	Other financial service activities, except insurance and pension funding	23.58
Mining and quarrying	Extraction of crude petroleum and natural gas	6.21
Financial and insurance activities	Trusts, funds and similar financial entities	4.21
Financial and insurance activities	Monetary intermediation	4.04
Mining and quarrying	Mining support service activities	3.46
Professional, scientific and technical activities	Activities of head offices	2.96
Manufacturing	Manufacture of coke and refined petroleum products	2.87
Electricity, gas, steam and air conditioning supply	Electric power generation, transmission and distribution	2.15
Retail trade, except of motor vehicles and motorcycles	Retail sale of other goods in specialised stores	1.65
Financial and insurance activities	Activities of holding companies	1.63
total of remaining sectors with a proportion < 1.0%		4.13

The sector allocation of the portfolio presented above is an average based on the Sub-Fund's holdings at the quarter-ends (29/02/2024, 31/05/2024 and 31/08/2024) of the financial year.

11.82% of the total value of investments (NAV) were in companies involved in sectors that could be connected to non-renewable energy sources, such as "Electricity, gas, steam and air conditioning supply (NACE code D)", "Mining and quarrying (NACE code B)" or "Manufacture of coke and refined petroleum products (NACE code C19)". It's important to note that even companies categorized under different NACE codes might still have some involvement with non-renewable energy-related activities, even if it's not their main focus. Additionally, the Sub-Fund might invest in bonds labeled as green, social, or sustainability bonds. These bonds typically fund projects unrelated to non-renewable energy, even if the companies issuing them can be active in sectors with potential links to non-renewable energy sources.



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

### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?<sup>1</sup>

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.

**Enabling activities** directly enable other activities to

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

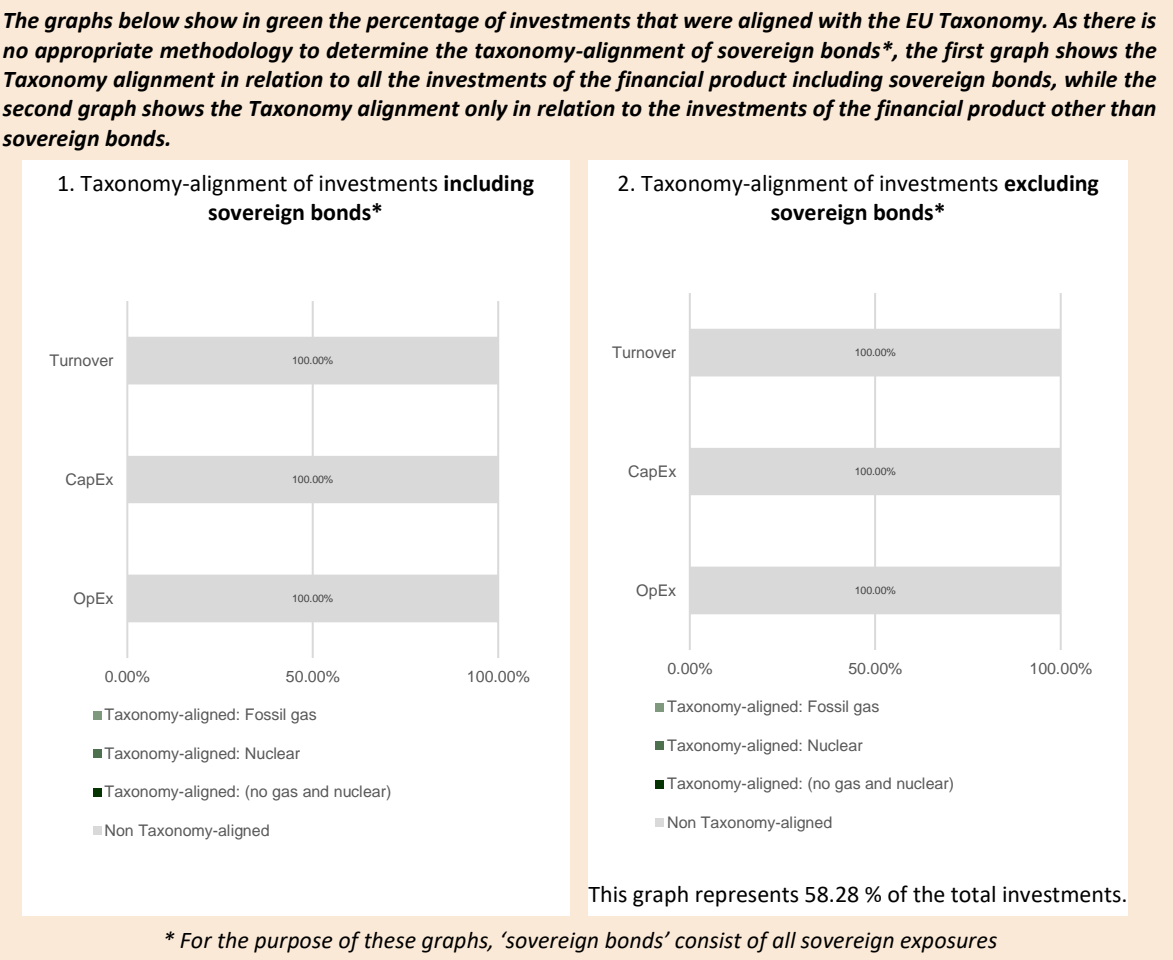
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective -see explanatory note in the left-hand margin. The full criteria for fossil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

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.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



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

The share of investments made in transitional and enabling activities was 0 %.
- How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Percentage of investments aligned with EU Taxonomy	
2024	2023
0	0



 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 sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy was 5.41% for this Sub-Fund.

The investment manager did not make a commitment to investments under the reporting scope of the EU Taxonomy and did not have sufficient information to conclude an assessment on this.

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

The Sub-Fund invested 6.43% 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 “Other” investments represented 23.25% of the Sub-Fund’s Net Asset Value and consisted of:

- Cash and cash equivalent investments (3.81%), for liquidity management purposes.
- UCITS/UCIs (2.56%) for investment/diversification purposes. Minimum environmental and social safeguards applied to four SFDR Art. 8 funds (2.56%).
- Investments not covered by ESG research (16.88%) for diversification purposes. Minimum environmental and social safeguards applied.

Environmental or social safeguards were applied and assessed on all “other” assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



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

The binding elements of the investment strategy used for the selection of the investments to attain the environmental and/or social characteristics promoted by this Sub-Fund have been monitored throughout the reporting period.



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

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

The Sub-Fund has not designated a reference benchmark to determine whether this Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.