Pre-contractual 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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name :
Active Asset Allocation (A3) (Plus)

Legal entity identifier (LEI-Code)
529900BXKPMXQTRE1V05

Environmental and/or Social Characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **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 **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum 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 will make a minimum of **sustainable investments with a social objective**: ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

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

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Environmental and social characteristics are taken into consideration when selecting financial instruments as part of Active Asset Allocation (A3) (Plus). However, it does not aim for sustainable investment or contribute to achieving an environmental or social objective in the meaning of EU regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

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”).

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).

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.

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, according to MSCI that this opportunity will benefit the profit generation of companies in the future.

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.

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’:

- 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.
- 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.

In the investment decision making process for investment funds (with the exception of those that are predominantly invested in sovereign bonds or other investment instruments issued by states), principal adverse impacts on sustainability factors ('PAIs') are considered additionally.

According to EU regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), PAIs should be understood as those impacts of investment decisions that result in negative effects on sustainability factors in environmental, social and employee matters, respect for human rights, anti-corruption and ant-bribery matters.

At least 51% of the portfolio (excl. liquidity in the form of account balances and short term deposits) is aimed to be invested in investment instruments that take into account PAIs based on the criteria defined below.

Currently, PAIs are considered in the investment decision making process as described below:
- In regards of PAI family "Greenhouse Gas Emissions", PAIs are currently only taken into account through the exclusion of companies that generate more than 5% of their revenue through the productionof thermal coal and/or unconventional oil/gas. In regards of PAI family "Social and employee matters", PAIs are currently only taken into account through the exclusion of companies that violate against the UN Global Compact Principles or the Organization for Economic Co-operation and Development (OECD) Principles for Multinational Enterprises or that are active in the production of and trade in controversial weapons,such as weapon systems, nuclear, anti-personnel landmines, incendiary weapons and cluster munitions.
In the investment decision making process for other issuers, PAIs are considered only to the issuers themselves and in cases where an investment instrument from this issuer serves as an underlying asset for another investment instrument. This is done via data provided by MSCI. Suppliers and subsidiaries of issuers are not included in the associated analysis.
- In the investment decision making process for investment funds, PAIs are considered only to those funds that are not predominantly invested in sovereign bonds or other investment instruments issued by states This is done via an exclusion approach based on the information obtained by the investment / fund company or MSCI.

Thereby, investment funds that do not take into consideration at least one indicator of the PAI families
• Greenhouse gas emissions as well as
• Social and employee matters
are excluded.

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?

No sustainable investments are made.

<u>Consideration of EU criteria for environmentally sustainable economic activities (EU Taxonomy)</u>

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.
This financial product therefore does not contribute to the objectives of 'climate change mitigation', 'climate change adaptation', 'sustainable use and protection of water and marine resources', 'transition to a circular economy', 'prevention and control of pollution' and 'protection and restoration of biodiversity and ecosystems' as defined in the EU Taxonomy.

As the discretionary portfolio management approach currently does not pursue a minimum percentage of sustainable investments that qualify as environmentally sustainable in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation), no data is currently being collected on whether some investments in the portfolio do fully or partially comply with the Taxonomy Regulation.

Does this financial product consider principal adverse impacts on sustainability factors?

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.

✖ **Yes,** Principal adverse impacts on sustainability factors ('PAIs') may be considered within the decision making process for investment funds (with the exception of those that are predominantly invested in sovereign bonds or other investment instruments issued by states) and for investment instruments issued by issuers other than states ('other issuers').

At least 51% of the portfolio (excl. liquidity in the form of account balances and short-term deposits) shall be invested in investment instruments that take into account PAIs based on the criteria defined below.

PAIs are considered in the investment decision making process as described below:
- For issuers with the exception of states in the group "greenhouse gas emissions", adverse impacts on sustainability factors are currently taken into account solely by excluding companies that earn more than 5% of their revenues with the production of thermal coal and/or unconventional oil/gas. In the group "social factors and employment", adverse impacts on sustainability factors are currently taken into account solely by excluding companies that violate the principles of the UN Global Compact or the Organization for Economic Co-Operation and Development (OECD) Principles for Multinational Enterprises or are active in the production of and trade in controversial weapons such as weapons systems, nuclear weapons, anti-personnel landmines, incendiary weapons and cluster ammunition. This consideration process focuses only on the issuer itself or to the degree that an investment instrument issued by such an issuer is the underlying asset of another investment instrument. For this purpose, the exclusion criteria provided by MSCI, which the Bank has agreed with MSCI, are applied. Suppliers and subsidiaries of issuers are not included in the associated analysis.
- In the investment decision making process for investment funds, PAIs are considered only to those funds that are not predominantly invested in sovereign bonds or other investment instruments issued by states. This is done via an exclusion approach based on the information obtained by the investment / fund company or MSCI.

Thereby, investment funds that do not take into consideration at least one indicator of the PAI families.

- "Greenhouse gas emissions" as well as
- "Social and employee matters"

are excluded.

Information on the consideration of the main adverse impacts on sustainability factors can be found in the 'Periodic information on the financial products referred to in Article 8(1), (2) and (2a) of Regulation (EU) 2019/2088 and Article 6(1) of Regulation (EU) 2020/852' provided as part of year-end reporting or at https://deutschewealth.com/en/articles/sustainability-related-disclosures/sustainability-related-disclosures-db-suisse.html can be retrived.

No

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance .

What investment strategy does this financial product follow?

The assets under management are broadly diversified to implement a specific riskreturn-profile with additional consideration of environmental, social or governance ("ESG") aspects.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.

For clients who opt for a plus strategy, in the event of falling prices on the capital markets the focus is on limiting losses to the agreed target value over the calendar year (no capital protection). The plus strategy aims for a reduced risk with constant return opportunities. The increased risk tolerance is reflected with a decreased minimum quota for cash and bond investments and bond-related investments.

The Active Asset Allocation (A3) (Plus) will preferentially invest in investment instruments that meet the ESG criteria and take into consideration PAIs of the PAI families "Greenhouse gas emissions" and "Social and employee matters", as specified in the section above.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

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.

In the investment decision making process for investment funds that do not invest predominantly in investment instruments issued by states, in addition PAIs are considered for PAI families "Greenhouse gas emissions" and "Social and employee matters".

Account balances and short-term deposits are held exclusively at Deutsche Bank (Suisse) SA. ESG criteria are not applied to these assets. If the Bank believes that special market conditions prevail, account balances and short-term deposits may account for a substantial part of the assets under management. In these special market conditions, up to 100% of the assets may therefore be held in non-ESG compliant investment instruments.

The positive lists will be updated by MSCI regularly. In the investment decision making process for other issuers and investment funds that do not invest predominantly in investment instruments issued by states, PAIs are considered for PAI families "Greenhouse gas emissions" and "Social and employee matters" as described above.

For other issuers this is done via data provided by MSCI that considers exclusion criteria in the positive lists.

For investment funds that do not predominantly invest in states, it takes place using an exclusion approach based on information provided by asset management firms, investment or funds companies or MSCI.

Data, especially with regard to the consideration of PAIs, is currently not always available to the Bank and MSCI from the investment/fund companies or the respective issuers. If data is available from the investment/fund companies, it is used and checked for plausibility on the basis of MSCI data. If no data from the investment/fund companies is available, MSCI data will be used as the basis for assessment.

If any investment instrument does no longer fulfil the ESG criteria, reasonable effort will be made to sell the position, whilst safeguarding the Client's interests at all times.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance .

What is the policy to assess good governance practices of the investee companies?

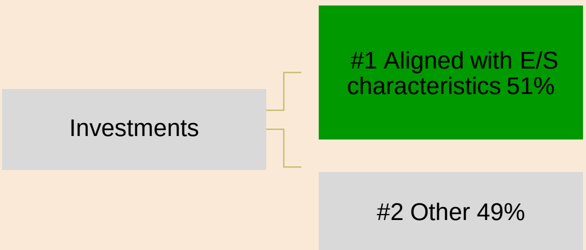
The Bank uses exclusively the positive lists from MSCI for the selection of investment instruments, which consider the a.m. minimum MSCI ESG rating of “A“, resp. “BBB” for Emerging Market or High Yield investments, as well as the mentioned exclusions.

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.

In the investment decision making process for investment funds that do not invest predominantly in investment instruments issued by states, PAIs are considered for PAI family “Social and employee matters”.

What is the asset allocation planned for this financial product?



#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.

A minimum of 51 percent of the investments made for the portfolio should contribute to attaining the environmental and social characteristics that the product promotes. The product is not geared towards investments that qualify as sustainable under the SFDR.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product ?

Derivatives may only be used for hedging purposes.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The discretionary portfolio management approach does not pursue sustainable investments and does not take into account the criteria for environmentally sustainable economic activities under EU Taxonomy. Therefore, there is no minimum percentage of investments that are aligned with the EU Taxonomy.

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

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with EU Taxonomy[1]?

☐ Yes

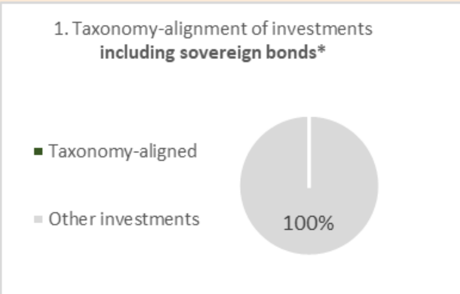
☐ In fossil gas ☐ In nuclear energy

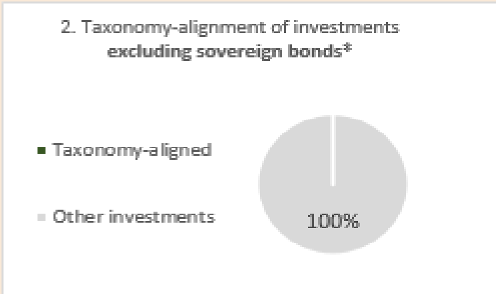
✖ No

The discretionary portfolio management approach does not pursue sustainable investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. It may range between 0 per cent and 100 per cent.

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.

The two graphs below show in green the minimum percentage of investments that are 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 bonds.





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

[1] 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 an 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.

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 .

What is the minimum share of investments in transitional and enabling activities?

The financial portfolio management does not aim for a minimum proportion of sustainable investments with an environmental objective, which is classified as environmentally sustainable under EU Taxonomy. Thus, there is no aim to have a minimum proportion of investments into enabling or transitional activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy ?

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The financial portfolio management does not aim for a minimum proportion of sustainable investments with an environmental objective that are not-aligned with the EU Taxonomy Regulation ((EU) 2020/852).

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Account balances as well as short-term deposits are permitted as non ESG compliant investments. They are being maintained for short-term liquidity management purposes.The share of account balances (including short-term deposits) can vary greatly depending on the market situation and should average around 5%.

If the Bank believes that special market conditions prevail, account balances and short term deposits may account up to 100% of the assets under management.

Unless the use of forward contracts is excluded, there is no requirement for an MSCI ESG rating when conducting forward transactions for the counterparty to the forward transaction (exchanges).In addition, investments in forward contracts whose underlying is one or more indices may also be made where MSCI does not provide an MSCI ESG rating or an MSCI ESG rating of ‘A’ for those indices and therefore they are not subject to a positive list.

Derivatives, which do not have an ESG index or securities considering the minimum criteria as an underlying, are allowed for hedging purposes only.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The Bank does not strive for participation in sustainable investments within the meaning of Article 2 (17) of the EU Disclosure Regulation EU (2019/2088).

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://deutschewealth.com/en/articles/regulatory_information.html