LOYS

AKTIEN AUS ÜBERZEUGUNG

Publication in accordance with Article 10 of regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial service sector.

NOTIFICATION TO THE SHAREHOLDERS OF

LOYS FCP

WITH THE SUB-FUND

LOYS FCP – LOYS Aktien Europa

Share Class P: HAFX68/LU1129454747
Share Class I: HAFX69/LU1129459035
Share Class ITN: A2ARER/LU1487829548
Share Class PTI: A2N5QT/LU1853997457

This information is published in accordance with Article 10 of Regulation (EU) 2019/2088 on sustainability-related disclosure obligations in the financial services sector for the investment fund „**LOYS FCP**". **LOYS FCP – LOYS AKTIEN EUROPA** („sub-fund") is a financial product which are used to advertise ecological or social features, among other things, and qualify in accordance with Article 8 (1) of regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector ("SFDR").

This Sub-Fund is a financial product promoting, inter alia, environmental or social features and qualifies under Article 8 (1) of Regulation (EU) 2019/2088 on sustainability disclosure requirements in the financial services sector ("SFDR"). However, the Sub-Fund does not seek to make sustainable investments within the meaning of the EU Taxonomy Regulation.

The Sub-Fund shall invest at least 60% of its assets in shares listed on a stock exchange or traded on other regulated markets which qualify as equity investments pursuant to Article 4 No. 1 i) of the Management Regulations. The investment policy of the Sub-Fund also provides for the acquisition of shares in companies with small market capitalisation. Due to the small market capitalisation, the shares of these companies may be less liquid and therefore more difficult to sell.

The fund manager uses various sustainability indicators for the selection of investments, in order to be able to assess the suitability of the investments in terms of the contribution of the advertised environmental and social characteristics. The sustainability indicators are sourced from the external data provider MSCI. The fund manager applies the following three elements within the framework of fund management, i.e. within the framework of the selection of investments, as well as the management of existing investments:

1) Exclusion criteria:

At least 70% of the net Sub-Fund assets shall be invested in equities and bonds whose issuers do not exceed the limits of the following relevant exclusion criteria:

Exclusion criteria	**Limit value**
Turnover from the production and / or distribution of an issuer of military equipment	≤ 10%
Turnover from the production and/or distribution of coal	≤ 30%
Turnover from the production and / or distribution of outlawed or controversial weapons	0%
Turnover from the production and / or distribution of outlawed weapons	0%

Exclusion criteria	**Limit value**
Turnover from the production and / or distribution of tobacco	≤ 5%
Serious violations of the UN Global Compact Code (without positive perspective)	
Serious violations of democracy and human rights (Freedom House Index) for state issuers	

2) ESG-Rating:

The issuers of the stocks and bonds that meet the exclusion criteria required to achieve the advertised environmental and social characteristics are assessed in a next step in terms of their MSCI ESG rating.

MSCI determines an ESG rating based on the identification and assessment of material ESG opportunities and risks relevant to issuers in a given industry. MSCI determines an ESG rating on a ska-la from “AAA” (best rating) to “CCC” (worst rating).

At least 51% of the net sub-fund assets must have both the exclusion criteria and a minimum ESG rating of BB.

3) Contribution to United Nations Sustainable Development Goals (UN SDGs)

The issuers of shares and bonds that have successfully passed both previous assessment steps within the framework of the ESG/sustainability analysis are assessed in a further step with regard to their contribution to one of the 17 United Nations Sustainable Development Goals (“UN SDGs”). In the course of this assessment, the issuers are first evaluated with regard to a possible positive contribution to one of the 17 UN SDGs. If a defined minimum contribution can be determined, the issuers are assessed in a next step with regard to compliance with the “do no significant harm principle” (“DNSH”). The issuer must not have a negative impact on any of the 17 UN SDGs.

The assessment of these two steps, positive contribution and DNSH, is carried out based on information from the MSCI module “MSCI Sustainable Impact Metrics”. The sustainability indicator “SDG Net Alignment Score” is used both for the assessment of the positive contribution and for the assessment of compliance with the DNSH principle. This sustainability indicator measures the issuer’s contribution to the individual UN SDGs on a scale from “Strongly Misaligned” (most negative contribution) to “Strongly Aligned” (most positive contribution). The emitters must make a positive contribution by achieving “Aligned” or “Strongly Aligned” on at least one UN SDG and at the same time not be “Misaligned” or “Strongly Misaligned” with regard to the other UN SDGs.

Finally, for all issuers of equities and bonds that meet the minimum ESG rating criterion, compliance with certain standards and codes is verified through the UN Global Compact Compliance, Human Rights Compliance and Labour Compliance information provided by MSCI. It is assumed that an issuer has not been involved in any material controversies within the last three years.

Issuers of shares and bonds that meet the requirements of all three steps qualify as sustainable investments pursuant to Article 2 (17) of the Sustainability Disclosure Regulation (SFDR).

At least 20% of the net Sub-Fund assets must qualify as sustainable investments.

In addition, the Sub-Fund considers the most significant adverse sustainability impacts (“PAI”) as part of the Fund’s annual reporting.

Furthermore, in addition to and taking into account Article 4 of the Management Regulations, profit participation certificates similar to shares and bonds, warrants on securities, share certificates and bonds of all types – including zero-coupon bonds, variable-interest securities, convertible bonds and bonds with warrants as well as subscription rights – may be acquired for the Sub-Fund in accordance with the principle of risk diversification.

Investments in bonds with a rating lower than B- (S&P or Fitch) or B3 (Moody’s) are not permitted. If several ratings are available for a bond, the worst rating is used as a basis. In the event of a downgrade of bonds in the portfolio so that the rating falls below B- (S&P) or B3 (Moody’s) and the share of total bonds in the portfolio has not exceeded the threshold of 3% of these bonds, these bonds are tolerated for a period of up to six months (after downgrade). If these bonds have not been upgraded again during this period, they must be sold by the fund manager within a further period of six months.

If the share of the respective bond exceeds the threshold of 3% in the Sub-Fund portfolio, the Fund manager shall sell the bonds in question within a period of six months.

Acquisition of asset-backed securities and CoCo bonds as structured products is not permitted (this prohibition specifically does not include warrants on securities, convertible bonds and bonds with warrants and certificates, meaning that these are assets which may be acquired for the Sub-Fund).

The Sub-Fund invests mainly in securities issued by issuers domiciled in Europe.

Shares in investment Funds are not acquired for the Sub-Fund. The Sub-Fund is therefore eligible for target Funds.

The Sub-Fund may hold up to 20% liquid assets depending on the financial market situation. The aforementioned limit may be exceeded temporarily and for an absolutely necessary period if circumstances so require due to exceptional market conditions and if such an excess is justified taking into account the interests of investors, such as in very serious circumstances such as the attacks of 11 September 2001 or the bankruptcy of Lehman Brothers in 2008.

Cash and cash equivalents are sight balances available at any time at a credit institution, in order to make current and extraordinary payments, as well as payments in connection with the disposition of permissible assets in accordance with Article 41(1) of the 2010 Law.

In addition, for liquidity management purposes, the Sub-Fund may hold sight deposits in the form of overnight money and callable deposits within the meaning of Article 4 No. 1. f) of the Management Regulations, as well as invest in money market instruments within the meaning of Article 4 No. 1. of the Management Regulations.

Moreover, the Sub-Fund may not invest in other permitted assets in accordance with Article 4 of the Management Regulations below.

Under the investment policy, no total return swaps or similar assets may be acquired. In the event of the investment policy changing with regard to the aforementioned instruments, the Sales Prospectus shall be amended accordingly in compliance with Directive 2015/2365/EU of the European Parliament and of the Council of 25 November 2015.

The Sub-Fund may deploy derivatives and other techniques and instruments in accordance with Article 4 no. 6 of the Management Regulations for hedging purposes and for efficient portfolio management. If these techniques and instruments relate to the use of derivatives within the meaning of Article 4 (1) (g) of the management regulations, the corresponding investment restrictions of Article 4 of the management regulations must be taken into account. Furthermore, the provisions of Article 4 (7) relating to the risk management procedure for derivatives must be observed.

Sustainability risks

Sustainability risks of assets
As a matter of principle, the fund manager makes investment decisions considering sustainability risks. Sustainability risks can arise from environmental and social impacts on a potential asset as well as from the corporate governance of the issuer of an asset.

The sustainability risk can either represent a separate risk category or have a reinforcing effect on other risk categories relevant to the fund / sub-fund, such as market risk, liquidity risk, credit risk or operational risk. and in this context can substantially contribute to the overall risk of the sub-fund.

Insofar as sustainability risks materialize, they may have a significant impact - up to and including a total loss - on the value and/or return of the assets concerned. Such effects on the asset(s) can negatively influence the overall return of the sub-fund.

By taking into consideration sustainability risks, it is the fund manager's aim to identify the occurrence of these risks at an early stage and to take appropriate measures to minimise the impact on the affected asset(s) or the overall portfolio of the sub-fund.

The sustainability aspects that can have a negative impact on the return of the sub-fund are divided into environmental, social and governance aspects (hereinafter "ESG"). While environmental aspects include e.g. climate protection, social aspects include e.g. compliance with workplace safety requirements. Consideration of compliance with employee rights and data protection are among the components of the governance aspects. In addition, climate change aspects are also considered, including physical climate events or conditions such as heat waves, rising sea levels and global warming.

Counterparty specific sustainability risks

The risks associated with ESG aspects can have a negative impact on the market value of an asset.

The market value of financial instruments issued by companies that do not comply with ESG standards and / or do not (neither) commit to implementing ESG standards in the future may be negatively affected by materialising sustainability risks.

Such influences on the market value can be caused, e.g. by reputational damage and/or sanctions. Other examples include physical risks and transition risks caused, e.g. by climate change.

Specific operational risks regarding sustainability

The sub-funds or the management company may suffer losses due to environmental disasters, socially induced aspects relating to employees or third parties, as well as due to failures in corporate governance. These events may be caused or exacerbated by a lack of attention to sustainability aspects.

Risk management procedure:

Key risk indicators can be used to assess sustainability risks. The key risk indicators can be of quantitative- or qualitative nature and are based on environmental, social and governance aspects and measure the risk of the aspects under consideration.

Munsbach in September 2022

LOYS Investment S.A.