



Assenagon Credit Financial Opportunities

Information about Sustainability

This document is an extract from the offering prospectus of the Assenagon Credit Financial Opportunities and should be read in conjunction with the prospectus. If the language versions of the offering prospectus and this document differ at any point, the version of the offering prospectus shall prevail.

The sole binding basis for the acquisition of fund units is the key investor information document, the offering prospectus and the latest annual or semi-annual report of the investment fund.

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: **Assenagon Credit Financial Opportunities**

Legal entity identifier: **529900SNY0Z5B9VPQF54**

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ **Yes**

☐ 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 will make a minimum of **sustainable investments with a social objective**: ____%

☒ ☐ **No**

☒ 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 2% 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 promotes E/S characteristics, but **will not make any sustainable investments**



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

The main aspect of the sustainable orientation results from improvements at the level of the portfolio compared to the initial universe. A significant improvement in the ESG score is targeted.

Furthermore, a minimum share of the portfolio is invested in sustainable investments. This includes investments with a social objective.

In addition, exclusion criteria are applied. The basis for this are the requirements arising from international conventions on banned weapons and the principles of the UN Global Compact. Thus, a zero tolerance threshold applies to issuers related to banned and/or conventional weapons. Limits also apply to company revenues from addictive substances such as tobacco (< 5 %) and alcohol as well as gambling activities. In order to promote the energy transition, the significance of fossil fuels in relation to renewable energies is taken into account in the investment decisions of the companies concerned. Utility suppliers with more than 10 % share of revenue energy production from fossil fuels are excluded. In addition, a limit value is set for coal production and sales.

A minimum industry-adjusted ESG rating and a minimum controversy score must be achieved for a facility to ensure that there are no severe negative environmental, social and governance impacts with respect to the company. This includes existing applicable laws as well as generally accepted

international standards such as the principles of the UN Global Compact. Issuers that do not meet these requirements or do not have an ESG rating or controversy score may only be held up to a maximum of 5% of the fund volume.

Active engagement is carried out by the portfolio management with these issuers in particular. The investment strategy thus takes into account an industry-specific ESG best-in-class approach on the one hand and ensures the so-called "do no significant harm" principle for all investments on the other. Assenagon's Credit Portfolio Management team is in regular dialogue with companies to review and assess their sustainability. It is not only quantitative aspects that count here. Rather, the aim is to influence corporate management with regard to a long-term orientation towards sustainability. Sustainability risks can strongly influence the performance of the sub-fund.

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?***

The measurement of the achievement of the previously described environmental and social characteristics of the financial product is carried out using the following different indicators: The ESG score is used for the targeted improvement at the level of the portfolio compared to the initial universe.

In addition, the sub-fund pursues a minimum share of sustainable investments of 2%. In addition, the following exclusion criteria apply:

- Controversial weapons
- Defence (revenue tolerance < 0%)
- Very severe controversies (incl. violations of global norms)
- Tobacco (revenue tolerance < 5%)
- Alcohol (revenue tolerance < 5%)
- Coal mining and distribution (revenue tolerance < 30%)
- Energy suppliers with more than 10 % of their revenue from energy production from fossil fuels
- Gambling (revenue tolerance < 5%)
- ESG rating < B

Specialist ESG data providers serve as the data source for the indicators.

● ***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?***

Investments are made in reference borrowers that have a share of revenue in social activities and thus contribute significantly to sustainability goals. The social activities are in particular SME financings.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Companies with very severe controversies (incl. violations of the principles of the UN Global Compact) as well as with significant shares of revenue in controversial business areas (incl. a zero tolerance threshold for issuers related to banned weapons) are excluded. This exclusion methodology also exists for sustainable investments. Serious controversies include environmental, social and governance issues as well as global norms. Through these exclusions, we aim to avoid significant damage to environmental or social sustainable investment objectives as much as possible.

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.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Regarding the main adverse impacts on sustainability factors, the so-called Principal Adverse Impacts (PAIs), a large part of the indicators related to companies are taken into account directly and indirectly in the investment strategy. Direct consideration of the indicators takes place via different exclusion criteria. Indirect consideration takes place through the monitoring and targeted improvement of the ESG score, which includes various PAIs. Thus, all environmental indicators as well as the social indicators violation or lack of monitoring of global norms, gender diversity and controversial weapons are taken into account.

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

For the sustainable investments, as for the entire portfolio, exclusions apply for companies with very severe violations of global standards. These standards directly or indirectly take into account the topics of the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

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 EU 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.



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

Yes, on the Principal Adverse Impacts (PAIs), a large part of the company-related indicators are directly and indirectly taken into account in the investment strategy, see section "How have the indicators for adverse impacts on sustainability factors been taken into account?" Information on the consideration of Principal Adverse Impacts in the respective financial year is available for the sub-fund in the annual reports.

No



What investment strategy does this financial product follow?

The sub-fund aims to generate continuous income through the collection of credit spreads, bond interest and price gains, while tolerating interim fluctuations in value. The integration of ESG criteria and the consideration of sustainability risks aim to meet sustainable investment requirements. The sub-fund is actively managed and is not linked to any benchmark. The sub-fund promotes environmental and social characteristics.

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

● ***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 binding elements of the investment strategy include, on the one hand, the minimum share of 2% in sustainable investments. In addition, the following exclusion criteria apply:

- Controversial weapons
- Defence (revenue tolerance < 0%)
- Very severe controversies (incl. violations of global norms)
- Tobacco (revenue tolerance < 5%)
- Alcohol (revenue tolerance < 5%)
- Coal mining and distribution (revenue tolerance < 30%)
- Energy suppliers with more than 10 % share of revenue from energy production from fossil fuels
- Gambling (revenue tolerance < 5%)
- ESG Rating < B

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

In addition a significant improvement in the ESG score is targeted.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no minimum rate by which the investments considered will be reduced. The exclusion criteria apply to all direct investments.

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

Good corporate governance is a core criterion in the definition of the ESG score, for which a significant improvement compared to the initial universe is targeted. Aspects such as the ownership structure, the composition of the management bodies as well as the remuneration policy, accounting, business ethics and tax transparency can be included. In addition, companies with very severe controversies are excluded, and aspects of good corporate governance are included. This may include, for example, bribery, tax evasion, insider trading, money laundering, sanctions violations and accounting violations.



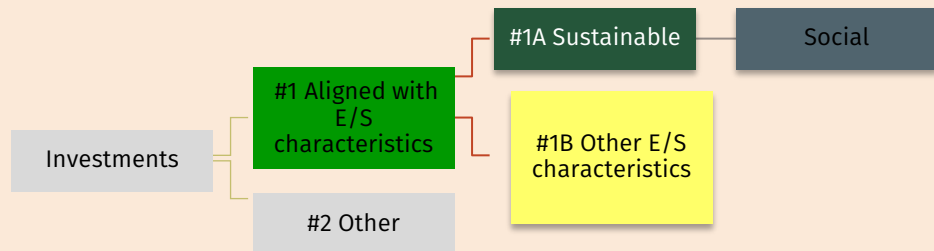
Asset allocation describes the share of investments in specific assets.

● ***What is the asset allocation planned for this financial product?***

A large proportion of the sub-fund's investments are geared towards environmental or social characteristics. The minimum proportion of the portfolio with which the environmental or social characteristics are promoted is 85% (#1). The actual share achieved is typically significantly higher. The proportion of other investments (#2), which are neither geared to environmental or social characteristics nor classified as sustainable investments, comprises the sub-fund's liquidity management (e.g. liquid assets, money market securities, in money market or near-money market funds) and may include derivative instruments for among other things, interest rate and currency hedging. A minimum share of 2% of the financial product is invested in sustainable investments (#1A). This minimum share includes a minimum quota of sustainable investments with a social target of 2%.

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.



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

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

Credit default swaps (CDS) may also be purchased in the subfund. Furthermore, derivative instruments may be used for interest rate and currency hedging. However, these instruments do not serve to achieve the promoted environmental or social characteristics.



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

The Sub-Fund does not make sustainable investments with an environmental objective.

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.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

- ☐ Yes:
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

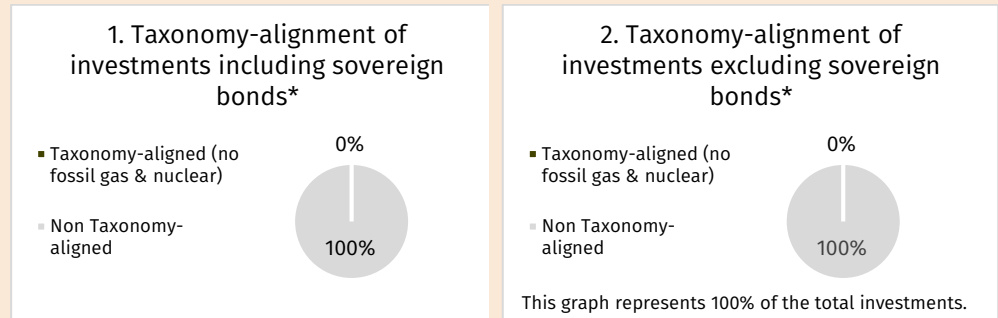
The fund does not seek taxonomy-compliant investments in fossil gas and/or nuclear energy. Nevertheless, it may also invest in companies that are in any case also active in these areas as part of the investment strategy. Further information on such investments is disclosed in the annual report where relevant.

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 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.

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

- **What is the minimum share of investments in transitional and enabling activities?**
There is no minimum percentage of investment in transitional and enabling activities.



What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investment is 2%.



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

The share of other investments that are neither geared to environmental or social characteristics nor classified as sustainable investments comprises the sub-fund's liquidity management (e.g. liquid assets, money market securities, in money market or near-money market funds). Furthermore, derivative instruments may be used for among other things, interest rate and currency hedging. The above exclusion criteria apply to all direct investments in companies.



Where can I find more product specific information online?

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

- for the respective sub-fund via the following link: <https://www.assenagon.com/fonds>