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 :
Dynamic Portfolio Series ("DPS") ESG

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**: ___%	☐ 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
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☐ 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**

09 April 2024 (supersedes the statement dated 30 June 2023)

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

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

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

Environmental and social characteristics are taken into consideration when selecting financial instruments as part of Dynamic Portfolio Series ("DPS") ESG. 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.

- **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.

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.

<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 mitiga- tion', '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 per- centage 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?

☐ **Yes**

☒ **No**

What investment strategy does this financial product follow?

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

The assets under management are invested actively with a focus on the equity market and with additional focus on 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.

The Dynamic Portfolio Series ("DPS") ESG will preferentially invest in investment instruments that meet the ESG criteria.

- **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.

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.

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.

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?

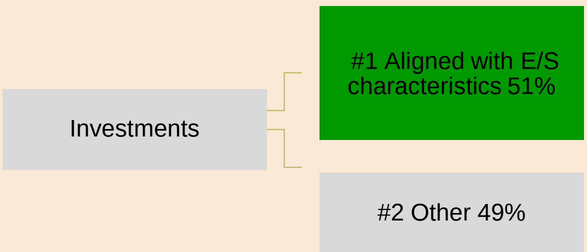
The Bank uses exclusively the positive lists from MSCI for the selection of investment instruments, which consider the a.m. minimum MSCI ESG rating of “A“, resp. “BBB” for Emerging Market or High Yield investments, as well as the mentioned exclusions.

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.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

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.



#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.

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 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.

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

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

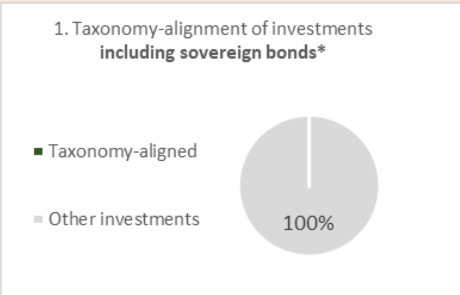
☐ Yes

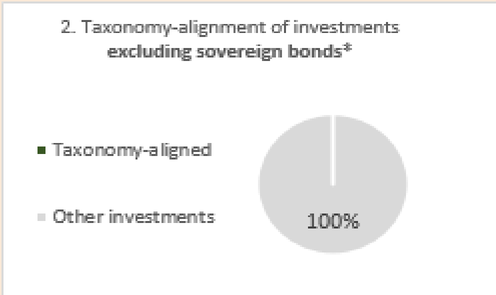
☐ In fossil gas ☐ In nuclear energy

☒ No

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.

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 an ecological sustainable according to EU Taxonomy Regulation ((EU) 2020/852). Thus, there is no aim to have a minimum proportion of investments into enabling or transitional activities.

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 sustainable investments with an environmental objective that are not aligned with 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).

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[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.

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).

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

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