

Template for the pre-contractual disclosure for the financial products referred to in Articles 8.1, 8.2, and 8.2a of Regulation (EU) 2019/2088, and Article 6 first paragraph of Regulation (EU) 2020/852

Product name: AuAg Precious Core

Legal entity identifier: 515603-1261

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum sustainable investment with a social objective of: ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that are considered to be environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that are not considered to be environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It promotes environmental and social characteristics and, whilst it did not have a sustainable investment as its objective, will have a minimum share of 50% of its investments as sustainable investments that: <ul style="list-style-type: none"> <li><input type="checkbox"/> had an environmental objective in economic activities that are considered to be environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> had an environmental objective in economic activities that are not considered to be environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> had a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum sustainable investment with a social objective of: ___%	<input type="checkbox"/> It promotes environmental and social characteristics, but will not make any sustainable investments

**Sustainable investment:** an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any other 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, which establishes a list of **environmentally sustainable economic activities**. The regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective may or may not be aligned with the requirements in the taxonomy.

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



**Mitigation of climate change**

The fund promotes climate change mitigation by investing in companies whose operations contribute to the production of energy technology, energy efficiency, energy storage, and the extraction of the elements that enable electrification. The fund also limits exposure to companies whose operations involve the extraction of fossil fuels.

**Sustainable use and management of water resources**

With regard to water management, the fund promotes responsible water stewardship. The fund integrates water-related risks into investment analysis and prioritises companies that report on and actively work with water management.

**Respect for international norms and responsible business conduct**

The fund promotes respect for international norms regarding human rights, labour conditions, environmental

protection, and anti-corruption, in accordance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

**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 financial product uses the mandatory indicators (14 PAIs) and has also selected optional indicators (10 selected PAIs) to measure the fulfilment of each of the environmental or social characteristics that are promoted.

<b>Indicator</b>	<b>What it measures</b>
Share of the portfolio invested in companies with less than 5% of revenue from companies whose operations involve the extraction of oil, gas, or thermal coal	Operations whose activities involve the extraction of fossil fuels
Share of the portfolio invested in companies with verified serious violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	Companies' compliance with international norms on human rights, labour rights, environmental protection and business ethics
Share of producing portfolio companies (operationally active companies) that have a public policy, strategy, or documented framework for water management	The extent to which portfolio companies have established governance frameworks for sustainable water policy/stewardship
Share of portfolio companies conducting water risk assessments	Companies' work to identify and manage water-related operational and geographical risks
Number of verified serious water-related environmental incidents among portfolio companies	Water-related environmental incidents

The indicators are used as part of the fund's ongoing monitoring of portfolio companies' sustainability work and may be considered in the fund's investment process, including in investment decisions, company dialogues, and ongoing portfolio monitoring.

The indicators are based on publicly available information from portfolio companies' reporting. Data availability within the mining sector varies between companies, which means that the indicators are in some cases used to provide a general overview of portfolio companies' work within each respective area. The indicators may be developed and refined over time as access to comparable and more detailed data improves.

● ***What are the objectives of the sustainable investments that the financial product is intended to partially achieve and how does the sustainable investment contribute to such objectives?***

The fund may classify investments as sustainable investments when companies contribute in a credible and measurable way to one or more of the following environmental objectives:

**Mitigation of climate change**

The fund may classify investments as sustainable investments when companies contribute to reduced greenhouse gas emissions by enabling or conducting the production of fossil-free energy, energy storage, or energy efficiency.

**Transition to a circular economy**

The fund may classify investments as sustainable investments when companies contribute to the recycling and reuse of materials. This includes the recycling of battery materials and the recycling of precious metals, which reduces the need for new extraction and closes the material loop

● ***How do the sustainable investments that the financial product is intended to partially make not cause significant harm to any environmental or social sustainable investment objectives?***



The company applies a DNSH assessment when identifying sustainable investments. The assessment covers environmental and social risk areas that are material to each of the fund's four sub-strategies.

For the extraction of elements, water management, waste, tailings safety, and biodiversity are analysed. For energy production via solar and nuclear power, land use, waste management, and facility safety are assessed. For energy storage, the environmental impact of battery manufacturing and waste management is examined. For energy efficiency and recycling, the management of chemicals and waste is assessed.

The assessment analyses companies' governance, policies, objectives, and risk management. Serious incidents or violations of international norms are also taken into account. The social assessment covers occupational health and safety, human rights, labour conditions, and anti-corruption. Companies with verified and serious violations without a credible remediation plan are not classified as sustainable investments.

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

In the DNSH assessment, the company takes into account relevant principal adverse impact (PAI) indicators, focusing on the risks that are material to each sub-strategy.

The assessment is based on a combined analysis of indicators, governance, risk management, and incident history. Investments with serious and unmitigated adverse impacts are not classified as sustainable investments.

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

Investment classified as sustainable investments are assessed to be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through a norms-based screening of investee companies. The assessment covers companies' policies, governance systems, and management of actual or potential adverse impacts in their own operations and in relevant business relationships.

Companies with verified and serious violations of international norms without a credible remediation plan are not classified as sustainable investments.

**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.

*The EU Taxonomy establishes a principle of no significant harm, according to which taxonomy-compliant investments must not cause significant harm to the objectives of the EU Taxonomy and which 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 remaining part of this financial product has underlying investments that do not take account of the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Is consideration given to this financial product’s principal adverse impacts on sustainability factors?**



- Yes,  
The fund takes into account principal adverse impacts on the sustainability factors that underpin the exclusion criteria, norms-based screening, and monitoring of sector-specific sustainability indicators. Data availability for certain PAI indicators is limited. The fund therefore uses the best available data from public company reporting. Work to ensure data quality is ongoing
- No

## What investment strategy does this financial product follow?

### **Pre-investment analysis**

Each potential portfolio company is analysed on the basis of relevant sustainability-related risks. At this stage, the company is assessed against the fund's binding exclusion criteria and norms-based screening.

### **Selection and portfolio construction**

Investment decisions are made following a综合 combined assessment of identified sustainability risks, sustainability factors, and the binding criteria.

### **Ongoing monitoring**

Portfolio companies are continuously monitored with regard to sustainability risks, incidents, and controversies. If a company no longer meets the fund's requirements, measures may be taken, such as engagement, reduction of the position, or divestment.

### **Active ownership**

Active ownership and company dialogue are an integrated part of the investment strategy and are conducted in part in accordance with the management company's shareholder engagement policy. For the portion of the portfolio classified as sustainable investments under Article 2(17), a specific methodology is applied for assessing contribution, principal adverse impacts, and good governance.

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

The binding elements of the investment strategy consist of exclusion criteria and norms-based screening applied prior to investment.

**The following revenue-based exclusion thresholds are binding:**

Activity	Threshold
Extraction of oil, natural gas, or thermal coal	>5% of revenue
Production or development of cluster munitions, anti-personnel mines, chemical or biological weapons, and nuclear weapons	>1% of revenue
Production of weapons or military materiel	>1% of revenue
Production of tobacco products	>1% of revenue
Production of alcoholic beverages	>1% of revenue
Production of pornographic material	>1% of revenue
Commercial gambling operations	>1% of revenue
Production or commercial use of genetically modified organisms (GMOs)	>1% of revenue
The 1–5% revenue threshold is applied because companies may in practice have limited, indirect, or time-bound exposures to the identified activities without their core business being linked to these. A zero threshold would risk excluding companies on the basis of marginal and often unforeseen business connections that do not reflect the company's actual operational focus. The threshold allows for a nuanced assessment and reduces the risk of erroneous exclusions.	

**Norm-based screening:**

Companies with verified serious violations of the UN Global Compact or the OECD Guidelines for Multinational Enterprises are excluded.

**Water:**

Producing companies are not considered investable if they are subject to verified serious water-related environmental incidents with significant adverse environmental impact, and where the company lacks credible measures or follow-up to address and remediate the incident.

- **What is the minimum percentage for reducing the scope of the investments considered prior to the application of that investment strategy?**

The fund has not established a predetermined quantitative minimum share for how much of the investment universe should be reduced through the application of the investment strategy's binding criteria.

The revenue-based exclusion criteria, the norms-based screening, and the policy requirements for producing companies (operationally active companies) are applied systematically prior to investment and reduce the investable universe to the extent that companies do not meet these requirements. The extent of the reduction varies over time depending on the composition of companies and the prevalence of companies that do not meet the criteria

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

The fund assesses good governance practices in investee companies through norms-based screening against the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact.

## What asset allocation is planned for the financial product?

The fund is a mixed fund and invests a total of at least 90% in its two asset classes: companies focused on green technology and exposure to precious metals with a focus on gold. The fund invests at least 50% in the equity market to achieve exposure to companies needed for a world based on green technology, where the fund's strategy is divided into four sub-strategies — production of environmentally friendly energy, reduced energy consumption, reduced emissions and recycling, energy storage, and extraction of the elements required in green technology. The fund also invests at least 30% in transferable securities, all of which the manager assesses to be influenced in their

The investment strategy governs investment decisions based on factors such as investment objectives and risk. Good governance practices include sound management structures, employee relations, employee remuneration, and tax compliance.

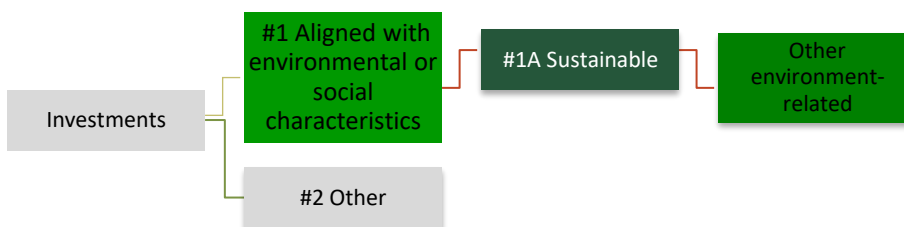


value development by the market performance of gold, as well as other precious metals such as silver, platinum, and palladium.

#1A: 20% of the allocation consists of sustainable investments.

#1B: Approximately 60% (at least 50%) of the allocation (operationally active producing companies) promotes environmental and social characteristics (of which 20% of the total portfolio is classified as sustainable investments under #1A).

#2: Approximately 40% (at least 30%) of total investments consists of other exposures (exchange-traded products with physically backed precious metals).



**Category 1 Aligned with environmental or social characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**Category 2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor regarded as sustainable investments.

Category 1 **Aligned with environmental or social characteristics** includes:

- sub-category **#1A Sustainable**, which covers sustainable investments with environmental or social objectives.
- sub-category **#1B Other environmental and or social characteristics**, which covers investments aligned with the environmental or social characteristics that are not regarded as sustainable investments.

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

The financial product does not use derivatives.



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

- The fund does not commit to having a minimum share of taxonomy-aligned investments.
- The fund does not invest in government bonds.

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

Yes:

In fossil gas       In nuclearenergy

No

**Asset allocation** describes the share of investments in specific assets.

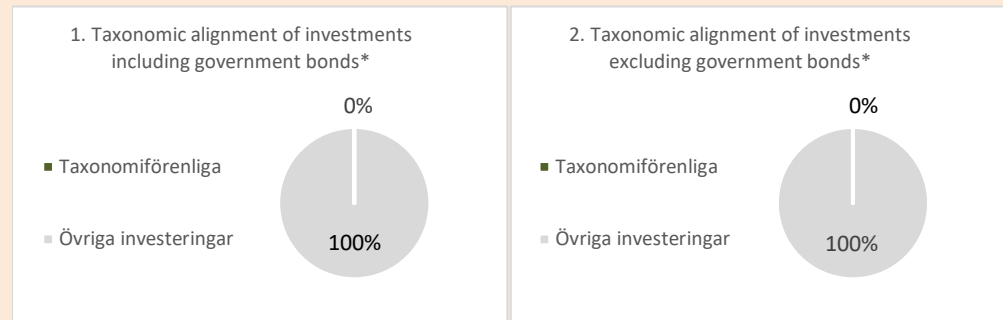
Taxonomy-aligned activities are expressed as a share of:

- turnover which reflects the share of income from the investee companies' green operations.
- **capital expenditure**, showing the green investments made by investee companies, e.g. those relevant for a transition to a green economy.
- **operating expenditure**

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are those for which there are not yet low-carbon alternatives available and which, among other things, have greenhouse gas emissions at levels corresponding to best performance.

The two charts below show in green the minimum percentage of the investments aligned with the EU taxonomy. As there is no suitable methodology for determining the taxonomic alignment of government bonds,\* the first graph shows taxonomic alignment with regard to all of the financial product's investments, including government bonds, while the second graph shows taxonomic alignment only with regard to the investments of the financial product that are not government bonds.



\*In these graphs, "government bonds" refers to all exposures in government securities

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

N/A



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

The fund has not determined a minimum share of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

The fund has not determined a minimum share of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy.



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

The "Other" category comprises exchange-traded products (ETCs) with physically backed precious metals.

The purpose of the "other" investments is to strengthen the portfolio's risk-adjusted return profile.

Although these investments do not actively promote environmental or social characteristics, they are subject to the fund's minimum safeguards. The investments are not made in companies that violate international norms such as the UN Global Compact or the OECD Guidelines for Multinational Enterprises.

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



**Has a specific index been selected as a benchmark to determine whether this financial product complies with the environmental and/or social characteristics it promotes?**

No specific index has been selected as a benchmark to determine whether this financial product complies with the

environmental or social characteristics it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***  
Not applicable.
- ***How is the investment strategy's continuous alignment with the calculation method of the index ensured?***  
Not applicable.
- ***How does the designated reference benchmark differ from a relevant broad market index?***  
Not applicable.
- ***Where can the method used to calculate the selected index be found?***  
Not applicable.

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



**Where can I find more product-specific information online?**

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

<https://aifmgroup.com/auag-precious-core/>

<https://www.auagfunds.com/sv/investment-solutions/auag-precious-core>