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Sustainability-related disclosures in accordance with Article 10 of Regulation (EU) 2019/2088 (Disclosure Regulation)

The subject of this document is mandatory information about the intended sustainable investment objective of this financial product. It is not advertising material. This information is required by law in order to transparently explain the sustainable investment objective of the financial product .

Name of the product:
Lumen Vietnam Fund

Company identifier (LEI code):
529900RUZ5D2VOQPZL11

This financial product is managed by the management company IFM Independent Fund Management AG.

a) Summary

This financial product is a product in accordance with Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

When managing the financial product, the asset manager takes into account environmental (E) and/or social (S) characteristics, among others, and invests in companies that apply good governance practices (G).

This financial product advertises ecological or social characteristics, but does not aim for sustainable investments.

At least 51% of the assets of the Lumen Vietnam Fund are permanently invested directly in equity securities and rights (shares, shares with warrants, etc.) of companies that have their registered office or carry out the majority of their economic activities in Vietnam or are holding companies that predominantly hold equity interests in companies domiciled in Vietnam and that are traded on a stock exchange or another regulated market open to the public. In addition, the UCITS will invest at least 51% of its assets in companies that have their registered office or the majority of their economic activities in Vietnam or, as holding companies, predominantly hold equity interests in companies domiciled in Vietnam.

The financial product takes into account environmental (E) and/or social (S) characteristics through the application of exclusion and positive criteria and invests in companies that apply good governance practices (G). The financial product pursues a holistic ESG approach in which the sustainable orientation of the financial product is to be ensured by taking various sustainability factors into account.

The financial product also uses activity-based and standard-based conclusions, which are described in more detail in the investment strategy below.

To achieve the investment objective of the financial product, a multi-stage sustainability process is used in which issuers are selected according to a predefined process



The financial product will invest at least 51% of its net fund assets in companies that are aligned with the advertised environmental and social characteristics **(#1)**.

The remaining share (<49%) will therefore consist of **#2 Other investments**.

The Management Company uses relevant data and information from MSCI and/or WaVeritas as well as from internal and public sources to assess the achievement of the advertised environmental and/or social characteristics.

In its investment strategy, the financial product applies ESG criteria from one or more external ESG data providers, which may be incomplete, incorrect, different or unavailable. There is therefore a risk that the management company may incorrectly assess a security or an issuer so that a security is wrongly included in or excluded from the portfolio of the financial product. Due to the advertised environmental and/or social characteristics and the data required for monitoring, the management company does not currently assume that there will be any restrictions with regard to the fulfilment of these characteristics. Nevertheless, a misjudgement in individual cases cannot be ruled out.

The management company has sufficient resources and expertise with regard to sustainability risks.

The management company is convinced that the active exercise of voting rights contributes to the values and behaviour of companies.

No reference value has been determined for determining whether this financial product is aligned with the environmental and/or social characteristics sought.

b) No sustainable investment target

This financial product advertises ecological or social features, but does not aim to make sustainable investments.

c) Environmental or social characteristics of the financial product

The financial product takes into account environmental (E) and/or social (S) characteristics through the application of exclusion and positive criteria and invests in companies that apply good governance practices (G). The financial product pursues a holistic ESG approach in which the sustainable orientation of the financial product is to be ensured by taking various sustainability factors into account.

Furthermore, the financial product uses activity-based and standards-based conclusions, which are described in more detail in the investment strategy below.

d) Investment strategy

The direct dialogue between the asset manager or external specialists and the companies (active ownership) plays a relevant role in the sustainability strategy. The dialogue with the companies is usually based on a structured due diligence process, which includes criteria in the areas of governance, the environment and social issues. Thanks to this engagement, sustainability practices can be promoted with the invested companies and the sustainability performance can be monitored and reviewed before and during the investment phase. The asset manager can be supported and accompanied by external sustainability specialists.



In order to achieve the investment objective of the UCITS, a multi-stage sustainability process is applied, which consists of clearly defined and measurable exclusion and positive criteria:

I. Activity-based negative testing:

In order to achieve its investment objective, the asset manager **first** defines **exclusion criteria** or threshold values for the acquisition of certain assets .

Companies that engage in the following activities are completely excluded from a Vietnamese equity universe:

- Production of nuclear energy
- Adult entertainment
- Production of alcoholic beverages over 10 per cent by volume and
- Production of conventional and controversial weapons.

In addition, companies that generate significant revenue from the following business areas are excluded:

- Coal¹
- Gambling¹
- Production of tobacco products¹
- Trawling¹ and
- Cement production¹ .

The above exclusions only apply to direct investments.

II. Standards-based negative testing:

This **second step** centres on the review and assessment of controversies and possible involvement in unethical business practices. The review takes particular account of local laws and regulations. Possible violations of the following international standards are also taken into account:

- the United Nations Universal Declaration of Human Rights
- the labour standards of the International Labour Organization (ILO)
- the United Nations Guiding Principles on Business and Human Rights (UNGPs)
- the United Nations Global Compact (UNGC) and
- the OECD Guidelines for Multinational Enterprises.

To carry out this analysis, the asset manager uses data provided by one or more external ESG research services.

Government bonds are excluded if they do not have a sufficient score on the Freedom House Index (<https://freedomhouse.org/>).

III. Positive criteria:

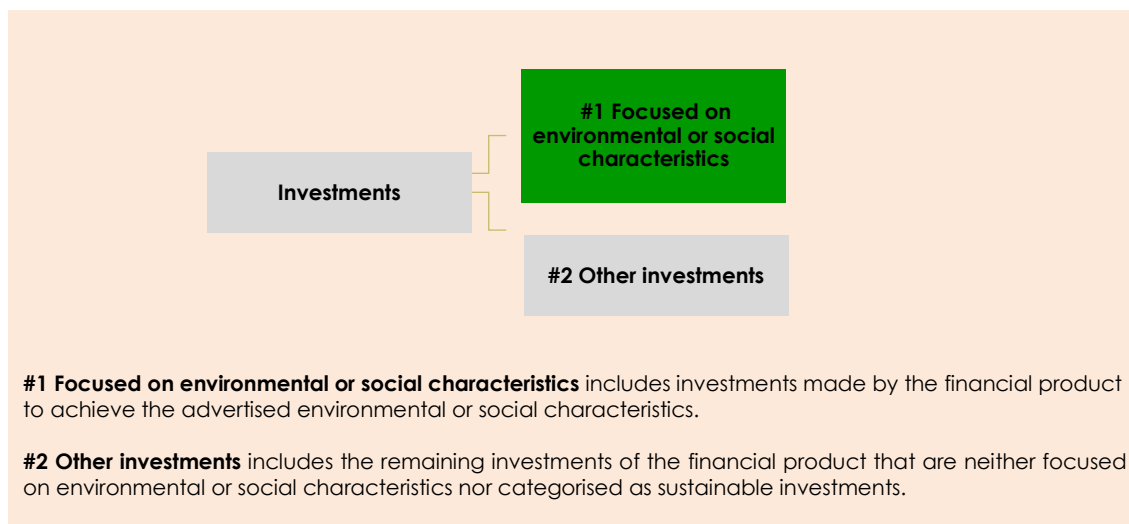
In a **third step**, the assets of the UCITS are subjected to an ESG analysis in order to fulfil environmental, social and governance (ESG) characteristics. The analysis shows the exposure of each company to the most important ESG factors. The most important ESG factors are analysed quantitatively by means of an ESG rating and also in report form. It is based on a detailed breakdown of business activities, main products and segments, locations, assets and revenues, as well as other relevant metrics such as innovation, raw materials, resource efficiency and, above all, corporate governance criteria, etc.

¹ Exclusion if turnover >10% of total turnover from production and/or sales



Further information on how the ESG and sustainability methodology works, how it is integrated into the investment process, the selection criteria and the ESG and sustainability guidelines can be found on the [IFM Independent Fund Management AG sustainability-related disclosure](#) website.

e) Breakdown of investments



The financial product will invest at least 51% of its net fund assets in companies that are aligned with the advertised environmental and social characteristics **(#1)**.

The remaining share (<49%) therefore consists of **#2 Other investments**:

1. Cash and cash equivalents for liquidity purposes
2. Derivative financial instruments used for hedging purposes
3. Investments for diversification purposes or investments for which data is missing and do not follow minimum E&S protection requirements

Due to the nature of the installations under points 1 and 2, no minimum environmental or social protection requirements are specified.

f) Monitoring of environmental or social characteristics

The following sustainability indicators are used to measure the achievement of the environmental and/or social characteristics:

- Number of direct investments with violations of the exclusion criteria
- The average ESG score of the financial product

The mandatory elements of the investment strategy are the systematic exclusion of certain companies on the basis of the exclusion policy described above, the review and assessment of controversies and possible involvement in unethical business practices (standards-based negative screening) and the ESG analysis, which shows the exposure of each company to the most important ESG factors (positive criteria).

The asset manager has an independent internal risk management system that uses suitable technical systems to monitor the specific requirements arising from the ESG investment process (ex-ante review).

IFM Independent Fund Management AG

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The investment universe is regularly checked for compliance with these criteria via and updated accordingly. Compliance with the applicable investment universe is checked daily.

The monitoring of compliance with the sustainable objectives and the sustainable investment processes used to achieve them is ensured by the daily review of all transactions (ex-post review) and holdings of the financial product by Investment Compliance.

g) Methods

The material sustainability risks are analysed by the asset manager and thus expand the traditional fundamental analysis to include financially relevant sustainability risks. Sustainability risks are analysed on the basis of publicly available information from issuers (e.g. annual and sustainability reports) or internal research and using data and ESG ratings from research and rating agencies.

Further information on how the ESG and sustainability methodology works, how it is integrated into the investment process, the selection criteria and the ESG and sustainability guidelines can be found on the [IFM Independent Fund Management AG sustainability-related disclosure](#) website.

h) Data sources and processing

The Management Company uses relevant data and information from MSCI and/or WaVeritas as well as from internal and public sources to assess the achievement of the advertised environmental and/or social characteristics.

The data quality is checked at the time of onboarding the respective data provider (e.g. checking the methodology). Furthermore, additional data sources are used for plausibility checks if necessary. This may be the case, for example, if the data situation is uncertain or if different information is available.

The data provided by the rating agencies is incorporated into the management company's internal monitoring system and is updated on an ongoing basis. This enables independent monitoring of the ESG investment process.

Only issuers for which an appropriate data basis exists or for which an individual sustainability rating has been prepared are assessed as part of the ESG and sustainability methodology. No estimates are made by the management company or the asset manager.

i) Limitations with regard to methods and data

In its investment strategy, the financial product applies ESG criteria from one or more external ESG data providers, which may be incomplete, incorrect, different or unavailable. There is therefore a risk that the management company may incorrectly assess a security or an issuer so that a security is wrongly included in or excluded from the portfolio of the financial product. This may be the case due to the following problems, among others:

- Geographical coverage (less comprehensive coverage may be available for emerging markets;
- Sectoral coverage (data coverage can vary greatly depending on the sector);



- Company size (less ESG data may be available for smaller companies);
- Data availability in general (If data is not readily available and accessible, this can lead to gaps in the ESG assessment);
- Data quality (different non-harmonised reporting standards, different measurement methods).

Due to the advertised environmental and/or social characteristics and the data required for monitoring, the management company does not currently assume that there will be any restrictions with regard to the fulfilment of these characteristics. Before an investment is made, the securities are checked for fulfilment of the advertised environmental and/or social characteristics. If the data basis is uncertain, a plausibility check as described above is carried out where necessary in order to counteract the problem in the best possible way. Nevertheless, a misjudgement in individual cases cannot be ruled out.

j) Duty of care

The management company has sufficient resources and expertise with regard to sustainability risks. Suitable monitoring and control structures are in place in our Investment Compliance department, which is independent of the asset manager of the financial product. In addition, the management company has an independent internal audit department.

k) Participation policy

The management company is convinced that by actively exercising its voting rights it is making a contribution to the values and behaviour of companies. With the Management Company's commitments, it encourages companies to adopt best-practice corporate governance standards. When exercising voting rights, the management company takes into account the internal directive on voting rights policy. In structuring its engagement with companies, the management company works closely with a proxy voting provider and combines its analysis with the investment policy of the financial product.

The voting rights policy is available at: [Voting rights and participation policy of IFM](#)

l) Determined reference value

No reference value has been determined for determining whether this financial product is aligned with the environmental and/or social characteristics sought.