

Sustainability-related disclosures (extract)

pursuant to Art. 10 of Regulation (EU) 2019/2088

MEAG FairReturn

ISIN (unit class A): DE000A0RFJ25

ISIN (unit class I): DE000A0RFJW6

Summary

The MEAG FairReturn (hereinafter „the Fund“) is an actively managed balanced investment fund with a sustainability concept. The Fund’s focus is on European bonds.

The Fund promotes environmental and social characteristics, but does not have as its objective sustainable investments. It is, however, committed to always holding a minimum of 5% of sustainable investments, as defined in Article 2 No. 17 of Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector (hereinafter „SFDR“).

The Fund promotes the following environmental and social characteristics:

1. Exclusion of companies and states pursuant to the Fund’s exclusion policy

Exclusion criteria have been determined pertaining to the Fund that do not allow it to invest in companies and states that exhibit controversial behaviour or are active in controversial business fields. While some of these criteria are absolute, i.e. the issuer in question may not generate any revenue whatsoever in the specified business field, other criteria are relative, i.e. there are threshold values for the maximum percentage of the company’s overall revenue that the company may generate in the controversial area. Issuers that do not meet these standards (e.g. company generating more revenue from controversial business fields than tolerated pursuant to the threshold) are excluded from the Fund’s investment universe. Not subject to the exclusion criteria are securities, for which no ESG data is available, target funds, derivatives and bank deposits.

2. Focus on companies with a good or very good ESG rating („best-in-class concept“)

In accordance with the best-in-class concept, the Fund considers the following issuers:

- Equities: Companies with the highest ESG ratings are considered for investment. These companies shall represent 50% of the market capitalization in each sector and region of the worldwide stock index MSCI World and must have at the same time a MSCI ESG Rating of “BB” or above.
- Corporate bonds: Issuers belonging to the top 75% of the overall bond universe of MSCI ESG Research (hereinafter „MSCI“). The bottom 25% are not considered for investment.
- Government bonds: States with a sustainability rating better than „CCC“ (MSCI ESG Government Rating). States with a „CCC“ rating are not considered for investment.

This product feature only applies to direct investments (equities and bonds) for which ESG data is available. The letters E, S and G stand for Environmental, Social and Governance.

3. Consideration of Principal Adverse Impacts of investment decisions on sustainability factors

When considering the Principal Adverse Impacts of investment decisions on sustainability factors (hereinafter “PAI”), the Fund applies for each investment decision the indicators for companies provided in Annex I Table 1 of Delegated Regulation (EU) 2022/1288 supplementing SFDR (hereinafter „DelReg SFDR“). It does so by conducting an ESG controversy check using data from MSCI ESG Research (hereinafter „MSCI“). For states, exclusion criteria apply. It does not perform this check on securities for which no corresponding ESG data is available, or on target funds, derivatives or bank deposits.

4. Minimum share of sustainable investments pursuant to SFDR

The Fund commits to keep at least 5% of its fund assets invested in sustainable investments pursuant to Article 2 No. 17 SFDR. For the Fund, a company's economic activity shall be deemed a sustainable investment if its product range and/or services make a positive contribution to at least one of the 17 United Nations Sustainable Development Goals („SDGs“), provided that its other activities do not significantly harm any of the other SDGs (hereinafter „DNSH assessment“, where DNSH stands for „Do Not Significantly Harm“), and that it follows good governance practices. This product characteristic does not apply to securities and target funds for which no ESG data are available, or to derivatives or bank deposits.

No benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

The environmental and social product characteristics are a binding element of the Fund's investment strategy and part of the security selection process. In line with its investment strategy, the Fund continuously invests more than 50% of the fund assets in assets that are used for attaining the environmental and social characteristics it promotes. The Fund also undertakes to invest at least 5% of its fund assets in sustainable investments as defined by SFDR. These investments contribute positively to one of the 17 SDGs but are not compliant with the EU Taxonomy. The Fund does not have the objective to make environmentally sustainable investments within the meaning of the EU Taxonomy.

When evaluating an issuer's sustainability, MEAG (hereinafter “the Company”) relies in particular on the ESG analyses from the external providers MSCI and ISS ESG Research (hereinafter „ISS“). The Company uses this data extensively and continuously to derive investment measures, pre-check planned investments and monitor existing ones.

The assessment of an issuer's good governance practices is part of the individual security analysis based on data from MSCI. The assessment covers in particular topics such as sound management structures, employee relations, remuneration of staff and tax compliance.

The Company bases its analysis of an issuer's sustainability on a monthly supply of data from the data providers. By updating ESG data on a monthly basis, changes in individual instruments can be identified more quickly and actions taken accordingly. The Company processes the data in various ways, with the aim of achieving fully automated data collection to reduce operational risks and manual interventions. The Company performs quality checks on a situational basis, to check for inconsistencies in a data provider's data, or between the data received from different data providers.

Due diligence with regard to the Fund's assets is ensured by contractual provisions, permanent, standardised processes and binding internal guidelines, which also apply to the binding sustainability aspects of the investment strategy. The Fund is subject to ongoing risk and compliance processes that check its adherence to the investment limits. The portfolio composition is continuously monitored and once a year the auditor reviews whether the promoted environmental and social characteristics have been attained and whether the implemented processes have been upheld.

An engagement policy is part of the investment strategy, enacted when considering PAI. In addition, the Company or its parent company Munich Re, leverages its influence on companies in collaborative engagement dialogues through the Climate Action 100+ initiative and the exercising of voting rights.

Version	Document status	Changes made
Version 1	01.01.2023	Compliance with the requirements of the DelReg SFDR (non-binding excerpt from the overall document as at 01.08.2023)