



Article 10 (SFDR – Level I)
Website disclosure for an article 8 fund

GENERALI SMART FUNDS - VorsorgeStrategie



Environmental or social characteristics of the financial product

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

The Sub-Fund promotes environmental and social characteristics pursuant to Article 8 of the SFDR. The investment into the “Risky Assets” will be pursued using an analysis of environmental and social characteristics of the investee companies (Global equities) by applying a Responsible investment process and will consider both financial and extra-financial criteria when selecting equity securities. Furthermore, when the Investment Manager invests in ETFs and Money Market UCITS, the Investment Manager will essentially invest in funds featuring ESG approaches and criteria.



Investment strategy

What investment strategy does this financial product follow?

Responsible investment process for Equities

Eligible stocks are identified based on a proprietary process defined and applied by the Investment Manager. The Investment Manager intends to actively manage the Sub-fund to fulfil its objective, selecting stocks with solid fundamentals - profitability, volatility, level of financial leverage, for instance - that offer attractive financial returns while displaying positive Environmental, Social & Governance (ESG) criteria relative to their peers.

The following ESG process will be applied on an ongoing basis to select equity securities, provided that the issuers follow good corporate governance practices. No such process will be applied to the selection of the government bonds in which the Sub-fund will invest.

Responsible investment process for ETFs and other UCIs and UCITS and Lower Risk Assets

ETFs and other UCIs and UCITS, and Lower Risk Assets featuring ESG approaches and criteria will be identified based on their promotion of environmental and social characteristics pursuant to Article 8 or Article 9 of the SFDR, with their formal ESG approaches disclosed in their respective selling documents, and with the above-mentioned characteristics being aligned to those of the investing fund.

Ethical Filter & Controversies (negative screening or “exclusions”)

The sub-fund seeks to meet the environmental and social characteristics by applying the Investment Manager’s proprietary ethical filter, as per which issuers of securities in which the Sub-fund may invest within the initial investment universe and are involved in any of the following will not be considered for investment:

The restricted list includes companies that match one or more of the following criteria:

- Breaching the Non Proliferation Treaty for Nuclear Weapons;
- Directly involved in cluster munitions, antipersonnel landmines and biological / chemical weapons;
- Involved in one or more of the following breaches of the United Nations’ Global Compact Principles:

- serious or systematic human rights violations;
- severe environmental damages;
- gross corruption.
- Coal sector exclusion:
 - Coal-related business: more than 30% of the revenues deriving from coal;
 - Coal mining: more than 20 Million Tons of Coal production per year;
 - Coal power generation: more than 30% of power generated from coal;
 - Coal expansion: companies actively involved in building new coal capacity (coal plants).
- Tar Sands sector exclusion:
 - Tar Sands revenues: more than 5% of the issuers' revenues derived from Tar Sands extraction;
 - Tar Sands transportation: operators of controversial pipelines dedicated to Tar Sands transportation.

The above filter and exclusions will apply to all issuers of securities.

ESG Scoring (positive screening)

Global securities will then be selected based on a “best in class” approach per industry sector taking into account controversies and relevant material ESG criteria for each given industry sector, including (but not limited to) CO2 emissions, employee turn-over rate, and business ethics.

To that end, the Investment Manager will analyse and monitor the ESG profile of issuers using information sourced from an external ESG data provider. Accordingly, within the initial investment universe - and after the negative screening process described above - each single security within each industry sector will be analysed and ranked by the Investment Manager according to both its fundamentals and the overall ESG score assigned to it by the external ESG data provider. The Investment Manager will select securities with solid fundamentals while displaying positive ESG score relative to their peers within a given industry sector.

The above ESG selection process aims at excluding 20% of the initial investment universe of global securities, to guarantee an effective selection of securities from companies in the investment universe that best meet the relevant material ESG criteria within a given industry sector and, therefore, the ESG quality of the Sub-fund's portfolio.

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

The ESG process, including the ethical filter's exclusion of companies showing governance-related controversies, will be applied on an ongoing basis to ensure that the issuers follow good corporate governance practices, except for government bonds in which the Sub-fund will invest in. Furthermore, good governance practices are ensured for investments in ETFs and Money Market UCITs as per their respective SFDR categorisations (article 8 or article 9) that of which is aligned to those of the investing fund. No such process will be applied to the selection of the government bonds in which the Sub-fund will invest.



Methodologies

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

The main sustainability indicators used to measure the attainment of the environmental or social characteristics promoted are:

1. The share of securities within the portfolio with exposure to economic activities set out in the exclusion list.
2. The share of ETFs and Money Market UCITS categorized as Article 8 or Article 9 SFDR.
3. The equity pocket's ESG rating to be compared with the ESG rating of its initial investment universe (MSCI World).



Monitoring of environmental or social characteristics

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

To ensure that environmental and social characteristics are met throughout the lifecycle of the fund, the ESG process above is applied on an ongoing basis and exclusions are monitored on an ongoing basis with a regularity of at least once a year.



Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics?

The Investment Manager will analyse and monitor the ESG profile of issuers using information sourced from several external ESG data providers (MSCI, Ethifinance,...) reviewed by the internal Investment Stewardship team. Accordingly, within the initial investment universe - and after the negative screening process described above - each single stock of a company within each industry sector will be analysed and ranked by the Investment Manager according to both its fundamentals and the overall ESG score assigned to it by the external ESG data providers and reviewed by the Investment Stewardship team.



Reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

Yes

No



Limitations to methodologies and data

What are the main limitations to the methodologies used and data ?

The main methodological limits are:

- the availability of data to conduct ESG analysis;
- the quality of the data used in the assessment of ESG quality as there are no universal standards related to ESG information and third party verification is not systematic
- the comparability of data, as not all companies publish the same indicators;
- the use of proprietary methodologies, which relies on the experience and skills of the asset manager's staff.