Pre-contractual Information about the integration of sustainability risks by MorgenFund GmbH, Luxembourg branch („MorgenFund LB“) in digital discretionary portfolio management

Dear Investor,

This section contains a description of how MorgenFund LB takes sustainability risks into account, as required by the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (Disclosure Regulation) that comes into force on March 10, 2021, in its investment decisions within the scope of financial portfolio as well as on the results of the assessment of the likely impacts of sustainability risks on the returns in relation to the offered financial portfolio management mandate.

1.1 Definition of sustainability risks

Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a negative material impact on the value of a financial instrument or an investment. Sustainability risk can either represent a risk on its own or have an impact on other risks and contribute significantly to the risk, such as market risks, liquidity risks counterparty risks oroperational risks.

These events or conditions are split into "Environment, Social, and Governance" (ESG), and relate, among other things, to the following topics:

Environment

- Climate mitigation
- Adjustment to climatechange
- Protection of biodiversity
- Sustainable use and protection of water and maritime resources
- Transition to a circular economy, avoidance of waste, and recycling
- The avoidanceand reduction of environmental pollution
- Protection of healthyecosystems
- Sustainable land use

Social affairs

- Compliance with recognized labour law standards (no child and forced labour, no discrimination)
- Compliance with employment safety and health protection
- Appropriate remuneration, fair working conditions, diversity, and training and development opportunities
- Trade union rights and freedom of assembly
- Guarantee of adequate product safety, including health protection
- Application of the same requirements to entities in the supply chain
- Inclusive projects or consideration of the interests of communities and social minorities

Corporate Governance

— Tax honesty
— Anti-corruption measures
— Sustainability management by the board
— Board remuneration based on sustainability criteria
— The facilitation of whistleblowing
— Employee rights guarantees
— Data protection guarantees
— Disclosure of information

As part of the consideration of environmental issues, the company considers especially the following aspects related to climate change:

Physical climate events or conditions

— Extreme weather events

- Heat waves
- Droughts
- Floods
- Storms
- Hailstorms
- Forest fires
- Avalanches

— Long-term climate change

- Decreasing amounts of snow
- Changed precipitation frequency and volumes
- Unstable weather conditions
- Rising sea levels
- Changes in ocean currents
- Changes in winds
- Changes in land and soil productivity
- Reduced water availability (water risk)
- Ocean acidification
- Global warming including regional extremes

Transition events or conditions

— Bans and restrictions
— Phasing out of fossil fuels
— Other political measures related to the transition to a low-carbon economy
— Technological change linked to the transition to a low-carbon economy
— Changes in customer preferences and behaviour

2. How sustainability risks are incorporated into portfolio management

2.1 Consideration of sustainability risks in financial portfolio management

In its investment decisions, MorgenFund LB considers sustainability risks of the ETFs or investment funds to be invested in addition to usual financial data. This consideration applies in particular to the analysis, selection and ultimate investment in the ETFs and investment funds.

In addition, ESG criteria are integrated throughout investment research. The research process includes the identification of global sustainability trends, financially relevant ESG issues and challenges.

Furthermore, risks that may result from the consequences of climate change or risks that arise due to the violation of internationally recognized guidelines are subjected to special scrutiny by the investment research team. Internationally recognized guidelines include, in particular, the ten principles of the United Nations Global Compact, ILO core labour standards and the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

In order to take ESG criteria of the ETFs and investment funds used in the portfolios into account, MorgenFund LB primarily uses a database-based software solution into which ESG data from other research companies as well as the MorgenFund research results flow.

If an investment is made in an ETF or investment fund after the ESG-integrated analysis, these investments are also monitored further from an ESG perspective.

Information on the effects of sustainability risks on returns can be found in the following chapter.

3. Impact of sustainability risks on returns

Sustainability risks can lead to a significant deterioration in the financial profile, liquidity, profitability or reputation of an investment.

Unless already anticipated and factored into the valuations of the investments, sustainability risks may have a material adverse effect on the expected/estimated market price and/or liquidity of the investment and thus on the return of an investment or portfolio.

3.1 Market risk in connection with sustainability risks

Sustainability risks can have an impact on the market price. For example, market prices can change if companies do not act sustainably and do not make investments in sustainable changes. Similarly, strategic orientations of companies that do not take sustainability into account can have a negative impact on the share price.

The reputational risk arising from non-sustainable actions by companies can also have a negative impact on the market price.

Last but not least, physical damage caused by climate change or measures to shift to a low- carbon economy can also have a negative impact on the market price.

3.2 Risks from natural disasters and lack of attention to sustainability

An investment can be damaged and suffer losses due to external events such as natural disasters. These events can be caused or exacerbated by a lack of attention to sustainability.

4. Glossary

Term	Definition
ESG	Environmental, social and governance - refers to the three key factors in measuring the sustainability and social impact of an investment in a business or company. These criteria help to better determine the future financial performance of companies. The term "ESG" is used as a collective term referring to all aspects that are conducive to sustainability.
ETF	An exchange-traded fund is an investment fund that is continuously traded on an exchange. It is normally not acquired and sold via the issuing investment company, but via the stock exchange on the secondary market.
ILO	The International Labour Standards on Occupational Safety and Health, also called core conventions of the International Labour Organisation, are social standards within the framework of the world trade order that are intended to ensure decent working conditions and adequate protection. https://www.ilo.org/global/standards/subjects-covered-by-international- labour-standards/occupational-safety-and-health/lang--en/index.htm
Investment funds	An investment fund in accordance with the UCITS Directive (see below).
OECD	Organisation for Economic Co-operation and Development (OECD)
United Nations (UN)	The United Nations Organisation, or UNO, is an intergovernmental association of 193 states and, as a global international organisation, a fully recognised subject of international law.
UCITS	UCITS The UCITS Directive, long name Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), is a European directive that defines specific requirements for funds and their management companies.

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