KBC Bonds Capital Fund (EUR)

Capitalisation Capitalisation

Sub-fund of Luxemburg UCI

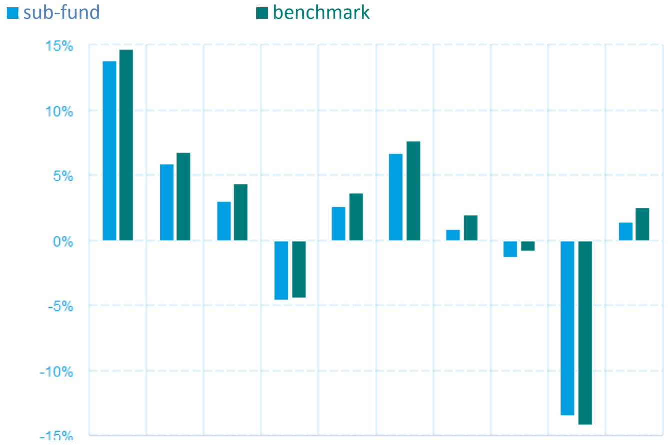
Managed by the Belgian management company KBC Asset Management NV

Monthly fund fact sheet | 29 February 2024 | This is a marketing communication.

MOVEMENTS IN THE NET ASSET VALUE

Past movements in asset value are not a reliable indicator for the future. (Source: KBC Asset Management.)

PAST PERFORMANCE PER CALENDAR YEAR



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EUR	13.8%	5.9%	3.0%	-4.6%	2.6%	6.6%	0.8%	-1.4%	-13.5%	1.4%
EUR	14.7%	6.8%	4.3%	-4.4%	3.6%	7.7%	2.0%	-0.8%	-14.2%	2.5%

KEY FIGURES

ISIN Code	LU0052032520
Last Net Asset Value	875.46 EUR
Net Assets (in MM)	13,68 EUR
Yield to Maturity*	3.07
Modified duration*	6.99
Subscription Fee	max. 2.500%
Redemption Fee	max. 1.000%
Exit Fee < 1 month after entry	-
Ongoing Charges (including)	0.970%
- Management fee	max. 1.100%
Fund Category	bond fund
Launch Date	3 October 1994
Term	no maturity date
Minimum investment	-
Liquidity	daily
SFDR classification*	Art. 6

ANNUALISED RETURN / CUMULATIVE RETURN

	Annualised return: sub-fund	Annualised return: benchmark	Cumulative return: sub-fund	Cumulative return: benchmark
Year			since 01-01-2024	
1	-0.20%	1.04%	-1.65%	-1.41%
3	-4.43%	-4.01%		
5	-1.86%	-1.29%		
10	0.80%	1.52%		

Performance and return figures are historical investment returns and are denominated in the currency of the fund. The figures for the fund factor in all charges and fees, except entry and exit charges and taxes. The figures for the benchmark – i.e. the reference point for this fund – do not include any fees or charges. Past performance and return figures are not a reliable indicator for the future. (Source: KBC Asset Management.)

TAX TREATMENT IN BELGIUM

Applies to individual investors who are subject to Belgian personal income tax.

Withholding tax rate	30%
Withholding tax on redemption	open the asset test document on the www.kbc.be/investment-legal-documents page
Stock exchange tax on redemption	1.32% (max. 4 000 EUR)

RISK INDICATOR

1	2	**3**	4	5	6	7

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Lower risk — Higher risk

The risk indicator assumes you keep the product for 3 years.
The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.
3 is typical for bond funds, which tend to have an indicator of 2 or 3. Bond funds are generally less sensitive to the markets than equity funds, which tend to have an indicator of 4 or even 5 in some cases. The value of bond funds is especially sensitive to changes in interest rates, since the interest on these bonds is fixed in advance and does not go up when market rates increase. If rates go up, the value of the bonds already in the fund will fall.
This product does not include any protection from future market performance so you could lose some or all of your investment.

Moreover, an investment in this fund involves:

- a moderate level of inflation risk : there is no protection against an increase of the inflation.
- a high level of exchange rate risk : since there are investments in securities that are denominated in currencies other than the Euro, there is a considerable chance that the value of an investment will be affected by movements in exchange rates.
- a moderate level of credit risk : the assets are primarily - but not exclusively - invested in bonds with an investment grade rating. Consequently the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.

There is no capital protection.

*An overview of financial and economic terms can be found under "Glossary".

OBJECTIVES AND INVESTMENT POLICY

KBC Bonds Capital Fund aims to generate a return by investing at least two-thirds of its assets across a range of corporate and/or government bonds denominated in various currencies.
No more than one-quarter of the fund's assets are invested in convertible bonds and bonds with warrant. The fund may invest in 'closed' bond markets or bond markets to which private individuals have limited access.
The fund may invest its assets in money market instruments (up to one-third), in bank deposits (up to one-third) and/or in shares and other units (up to one-tenth).
The fund invests at least 75% of its assets in bonds and debt instruments with an investment grade* credit rating*, i.e. at least BBB-/Baa3 (long term), A3/F3/P3 (short term) from Standard & Poor's or an equivalent rating from Moody's or Fitch and/or in government bonds issued in local currency that have not been rated by the aforementioned agencies, but the issuer of which has been rated as investment grade by at least one of these agencies.
The fund invests no more than 25% of its assets in bonds and debt instruments that have a credit rating below investment grade or that have not received a rating from the aforementioned agencies.
The sub-fund will not invest in distressed and defaulted securities.
The asset manager will do everything possible to achieve the fund's objectives by making timely investments and temporarily hedging the exchange rate and interest rate risks.

The fund is denominated in Euro.
The fund's reference index is 50% JPM EMU IG, 15% JPM GBI Japan, 5% JPM GBI UK, 30% JPM GBI US. The fund has the objective of outperforming the reference index. For detailed information on the index, see www.jpmorgan.com, www.jpmorgan.com, www.jpmorgan.com, www.jpmorgan.com.
The fund is actively managed and does not set out to track the benchmark index. The benchmark is used for measuring the fund's portfolio in terms of performance and for portfolio composition. The majority of the fund's bond holdings will be components of the benchmark. The manager may use discretionary powers to invest in bonds not included in the benchmark index in order to benefit from the sub-fund's specific investment opportunities.
The sub-fund's investment policy restricts the extent to which the portfolio holdings may deviate from the benchmark. This deviation is measured by means of the tracking error, which indicates volatility in the performance difference between the sub-fund and its benchmark. The expected tracking error is set at 0.75 %. Investors should be aware that the actual tracking error may vary depending on market conditions. A fund that deviates less from the benchmark is less likely to outperform it.
The fund reinvests any income received in the manner set out in the prospectus (for more details, see section 13 of the information concerning this sub-fund in the prospectus).

The above objectives and investment policy have been taken in their entirety from the Key Information Document (KID). Neither the capital nor the return is guaranteed or protected.

PRODUCT RATING

1 2 3 **4** 5 6 7

More defensive ↔ More dynamic

Along with the volatility of the market, this product rating, developed by KBC, also takes other factors into account such as scheduled repayment of capital, credit worthiness, asset allocation, exposure to foreign currencies and liquidity. You can find more information under 'Product Rating'. Under normal market circumstances, a lower risk (lower product rating) will lead to a potential lower return. Under normal market circumstances, a higher risk (higher product rating) will lead to a potential higher return. More information and background on the various factors used to determine the product ratings can be found at www.kbc.be/productrating.

CUSTOMER'S RISK PREFERENCE

This product is aimed in the first place at investors with at least a '**Dynamic**' investment risk preference. KBC Bank recommends that you should only invest in this product if you understand its essential features and, in particular, what risks are associated with it. If KBC recommends the product in the context of providing investment advice, KBC is required to examine whether the product is suitable for you in the light of your knowledge and experience of the product, your investment goals and your financial capacity. If KBC does not give investment advice and you take the initiative yourself, then KBC is not required to check whether this product is suitable for you. If in that case it concerns a complex product, KBC will still be required to determine whether you have sufficient knowledge and experience of the product. If you do not, KBC must warn you that the product is not appropriate for you. For more information on customer risk preferences, go to www.KBC.be/investmentprofile.

*An overview of financial and economic terms can be found under "Glossary".

TOP 10 POSITIONS (Source: KBC Asset Management)

Name	ISIN	Currency	Country	Maturity	%
US TREASURY N/B T 3 1/2 02/15/33	US91282CGM73	USD	United States of America	15/02/2033	3.91%
FRANCE O.A.T. FRTR 3 1/2 04/25/26	FR0010916924	EUR	France	25/04/2026	3.43%
US TREASURY N/B T 3 5/8 03/31/30	US91282CGS44	USD	United States of America	31/03/2030	3.00%
BTPS BTPS 2.8 06/15/29	IT0005495731	EUR	Italy	15/06/2029	2.89%
US TREASURY N/B T 1 1/4 04/30/28	US91282CBZ32	USD	United States of America	30/04/2028	2.88%
US TREASURY N/B T 5 05/15/37	US912810PU60	USD	United States of America	15/05/2037	2.81%
BTPS BTPS 0.6 08/01/31	IT0005436693	EUR	Italy	01/08/2031	2.66%
JAPAN GOVT 10-YR JGB 0.4 09/20/25	JP1103401F97	JPY	Japan	20/09/2025	2.27%
JAPAN GOVT 10-YR JGB 0 1/2 03/20/33	JP1103701P43	JPY	Japan	20/03/2033	2.20%
US TREASURY N/B T 2 3/4 05/31/29	US91282CES61	USD	United States of America	31/05/2029	1.91%
Percentage of top 10-positions in total portfolio					27.95%
Number of positions held					**119**

ALLOCATION OF THE PORTFOLIO[(1) (4)] (Source: KBC Asset Management)

Asset type[(2) (3)]	
Bonds	99.33%
Cash	0.67%

Currency allocation	
EUR	49.79%
USD	30.08%
JPY	14.64%
GBP	5.32%
CHF	0.18%

ALLOCATION OF THE BONDS[(1) (4)] (Source: KBC Asset Management)

Bond type	
Sovereign Bonds Developed Markets	99.82%
Corporate Bonds Convertible	0.18%

Rating allocation*	
AAA	23.62%
AA	38.70%
A	13.39%
BBB	9.39%
Not Rated	14.91%

(1) Takes into account the distribution of any underlying UCIs
(2) Any derivative financial instruments based on shares or bonds will be included under the type of asset they relate to.
(3) Any derivative financial instruments based, for instance, on foreign currencies or volatility indices, will be included under the 'Other' asset type.
(4) Using derivative financial instruments may result in a negative allocation percentage.

*An overview of financial and economic terms can be found under "Glossary".

Subordinated bonds	Subordinated bonds are bonds that, in the case of bankruptcy or liquidation of the company concerned, will only be repaid after other creditors (but before shareholders). The chance is high that, in the case of bankruptcy, the holders of this type of paper will not be repaid or will be repaid less than the holders of non-subordinated bonds. The risk of this type of paper is therefore higher and requires a higher premium.
Derivative	Financial instrument whose value is derived from the value of another asset (the underlying). The value of the derivative is determined not only by the value of the underlying, but also by a number of other factors, including movements in interest rates, the term and the volatility of the underlying. There are many different kinds of derivatives (forwards, futures, swaps, options, etc.) relating to different kinds of assets (commodities, currencies or shares, for instance). Derivatives are useful because of their leverage effect. Besides speculative purposes, they can also be used to protect (hedge) a portfolio against certain market risks, such as exchange and interest rate risks.
Anti-dilution levy	When net subscriptions and redemptions involve exceptionally large amounts, KBC Asset Management may decide to apply an additional charge to the investors concerned [those entering or exiting the fund on that day] to mitigate the negative impact on the net asset value. The size of this levy is based on the transaction charges incurred by the manager. Applied in very exceptional situations, this levy is in the interests of those investors remaining in the fund.
Asset Test (%)	Test to determine whether more than 10% of the assets of a fund (or sub-fund) are invested directly or indirectly in debt instruments as defined in Article 19b of the 1992 Income Tax Code. If this is the case, definitive withholding tax will be payable on the income arising from these debt instruments on the purchase or transfer for a consideration of units in the fund, or in the event of full or partial distribution of the equity of the fund or the relevant sub-fund.
Open-ended investment companies (beveks)	Beveks are open-ended investment companies (‘bevek’ – Beleggingsvennootschap met Veranderlijk Kapitaal in Dutch and sicav – Société d’Investissement à Capital Variable in French). A typical feature of these funds is that they can increase their capital at any time, without any formalities, by issuing new shares; conversely, they can decrease their capital by buying back existing shares. As a result, investors can enter or exit funds at any time, at the prevailing net asset value.
Floor price (protection)	Investments that use the floor-price monitoring technique aim to prevent the value of an investment from falling below a predetermined floor price during a set period (for instance, one year). An example of a floor price is 90% or 95% of the net asset value at the beginning of the period. The ‘distance to the floor price' – the distance between the net asset value (NAV) and the floor price – is calculated as follows: (NAV – floor price)/floor price
Bonds Fixed rate:	Bonds that have a fixed coupon.
Bonds Floating Rate:	Bonds that have a variable coupon.
Consumer discretionary	Goods and services, the consumption of which is influenced by the economic cycle. Consumption is higher during periods of strong economic growth. Examples include cars and tourism.
Commercial Paper	Negotiable IOU (loan) issued by a company or other type of non-credit institution.
Sub-fund	A bevek (open-ended investment company) may be made up of various sub-funds, which means that it is split into separate portfolios, each with its own investment policy. A prospectus providing details of the specific investment policy is issued whenever a sub-fund is launched. The advantage to investors is that they can switch from one sub-fund to another at lower cost, hence benefiting from changing market conditions.
Distribution units	Distribution units pay out part or all of any income they might generate (e.g. dividends, interest income and capital gains) in the form of a dividend.
Depository receipts	Depository receipts (DRs) are securities representing a certain number of shares, usually those issued by companies from emerging markets. The DRs are issued by credit institutions, which hold the underlying shares in safe custody for the DR holders. The credit institution is established in a developed market (e.g. the US). DRs have the advantage that they avoid certain difficulties specific to emerging markets, such as potentially limited access to these markets, high transaction costs and limited liquidity. DRs are denominated in an international currency and not in the local currency of the share.
Fund	‘Fund’ is a common name for an Undertaking for Collective Investment (UCI). The term can refer to a sub-fund of an open-ended investment company under Belgian law (Bevek), a sub-fund of a Luxembourg Sicav, a collective investment fund or a sub-fund of a collective investment fund.
Futures	A futures contract is an agreement between two parties relating to the delivery of a standardised quantity of an asset specified in the contract (the underlying asset) at an agreed time and price. The underlying asset can consist of commodities, financial assets (bonds, deposits, etc.), indices and foreign currencies.
Physical replication	With physical replication, the composition of the underlying index is mimicked through the purchase of the constituent elements (assets) of that index. The term ‘physical’ means that the assets become the property of the fund.
Money market instruments	Money market instruments are debt instruments that meet the following criteria: (1) they have a remaining term to maturity of no more than 397 days or – if they have a longer term to maturity – their return is adjusted regularly (at least every 397 days) to take account of changes in the market rate; (2) they can be bought/sold and delivered/paid for within a short period of time (for instance, seven business days) at limited cost; (3) their value can be accurately calculated at any time.
Collective investment fund	Common name for a UCI (Undertaking for Collective Investment) with a contractual structure. This is basically a diversified portfolio that invests in shares, bonds, cash and/or real estate in accordance with the investment policy laid down in the prospectus. Investors can subscribe or redeem units at the net asset value as and when they wish. An investment fund is a convenient form of investment. It is managed by specialists that monitor the market closely and look after for all the administrative tasks (including collecting interest and dividends).
Inflation-linked (government) bonds	Bond for which the coupon payments and capital are linked to changes in a particular consumer price index. The price of inflation-linked bonds is determined by the real interest rate, which is the nominal rate less projected inflation. If the nominal interest rate and inflation expectations are equally strong, the price of inflation-linked bonds remains more or less stable. Inflation-linked bonds then offer investors better protection against a rate increase than conventional bonds.
UCI	The term ‘undertaking for collective investment’ (UCI) is the overarching name used for all types of investment fund, regardless of their legal status. Depending on their legal status, a distinction is made between UCIs with a contractual structure (mutual funds) and UCIs with a separate legal personality (investment companies). For UCIs that are made up of different sub-funds, the term ‘UCI’ is also occasionally used to refer to a sub-fund. The investor participates directly in a diversified portfolio that invests, for instance, in equities, bonds, cash and/or real estate in accordance with the investment policy laid down in the prospectus. UCIs are managed in the exclusive interests of the unit holders by specialists who track the market closely. Another term often used for a UCI is ‘fund’ or ‘investment fund’.

Investment Grade	When assessing a bond, it is vital to consider the quality of the debtor: it is important to know whether the borrower is able to meet his commitments to pay interest and repay the capital. Most bond issuers call upon rating agencies for this. After carrying out an evaluation of the company's financial situation at that moment, the agency awards a rating that reflects the creditworthiness of the issuer or the risk that not all of the amount borrowed will be repaid. Such a rating is not a recommendation to buy, hold or sell a bond. Ratings comprise one or more letters and certain symbols or numbers. An investment grade rating is generally regarded as indicating a less risky investment, whereas a sub-investment grade rating reflects a higher degree of risk.
Net asset value	The total value of all the assets in an investment fund divided by the number of units, net of the charges borne by the fund.
Capitalisation units	Capitalisation units do not pay a dividend but reinvest their income. When the unit is sold, any income accrued through reinvestment is paid out in a lump sum in the form of a capital gain.
Capital protection	An undertaking for collective investment (UCI) may only use the term 'capital protection' if the following criteria are met: (1) During the initial subscription period, the subscription price of units in a UCI will be fully protected at maturity. (2) To provide protection, an investment strategy must be established where investment is made in deposits, debt instruments issued by a company subject to prudential supervision and established in a Member State of the European Economic Area and/or debt instruments issued or guaranteed by a Member State of the European Economic Area, or where a similar structure applies with an identical counterparty risk. (3) Protection is provided to all shareholders. Capital protection is not the same as a capital guarantee.
Capital guarantee	An undertaking for collective investment (UCI) may only use the term 'capital guarantee' if the following criteria are met: (1) The initial subscription value is fully, irrevocably and unconditionally guaranteed at maturity by a third party that is subject to prudential supervision and established in a Member State of the European Economic Area. (2) The guarantee is granted to all investors in the UCI. (3) The guarantee is issued in the form of a legally binding agreement between the UCI and the institution issuing the guarantee. A capital guarantee is not the same as capital protection.
Credit Rating	A score that reflects the creditworthiness of a bond issuer. It indicates the probability that an investor will actually receive the proposed payments of interest and capital. Ratings comprise one or more letters and certain symbols or figures. AAA is given to low-risk investments. The degree of risk gradually increases for investments with ratings below AAA grade.
Ongoing charges	Ongoing charges are expenses charged to the fund over a period of one year. They represent all annual charges and other payments taken from the fund's assets. Ongoing charges are expressed as a single percentage, i.e. the ratio of expenses to the fund's average invested assets. This percentage is just an estimate in the case of funds that have not been operating for a full financial year. Ongoing charges also include the transaction fees incurred by the fund.
Master-Feeder	A master-feeder fund structure is a structure where investors put their money into a fund, i.e. the 'feeder', which then invests at least 85% of its assets in another fund, called the 'master'. It is the 'master' fund that effectively carries out all the underlying investments.
Modified Duration	Modified duration is a measure of sensitivity to interest rates. The figure indicates the extent to which the value of the bond component of a fund would decline (increase) were interest rates to go up (fall) by 1%
MSCI	Morgan Stanley Capital International (MSCI) is an independent US investment institution that calculates an index for each of the world's major investment regions. KBC funds are not supported, recommended or promoted by MSCI and MSCI assumes no liability regarding these funds or regarding those indexes on which these funds are based. The prospectus contains a more detailed description of the limits on MSCI's relationship with KBC Asset Management and all the associated funds.
Net assets	The total value of all securities (shares/bonds/cash etc.) present in the portfolio at that moment, plus accrued interest and dividends and minus costs.
Consumer staples	Goods and services, the consumption of which is not influenced by the economic cycle, namely products or services that people need regardless of economic growth, such as food.
Emerging markets/ countries	Emerging markets/countries (synonymous with emerging economies, growth countries and growth markets) are countries or markets which have a level of development below that of the West, but which are experiencing or may experience rapid economic growth.
Developed markets/ countries	Developed markets or countries have a high degree of industrialisation, a high division of labour, an advanced infrastructure and a high standard of living. Most developed countries are democracies.
Allocation by rating	Asset allocations in the 'allocation by rating' table are determined as follows: The allocation by rating for the bond portfolio is determined by the rating assigned to fixed-rate instruments (including derivatives) by one of the following rating agencies: Moody's, Standard&Poors (S&P) and Fitch. The second highest rating is taken for each instrument, without any account being taken of further refinements (+, -, 1, 2 or 3) after the letter scale. If only one rating is available, the rating will be derived from it. For instance, an instrument rated Aa2 (by Moody's), AA- (by S&P) and A+ (by Fitch) will be assigned an AA rating (see overview).

	Moody's	S&P, Fitch	Rating
Investment Grade	Aaa	AAA	AAA
	Aa1, Aa2, Aa3	AA+, AA, AA-	AA
	A1, A2, A3	A+, A, A-	A
	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	BBB
Sub Investment Grade	Ba1, Ba2, Ba3	BB+,BB, BB-	BB
	B1, B2, B3	B+, B, B-	B
	Caa1, Caa2, Caa3	CCC+, CCC, CCC-	CCC
	Ca	CC	CC
	C	C	C

Interest rate sensitivity / Interest rate risk	The risk of the value of an investment falling when the interest rate on new investments with an equivalent term is higher.
Term Deposit (regular)	Time deposit account
Treasury Bill	Treasury bills
Responsible investing	Responsible investing is a way for investors to combine their financial goals with their concerns for the Environment, Social issues and corporate Governance. The applicable terms and conditions can take several forms based on positive selection (players with good practices), exclusion (of controversial sectors) or both, with dialogue always being undertaken with the companies concerned.
Volatility	The extent to which the price of a share or other financial product fluctuates over time, or to which a share index or exchange rate moves up or down over time.
Yield to maturity (YTM)	The expected annualized return of a bond investment when held until maturity. The YTM of a fund is calculated as the weighted average YTM of the underlying financial instruments in the portfolio.

RESPONSIBLE INVESTING GLOSSARY

Principal adverse impacts on sustainability factors (PAI)	Economic activities can have positive but also adverse effects on sustainability factors. Principal Adverse Impacts (PAI) indicate the main adverse effects of investment decisions on sustainability factors, such as the environment, the social framework, respect for human rights, anti-corruption and the like. Learn more at www.kbc.be/SRD.
Company greenhouse gas intensity	The greenhouse gas intensity of a company indicates how many tonnes of CO2-equivalents that company emits per million USD of turnover (tCO_2e/$M turnover). The number of tonnes of greenhouse gases emitted by a company is the sum of: • the direct greenhouse gas emissions resulting from the company's own activities (Scope 1) • the indirect greenhouse gas emissions resulting from the generation of purchased electricity (Scope 2) The indirect greenhouse gas emissions resulting from activities of, for example, suppliers and customers (scope 3) are not included in that sum, as this scope 3 data largely depends on assumptions and is not disclosed by companies. At fund level, this figure represents the weighted average of all greenhouse gas intensities of the underlying companies in which the fund invests and for which data is available. The specific 'target' objectives for a fund, as well as the benchmark and/or a reference portfolio based on a certain target allocation against which these objectives are compared, can be found at www.kbc.be/investment-legal-documents > Investment policy for responsible investing funds.
Country greenhouse gas intensity	The greenhouse gas intensity of a country indicates how many tonnes of CO_2-equivalents that country emits per million USD of Gross Domestic Product (tCO_2e/$M GDP). The number of tonnes of greenhouse gases emitted by a country is the sum of: • the greenhouse gas emissions resulting from the domestic production of goods and services for domestic consumption and for export, and • the greenhouse gas emissions resulting from the import of goods and services, back to the country of origin At fund level, this figure represents the weighted average of all greenhouse gas intensities of the underlying countries represented in the fund and for which data is available. The specific 'target' objectives for a fund, as well as the benchmark and/or a reference portfolio based on a certain target allocation against which these objectives are compared, can be found at www.kbc.be/investment-legal-documents > Investment policy for responsible investing funds.
Data coverage rate	The data coverage rate reflects the proportion of investment instruments for which relevant data is available, expressed as a percentage. In calculating this, technical elements such as cash or derivatives are not taken into account.
ESG	'ESG' stands for Environment, Social and Governance and refers to the three themes that are central to a sustainability screening.
Bonds to finance green and/or social projects	Bonds to finance green and/or social projects ('ESG bonds'). We distinguish three types: 1. Green bonds: for financing projects which have a positive impact on the environment. 2. Social bonds: for financing projects which have a positive impact on society. 3. ESG bonds: for funding projects which have a positive impact on both the environment and society. Both companies and governments are authorised to issue these types of bonds. To qualify as an ESG bond with KBC Asset Management, the bonds must comply with the International Capital Market Association (ICMA) principles for using the proceeds.
Company ESG risk score	The ESG risk score for companies measures the difference between a company's exposure to sector-relevant environmental, social and governance (ESG) risks and the extent to which the company covers these risks. The lower a company's ESG risk score on a scale of 0 to 100, the less its sustainability risk. The company ESG risk score is determined from three perspectives: 1. Environment: includes waste policy, water intensity and greenhouse gas emissions 2. Social: includes employment conditions, workforce diversity and union rights 3. Governance: includes independence of the board of directors and transparency on pay and taxes At fund level, this figure represents the weighted average of all ESG risk scores for the underlying companies in which the fund invests and for which data is available. The specific 'target' objectives for a fund, as well as the benchmark and/or a reference portfolio based on a certain target allocation against which these objectives are compared, can be found at www.kbc.be/investment-legal-documents > Investment policy for responsible investing funds.
Country ESG score	The ESG country score assesses how well the government policies of countries perform in terms of the environment, social issues and corporate governance (ESG). The higher a country's ESG score on a scale of 0 to 100, the greater the number of countries that are committed to sustainable development. The score is determined from five perspectives: 1. General economic performance and stability 2. Socio-economic developments and public health 3. Equality, freedom and rights of all citizens 4. Environment 5. Security, peace and international relations At fund level, this figure represents the weighted average of all ESG scores of the underlying companies in which the fund invests and for which data is available. The specific 'target' objectives for a fund, as well as the benchmark and/or a reference portfolio based on a certain target allocation against which these objectives are compared, can be found at www.kbc.be/investment-legal-documents > Investment policy for responsible investing funds.
Responsible Investing Advisory Board	This Board is made up of independent members whose sole responsibility is to supervise the approach and activities of the specialist researchers of KBC Asset Management NV. Any changes KBC Asset Management makes to its responsible investment methodology must pass their test. In this way, KBC Asset Management keeps abreast of social trends.
Compliance with the UN Global Compact principles	The United Nations' Global Compact (UNGC) has drawn up 10 sustainability principles in the area of human rights, employment rights, environment and combating corruption, which all businesses have to respect. For its responsible investing funds, KBC Asset Management excludes all companies that seriously violate these principles, based on Morningstar Sustainalytics' Global Standard Screening and Controversy Research and MSCI's Controversy Research.
SFDR classification	The Sustainable Finance Disclosure Regulation (SFDR) is a European Regulation governing sustainability disclosures in the financial sector. It divides funds into three categories: • Article 6 funds: funds that neither have sustainable investment as their objective, nor do they promote environmental and/or social characteristics • Article 8 funds: funds that promote environmental and/or social characteristics • Article 9 funds: funds that have sustainable investment as their objective

Exclusion criteria for companies and countries	Companies or governments whose activities, or the way in which they carry them out, are seriously at odds with the principles of responsible business are excluded. We distinguish two types of exclusion criteria: • Exclusion criteria applying to all actively managed conventional KBC Asset Management funds, including serious violations of the United Nations Global Compact principles, human rights abuses, controversial regimes, tobacco producers and coal mining. • Exclusion criteria specific to responsible investment funds, including companies linked to or active in conventional weapons, fossil fuels, gambling, adult entertainment, fur, ... You can find all the exclusion criteria at www.kbc.be/investment-legal-documents > General exclusion policy for conventional and Responsible Investing funds or at www.kbc.be/investment-legal-documents > Exclusion policy for Responsible Investing funds.
Percentage of sustainable investments	According to SFDR, ‘sustainable investments’ are investments in economic activities that contribute to • achieving a measurable environmental or social objective, • provided these investments do not seriously undermine these goals, • and the companies invested in follow good governance practices. To meet the above requirements and be regarded as a ‘Sustainable investment according to SFDR’ by KBC Asset Management, exclusion criteria for companies and countries are applied and the company or country also has to meet a positive criterion. A complete overview of the criteria applied by KBC Asset Management regarding what constitutes a sustainable investment under SFDR can be found at www.kbc.be/investment-legal-documents > Investment policy for Responsible Investing funds. At fund level, this figure represents the weighted average of the sustainable investments in the fund for which data is available. The fund defines a minimum percentage of sustainable investments that must be held. The actual percentage may be higher than this figure. You can find more product-specific information at www.kbc.be/SRD.