

The AIFM takes into consideration the risks stemming from sustainability factors (in the meaning 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 (“SFDR”)) when managing the Sub-Funds. The AIFM, or Investment Manager in case of delegation, also considers sustainability risks in its investment decisions besides the common financial metrics as well as the other portfolio specific risks.

Risks related to Environmental, Social or Governance (“ESG”) factors as per article 6 of SFDR

Sustainability risks

Investment decisions are made taking into account sustainability risks to manage the risk-adjusted returns of the Sub-Funds.

Sustainability risks can arise from environmental and social impacts on a potential investment object as well as from the corporate governance of a company associated with an investment object.

Sustainability risks can either represent a risk of its own or have an impact on other portfolio risks and contribute significantly to the overall risk of a Sub-Fund. Upon occurrence, such sustainable risks can have a significant impact on the value and/or return of the investment object, up to a total loss. Negative effects on an investment object can also negatively impact the return of the Sub-Funds.

The aim of including sustainability risks in the investment decision is to identify the occurrence of these risks as early as possible and to take appropriate measures to minimize the impact on the investments or the overall portfolio of the Sub-Fund.

The events or conditions that may be responsible for a negative impact on the return of a Sub-Fund are split into environmental, social and corporate governance aspects. While environmental aspects include climate mitigation, for example, social aspects include compliance with employment safety and labor rights. Corporate governance aspects include, for example, the consideration of employee’s rights and data protection. The aspects of climate change, including physical climate events or conditions such as heat waves, storms, rising sea levels and global warming, may also be considered.

The AIFM uses risk indicators to assess sustainability risks. The risk indicators can correspond to quantitative or qualitative factors based on ESG aspects and seek to measure the risks in relation to the aspects under consideration.