FRÜH & PARTNER

Sustainability Disclosure

according to Regulation (EU) 2019/2088 and Regulation (EU) 2020/852

1. General remarks

The regulations (EU) 2019/2088 and (EU) 2020/852 require certain disclosures on the subject of the sustainability of financial market participants. With the present document, Früh & Partners Asset Management Ltd. (FP) is fulfilling these disclosure responsibilities.

FP is a financial market participant that provides its customers with asset management/portfolio management and investment advisory services. Within the scope of these services, FP offers various investment strategies (income, growth, opportunity). When necessary in the statements below, a distinction will be made between these varied offerings.

The present document is provided to interested parties within the framework of contract initiation as pre-contractual information. Since the content of the present document will be adapted from time to time, in particular, in order to comply with statutory or other regulatory requirements, the current version is always accessible via the FP website.

2. Taking sustainability risks into consideration

As a company, we wish to make a contribution to a more sustainable and resource-efficient economy, with the objective, in particular, of reducing the risks and impacts of climate change.

In our investment process, we consider the criteria E (environmental), S (social) and G (governance/corporate and/or state leadership) (ESG criteria). Sustainability risks that emerge from an analysis of these ESG criteria are analyzed on a continuing basis regarding their financial impacts, and the resulting insights about the sustainability risks of individual issuers are taken into account within the scope of the investment process in the course of assessing profitability and risk. Sustainability risks are events or conditions from the environmental, social and governance (ESG) spheres, the occurrence of which can have actual or potentially material adverse effects on the value of the investments.

Sustainability risks can affect all known types of risk (e.g., general price risk, operational risk, liquidity risk and currency risk) and contribute as a factor towards the materiality of these types of risk. The effect, likelihood and severity of sustainability risks differ according to the industry, business model and sustainability strategy of the issuer.

However, there is neither the promotion of environmental or social characteristics nor an effort to comply with sustainability targets within the meaning of the Regulation (EU) 2019/2088 and the EU Criteria for environmentally sustainable economic activities, and there are no minimum percentages of such investments.

In the course of the investment process, sustainability risks may have a negative effect on the profitability of an investment strategy. In particular, these may result in a material deterioration in the financial position, profitability or reputation of the issuer and have a significant impact on the valuation level of the investment. The investment strategies offered by FP do not take into account the EU criteria for environmentally sustainable economic activities.

The sustainability risks are analyzed on the basis of the issuer's publicly available information (e.g., annual and sustainability reports, management meetings, conferences, company visits) as well as external reports or internal research, as well as by applying data and ESG ratings from research and rating agencies. We distance ourselves from companies that produce landmines, cluster munitions and nuclear weapons.

Furthermore, the company's employees regularly receive comprehensive training and continuing education on the topic of sustainability/sustainability risks.

3. Statement on the non-consideration of adverse impacts on sustainability factors

Investment decisions can have adverse effects on the environment (e.g., climate, water, diversity) as well as on social and employee matters and can also be detrimental to combating corruption and bribery. FP endeavors to fulfill its responsibility as a financial market participant and to contribute to avoiding such adverse effects at the company level.

Since the relevant regulatory provisions (the subject matter of which is, among other things, the present obligatory disclosure) have not yet been published in their entirety at the time of generating this document, FP also cannot at present provide a binding statement to the effect that (and in which manner) the adverse effects of investment decisions upon sustainability factors are taken into consideration. Therefore, we are required to declare that we do not take these into account for the time being and until further clarification. The investment strategies thus do not currently take into account any adverse impacts of investment decisions on sustainability factors.

As soon as the appropriate regulatory provisions are fully published, FP will evaluate these provisions and once again assess, and where necessary, adjust its position with regard to the adverse effects of investment decisions upon sustainability factors.

4. Transparency of the compensation policy in connection with consideration of sustainability risks

Our compensation systems are conducive to the appropriate management of sustainability risks. It is designed in such a way that there are no incentives to take excessive risks. Our compensation system takes the interests of the client into account at all times. There are therefore no incentives to acquire certain financial instruments. There are also no incentives for frequent buying and selling of financial instruments. Overall, the compensation system is designed to avoid conflicts of interest. The above also applies with regard to sustainability risks. The compensation system is neutral, i.e. there are no incentives to take certain sustainability risks or to avoid them.

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