

Regulation Art. 3 Abs.1 SFDR

Transparency of sustainability risks

Sustainability risks are events or conditions in the areas of the environment, social affairs or corporate management which, if they occurred, could actually or potentially have a significant negative impact on the value of the fund's investments.

Sustainability risks form part of the catalogue of known risk types such as market risk, liquidity risk, counterparty risk and operational risk, and can affect the materiality of these risks.

I. Investment decisions

Quoniam Asset Management GmbH ([Quoniam](#)) makes investment decisions based on a structured active investment process. The principle of ESG integration is also enshrined in all investment decisions. ESG integration means the systematic inclusion of sustainability factors during the significant stages of the investment process. Sustainability factors include environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery.

The integration of sustainability factors in the active quantitative investment process is basically ensured at Quoniam by the SRI Committee. It reviews, among other things, individual companies, sectors, and countries that are of particular relevance for risk, earnings and valuation considerations as a result of specific events and/or structural trends in sustainability aspects. The Committee issues binding investment indicators and recommendations that are relevant for all affected asset classes and all portfolio managers.

II. Inclusion of sustainability risks in investment decisions

As part of Quoniam's investment process, fundamental information about companies and markets, including a large number of sustainability factors, is processed using quantitative methods.

Quoniam's portfolio managers can review and measure the sustainability risks at individual equity level or across the entire portfolio at any time when compiling portfolios and make appropriate investment decisions. In this way, actively managed, risk-controlled portfolios are created in which the relevant sustainability risks are also taken into account.

In order to reduce sustainability risks, Quoniam, as an active quantitative asset manager, draws attention to sustainability issues through various initiatives with the aim of actively influencing issuers in relation to the opportunities and risks that may be associated with sustainability factors.

III. Impact on returns

Taking sustainability factors into account can have a significant long-term influence on the performance of an investment. Issuers with unsatisfactory sustainability standards may be more vulnerable to event, reputation, regulatory, litigation and technology risks. These risks in the area of sustainability can affect, among other things, their operational business, the value of their brand or the company itself, and the continued existence of the company. The occurrence of these risks can lead to a negative valuation of the investment, which in turn can have an impact on the fund's return.