Statement on sustainability risk management according to Article 3 Sustainable Finance Disclosure Regulation (SFDR)

Transparency in sustainability risk management strategies (Article 3 of Regulation (EU) 2019/2088 of the European Parliament and of the European Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector - Disclosure Regulation).

According to Article 2 No. 22 of the Disclosure Regulation, sustainability risks are defined as environmental, social or governance events or conditions, the occurrence of which may have an actual or potential material adverse effect on the value of an investment.

In this context, sustainability risks can have a direct and / or indirect impact on the net assets, financial position and results of operations and also on the reputation of an investment. The occurrence of such sustainability risks usually leads to an increase in other types of risk of an investment as well. For example, price risk, liquidity risk, operational risks, etc.

Sustainability risks therefore have a significant influence in the risk assessment of potential investments and as such are part of our analysis and investment process.

In the fund selection process, Moventum Asset Management S.A. is supported by FondsConsult Research GmbH (Bayerstrasse 71-73, D-80335 Munich). Both the asset management team of Moventum Asset Management and the fund analysts of FondConsult are qualified to assess investment risks, which also include sustainability risks, and undergo continuous training.

We take sustainability risks into account by identifying facts that could lead to sustainability risks in the course of our activities through appropriate monitoring, e.g. by following and analysing the general news situation, and acting accordingly. A close exchange with the fund managers of potential and existing target funds also helps to identify sustainability risks and to act and, if necessary, react accordingly.

Furthermore, with our sustainability process as being an integral part of portfolio manager and fund selector analysis, we aim to have a positive impact on limiting sustainability risks. Before taking up an investment in a portfolio or strategy managed by Moventum Asset Management S.A., all potential target funds undergo an in-depth analysis process, which also considers sustainability risks in particular. For each potential target fund, an assessment is made of the extent to which the fund manager of the respective target fund incorporates environmental aspects, social aspects and principles of sustainable corporate governance into investment decisions. Both Moventum Asset Management and the fund analysts at FondsConsult use universally recognized data providers (e.g. Morningstar and Bloomberg), which provide suitable data. When compiling the portfolio, care is taken to ensure that the minimum proportion of target funds prescribed in accordance with SFDR Article 8 and/or SFDR Article 9 is not undercut, depending on the portfolio.

Furthermore, the portfolio managers take into account whether funds do support or conduct good governance practises as for example outlined in the United Nations Global Compact's ten principles. Good governance is regularly assumed for all funds fulfilling Article 8 or Article 9 SFDR.

Even if (for the time being) target funds are still selected that do not yet take sustainability aspects into account, we are convinced that this process contributes to greater sustainability by questioning investment decisions made by fund managers and raising awareness of the need to take ESG criteria into account. This also includes asking fund initiators and fund companies for exclusion criteria for target fund investments. Against this background, we see ourselves in a position to align investment decisions and investment recommendations with environmental, social or corporate values and to manage sustainability risks.

Due to the size and the business model of Moventum Asset Management S.A., we are currently not a signature partner of UN Principles for Responsible Investment or similar relevant frameworks. However, those frameworks provide us guidance on sustainability topics and for identification of sustainability risks and are regularly taken into account during our investment processes.