

Principal Adverse Impacts

With the disclosure of the PAIs (Principal Adverse Impacts), an important step towards transparent and comparable sustainability reporting at fund level is to be taken within the framework of the SFDR (Sustainable Finance Disclosure Regulation) as of the beginning of 2023.

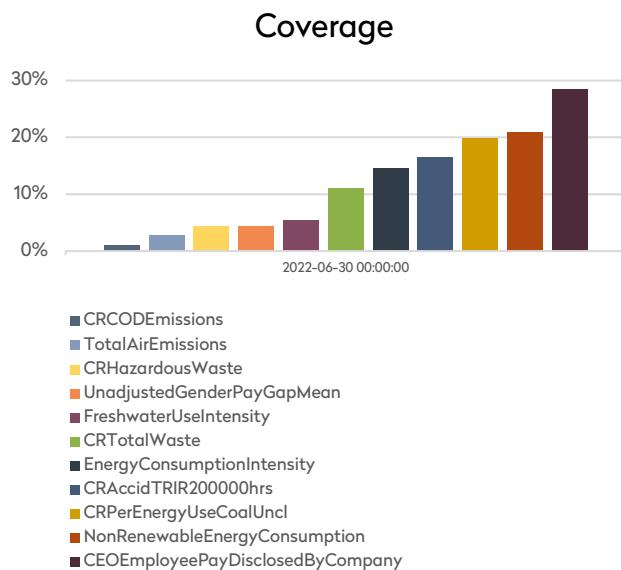
You will find a non-binding evaluation of the performance of our funds in the attached files. The PDF contains a graphical representation of the performance of our funds and the overall market and investment universe as a benchmark. On the other hand, in the Excel file, the EET (European ESG Template), the exact values of the funds are listed without a benchmark.

As usual, we assess the performance of our funds against the two benchmarks. If a fund visibly lags behind both benchmarks, we take this as an opportunity to explain the reasons to the management of the companies and - if justified - to achieve an improvement of the situation.

Due to the industry's teething problems with the implementation of the SFDR, we also do not want to leave the key figures shown entirely without comment. We advise investors to pay particular attention to the following points when assessing PAIs and to refrain from a purely quantitative evaluation of the data if possible:

Data availability

For many of the PAIs, sufficient data is already available - even if this is only an estimate by the rating providers and not, as planned, data provided directly by the companies. In some cases, however, only a few data points may be available, which reduces the significance of the respective indicator.



Data quality

The assumptions and indicators on which the rating providers' estimates are based can differ greatly from one rating provider to another. The reason for this is that the definitions of the individual PAIs sometimes leave considerable room for interpretation, and rating agencies also rely with varying degrees of success on existing data sets for measuring the PAIs. A comparison of PAIs across different rating providers should therefore be treated with caution. We advise you to read the detailed explanations provided by our rating provider ISS ESG in the SFDR Data Dictionary on the content of the PAIs and the indicators used. The SFDR Data Dictionary is available from Bonafide upon request.

Benchmarking

Outside of the EU taxonomy, the legislator has not yet defined any threshold values that specify when sustainability impacts are definitely to be considered adverse. It is therefore obvious to derive the threshold values on the basis of comparative values. In practice, however, the question arises as to which benchmark is best to use. For the sake of simplicity, Bonafide uses the familiar benchmarks of the overall market and investment universe. However, the comparison of individual PAIs with an absolute reference value or a more specific peer group, such as a specific sector, may be more appropriate.