Sustainability Report 2024

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ETHENEA – who we are and what is important to us

Signatory to the UN Principles for Responsible Investment

On 28 November 2017, ETHENEA signed the Principles for Responsible Investment (PRI) and committed to sustainability in its active asset management process by respecting the six United Nations Principles for Responsible Investment developed by the United Nations in 2006 to integrate ESG principles into investment practice. PRI signatories are required to publish an annual report on their responsible investment activities. Since becoming a signatory, ETHENEA has consistently sought to integrate the six principles into its processes. This is also reflected in the PRI Transparency Report, which is published annually and can be viewed on the PRI website. It is only this year that signatories will be asked to report on their progress in the area of responsible investment. With our commitment to these principles, ETHENEA has now been formally committed to sustainability in its mandates for several years. The portfolio management team actively incorporates environmental, social and governance aspects (ESG factors) into its investment analysis and decision-making process with a view to taking responsibility for a sustainable society.

The sustainable investment of funds entrusted to ETHENEA has played an important role for years. Accordingly, the portfolio management team is committed to applying the following principles when actively managing portfolios and making investment decisions:

Sustainability-related disclosure obligations

Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector (Sustainable Finance Disclosure Regulation (SFDR)) requires all participants in the financial markets and in financial advisory services in the EU to disclose information on the integration of sustainability risks and the consideration of adverse impacts on sustainability in their processes.

The SFDR is an important component of the European Commission's Sustainable Finance Action Plan. This regulation is designed to improve transparency concerning the sustainability of financial products in order to direct funds into truly sustainable investments and prevent greenwashing.

The "double materiality principle" is at the heart of SFDR: By considering both financial and sustainability aspects, investors will be better able to understand the extent to which ESG and sustainability factors are taken into account in their investments.

At ETHENEA, all managed funds that are classified as Article 8 funds pursue a sustainability strategy. The companies in which investments are made must apply good governance practices and environmental and/or social characteristics must be taken into account in the fund's investment process. This once again emphasises our firm commitment to offering our customers responsible investment solutions with competitive and sustainable returns. ETHENEA naturally fulfils this obligation and has been providing its investors.

ETHENEA naturally fulfils this obligation and has been providing its investors with detailed information since 10 March 2021. This can be found for each relevant product, clearly and comprehensively prepared, within the fund information on the company's website.

In the 'pre-contractual information' on sustainability aspects, key aspects of the investment process are presented in a general framework with standardised sections for all products in the sales prospectuses of the products we manage. Readers can now find 'regular information' on the sustainability features of the funds in the funds' annual reports.

In June 2023, the management company also published its first PAI (Principal Adverse Impacts) report at company level, in which it issued its statement on the main adverse impacts of investment decisions on sustainability factors. The third PAI report will be published in June 2025.

Implementation at company level

In addition to factoring ESG criteria into investment decisions, integrating sustainability aspects at the company level is an integral part of the corporate strategy. ETHENEA has launched a large number of initiatives in the past to minimise its environmental footprint and contribute to a more sustainable and socially responsible society.

In particular, the avoidance of discrimination of any kind in employment and occupation is fully guaranteed by ETHENEA at all times. Breaches of these policies are unacceptable. ETHENEA also works continuously on increasing employee diversity. Environmental issues are addressed through our responsible use of resources and focus on environmentally relevant factors that are relevant to the environment, savings and resource-efficient corporate management.

1. The Company purchases electricity from renewable energy sources for its office building.
2. Only hybrid or e-cars will now be approved as company cars.
3. Five new charging stations with two charging points have been installed in the underground car park.
4. Business travel by car or plane is being scaled back.
5. Switch to IT-based tools such as Microsoft Teams are used for meetings and conferences.
6. Company benefits, e.g. Cheque Repas, company pension scheme.
7. We have stopped the use of water from plastic bottles and instead have drinking water dispensers in the kitchen.
8. Use of organic cleaning products.
9. Encouraging a healthy lifestyle through the availability of a fitness room for employees on site.

Organisation

Authenticity and character are the cornerstones of ETHENEA's approach to sustainability.

ETHENEA, as a company, provides optimal frameworks and tools for portfolio management to implement their ESG approaches and defines minimum exclusions such as investments in companies with a core activity in armaments, tobacco, pornography, and/or the mining/distribution of coal. The individual portfolio managers have downstream independence in the individual design of the research process and the integrated analysis of ESG risks.

Conditions

The funds managed by ETHENEA can invest flexibly in different asset classes such as equities, bonds, commodities, currencies and cash. Each fund sets different priorities in its allocation based on its risk-reward profile. Ethna-DEFENSIV invests exclusively in bonds and Ethna-DYNAMISCH invests primarily in equities.

Ethna-AKTIV is particularly flexible and prioritises equities or bonds depending on the market assessment. Currencies and cash are mixed in for diversification or when, in the opinion of the portfolio management, attractive investment opportunities arise. HESPER FUND – Global Solutions is primarily macro-driven and also invests heavily in ETFs and derivatives.

In the case of the MainFirst mutual funds managed by Ethenea, all equity funds without exception are classified in accordance with Art. 8 SFDR. The emerging markets bond fund also systematically takes environmental and social characteristics into account and is also classified in accordance with Art. 8 of the EU taxonomy. The MainFirst portfolio management teams are independent in their individual organisation of the research process and the integrated analysis of ESG risks.

ETHENEA's ESG Committee has been in existence for quite some time. Membership of the ESG Committee consists of equal numbers of one member from ETHENEA management, one member from Compliance, and one member from Risk and portfolio management. The ESG Committee will meet regularly, but at least once every six months.

The ESG Committee discusses significant developments, including changes in regulatory requirements related to sustainable investment, and reports to the Board of Directors and the management of ETHENEA.

Furthermore, the ESG Committee also supports the portfolio management in implementing and maintaining the specific requirements in the context of ESG implementation, monitoring and documentation in order to continuously reflect ETHENEA's ESG standards as an important criterion in the company and in portfolio management.

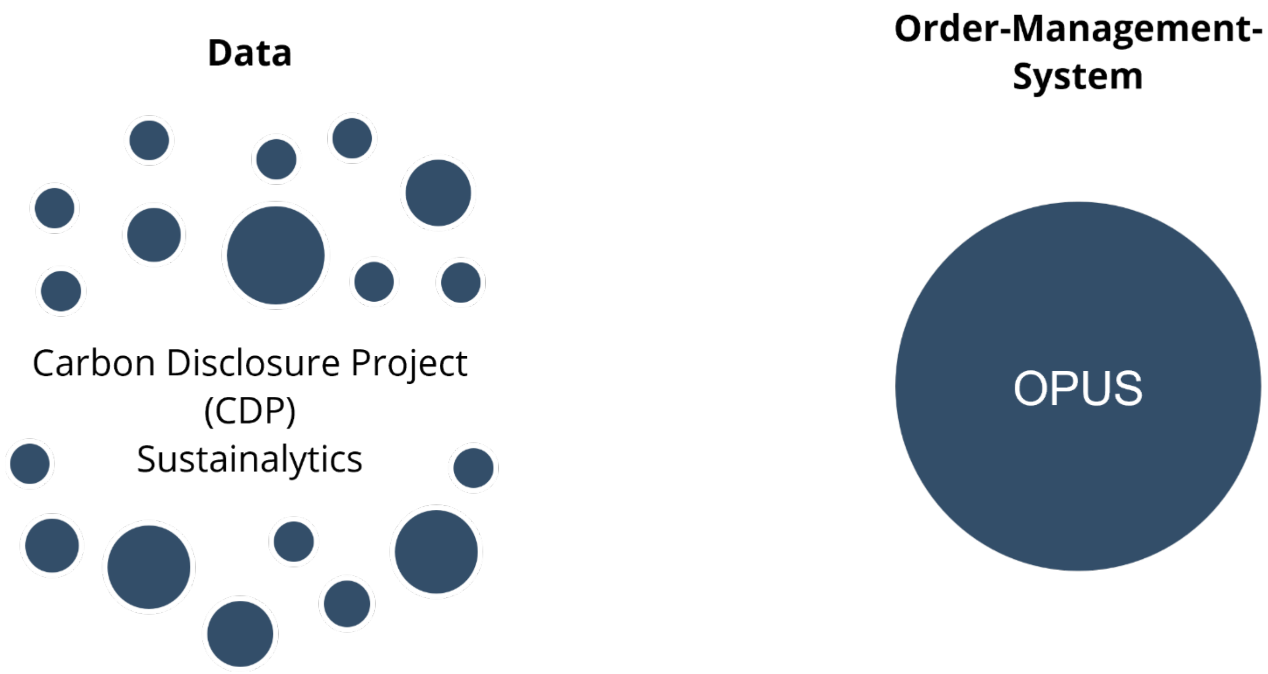
Procedural support

ETHENEA provides the portfolio management team with a variety of standardised evaluations, individual analyses and detailed data from specialised data provider Sustainalytics on a daily or ad hoc basis for the evaluation of different types of sustainability risks. Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that provides analysis to investors around the world.

The Sustainalytics database serves as the basis for a wide range of ESG analyses with information on ESG risks, controversies, shareholdings and international standards and other issues. The database is updated daily. The database is supplemented by the annual democracy assessments ("Freedom in the World") published by the international NGO www.freedomhouse.org.

This database is used to maintain the exclusion lists in the order management system. Before a trade is executed, investment compliance is automatically monitored to ensure that the investment is permissible.

ETHENEA's central data storage on its own servers enables it to provide timely and targeted support to the portfolio management team for enquiries and decisions.



Success on the path to sustainable portfolio management

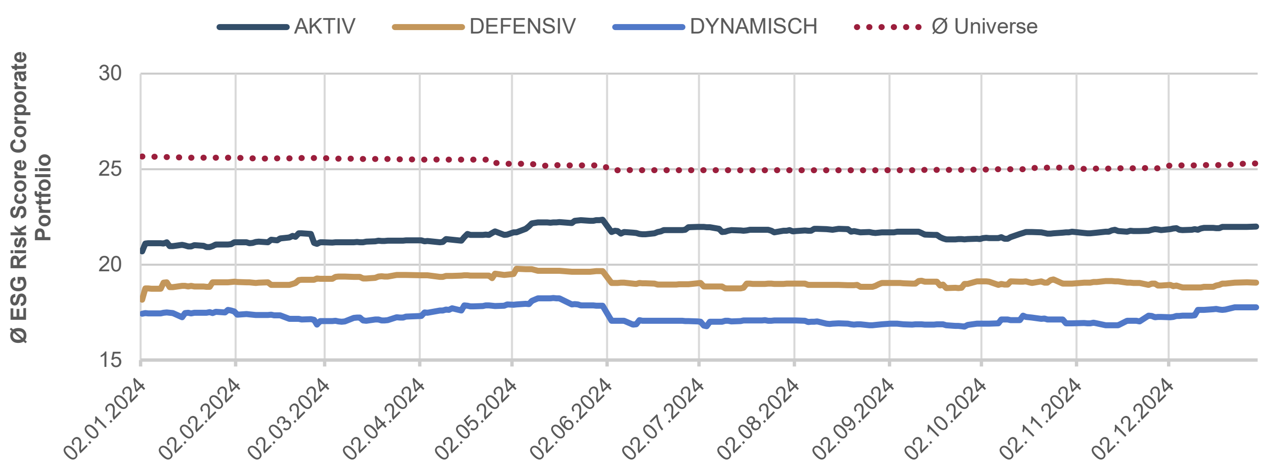
ESG risk profiles remain at a good level

The risk profiles of the funds managed by ETHENEA, Ethna-Aktiv, Ethna-Defensiv and Ethna-Dynamisch, remained at a good level in 2024. The analyses with our ESG risk analysis tools show that the risks across all funds are below the level of the broad market.

The risk profile of each fund is calculated on the basis of the weighted average ESG risk rating for each company provided by Sustainalytics, a subsidiary of Morningstar. The ESG risk rating takes into account a company's individual exposure to material ESG risks and includes the company's active management of these risks in the final rating. Ratings of different sectors are thus directly comparable with each other, so that at portfolio level there is an informative value about the sustainability of the overall fund. Key factors here are: Corporate Governance, Product Governance, Business Ethics, Access to Basic Services, Human Capital, Bribery and Corruption, Emissions, Effluents and Waste, Occupational Health and Safety.

The good ESG risk rating underlines the fact that material ESG risks at individual stock level have been systematically kept below the level of the broad market. Details on the ESG risk profiles of the third-party funds managed by Ethenea can be found in Mainfirst's sustainability report at mainfirst.com.

ESG risk profile



Source: Sustainalytics; own calculations

[1] The average ESG Risk Score of all companies in Sustainalytics' research universe.

ESG qualifications

In a context of growing social, environmental and regulatory challenges, it is becoming increasingly important to integrate ESG information into the investment process chain and to assess opportunities and risks in this context. And at the same time, the World Economic Forum reports that insufficient training in ESG is one of the biggest obstacles to integrating sustainability criteria into investment decisions. Consequently, two portfolio managers decided to train as EFFAS Certified Environmental, Social and Governance Analyst® (CESGA) in 2021. Another portfolio manager obtained the Certificate in ESG Investing from the CFA Institute in 2023.

The professional development programmes are designed to address social and environmental challenges by providing the necessary training for assessing, measuring and integrating ESG issues into investment decisions. CESGA® combines ESG expertise and fundamental company analysis at an academic level and covers the following topics, including:

- Integration of ESG criteria into the investment process chain.
- A systematic analysis of different ESG investment approaches.
- Evaluation of various ESG reporting standards.
- Responsible investing in diverse asset classes.
- Integration of ESG factors into valuation models.

The Certificate in ESG Investing from the CFA Institute expands the CESGA® programme to include the following topic areas:

- Engagement and stewardship
- ESG-integrated portfolio construction and management
- Client reporting

Furthermore, the Compliance ESG Officer trained as a Certified ESG Officer at the Hamburg School of Business Administration in 2024.

Portfolios

Product classification under the Transparency Regulation (SFDR)

To establish more solid and objective criteria for assessing the sustainability of individual investment products, the European Union has enacted the Sustainable Finance Disclosure Regulation (SFDR), which has been in force since 10 March 2021. The prime objective of this EU Regulation is to provide the transparency and comparability that was previously lacking. Even though the Regulation was not fully implemented right from the start and further important ESG-relevant provisions such as the EU taxonomy and adjustments to the MiFID II Directive will follow, it can undoubtedly be seen as agenda-setting for investment funds.

Initially, the most visible distinguishing feature for all funds will be the classification based on their ESG strategy, with all mutual funds having to decide on one of the following three product categories:

Article 6	**Article 8**	**Article 9**
Article 6 funds are normal funds that do not pursue an explicit sustainability strategy.	Article 8 funds pursue a sustainability strategy. In doing so, the companies in which investments are made must apply good governance practices (G) and the fund's investment process must take into account environmental (E) and/or social (S) characteristics.	Article 9 funds pursue sustainable investments, often referred to as impact strategies. This requires the pursuit of a specific sustainability objective, such as the reduction of CO_2 emissions.

At ETHENEA, the three Ethna Funds as well as the HESPER FUND - Global Solutions, MainFirst Top European Ideas Fund, MainFirst Germany Fund, MainFirst Global Dividend Stars, MainFirst Global Equities Fund, MainFirst Global Equities Unconstrained Fund, MainFirst Megatrends Asia, MainFirst Absolute Return Multi Asset, MainFirst Emerging Markets Corporate Bond Fund Balanced are classified as Article 8 funds under the Disclosure Regulation. In addition, CASE Invest - Sustainable Future UCITS ETF is the only Article 9 fund to be classified.

This reaffirms our resolve to offer our clients responsible investment solutions with a competitive and sustainable return. ESG is and will remain a cornerstone. Furthermore, we thereby ensure that our funds can continue to serve as a core investment in our investors' allocation.

Product classification according to target market definition (MiFID II)

The regulation 2021/1253 of the EU Commission regulates the definition of sustainability of a financial instrument as an extension of the MiFID II Regulation. Accordingly, a sustainable instrument should, roughly summarised, fulfil one of the following three criteria:

- Minimum proportion of environmentally sustainable investments in the Taxonomy Regulation (2020/852),
- Minimum proportion of sustainable investments as defined in the EU Disclosure Regulation (2019/2088),
- Consideration of Principal Adverse Impacts on sustainability factors (also called PAIs).
- At ETHENEA, we have decided to comply with the latter point (ETHENEA statement on adverse sustainability impacts).

In doing so, we go one step further and base our practical implementation on an industry standard. The German Banking Industry Committee (GBIC), together with the German Investment Funds Association (BVI) and the German Derivatives Association (DDV) have developed a common standard for the determination of the target markets for securities, which is also gaining increasing interest in other European markets.

All investment assets managed by ETHENEA therefore take into account:

- a dedicated ESG strategy,
- selected PAIs on environmental and social issues,
- defined minimum exclusions, as well as
- a recognised industry standard (UN PRI).

In line with this, the portfolio management is committed to complying with comprehensive minimum exclusions of critical investments and to systematically integrating sustainability aspects into the investment process. This may be done, for example, by exercising voting rights, actively exercising shareholders' or creditors' rights and/or through dialogue with issuers. The portfolio management also pursues a dedicated ESG investment strategy, which is described in more detail hereinafter.

ESG investment process in detail

The portfolio management regards the integration of ESG criteria as an integral part of the investment process; accordingly, ESG factors are taken into account in every investment decision. To ensure that the necessary ESG standards and criteria are applied at every level of portfolio construction, the portfolio management pursues a standardised ESG analysis and decision-making process. If there is any deviation from the defined process, the portfolio manager is required to obtain the consent of the ESG Committee.

The ESG investment approach consists of a three-step process. Information from external service providers is included in addition to internal research.

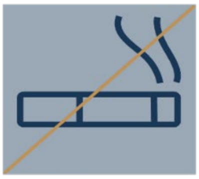
The funds managed by MainFirst as part of its portfolio management take into account an independent sustainability approach as described in section 4.

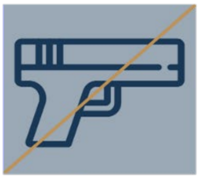
1. Exclusion procedure

When selecting securities, we exclude companies that do not meet our understanding of minimum standards for a sustainable business model ("negative screening"). To that end, we have developed investment exclusion criteria. These criteria apply to companies whose core activities include the production of or trade in arms, tobacco, pornography and coal. However, the possibility of the fund investing in large, internationally active conglomerates (such as Siemens) whose customers include the military cannot be ruled out.

Furthermore, we do not invest in companies that have been found to be in serious breach of the principles of the UN Global Compact and have no convincing plan in place to remedy the situation.

In the case of sovereign issuers, we exclude investments in countries that have been designated as "Not Free" in the annual analysis carried out by Freedom House (www.freedomhouse.org).


Tobacco


Armor


Coal

Pornography

2. ESG risk assessment

The portfolio management team then forms an opinion on the main sustainability risks associated with an investment. In its investments, the portfolio management gives preference to companies that already have low exposure in terms of significant ESG risks and can therefore be described as non-critical, or that actively manage and thus reduce the ESG risks inevitably associated with their business activities.

The portfolio management has access to Sustainalytics to assess the ESG risks relevant to the individual companies. The risk assessment can be carried out objectively, quickly and efficiently for a large investment universe by working with an external service provider. Sustainalytics sums up the results of its analysis in an ESG risk score ranging from 0 to 100.

Objectively verifiable criteria have been established for each of the funds managed by ETHENEA. Based on the ESG risk score provided by Sustainalytics, the funds aim to achieve at least a medium ESG risk profile (score of under 30). Individual securities with high risks (score of over 40) are only considered for investment in justified exceptional instances, and must be supported by an active engagement process designed to improve the ESG risk profile of the investment. Individual securities with serious risks (ESG risk score greater than 50) are fundamentally excluded.

If less than 51% of the fund's company-related direct investments are included in an ESG risk score calculated by Sustainalytics, the portfolio managers must prepare their own analyses with comparable results or select alternative investments with an existing ESG risk score. Investments (e.g. IPOs for equities, new bond issues) are sometimes not covered by Sustainalytics. In this case as well, portfolio managers are required to conduct their own analyses in order to remain in compliance with the ESG process.

3. Engagement

Individual stocks with high ESG risks should be monitored with a targeted engagement process. With equity investments, the engagement process is implemented, for example, by exercising voting rights and actively exercising shareholder rights. For bond investments, creditor's rights can be exercised. In addition, the portfolio manager is obliged to actively engage in dialogue with the company's management to align the sustainability goals, to question them critically and, if necessary, to make suggestions for improvement. This can be achieved in the case of a bond issue, for example, during roadshows, at press conferences and following the presentation of quarterly or annual results, at conferences, directly on site at the company, in meetings and dialogues with company representatives or on an ad hoc basis via investor relations. In any case, it is essential to maintain active dialogue on current business developments, the future strategic direction of the company and sustainability aspects, especially for individual ESG-critical securities.

4. Mainfirst as a portfolio manager

MainFirst has established a clearly structured negative catalogue that is based on the principle of exclusion and categorically excludes certain investments. The company is thus committed to complying with defined minimum standards that go beyond regulatory requirements. A central component of this guideline is the exclusion of companies and countries that violate the principles of the UN Global Compact. This makes an active contribution to the promotion of human rights, fair labour conditions, environmental standards and the fight against corruption. In addition, investments in companies, products or financing are excluded if they directly or indirectly violate international conventions on banned weapons, such as cluster munitions or chemical warfare agents. These exclusions are unlimited and permanent; no exceptions are provided for. The defined exclusion criteria also serve as a binding framework and guidance for the portfolio management teams. This leaves room for differentiated, fund- and segment-specific sustainability approaches, which were already developed and implemented at MainFirst before the introduction of stricter ESG disclosure requirements.

MainFirst supports the goals of the Paris Climate Agreement by systematically integrating sustainability aspects and climate risks into the investment process and risk management. The basis for this is the implementation of the EU Disclosure Regulation (SFDR), in particular the Principal Adverse Impact (PAI) indicators, which are disclosed across all products and companies. ESG data from Sustainalytics, internal stress tests and ESG risk ratings enable a well-founded assessment and management of sustainability risks in the portfolios. MainFirst strives to continuously develop sustainable investment strategies through clear processes, transparent analyses and active influence.

Monitoring portfolio compliance with the ESG criteria

The Risk and Data Management department prepares a daily report that is used to continuously monitor portfolio compliance with the ESG criteria. This includes all changes that Sustainalytics has made to the investments in the fund since the previous day. Particularly important here are changed ESG risk scores and reassessments of controversies and compliance with the UN Global Compact. Existing investments may need to be reconsidered as a result of the change in assessment. The portfolio manager will promptly sell any investment that is placed on the exclusion list as a result of a change in assessment. If illiquidity or other reasons make this impossible, or if it is economically very disadvantageous for the investors, an alternative procedure must be agreed in consultation with the ESG Committee.

The daily reports also provide information on the distribution of the ESG risk scores of the investments and their average value. This gives the portfolio manager a continuous overview of the quality of the portfolio in terms of sustainability. The report also covers information on investments whose ESG quality is not assessed by Sustainalytics.

Conclusion

With our fourth sustainability report, we would once again like to give you, dear investors, a transparent overview of our progress, goals and measures on the path to more responsible asset management. For us, sustainability is not a trend, but a central element of our corporate identity - firmly anchored in our convictions and our daily actions.

The year 2024 was characterised by far-reaching changes - within the financial sector, in the regulatory environment and not least in social awareness of sustainable action. We at ETHENEA also played an active role in shaping this change, rethinking existing processes and providing new impetus. Our aim has always been to harmonise ecological and social responsibility with high investment returns.

This report is not just a review, but an important part of our further development. We see it as a tool for reflection that helps us to sharpen our strategy, set new priorities and formulate ambitious goals for the coming years.

We will continue to invest in companies that make measurable progress in terms of sustainability and share our values. At the same time, we will identify ESG risks even more consistently, exclude critical business models and further intensify the active dialogue with our portfolio companies. The ESG fund ratings remain an important indicator for us - we aim not only to maintain our positions, but also to expand them in a targeted manner.

The regulatory framework is also constantly changing. We welcome this development and are already working today to implement the requirements efficiently and transparently - particularly within the framework of the EU Taxonomy and the Disclosure Regulation. Our aim is not just to fulfil requirements, but to set standards.

We thank you for your trust and your continued support on this journey. ETHENEA's next sustainability report is planned for 2026. Until then, we will of course keep you up to date on all significant developments and milestones.

Your ETHENEA Team

Important notes

This marketing communication is for information purposes only. It may not be passed on to persons in countries where the fund is not authorized for distribution, in particular in the USA or to US persons.

The information does not constitute an offer or solicitation to buy or sell securities or financial instruments and does not replace investor- and product-related advice. It does not take into account the individual investment objectives, financial situation, or particular needs of the recipient. Before making an investment decision, the valid sales documents (prospectus, key information documents/PRIIPs-KIDs, semi-annual and annual reports) must be read carefully. These documents are available in German and as non-official translations from ETHENEA Independent Investors S.A., the custodian, the national paying or information agents, and at www.ethenea.com. The most important technical terms can be found in the glossary at www.ethenea.com/glossar.

Detailed information on opportunities and risks relating to our products can be found in the currently valid prospectus. Past performance is not a reliable indicator of future performance. Prices, values, and returns may rise or fall and can lead to a total loss of the capital invested. Investments in foreign currencies are subject to additional currency risks. No binding commitments or guarantees for future results can be derived from the information provided. Assumptions and content may change without prior notice. The composition of the portfolio may change at any time. This document does not constitute a complete risk disclosure.

The distribution of the product may result in remuneration to the management company, affiliated companies, or distribution partners. The information on remuneration and costs in the current prospectus is decisive. A list of national paying and information agents, a summary of investor rights, and information on the risks of incorrect net asset value calculation can be found at www.ethenea.com/de-de/rechtshinweise/. In the event of an incorrect NAV calculation, compensation will be provided in accordance with CSSF Circular 24/856; for shares subscribed through financial intermediaries, compensation may be limited.

Information for investors in Switzerland: The home country of the collective investment scheme is Luxembourg. The representative in Switzerland is IPConcept (Schweiz) AG, Münsterhof 12, P.O. Box, CH-8022 Zurich. The paying agent in Switzerland is DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, CH-8022 Zurich. Prospectus, key information documents (PRIIPs-KIDs), articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative.

Information for investors in Belgium: The prospectus, key information documents (PRIIPs-KIDs), annual reports, and semi-annual reports of the sub-fund are available free of charge in French upon request from ETHENEA Independent Investors S.A., 16, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, and from the representative: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Strassen, Luxembourg.

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This publication presents the sustainability report and fulfills the requirements of the EU Directive on the disclosure of non-financial information. The report describes the business activities and their impacts on people and the environment, as well as relevant performance indicators for the period from January 1 to December 31, 2024. The complete report is available on the management company's website at www.ethenea.com.

If you have any suggestions or questions regarding the sustainability report, please feel free to contact us by email at info@ethenea.com.

We would like to thank all employees who contributed to the preparation of this report.

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