

Summary

The product uses a combination of exclusion criteria and a ratings-based approach to take account of environmental and social characteristics. Conversations with the management of the relevant firms are an integral part of company analysis. MainFirst Germany Fund considers active dialogue with management as an important practice aimed at improving the ESG profile of investee companies during the holding period. Non-financial factors such as the consideration of environmental, social and governance (ESG) criteria, in particular with regards to reputational risk, are actively included in investment and decision-making processes.






No sustainable investment objective

This financial product takes account of environmental or social characteristics but does not have sustainable investment within the meaning of Regulation (EU) 2020/852 (the “EU Taxonomy Regulation”) as its primary objective.

Environmental or social characteristics of the financial product

The ESG approach of MainFirst Germany Fund is intended to improve the average ESG risk rating of individual companies over the investment period. This is achieved in particular by regular dialogue with companies that have a high ESG risk rating or are not rated, for example in order to avoid risks through constructive and critical discussions. We initiate dialogue with companies whose ESG risk rating is in the bottom third of the rating scale. As part of this process, we draw on the analysis of the external independent ratings agency [Sustainalytics](#).

In addition, the sustainability requirement of MainFirst Germany Fund is strengthened by the exclusion of the following sectors:

Environment screening exclusions: Oil and gas Oil sands / shale gas Coal Nuclear energy	Health screening exclusions: Tobacco	Ethical screening exclusions: Adult entertainment	Rule-based exclusions: Violation of the principles contained in the UN Global Compact
			

In addition, the following principal adverse impacts (PAIs) are considered:

1. Greenhouse gas emissions (Scope 1, Scope 2, Scope 3)
2. Carbon footprint
3. Greenhous gas intensity

- 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Companies are also subjected to a controversies review based on Sustainalytics data. This assesses the participation of companies in incidents with negative impacts from an environmental, social and governance (ESG) perspective.

As a result of the exclusions, the investable benchmark universe is reduced by around 6%.

Investment strategy

The investment objective of MainFirst Germany Fund is to consistently outperform the HDAX index thus generating above-average performance over the course of the market cycle. The sub-fund invests in listed German equities. The investment strategy is based on a bottom-up driven stock-picking approach. The focus is on undervalued, medium-sized German companies with above-average medium-term earnings growth. We particularly value excellent management teams with a high degree of integrity, ideally substantiated by a sound track record. Dialogue with management is the central element of our investment philosophy, as it enables us to identify any changes in the solidity of a company at an early stage and to better assess the management quality. ESG analysis is a key component of the investment process with a sustainability analysis carried out for each security.

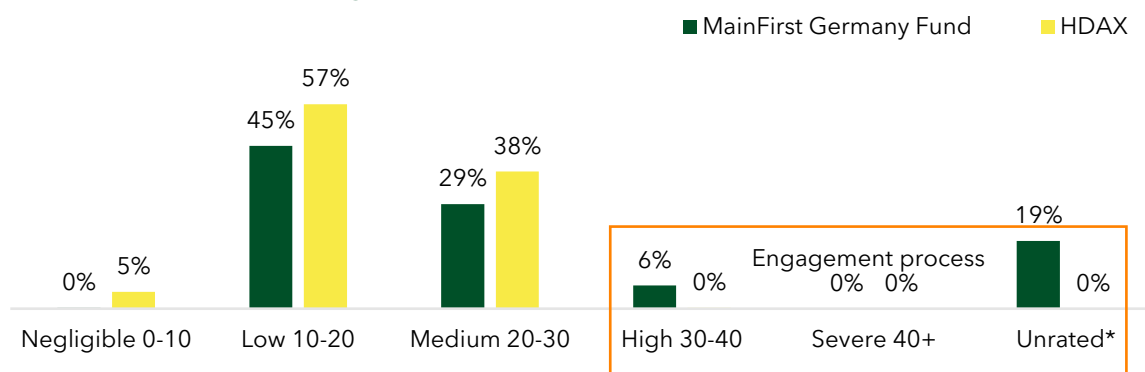
Proportion of investments

The product does not have the aim of investing solely in sustainable assets within the meaning of the SFDR. ESG factors are taken into account as part of every investment decision.

Monitoring of environmental or social characteristics

The distribution of the ESG risk rating is monitored daily and published at regular intervals.

Distribution of ESG risk rating



*Unrated figures also includes current and expected cash

Source: Sustainalytics, 29.12.2023

Methodologies

The sustainability ratings of the ratings provider Sustainalytics facilitate the decision making process by fundamentally classifying investments according to sustainability-related factors such as environmental, social and governance aspects. ESG risk scores are classified globally within the overall universe analysed. The distribution of the ESG risk rating is compared to that of the HDAX index. A proprietary internal ESG analysis is carried out for securities not covered by Sustainalytics.

Data sources and processing

The primary data source for ESG analysis is Sustainalytics. The data required are lodged in the order management system for pre- and post-trade compliance purposes.

Limitations to methodologies and data

Smaller companies currently report little information on ESG-related risks and the measures taken to address them; this means that the data situation is more difficult in this sector and there is a risk that smaller companies will have poorer ESG ratings from Sustainalytics, or will not have an ESG rating. There is often little data available to carry out proprietary ESG analyses.

Due diligence

Criteria and processes are examined internally by Portfolio Management, Investment Compliance & Risk Management. An external review of the indicators and ratings made available is carried out by Sustainalytics. Our processes are also verified externally by FNG.

Engagement policies

The engagement process is based on the following three pillars:

1. direct dialogue,
2. a formal engagement process,
3. social engagement.

Please refer to:

> [ESG Policy](#)

> [Voting Policy](#)

> [Prospectus](#)

Disclaimer

This document provides ESG information for investors in this fund and does not constitute marketing material. This information is required by law in order to help you understand the nature of this fund as well as the risks of investing in an ESG context. Please read this document carefully so that you can make an informed decision about whether to invest. Additional information on the fund, the current sales prospectus with annexes and articles of association, as well as the latest annual and semi-annual reports (all in German), may be obtained free of charge during normal business hours from the investment company, the management company, the depositary, the distributor(s) and the paying agent(s).

Further information on the fund is available at www.ethenea.com or www.mainfirst.com, in particular the Guidelines for Sustainable Investments (ESG) and the separate Guideline for Exercising Voting Rights.

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