

ACATIS FAIR VALUE SPECIAL

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Sustainability process passes latest stress test

On 24 February 2022, the world changed when Putin invaded Ukraine. The country is being bombed, and according to reports, the Russian army is not only pursuing military targets but is also encircling residential areas, nursery schools, hospitals and cities. The West has already implemented numerous sanctions, and Russian securities have reached junk status.

The ACATIS Fair Value funds are not affected by this development. Due to our sustainability criteria, Russian government bonds and companies close to the Russian government (e.g. Gazprom, Lukoil), along with manufacturers of cluster bombs and strategic weapons, have always been excluded from the ACATIS Fair Value universe. The profiteers of the war, investments in oil and gas production companies, are also taboo in the funds. Because of our sustainability criteria, we did not participate in some value developments, e.g. at US tech giants Apple, Amazon and Alphabet, which are excluded because of the required social standards in the supplier chain. On the other hand, our investors can rest assured that the ACATIS Fair Value funds represent VALUES.

The success of our sustainability concept is demonstrated by the current example of Allianz. At the end of January, the company was classified as an exclusion due to its participating interest in American GE General Electric, which is associated with the production of cluster bombs. As we consider Allianz to be a sustainable company that has integrated these areas into its exclusion policy as part of its "ESG Integration Framework", we performed another in-depth review of the company's rating together with our research partner imug.

We also approached the company with our concerns, as did Vigeo Eiris. Allianz subsequently sold the shares in General Electric in February 2022, which means that it remains a company that is eligible for investment. A nice example of successful engagement.

Microsoft has also returned to the sustainability universe. The company had long been excluded from the universe because it violated our criterion "Social standards in the supplier chain". Microsoft offers a good score in terms of ESG - environment and company management are very good, social still has room for improvement - as well as positive contributions to a total of eight SDG goals (1, 5, 8-11, 13 and 16).

We are also pleased to announce that approximately 1,000 companies were added to the ACATIS Fair Value universe (for a total of 10,700 companies), and that positive SDG contributions by suppliers can now also be taken into account due to improved research methods. This has benefited companies such as Infineon. As part of this expansion process - and in consultation with our ACATIS Fair Value sustainability advisory board - the ESG minimum score for all companies was once again raised considerably. This also has an effect on our portfolios: Sino Biopharmaceutical Ltd and Alibaba are no longer eligible and will be sold shortly.

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