

Finreon SGKB Carbon Focus

31.05.2024

Strategy

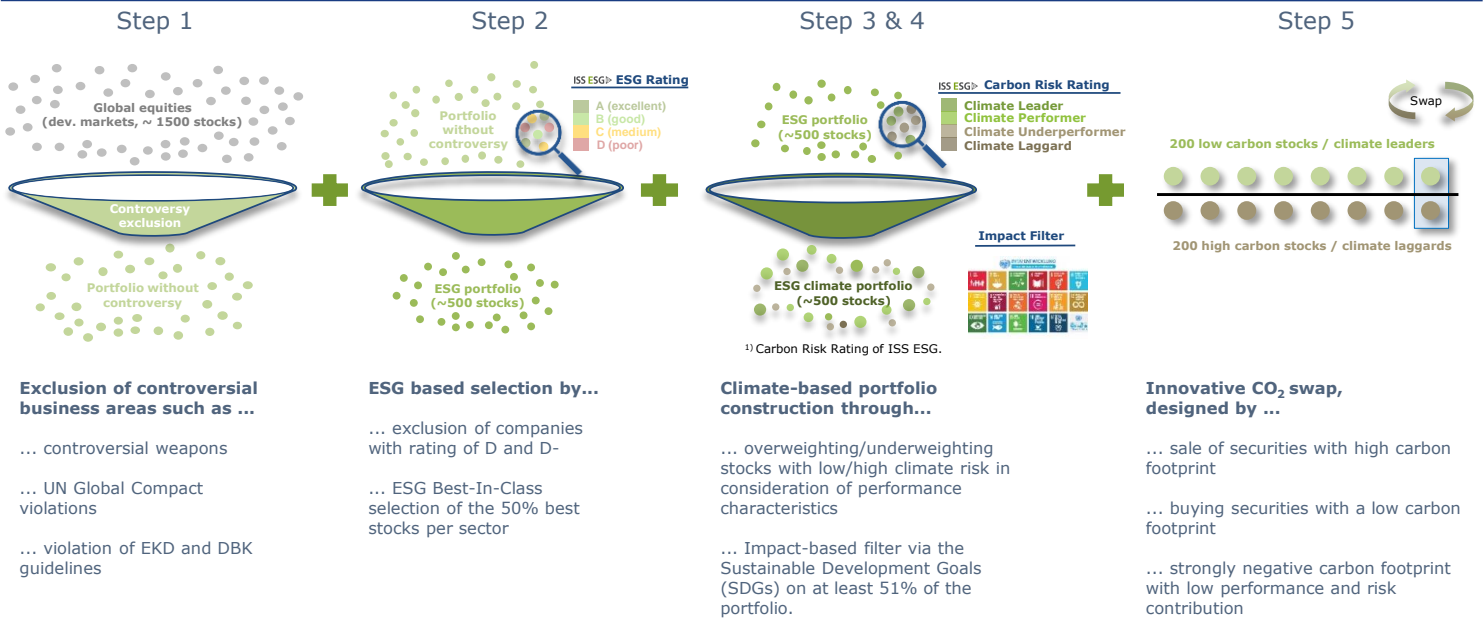
Finreon SGKB Carbon Focus is a unique combination of a sustainable global equity portfolio and an innovative CO₂ swap mechanism. The equity portfolio focuses on sustainable companies (selection according to ESG criteria). Investments in controversial business areas are excluded. The combination with the patent pending Finreon Carbon Focus® CO₂ swap leads to a 100% global equity solution with increased sustainability profile and strong negative exposure to CO₂ intensive business models. The risk is equivalent to a diversified investment in the global equity market. The strategy follows a quantitative approach.

Current month

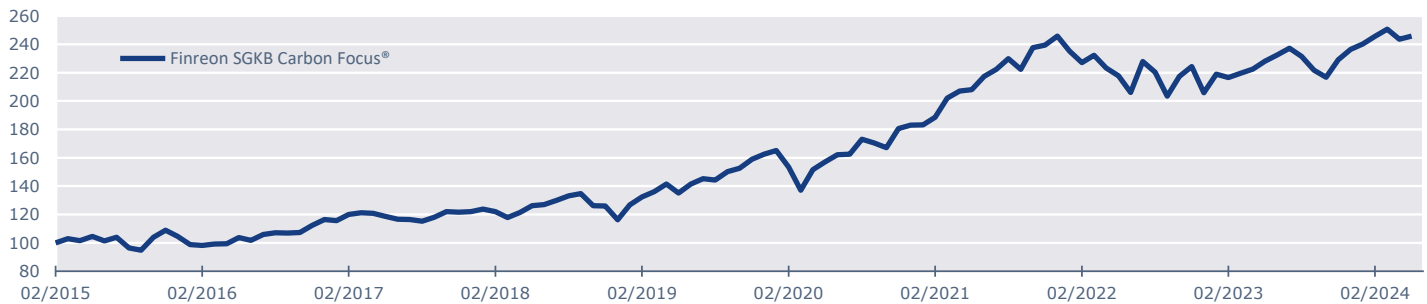
The **Finreon SGKB Carbon Focus** strategy achieved a return of 0.9% in Mai.

	Finreon SGKB Carbon Focus
Return current month	0.9%
Return year-to-date	4.0%

Finreon SGKB Carbon Focus Concept



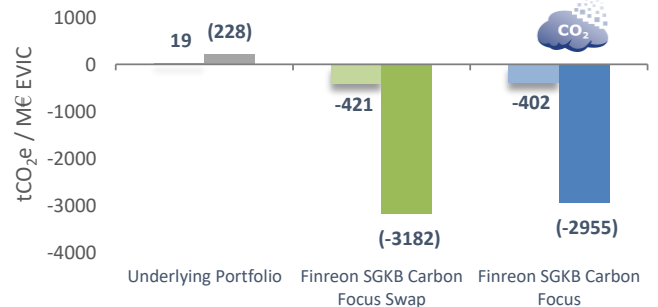
Performance



Return / Risk Figures

Since 02/2015	
Return p.a.	10.2%
Volatility p.a.	13.9%
Sharpe Ratio	0.75
Downside Volatility ¹	9.1%
Upside Volatility ¹	11.3%
Max. Drawdown	-17.3%
Return p.a. last year	7.8%
Return p.a. last 3 years	5.7%
Return p.a. last 5 years	12.7%

Carbon footprint Scope 1 & 2 (Scope 1, 2 & 3)



Backtesting data from Finreon AG; Historical performance, simulations or forecasts are not a reliable indicator of future performance. Performance in EUR. Data basis: Refinitiv; Finreon Research, ISS ESG.

The Finreon SGKB Carbon Focus Fund is certified with the FNG seal, the quality standard for sustainable investments. For more information, please visit <https://fng-siegel.org/>



Monthly returns in %

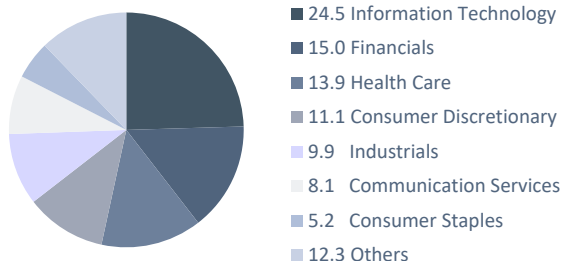
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015		0.0	2.9	-1.3	3.0	-3.1	2.5	-7.2	-1.7	9.7	4.8	-4.1	4.5
2016	-5.6	-0.5	0.9	0.2	4.3	-1.7	4.1	1.1	-0.2	0.3	4.6	3.7	11.4
2017	-0.7	3.8	0.9	-0.2	-1.8	-1.6	-0.2	-1.1	2.4	3.4	-0.4	0.3	4.7
2018	1.4	-1.4	-3.3	2.9	4.0	0.5	2.4	2.5	1.2	-6.3	-0.1	-7.7	-4.7
2019	9.0	4.4	2.9	4.0	-4.5	4.7	2.7	-0.7	4.1	1.6	4.1	2.3	39.8
2020	1.5	-7.0	-10.6	10.5	3.7	3.2	0.3	6.5	-1.5	-2.0	8.0	1.3	12.6
2021	0.1	2.9	7.2	2.4	0.5	4.5	2.3	3.4	-3.3	6.9	0.7	2.7	34.4
2022	-4.3	-3.5	2.3	-3.8	-2.5	-5.4	10.6	-3.3	-7.7	6.9	3.2	-8.2	-16.2
2023	6.4	-1.1	1.3	1.4	2.5	1.9	2.1	-2.5	-4.1	-2.3	5.7	3.2	14.8
2024	1.6	2.2	2.1	-2.8	0.9								4.0

YTD: year-to-date

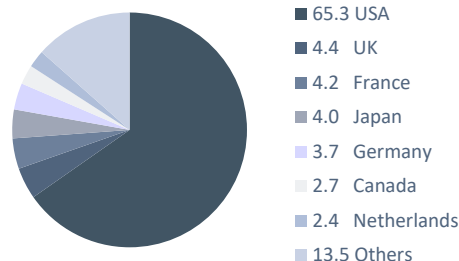
Live since 01/2022

Current Portfolio Characteristics

Sectors in %



Countries in %



Top 10 positions

Finreon SGKB Carbon Focus(positive positions)	
MICROSOFT	6.8%
APPLE	6.3%
ALPHABET A	3.4%
ALPHABET 'C'	3.3%
SAP (XET)	2.4%
ADVANCED MICRO DEVICES	2.3%
ELI LILLY	1.8%
ASML HOLDING	1.7%
VISA 'A'	1.5%
MASTERCARD	1.3%

Finreon SGKB Carbon Focus(negative positions)	
VISTRA	-1.6%
FORTUM	-1.3%
ARCELORMITTAL	-1.2%
PEABODY ENERGY	-1.2%
HEIDELBERGCEMENT (XET)	-1.1%
LIBERTY ENERGY A	-1.0%
PBF ENERGY CL.A	-1.0%
ALCOA	-0.9%
SIEMENS ENERGY N (XET)	-0.8%
CLEVELAND CLIFFS	-0.8%

Memberships and labels



The FNG label is the quality standard for sustainable investments. The Finreon SGKB Carbon Focus® Fund has been awarded this coveted label for the year 2024. In the evaluation process, the strict selection and construction processes, the special sustainability strategy and the innovative engagement concept particularly stood out.

A proud participant of:



Finreon is a signatory of Climate Action 100+, an investor-led initiative to ensure that the world's largest greenhouse gas emitters take the necessary action on climate change. Joining Climate Action 100+ means that Finreon is joining forces with other signatories for company-related engagement, thereby further expanding the channels of influence.



As a signatory to the UN Principles for Responsible Investment (UN PRI), Finreon is committed to integrating ESG issues into its investment processes to the extent consistent with its fiduciary obligations. Finreon and its employees also strive to promote responsible behavior as part of their professional activities.



As a member of the SSF, Finreon is committed to strengthening the advancement of sustainable finance and promoting climate change solutions within the financial industry, such as decarbonizing portfolios. We believe that financial institutions have a responsibility to make their own positive contribution to the transition from a brown to a green economy.

Impact-based Share - Sustainable Development Goals (SDGs) Scores



ISS ESG

Legend SDG Impact Rating

- 5.1 to 10.0 significant positive impact
- 0.2 to 5.0 limited positive (net) impact
- 0.2 to -0.2 no (net) impact
- -0.2 to -5.0 limited negative (net) impact
- -5.0 to -10.0 significant negative impact

Impact-based share of the underlying portfolio

The proportion of the portfolio that meets the impact-related conditions is currently as follows:

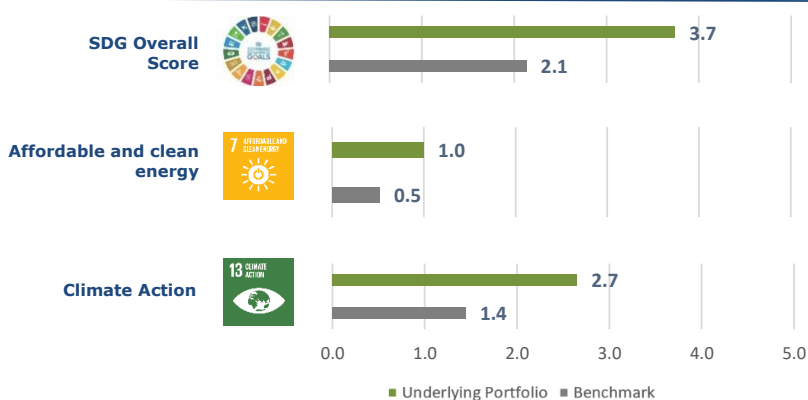
78.7%

Impact-based filter according to the SDGs

The 17 Sustainable Development Goals (SDGs) of the United Nations (UN) are intended to ensure sustainable development worldwide. The ISS SDG Ratings (SDG Ratings from -10 to 10) are used to ensure that at least 51% of the base portfolio meets the following conditions:

- **SDG Overall Score > 0:** The aim is to select companies that make a positive contribution to the SDGs through their entrepreneurial activities.
- **SDG individual score > -5:** The so-called "do not cause significant harm" test ensures that no entrepreneurial activity of the invested companies significantly impairs other SDGs.
- **Focus-SDG 7 or 13 > 0:** The two environmental goals of affordable and clean energy and climate protection measures are pursued by the fund as a focus.

SDG Scores of the impact-based portion of Finreon SGKB Carbon Focus



Summary of controversial Segments

	Finreon SGKB Carbon Focus	World equity portfolio
Controversial Weapons ¹	0%	4%
UN Global Compact violations	0%	5%
Violations of EKD & DBK guidelines ²	0%	18%
FNG Controversies ³	0%	6%

Engagement activities



Number of companies contacted in 2023:
200

Description

Since 2023, the Finreon Carbon Focus solution has been using engagement & non-market signals in addition to market signals (capital allocation, see above) to put pressure on shorted, CO₂-intensive companies. The engagement concept aims to present the reasons as well as the decision basis for the negative positioning in order to further drive the transition process of the companies.

Goals

- Signal effect: Disclosure of the reasons behind short positioning and investor decisions.
- Learning effect: Understanding which sustainability criteria need to be improved compared to peers.
- Communication: Basis and evidence to drive projects and initiatives around CO₂ reduction.

1) For example landmines, cluster munition, biological, chemical and atomic weapons.

2) Evangelical Church in Germany (EKD) & German Bishops' Conference (DBK)

3) For more detailed information see <https://fng-siegel.org/kriterien/>

4) Note on the calculation of Swiss Climate Scores: In the Finreon Carbon Focus® concept, derivatives (e.g. carbon focus swap or futures) are sometimes used as a technical portfolio management tool or to manage the exposure to CO₂-intensive companies. Due to the economic exposure of these derivatives to the underlying assets, they are valued in particular with regard to their carbon metrics (such as carbon footprint or exposure to fossil fuels) similar to a direct investment in such assets.

5) Special notes on the calculation methodology

- The carbon footprint of portfolios is defined as financed tCO₂e / million \$ EVIC, where tCO₂e is the greenhouse gas emissions of a company and EVIC is the company value (including liquidity). The carbon footprint of portfolios results from the proportional attribution of greenhouse gas emissions caused by the portfolio companies. The allocation is made according to the respective (positive or negative) weighting in the investors' portfolio.
- The carbon footprint of portfolios does not reflect physical CO₂ emissions caused by the investor, but rather the financed footprint of the investor compared to the CO₂ emissions caused by the portfolio companies. Influence via capital allocation does not represent a direct reduction of effective emissions and therefore offsetting the reduction from financed emissions (e.g. via the use of derivatives) against physical emissions may not take place.
- Finreon Carbon Focus® is not a physical CO₂ offset. The investor's impact on the company's decision making is not to be confused with the impact on the real world. The Finreon Carbon Focus® concept focuses on public market instruments and aims to optimize a portfolio's carbon profile and influence portfolio companies through non-market and market signals.
- In the Finreon Carbon Focus® concept, derivatives (e.g. carbon focus swap or futures) are partly used as a technical portfolio management tool or to manage the exposure to CO₂-intensive companies. Due to the economic exposure of these derivatives to the underlying assets, they are valued similarly to a direct investment in such assets, in particular with regard to their carbon metrics (such as carbon footprint or exposure to fossil fuels).



The Finreon Carbon Focus Strategy is available to interested investors via mandates as well as via a collective investment. We will be happy to provide individual information on mandate solutions. Information on the Fund and the available share classes can be found below:

Fund						
Investment advisor	Finreon AG, SGKB DE		Structure	UCITS (under German law) Germany, Switzerland, Austria		Liquidity and remarks daily; physical equity investment, no sec lending
Investment manager	Universal Investment		Marketing license			
Fund management	Universal Investment		Fund AuM	CHF 139.64 Mio.		
Custody bank	State Street					
Share Classes	Class-A	Class-AC	Class-C	Class-I1	Class-I2	Class-D
Conditions	-	-	> EUR 100'000	> EUR 5 Mio.	> EUR 10 Mio.	> EUR 25 Mio.
ISIN	DE000A3C5CL1	DE000A3D05Z4	DE000A3C91H4	DE000A3C5CM9	DE000A3C5CN7	DE000A3C5CP2
Valor (CH)	116040091	125229328	116067599	116067610	116067783	-
WKN (DE)	A3C5CL	A3D05Z	A3C91H	A3C5CM	A3C5CN	A3C5CP
Bloomberg	FISCFAC GR Equity	FISKBAC GR Equity	FISCFAC GR Equity	FISCFAC GR Equity	FISCFAC GR Equity	FISCFAC GR Equity
Currency	EUR	CHF (unhedged)	EUR	EUR	EUR	EUR
Distribution policy	accumulating	accumulating	accumulating	accumulating	accumulating	accumulating
Performance Fee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
All-in Fee (p.a.)	1.50%	1.50%	1.10%	0.95%	0.85%	agreed individually
Inception date	24.06.2022	22.02.2023	01.02.2022	18.01.2022	18.01.2022	03.04.2023
NAV	115.05	111.26	111.26	106.07	103.76	111.96

SVVK-ASIR Compatibility / Exercise of Voting Rights by ISS

Finreon funds do not invest in companies involved in the development or manufacturing of nuclear weapons, biological and chemical weapons, anti-personnel mines and cluster munitions inline with the exclusion list of the Swiss Association for Responsible Investment SVVK - ASIR. Voting rights are exercised systematically, following the recommendations of the voting rights advisor Institutional Shareholder Services (ISS).

Contact

Finreon AG
Oberer Graben 3
CH-9000 St.Gallen
Tel.: +41 71 230 08 06
E-Mail: info@finreon.ch

Notes on the investment process and the calculation basis of the simulation

Simulation / Investment Process: The simulation is based on the pure rule-based investment process, which is used in the security selection of the base portfolio as well as in the portfolio construction of the CO₂ swap. There is no discretion in the historical composition of the portfolios in the fund simulation. The counterparty margins assumed in the performance calculation are fictitious and subject to change and therefore do not provide a reliable indication of the future impact of the margins on the performance of the product.

Calculation basis: unit value (issue premiums taken into account in the first investment year); distributions reinvested. Calculation according to BVI method. The performance in this model calculation is based on an investment amount of EUR 10,000 and is adjusted for the following costs: Issue surcharge of EUR 0.000 (reduction of the investment amount on the day of investment of EUR 0.0) in the first investment year. The values shown are gross values of the simulation of the product based on the rule-based investment process. The amount of costs incurred (such as remuneration, commissions and other fees), which have a negative impact on the performance, depends on the invested fund tranche. In addition, annual custody costs that reduce performance may be incurred in connection with the management of the custody account. Past performance is not a reliable indicator of future results.

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Insofar as indicative investment opportunities or portfolio structures are included, the following applies:

The indicative investment opportunities or portfolio structures presented in these documents as well as the model calculations contained therein are based on the information and data provided to us to date in the context, the accuracy and completeness of which we have not verified. In this respect, the indicative investment opportunity/portfolio structure presented is a representation that does not claim to be comprehensively suitable, but is rather intended to inform you about the general possibilities of an investment. In order to be able to provide you with a final investment recommendation that is specifically tailored to your personal circumstances, we require further information, in particular on your investment objectives, your risk tolerance, your experience and knowledge of financial services and products, and your financial circumstances. The products recommended in our action plan are based on the respective current prices and conditions, which may, however, change daily. This also applies to the investment proposals and sample portfolios contained in this presentation, which may become irrelevant at short notice due to market developments and are therefore only of a momentary nature.

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