Lenwood Capital

Statement on principal adverse impacts of decisions on sustainability factors

The Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation SFDR) sets out disclosure obligations for financial advisers on transparency regarding the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products. The following entity level disclosures apply to Lenwood Capital GmbH ("Lenwood") as a financial adviser.

Article 3: Transparency of sustainability risk policies

Financial advisers are required by SFDR to disclose information about their policies on the integration of sustainability risks in their investment advice. The SFDR defines a sustainability risk as an environmental, social or governance event or condition that, if it occurs, could cause negative material impact on the value of the investment and therefore on a funds' return.

The consideration of sustainability risks along with other potential or actual risks which could cause a material negative impact on the value of an investment is integrated in Lenwood's investment decision-making process. Before Lenwood provides any investment advice, its investment team will identify and evaluate risks alongside other material factors and include the risk assessment information within relevant internal documentation such as decision papers for the investment committee. Once investments are made, Lenwoods' portfolio management team continues as part of its portfolio management process to monitor for sustainability risks.

Article 4: Transparency of adverse sustainability impacts at entity level

Article 4 of the SFDR requires financial advisors to publish information whether they consider the principal adverse impacts on sustainability factors in their investment advice. Following the SFDR sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Lenwood Capital GmbH believes that long-term value will be enhanced by considering environmental, social and governance ("ESG") risk when investing, promoting ESG awareness, and improving the ESG practices on investments. As such, Lenwood takes account of sustainability risks in every investment advice.

Lenwood is also signatory to several ESG related reporting frameworks and initiatives including the UN Principles for Responsible Investment, Global Real Estate Sustainability Benchmark (GRESB) and Charta der Vielfalt. Furthermore, Lenwood has achieved the Climate Partner certification.

However, Lenwood does not consider the principal adverse impacts of its investment decisions on sustainability factors in the manner specifically described by article 4 of SFDR. Compliance with Article 4 of SFDR and the regulatory technical standards would require Lenwood to aggregate data across several different funds and possibly other financial products. There is no certainty that Lenwood could determine, measure, and monitor the data in a manner complaint with Article 4 of SFDR. This is in part because underlying investments are not widely obliged to, and overwhelmingly do not currently, report by reference to the same data. This data gap is not expected to change in the foreseeable future. Even if Lenwood were able to collect such data, there is no certainty (a) that it could do so systematically, consistently and at reasonable cost to investors or (b) that such data would provide meaningful insight. Lenwood will regularly keep this situation under review as market practice develops and data availability may emerge.

Article 5: Transparency of remuneration policies in relation to the integration of sustainability risks

According to Article 5 of SFDR financial advisers shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risk.

At Lenwood Capital GmbH all employees receive an appropriate fixed annual salary according to the salary structure fixed in Lenwood's remuneration policy. In addition to the fixed remuneration, a variable compensation is part of the total remuneration. Lenwood ensures that the remuneration of its staff considers compliance with all of Lenwood's policies and procedures, including those relating to the impact of sustainability risks on the investment decision-making process. Sustainability risk is treated in the same way as other risks which could cause a material negative impact on the value of an investment.