



CHOM CAPITAL
PERFORMANCE DRIVEN BY SUSTAINMENTALS®



CHOM CAPITAL Sustainability Report

2022





CHOM CAPITAL
PERFORMANCE DRIVEN BY SUSTAINAMENTALS®

Our Mission

CHOM CAPITAL's mission is to
to create sustainable added value for investors.

Sustainability is at the same time an integral part of our decisions and our self-image as an entrepreneur as well as an asset manager. We are committed to the principles of good corporate governance, a socially responsible human resources policy and an economically conscious use of our natural resources.

The protection of our planet and the promotion of a sustainable transformation of the economy are at the center of our thoughts and actions. We want to achieve long-term sustainable investment returns for our customers and link both worlds with social and ecological commitment.

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1. Foreword

Despite a supposedly difficult year for sustainable investments, we look back with pride on a successful year for CHOM CAPITAL and our fund products, and with great optimism for the future. Although geopolitical tensions, disrupted supply chains, and inflation picking up for the first time have caused turbulence in the markets, there are many exciting secular themes with high potential opportunities that will grow disproportionately for years to come as the sustainability transformation becomes increasingly important. As long-term investors, we have used this setback as an entry point into some exciting new investments around electrification, circular economy, digitalization and natural resources.



It is with great pleasure that we are once again providing you with an explicit sustainability report on our homepage this year. Both as a company CHOM CAPITAL and as individuals, we try to take many small steps in our direct environment and sphere of influence in terms of sustainability. We want to live commitment. For example, we donate 10% of our investment advisor compensation, conduct coaching for companies as well as investors, and apply our holistic analysis approach where ESG ratings have their limitations or are not available.

For us, sustainability is an essential factor of a successful business model and at the same time a performance building block in generating value for our investors. This development is only just beginning and represents a megatrend. Even though there is currently still a great lack of reliable sustainability standards, despite a wide range of regulation, and "greenwashing" scandals are causing uncertainty, we are seeing very serious positive efforts and progress among our portfolio companies and listed companies throughout Europe. This year, we also provide a deeper insight into the development of sustainability KPIs important to us for our funds.

Please join us on the following pages for a "deep dive" into our view of sustainability. We look forward to a constructive and forward-looking dialog with you, and we are all just at the beginning of this sustainability journey that is so essential for us and our planet.

Sincerely,

Yours

A handwritten signature in blue ink, which appears to read 'Christoph Benher'. The signature is fluid and stylized, with a horizontal line underneath it.

Christoph Benher, CEO and Founder

2. Our Corporate Identity

Our success is determined by that of our investors. To this end, we apply all our know-how and make a significant commitment of our own financial resources. Our commitments to our investors are also reflected in our cooperation with our service providers and our established network. Here, we maintain long-standing contacts based on partnership. Trust, transparency and expertise characterize our self-image and our dealings with each other. As an investment boutique, our fund products focus on Western European equities. Specializing in fundamental bottom-up equity analysis for many decades, we bring a deep understanding of the business models of the companies covered, the markets in which we operate, and the accounting methods applied, as well as in-depth knowledge of all major approaches to company valuation from a fundamental and sustainability perspective (the "holistic analysis").

For our investors, we combine the analysis of past and present-related company data with the evaluation of future-related value enhancement potential. As a specialist for small and mid-cap companies, we see our added value in the identification of sustainable "Hidden Champions". By this we mean companies that are characterized by an attractive fundamental and sustainability value potential, which is either strongly underestimated or still undiscovered. For these companies in particular, a joint qualitative analysis of the business model, value drivers and value chain in conjunction with a sustainable orientation is of great benefit. In this way, influences on the environment, social aspects and responsible corporate governance can be analyzed with regard to status quo, controversies and potentials and these ESG impacts on the company P&L can be holistically evaluated.

The large number of management meetings we hold serve to validate these analysis results and further deepen the research. For our investors, this results in special opportunities for additional value enhancement. From a broad universe of 2000 European companies, we focus on the most promising - the sustainable "Hidden Champions" - in a concentrated equally weighted portfolio.

We place a high priority on representing the interests of our investors and maintaining a responsible approach to the voting rights of all listed and voting corporate holdings held in our funds. For the analysis of voting proposals, we access the research of our cooperation partner IVOX GlassLewis, which we have supplemented with in-house proprietary research on the "E" and "S" aspects, as well as an in-depth controversy analysis. In addition to voting, we see the close monitoring of our portfolio companies through management discussions, teach-ins and consultations as an opportunity to make valuable use of the influence afforded to us by our investors and to contribute to the development of value at both the sustainability and fundamental levels. Our impact is particularly strong in the area of small and mid-cap companies.

We call the symbiosis of sustainability ("SUSTAINability") and fundamental value ("Fundamentals") combined with long-term commitment:

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3. We live Sustainability

We make our contribution in our daily business operations:

We live our approach

And we back it up with our actions. The implementation of our sustainability strategy also plays an important role in our daily business operations. CHOM CAPITAL stands for the consideration of fair remuneration systems, which is also reflected in the establishment of a partnership structure. As a company, we work with conviction and enthusiasm to make a positive contribution in various ways. Each year, we donate 10% of the fund turnover of CHOM CAPITAL PURE Sustainability - Small Cap Europe UI to ecological and social projects with a regional focus. These include reforestation projects, support for educational programs for the needy and projects to protect biodiversity.

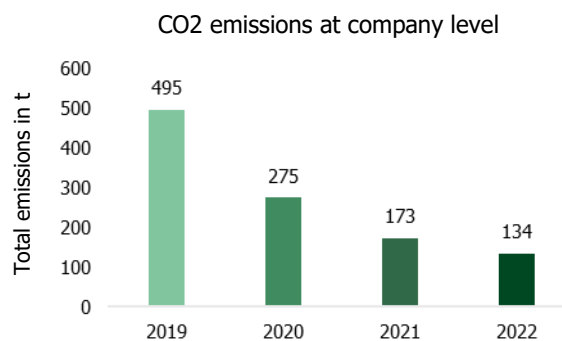


The CHOM-CAPITAL team planting trees in the Hessian forest as part of the donation to HessenForst

We act in a climate-conscious way

And that starts with our workplace: Already certified with US LEED Standard Gold Status in 2011, the MAIN TOWER as our workplace is the first commercial high-rise in Germany with this certification. In the MAIN TOWER, we focus on sustainable solutions in every detail. For example, the modern high-performance heating and cooling ceiling uses intelligent systems to save around 30% energy compared to conventional construction methods. Furthermore, we can rely on the building's own combined heat and power plants, solar control glazing, water-saving technology or an intelligent elevator concept.

As a company, we track our own carbon footprint and set ourselves concrete goals to improve it. In recent years (since the start of measurement in 2019), we have been able to reduce our footprint by 72% p.a. through concrete measures (reduction of travel, increased use of video and telephone conferences, conversion of the vehicle fleet to hybrids, reduction of paper consumption through progressive digitization of processes, consistent waste separation, planting of trees) (see graph).



Total emissions CHOM CAPITAL GmbH in metric tons (t) from 2019 to 2022

Looking forward, we have set ourselves the target of reducing our carbon footprint by an average of 7% p.a. from 2019 to 2025. Looking at the past years, we see ourselves on a very good path and now consider our 7% target more of a minimum target - as we have already achieved our 2025 overall reduction target in 2021. The measures planned to reduce CO2 consumption are, as already mentioned above, the reduction of our business travel volume through the increased use of video & telephone conferences, consistent waste separation, and the avoidance of paper consumption by switching to digital media. Digitalization affects all areas of the company: accounting, operations, portfolio management and sales. We also ensure a sustainable footprint by sourcing predominantly "green" electricity and taking regional origins into account when selecting products and services wherever possible. We also ensure strict waste separation on the company premises. And we provide our employees with free public transport tickets if required.

We look ahead

And we don't do it alone. We are a supporting member and cooperation partner of the Frankfurt School of Finance & Management, finance the training of high-potential students and are available as a sparring partner. We are also a supporting member of Frankfurt's Goethe University. We economically support the education of children. As sponsors, we also support campaigns such as that of the Hessian Hockey Youth with its fundraising run against cancer or the preservation of endangered animal species through the Zoological Society.

A short visualization of already supported or planned projects as well as our memberships in various initiatives is presented below:



Already implemented and ongoing projects, memberships and initiatives of CHOM CAPITAL GmbH, broken down by environment, social and good governance.

4. Sustainability Annual Report 2022

4.1. Focus Topics and Outlook

At the beginning of each fiscal year, we decide in our Sustainability Advisory Board on specific focus topics to which we want to devote particular attention in order to further develop our sustainability strategy both conceptually and in terms of processes. We also regularly review the entire sustainability infrastructure of our company and continue to drive forward the holistic integration of sustainability at various corporate levels. In 2022, our particular focus was on the following further developments:

4.1.1. At Company Level

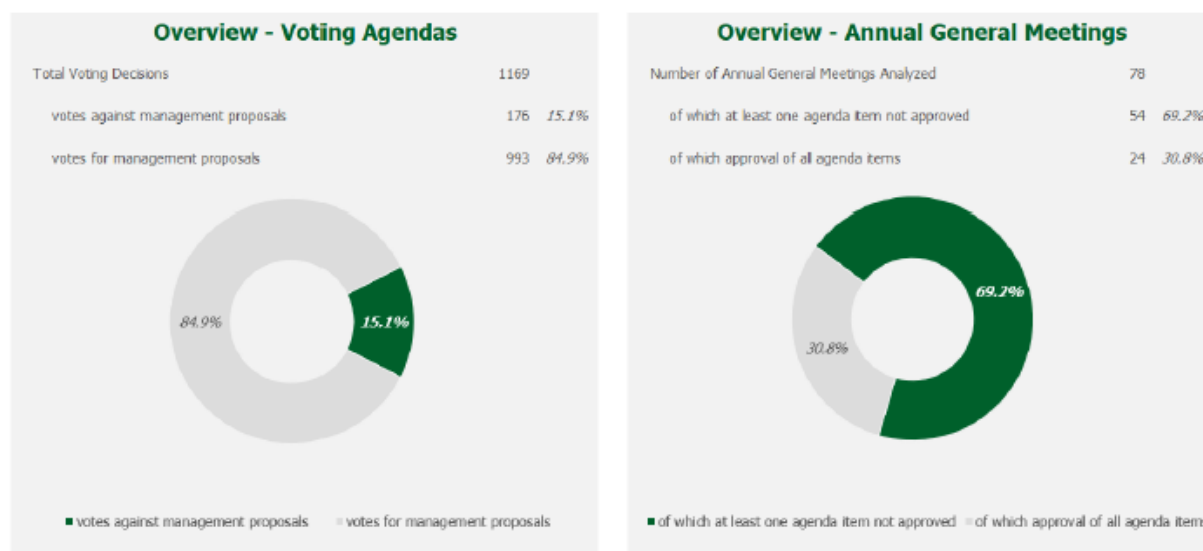
As part of our work on the annual financial statements, we expanded our internal guidelines and adapted them to changes in legal requirements. With regard to money laundering, we tightened our internal safeguards, carried out employee training and met the extended requirements for reporting, our organizational structures and reporting. For the second time, we produced our own UNPRI report. An important milestone for us in underpinning our conviction with action was the introduction of an annual donation of 10% of the fund turnover of CHOM CAPITAL PURE Sustainability - Small Cap Europe UI to environmental and social projects.

4.1.2. Voting-and Engagement Strategy

Active support for our shareholdings in the form of voting rights and engagement is important to us. In the past year, we therefore significantly enhanced our voting policy in terms of both content and organization. Above all, this involved further process automation steps and streamlining of the research process, which we supplemented with additional KPIs and analytical considerations such as tracking and the evaluation of corporate targets.

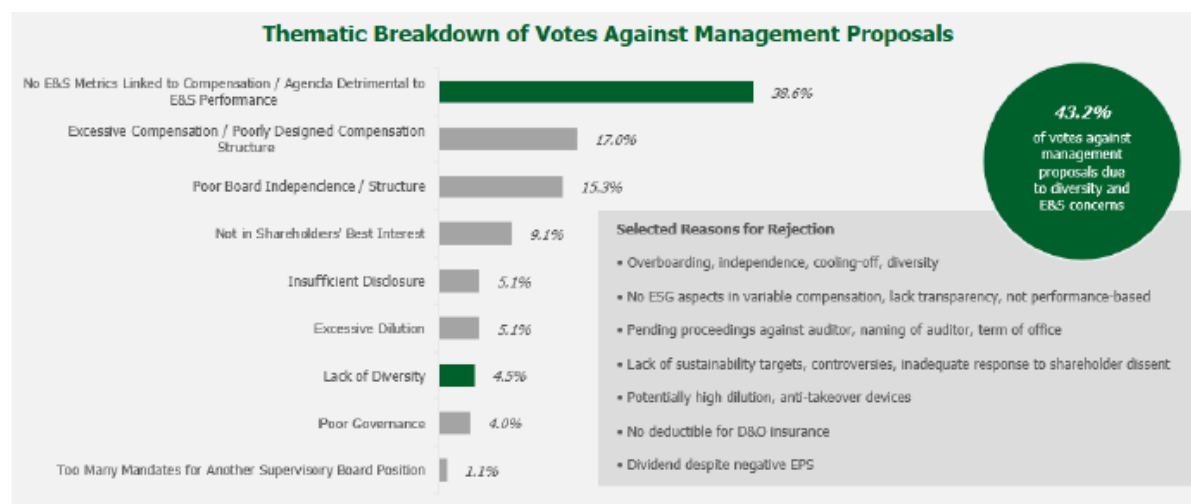
4.1.3. Voting in 2022 by 100% with reference to sustainability

Our votes are always sustainability-related. In total we cast our votes on 1,169 agenda items in 2022 (vs. 1,182 in the prior year). In (85% vs. 83% in the prior year) of these votes we were able to vote with the management. Compared with the market as a whole, our shareholdings therefore have pleasingly good ESG structures. For us, the positive result is also an expression of the high management quality of our investments and confirms the importance of this selection criterion in our investment process. However, many companies are not yet "perfect". The meaningfulness of engagement through voting is illustrated by the fact that rejection was necessary for at least one agenda item for more than two-thirds of the companies.



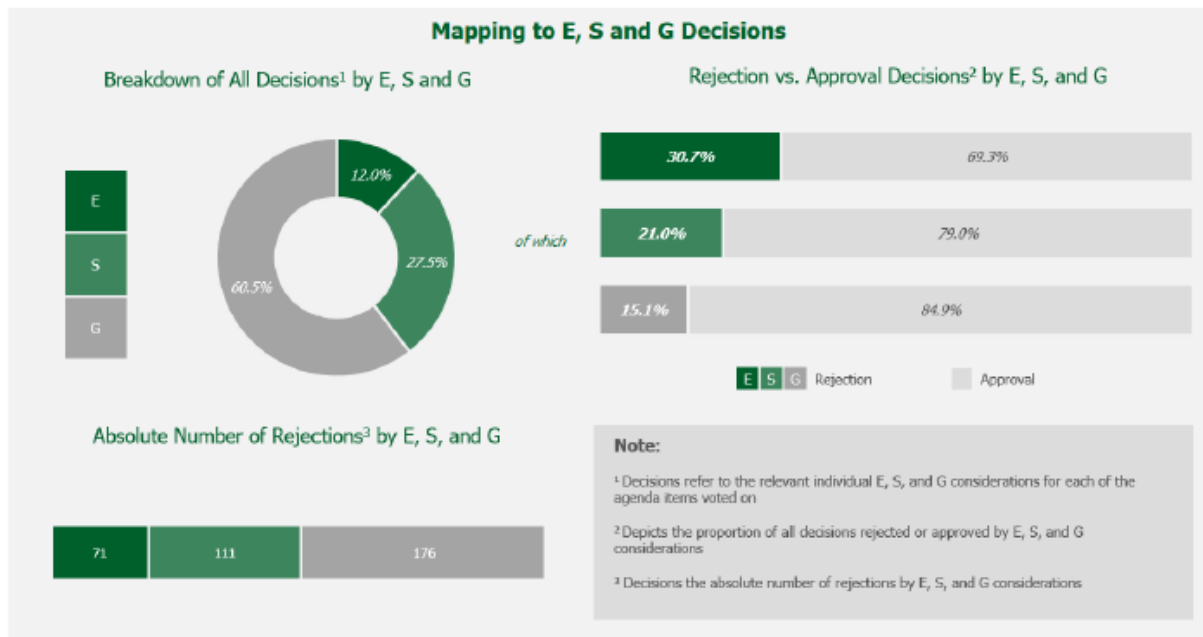
Summarized overview of all Annual General Meetings and votes 2022

Our main reasons for rejection were deficiencies in the compensation systems (caused, among other things, by a lack of E&S reference), inadequate inclusion of sustainability aspects in the AGM agenda, in the structure of the management bodies or supervisory bodies (among other things "overboarding", lack of independence, lack of transparency criteria, no D&O insurance with deductible), excessive capital measures that would lead to excessive dilution of shareholders, conflicts of interest, non-compliant dividends (dividend payments despite losses in the operating business), and lack of diversity.



Thematic breakdown of voting behavior across the entire fund range

If we break down the voting topics according to environmental, social and governance-related aspects, we are pleased to note that our votes were significantly related to E and S in around 39% of cases (vs. 37% in the previous year). The environment accounted for 12% of the votes and social affairs for 28%. In view of the fact that AGMs have a strong focus on governance-related aspects in terms of both content and regulation, we consider this to be an extremely positive development.



Breakdown of voting behavior across the fund range according to ESG criteria

In terms of social and environmental aspects, we examine, among other things, compliance with diversity, the level and peer group orientation of executive and supervisory board compensation, the presence of ESG factors in the variable compensation components, the reference to the entire workforce, the presence of controversies, the location of responsibility for ESG at board level, and much more.

The companies' potential for improvement becomes visible when looking at rejections based on environmental or social quality deficiencies.

The highest proportion of rejections in 2022 is for environmental reasons (31% vs. 18% last year), followed by social reasons (21% vs. 12% last year) and company-related rejections (15% vs. 17% last year). Rejections are significantly less evenly distributed, reflecting a strengthening of governance on the corporate side, while at the same time tightening E&S criteria. We continue to see potential for improvement in all subject areas.

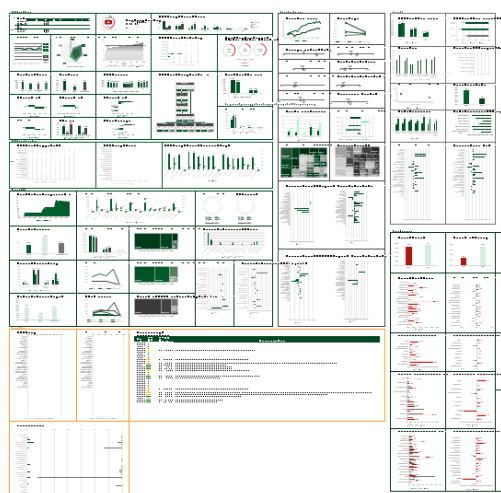
4.1.4. Accompanying Engagement Process

For 100% of our shareholdings, we conduct a proprietary dedicated voting analysis and enter into dialog with the corporate officers of our shareholdings in advance of AGMs to obtain more in-depth information on key KPIs. In addition to further developing our proprietary research process (KPIs, scope), we have introduced a direct communication routine with the corporate officers of our investees in the run-up to an AGM in the 2022 AGM season to further streamline our data collection efforts. In our experience, our engagement is an effective tool to incentivize the management of our portfolio companies to further develop the sustainable transformation of their companies or to increase transparency in this regard.

Through our dialogs with our KVG, we were able to contribute to a significant improvement in the processes of the technical handling of the reconciliations and to the further growth of the list of affiliated European countries. We were able to successfully place our ESG-related requirements for our voting behavior via our cooperation partner IVOX-GlassLewis in the German Investment and Asset Management Association BVI.

4.1.5. Holistic Dashboard

We also made considerable progress in portfolio management. We would like to highlight in particular the integration of a value chain view into our holistic dashboard. The integration of sustainability is becoming more relevant to the balance sheet and P&L of our investments, and the impact of supply chain relationships and overall manufacturing structures on margins more material. In 2022, we integrated portfolio allocation considerations from a sustainability perspective as well as portfolio steering analyses into the dashboard. We have also set up comprehensive PAI reporting.



Our proprietary holistic dashboards and reports not only allow us to show the impact of a holding on the rest of the portfolio, but we can also use them to simulate the impact of a new stock addition or reallocation.

In addition, our models allow us to map changes in sustainability metrics at the individual asset and portfolio level, as well as to review the implementation of the set guidelines.

Symbol representation

4.1.6. Continuous reinforcement of our monthly sustainability reporting as well as public lecturing activities

We offer our investors in-depth monthly sustainability reporting and, since 2022, also a publicly accessible insight into various sustainability KPIs in reports on our homepage. Through the publication of various articles, active knowledge transfer through ESG trainings for institutional investors, as well as activity as lecturers at various universities and as lecturers on the topic of sustainable finance, ESG (ratings), etc., we were able to make our analysis results transparent to a broader public or interested customer groups. Especially the latter activity we were able to expand significantly - for example with lectures at the Frankfurt School of Finance & Management or the accadis Hochschule, as a speaker at the Verband unabhängiger Vermögensverwalter Deutschland e.V. (VuV) or as a BrightTALK panelist.



Excerpts from various courses, trade shows, panel discussions, etc.

4.2. Award for Sustainable Positioning

At the award ceremony of the Forum for Sustainable Investments ("FNG"), CHOM CAPITAL's entire fund range was awarded the FNG sustainability seal for its holistic SUSTAINAMENTS® approach. For the funds CHOM CAPITAL Active Return Europe UI („CARE“) and CHOM CAPITAL PURE Sustainability – Small Cap Europe UI („PURE“) CHOM CAPITAL received a total of two out of three possible stars. This rating is reserved for sustainability strategies that have excelled in the areas of "institutional credibility," "product standards" and "impact" (security selection, engagement and KPIs). The independent and renowned certificate thus attests to a significant overfulfillment of required strict ESG minimum standards with regard to transparency criteria, the consideration of environmental protection, labor and human rights, and a wide range of other sustainability criteria in the investment process.

We are particularly pleased with the top score in both funds in the categories "Institutional Credibility" and "Product Standards". "For the third time in a row, the European all-cap fund CARE was awarded two stars, while the European purist small-cap fund PURE received the FNG seal for the second time this year. Especially in the area of small caps, which is neglected by sustainability rating agencies, this award is groundbreaking.



Receipt of the FNG seal by Paul Althans, Lead Portfolio Manager of CHOM CAPITAL PURE Sustainability - Small Cap Europe UI, and Benedikt Kirsch, Head of ESG and Portfolio Manager (from left to right).

5. Sustainability in our Investment Process

As CHOM CAPITAL, we are measured by our investors' aspiration to generate consistent added value with our investment products. In the spirit of sustainable finance, we do not focus solely on traditional financial indicators and a superior risk-return profile, but also consistently include good corporate governance, social aspects and their environmental contribution. The application of ESG criteria, together with conventional financial analysis, forms an integral part at every level of our multi-stage investment process: Investment universe, security selection and portfolio construction, and the monitoring of our investments.

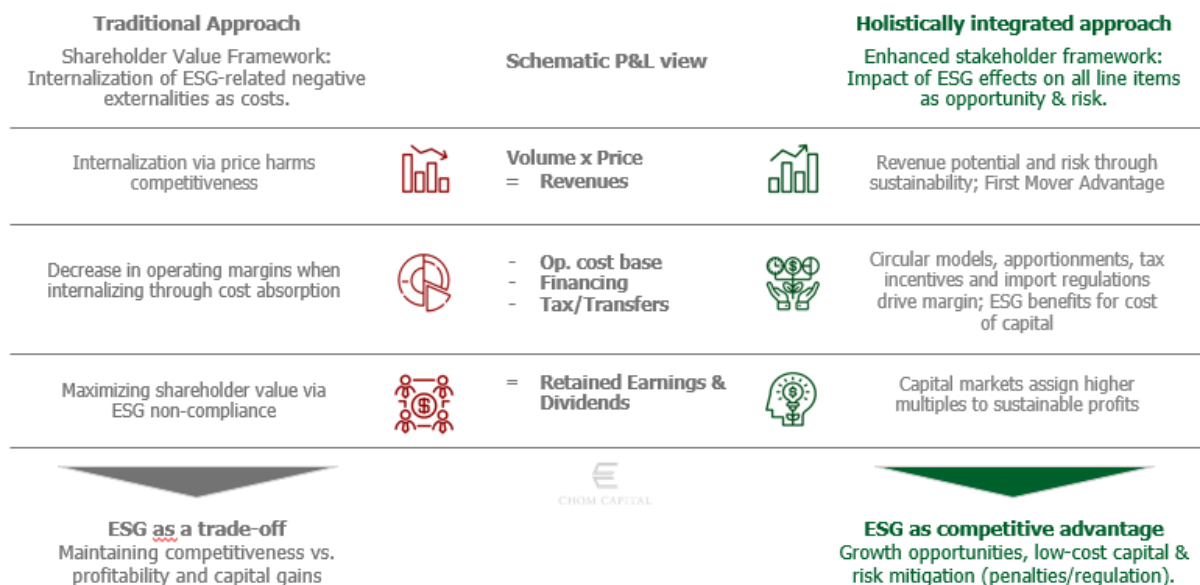
Company exclusions based on negative and investability criteria represent an important element of this investment process. In a first step, we apply our negative criteria to our investment universe through an exclusion filter. Securities that are not filtered out here form our investment universe. As part of the stock selection and portfolio construction process, we analyze companies of interest to us in terms of both fundamentals and ESG. The central step before an investment decision is the application and review of the investability criteria. A violation of these criteria leads to a decision against an investment.

Detailed information on all four levels of our sustainable investment process as well as further details on the anchoring of sustainability in our company and our commitment can be found on our homepage in our ESG directive.

6. Sustainability as a Performance Driver

We are convinced that the integration of ESG is indispensable in the fundamental analysis of business models. This is motivated by the increasing influence of sustainability aspects of a business model on financial performance indicators. In the traditional thinking of the "shareholder value" approach, internalization of negative externalities in a company's business model (e.g.: a coal-fired power plant now has to pay for its CO2 emissions) could only take place via two logical routes: Passing on additional costs of avoidance to customers ("the coal plant passes on the higher costs in its prices and loses competitiveness") or absorption at the expense of its own economic margins ("the costs are borne by itself, profits fall"). Thus, a more sustainable orientation would be a trade-off between maintaining one's own competitiveness and profitability, and should accordingly be avoided. However, we consider this conclusion that ESG would therefore be in conflict with increasing shareholder value to be outdated.

On the contrary, the sustainable orientation of a business model is becoming an increasingly important value creation factor and vital for survival in the world of the coming decades. Looking at a company's income statement (P&L) using a simplified schematic, it is easy to see that every aspect of financial performance is now linked to ESG implementation and therefore a company must be viewed holistically. In the following, we explain this linkage using this schematic P&L representation:



Schematic representation of a company P&L

Sales

At the sales level, we are seeing higher growth on average for sustainable product categories (via volume and/or price), particularly for consumer products. Particularly in industrial value chains, technological and strategic advantages of an early sustainability orientation can be identified ("first mover advantage"). In addition, measures such as the Supply Chain Act passed in Germany at the federal level also lead to a sales risk for those companies that cannot demonstrate compliance with corresponding standards to their customers - ESG becomes a "license-to-operate", so to speak.

Operating Costs

Similar effects can be analyzed in the cost base of companies. The commercial and legislative framework conditions under which companies currently operate lead to tangible cost potentials when sustainability aspects are taken into account in corporate management. These can be found, for example, in the implementation of circular product and goods chains, in tax incentives and in green financing.

Profits & Valuation

On balance, companies that seriously implement sustainability goals can gain a competitive advantage in terms of sales and expenses. This results in higher profits, which are usually also rewarded with higher valuations by the stock markets.

7. Sustainability Performance 2022

At the product level, we can precisely record the development of various sustainability KPIs thanks to a wide range of tools. For the first time, we are giving the public a deeper insight. Both the CHOM CAPITAL Active Return Europe UI and the CHOM CAPITAL PURE Sustainability - Small Cap Europe UI were able to improve significantly in the key performance indicators - also compared to the respective benchmark.

Fund: CHOM CAPITAL Active Return Europe UI
Benchmark: STOXX® Europe 600 Index

	Date	30.03.2021	30.06.2021	30.12.2021	% Change	30.06.2022	30.12.2022	% Change
Fund	Final Fund Score	8,589	8,795	8,390	-2,31%	7,602	9,358	11,53%
	Final Fund Rating	AA	AAA	AA		AA	AAA	
	Carbon Intensity	124,22	97,73	82,04	-34,0%	78,86	118,68	44,7%
	Water Consumption	265,31	104,74	102,26	-61,5%	393,30	61,78	-39,6%
	NOx Emissions	0,124	0,098	0,103	-17,5%	0,093	0,122	19,2%
	SOx Emissions	0,037	0,027	0,012	-67,3%	0,006	0,019	53,4%
	VOC Emissions	0,028	0,027	0,036	25,7%	0,017	0,015	-57,5%
Benchmark	Final ESG Score	7,435	7,50	7,45	0,2%	7,64	7,87	5,6%
	Final ESG Rating	AA	AA	AA		AA	AA	
	Carbon Intensity	128,05	122,87	116,11	-9,3%	108,90	114,44	-1,4%
	Water Consumption	228,43	227,81	236,21	3,4%	143,92	133,96	-43,3%
	NOx Emissions	0,143	0,141	0,132	-8,0%	0,109	0,112	-15,3%
	SOx Emissions	0,067	0,065	0,058	-13,6%	0,044	0,048	-18,1%
	VOC Emissions	0,018	0,017	0,017	-3,2%	0,015	0,016	-5,1%

Fund: CHOM CAPITAL PURE Sustainability – Small Cap Europe UI
Benchmark: STOXX® Europe Total Market Small

	Date	04.01.2021	30.06.2021	30.12.2021	% Change	30.06.2022	30.12.2022	% Change
Fund	Final Fund Score	6,324	5,905	5,938	-6,1%	6,685	8,046	35,50%
	Final Fund Rating	A	A	A		A	AA	
	Carbon Intensity	103,99	103,49	96,26	-7,4%	74,92	65,94	-31,5%
	Water Consumption	0,00	0,00	0,00		0,00	0,00	
	NOx Emissions	0,001	0,013	0,016	990,4%	0,052	0,026	60,2%
	SOx Emissions	0,000	0,013	0,001	1255,1%	0,014	0,002	61,6%
	VOC Emissions	0,005	0,002	0,000	-100,0%	0,000	0,000	
Benchmark	Final ESG Score	6,549	6,59	6,65	1,5%	6,75	7,21	8,5%
	Final ESG Rating	A	A	A		A	AA	
	Carbon Intensity	108,34	114,42	109,82	1,4%	124,86	70,13	-36,1%
	Water Consumption	63,53	61,40	60,14	-5,3%	65,03	33,71	-43,9%
	NOx Emissions	0,247	0,327	0,305	23,7%	0,653	0,034	-89,0%
	SOx Emissions	0,064	0,073	0,077	20,7%	0,078	0,007	-91,5%
	VOC Emissions	0,008	0,006	0,006	-19,8%	0,010	0,012	95,2%