



CHOM CAPITAL
PERFORMANCE DRIVEN BY SUSTAINMENTALS®



CHOM CAPITAL Sustainability Report 2023





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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

The year 2023 was characterized by numerous challenges: Be it persistent geopolitical tensions, rampant inflation in some cases, the strong build-up of inventory as a result of long-disrupted supply chains and a simultaneous cyclical slowdown - the list is long and many problems have not yet been resolved by the end of the year. For stock pickers in the alpha segment of the market, however, these difficult waters are a highly exciting time - this is where the wheat is separated from the chaff and real value potential can be exploited. The second-line stocks segment in particular has suffered disproportionately compared to the market as a whole. But it is precisely here that the hidden champions and essential players in the economic transformation, which is becoming increasingly important every year, can be found.



As a long-term investor, we have taken advantage of many attractive entry opportunities in exciting secular value chains that will continue to grow for years to come. Even though sustainability and climate issues may have faded into the background of public discourse, they are more relevant than ever for the real economy and a sustainable good life on this planet. Here too, we have invested in many hidden winners around megathemes such as electrification, the circular economy, renewable energies (especially offshore wind) and digitalization with our proprietary value chain analysis and are pleased to be able to accompany their long-term value development.

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

Please join us on the following pages for a “deep dive” into our view of sustainability. We look forward to a constructive and future-oriented dialog with you and are all just at the beginning of this sustainability journey, which is so important for us and our planet.

Sincerely,

Yours

A handwritten signature in blue ink, which appears to read "Christoph Benner". The signature is written in a cursive style and is positioned above a thin horizontal line.

Christoph Benner, 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 this 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. We donate 10% of the fund turnover of CHOM CAPITAL PURE Sustainability - Small Cap Europe UI annually to ecological and social projects with a regional focus. These include reforestation projects, support for educational programs for those in need and projects to protect biodiversity, such as support for the One Earth - One Ocean e.V. (OEOO). In 2023, we organized an event at Kieler Woche and raised awareness among local entrepreneurs for the fight against plastic waste in the world's oceans, where OEOO makes a major contribution with its waste collection ships.

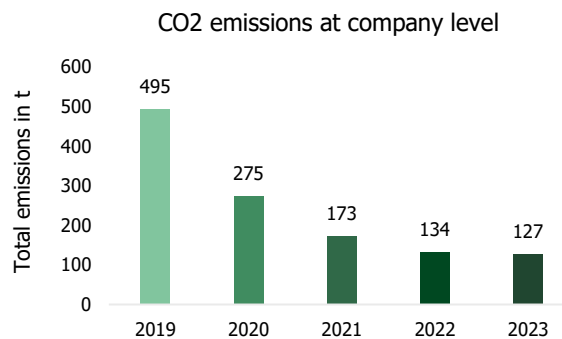


Christoph Benner (CEO), Dr. Harald Frank (OEOO) and Benedikt Kirsch (Head of Sustainability, from left to right) at the joint event and fundraising campaign for One Earth - One Ocean e.V. at Kieler Woche

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 specific targets to improve it. In recent years (since the start of measurement in 2019), we have been able to reduce our footprint by 74% through concrete measures (reduction in travel, increased use of video and telephone conferences, conversion of the vehicle fleet to hybrid, reduction in paper consumption through progressive digitalization of processes, consistent waste separation, planting trees) (see graph).



Total emissions CHOM CAPITAL GmbH in metric tons (t) from 2019 to 2023

Looking ahead, we have set ourselves the goal of reducing our carbon footprint by an average of 7% p.a. from 2019 to 2025. In view of the past few years, we believe we are well on track and now consider our 7% target to be more of a minimum target - as we have already achieved our 2025 overall reduction target in 2021. As mentioned above, the planned measures to reduce CO2 consumption are the reduction of our business travel volume through the increased use of video and 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. A sustainable footprint is also ensured by the purchase of predominantly "green" electricity and the consideration of regional origin when selecting products and services, where 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 education of high-potential students and are available as a savings ring partner. We are also a supporting member of Frankfurt's Goethe University. We provide financial support for the education of children. As a sponsor, we also support campaigns such as the Hessian Hockey Youth with their charity run against cancer or the preservation of endangered animal species through the Zoological Society.

Furthermore, together with KiO Kinderhilfe Organtransplantation-Sportler für Organspende e.V., we facilitated a grant program for therapy for patients with lung disease in the paediatric pneumology department at Hannover Medical School. For the first time in 2023, we awarded

the CHOM CAPITAL Sustainable Impact Diversity Scholarship, which we launched with the Frankfurt School of Finance & Management, to a young talent for a Master's degree in Sustainable Finance and organized a fundraising campaign with the Kinderschutzbund in Frankfurt.

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 2023

4.1. Focus Topics and Outlook

At the beginning of each financial year, we decide in our Sustainability Advisory Board on certain focus topics that we want to devote particular attention to in order to further develop our sustainability strategy both conceptually and procedurally. We also regularly review our company's entire sustainability infrastructure and continue to drive forward the holistic integration of sustainability at all levels of the company. In 2023, our particular focus was on the following further developments:

4.1.1. At Company Level

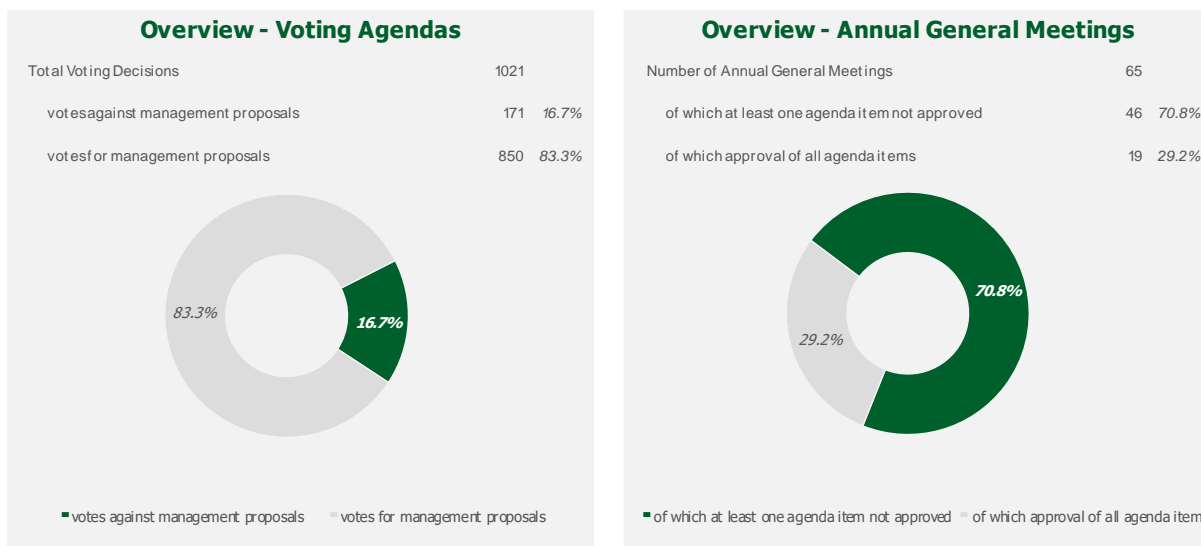
In 2023, we significantly enhanced our conceptual process and deepened our analysis of value chains. Another important building block was our support for the pwc-funded "Data-land" project, where we acted as an early sparring partner in brokering Dataland with companies, testing the Dataland platform and API, and providing public support. We are delighted to be one of the founding members in 2024. Dataland stands for open, transparent and fair access to sustainability data. The new data platform aims to enable financial market participants to make economic decisions on a better data basis and thus support the transformation to a sustainable economy. Dataland is also a great tool for us as small-cap investors to get an automated, seamless data exchange and to fill the "holes" in our sustainability rating agencies' coverage for our sustainability reporting.

4.1.2. Voting-and Engagement Strategy

Active support for our investments in the form of exercising voting rights and engagement is important to us. In the past year, we have therefore significantly developed our voting policy in terms of both content and organization. This primarily involved further process automation steps and streamlining the research process, to which we added further KPIs and analytical considerations such as tracking and the evaluation of corporate objectives.

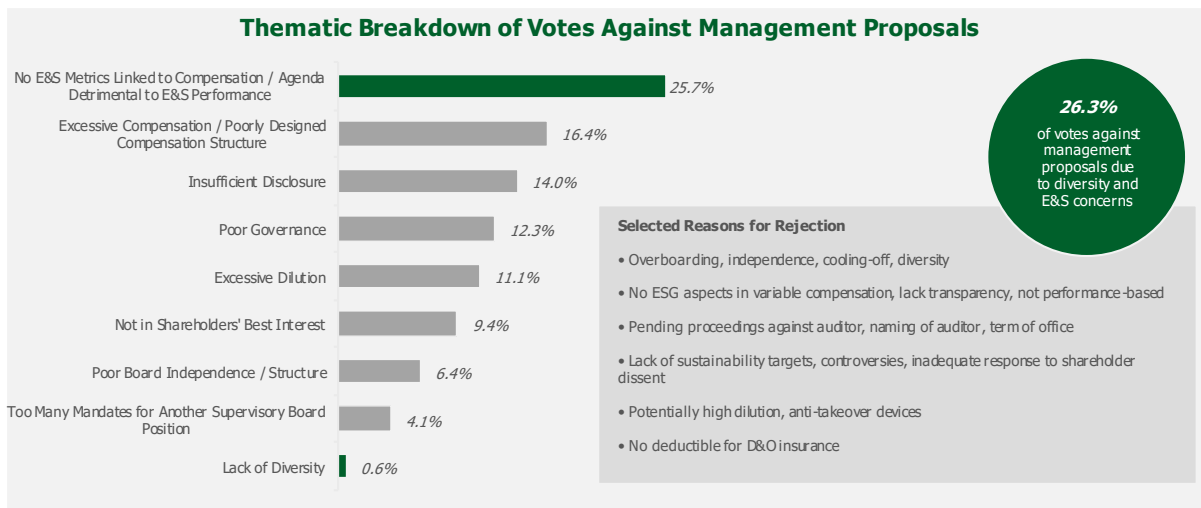
4.1.3. Voting in 2023 by 100% with reference to sustainability

Our votes are always sustainability-related. In 2023, we cast our votes on a total of 1,021 (compared to 1,169 in the previous year) agenda items - this once again corresponds to 100% of all technically possible voting items. We were able to vote with the management on 83% (vs. 83% in the previous year) of these votes. Compared to the market as a whole, our investments 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 more than 70% of the companies had to be rejected on at least one agenda item.



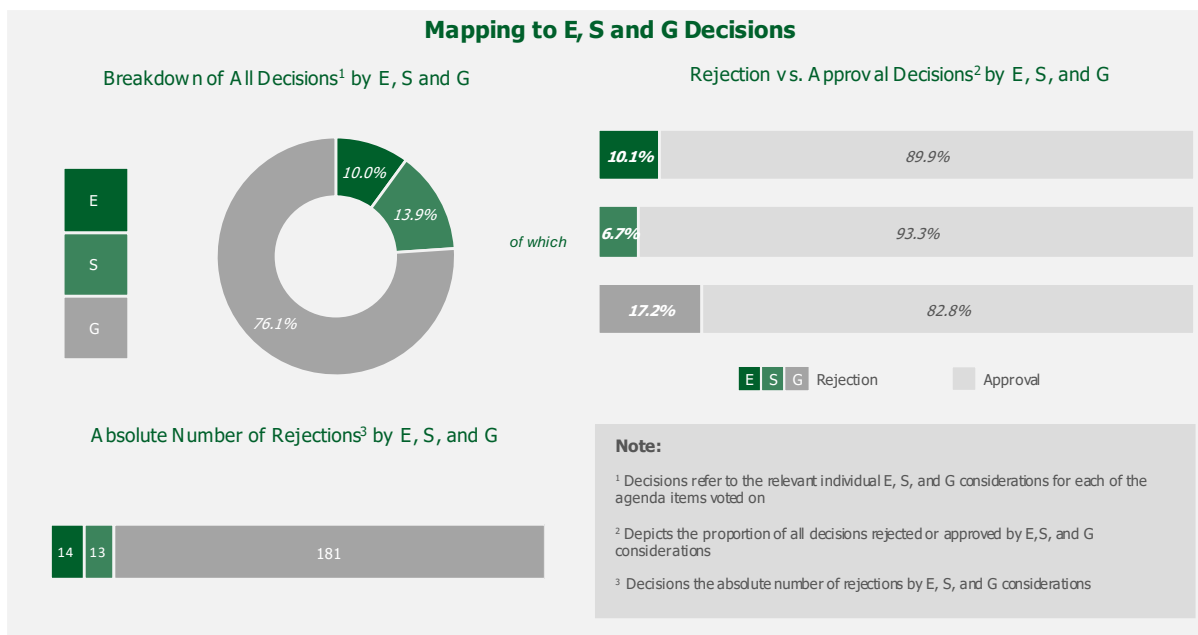
Summarized overview of all Annual General Meetings and votes 2023

Our main reasons for rejection were deficiencies in the remuneration 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 or supervisory bodies (e.g. “overboarding”, lack of independence, lack of transparency criteria, no D&O insurance with deductible), in excessive capital measures that would lead to a large dilution of shareholders, conflicts of interest, dividends that are not in line with requirements (dividend payments despite losses in the operating business) and a lack of diversity.



Thematic breakdown of voting behavior across the entire fund range

If we break down the voting topics into environmental, social and governance-related aspects, we are pleased to note that around 26% (compared to 39% in the previous year) of our votes had a significant E and S reference. Of these, 10% were purely environmental and 14% purely social. In view of the fact that general meetings have a strong focus on governance-related aspects in terms of both content and regulation, we believe this is an extremely positive development.



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

In terms of social and environmental aspects, we review, among other things, compliance with diversity, the amount and peer group orientation of Management Board and Supervisory Board remuneration, the presence of ESG factors in the variable remuneration components, the reference to the entire workforce, the existence of controls, the localization of responsibility for ESG at Management Board level and much more.

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

The highest rate of rejections in 2023 was in the area of corporate governance (17% vs. 15% in the previous year), followed by the environment (10% vs. 31% in the previous year) and social reasons (7% vs. 21% in the previous year). The proportion of rejections has decreased significantly, reflecting the improvement efforts of our portfolio companies. Nevertheless, we continue to see potential for improvement in all areas.

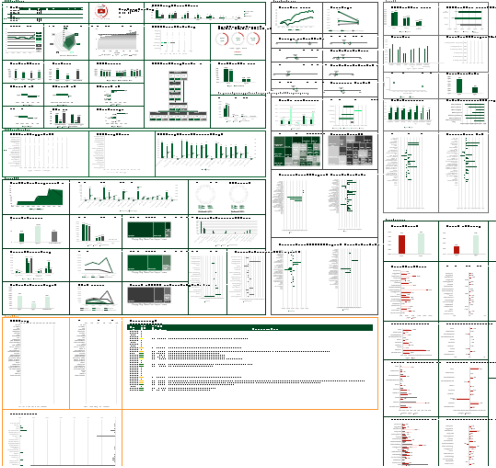
4.1.4. Accompanying Engagement Process

We conduct a proprietary, dedicated voting analysis for 100% of our shareholdings and enter into dialog with the company managers of our shareholdings in the run-up to Annual General Meetings in order to obtain in-depth information on important KPIs. In addition to the further development of the proprietary research process (KPIs, scope), we introduced a direct communication routine with the company managers of our portfolio companies in the run-up to an Annual General Meeting in the 2022 AGM season in order to further streamline our data collection. 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 and to increase transparency in this regard. In the 2023 financial year, we were able to further automate our processes by setting up a new AGM analysis tool.

Through our dialog with our KVG, we have been able to contribute to significantly improving the processes for the technical handling of reconciliations and the list of connected European countries has continued to grow.

4.1.5. Holistic Dashboard

We also made considerable progress in portfolio management. At this point, we would particularly like to highlight the integration of a value chain analysis into our holistic dashboard. The integration of sustainability is becoming increasingly relevant for the balance sheet and income statement of our portfolio companies and the influence of supply chain relationships and overall production structures on margins is becoming more material. In 2023, we expanded our PAI reporting and integrated UN SDG analyses.



Symbol representation

Our proprietary holistic dashboards and reports not only allow us to visualize the impact of a holding on the rest of the portfolio, but also to simulate the impact of a new security inclusion or reallocation.

Our models also allow us to map changes in sustainability metrics at individual item and portfolio level and to monitor the implementation of the set guidelines.

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, a public insight into various sustainability KPIs in reports on our website. Through the publication of various articles, active knowledge transfer through ESG training for institutional investors, as well as activity as lecturers at various universities and as lecturers on sustainable finance, ESG (ratings), etc., we were also able to make our analysis results transparent to a broader public or interested customer groups in 2023. We were also able to expand the latter activity in particular in newer media formats - in various podcast formats such as the "ESG Talk" podcast or the PwC podcast "Important Problems". This year, we also participated as experts on panels at specialist conferences such as the LegalTegrity event on supply chains.

Our CHOM CAPITAL PURE Sustainability - Small Cap Europe UI fund was also named the best European ESG equity fund ("Best ESG Equities Fund Europe 2023") for the first time ever by the renowned Global Banking & Finance magazine.



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 once again awarded the FNG sustainability seal for its holistic **SUSTAINMENTALS®** approach. For the **CHOM CAPITAL Active Return Europe UI** ("CARE") and **CHOM CAPITAL PURE Sustainability - Small Cap Europe UI** ("PURE") funds, CHOM CAPITAL received a total of two out of three possible stars. This rating is reserved for sustainability strategies that excel in the areas of "institutional credibility", "product standards" and "portfolio focus" (stock selection, dialogs and ESG KPIs). The independent and renowned certificate thus certifies that the required strict ESG minimum standards in terms of transparency criteria, the consideration of environmental protection, labor and human rights as well as various other sustainability criteria in the investment process have been clearly exceeded.

We are particularly pleased with the top marks for both funds in the categories "Institutional Credibility", "Product Standards" and, for the first time, "Portfolio Focus - Dialogue" for the further development of our engagement strategy. The European all-cap fund CARE was awarded two stars for the fourth time in a row, while the European purist small-cap fund PURE received the FNG seal for the third time this year. This award continues to be groundbreaking, particularly in the small-cap sector, which is neglected by sustainability rating agencies.



Acceptance of the FNG seal over the last few years. Also in the picture: Paul Althans, Lead Portfolio Manager of CHOM CAPITAL PURE Sustainability - Small Cap Europe UI, Benedikt Kirsch, Head of Sustainability and Portfolio Manager, Christoph Benner, CEO, Martina Neske (CFO), and Roland Kölsch (Managing Director QNG).

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.

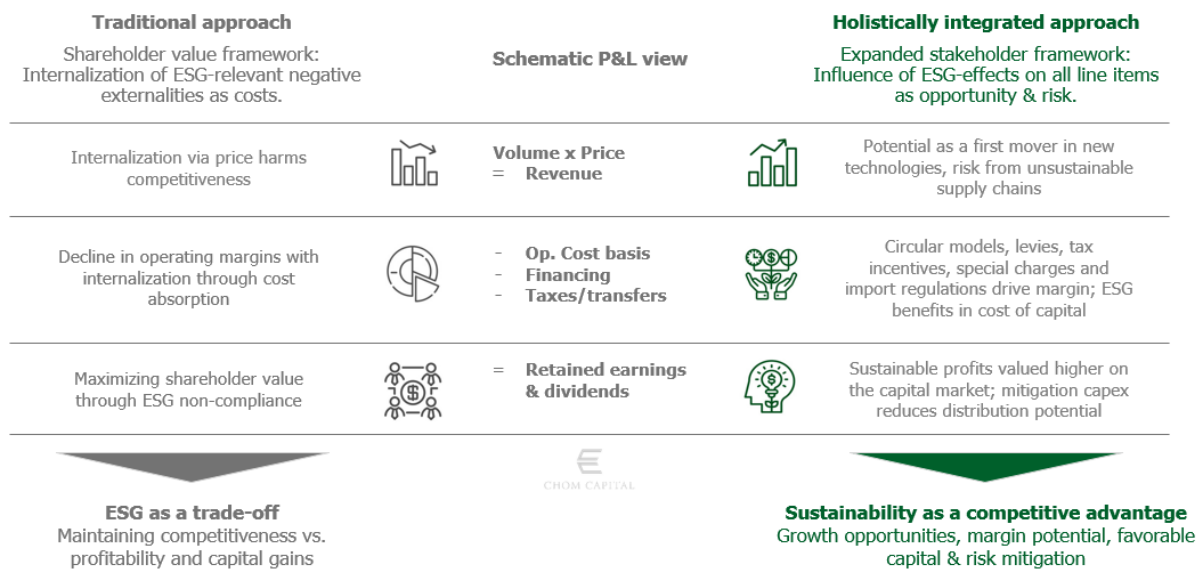
Company exclusions based on negative and investability criteria represent an important element of this investment process. In a first step, we apply our negative criteria to our investment universe through an exclusion filter. Securities that are not filtered out here form our investment universe. As 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.

Even though sustainability and climate issues may have taken a back seat in public discourse at the moment, they are more relevant than ever for the real economy and a sustainable good life on this planet. The necessary transformation of our energy and supply systems, as well as critical infrastructure, is in full swing and offers long-term value creation opportunities in megathemes such as electrification, the circular economy, renewable energies (especially offshore wind) and digitalization. Identifying the value chains relevant to the real economy and the respective fundamental winners in these areas is only possible with a holistic understanding of business models, sustainability technologies and eco-social interrelationships.

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 2023

Thanks to a wide range of tools, we can precisely record the development of various sustainability KPIs at product level. This year, we are also giving the public a deeper insight. Both the CHOM CAPITAL Active Return Europe UI and the CHOM CAPI-TAL PURE Sustainability - Small Cap Europe UI were able to improve noticeably in the key indicators - provided there was a sufficient data basis for assessment. Only a change in the ESG rating methodology by MSCI ESG Research in the calculation of the final fund ESG rating led to a nominal deterioration. However, when looking at the aggregate improvement at individual security level (instead of comparing the fund rating with different holdings at different points in time), both funds show a stable to slightly positive improvement in ratings.

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

	Date	30.06.2022	30.12.2022	% Change	30.06.2023	30.12.2023	% Change
Fund	Final Fund Score	7.602	9.358	11.53%	8.503	7.780	-16.86%
	Final Fund Rating	AA	AAA		AA	AA	
	Carbon Intensity	92.38	152.89	86.4%	124.16	120.32	-21.3%
	Water Consumption	44.69	61.78	-39.6%	54.76	69.10	11.8%
	NOx Emissions	0.093	0.122	19.2%	0.111	0.099	-18.8%
	SOx Emissions	0.003	0.016	55.9%	0.014	0.013	-18.3%
	VOC Emissions	0.017	0.015	-57.4%	0.008	0.006	-60.8%
	Final ESG Score	7.61	7.88	3.7%	7.89	7.83	-0.6%
	Final ESG Rating	AA	AA		AA	AA	
	Carbon Intensity	110.53	113.41	-6.2%	90.37	92.08	-18.8%
Benchmark	Water Consumption	143.59	133.91	-42.6%	89.81	89.90	-32.9%
	NOx Emissions	0.111	0.107	-16.1%	0.073	0.074	-31.4%
	SOx Emissions	0.050	0.050	-14.0%	0.032	0.035	-30.5%
	VOC Emissions	0.016	0.017	-6.0%	0.010	0.010	-39.1%

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

	Date	30.06.2022	30.12.2022	% Change	30.06.2023	30.12.2023	% Change
Fund	Final Fund Score	6.685	8.046	35.50%	7.378	7.585	-5.73%
	Final Fund Rating	A	AA		AA	AA	
	Carbon Intensity	67.77	61.85	-18.4%	51.04	60.80	-1.7%
	Water Consumption	0.00	0.00		0.00	0.00	
	NOx Emissions	0.026	0.026	60.2%	0.000	0.000	-100.0%
	SOx Emissions	0.002	0.002	61.6%	0.000	0.000	-100.0%
	VOC Emissions	0.000	0.000		0.000	0.000	
	Final ESG Score	6.77	6.87	3.3%	6.95	7.02	2.1%
	Final ESG Rating	A	A		A	A	
	Carbon Intensity	117.50	104.81	9.5%	72.12	84.99	-18.9%
Benchmark	Water Consumption	59.08	54.53	-10.2%	48.06	49.59	-9.1%
	NOx Emissions	0.274	0.408	87.4%	0.281	0.358	-12.2%
	SOx Emissions	0.041	0.050	-33.1%	0.039	0.053	6.0%
	VOC Emissions	0.013	0.013	174.1%	0.006	0.006	-48.9%