

Statement on ‘no consideration of adverse impacts of investment decisions on sustainability factors’

Regulation (EU) 2019/2088

Since March 10, 2021, Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures (“SFDR”) applies to the European financial services sector. The regulation is part of the EU Commission’s action plan on financing sustainable growth and lays down sustainability disclosure obligations for manufacturers of financial products and financial advisers towards end-investors. The aim of the SFDR is a higher degree of transparency of sustainability in financial markets and comparability across financial products to enable investors to track risks and impacts associated with sustainability factors.

The following entity level disclosures apply to Prime Capital AG’s activities as a financial market participant as defined by the SFDR, i.e. Prime Capital AG in its role as portfolio manager and Prime AIFM Lux S.A. in its role as alternative investment fund manager. It does not apply in cases where the portfolio management function has been outsourced to an external third party.

Article 4: Transparency of adverse sustainability impacts at entity level

Article 4 of the SFDR requires financial market participants to publish information on their website regarding whether or not they consider principal adverse impacts of investment decisions on sustainability factors.

Sustainability factors as defined by the SFDR mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The final draft of the Regulatory Technical Standards (“RTS”) to the SFDR proposes a number of mandatory and voluntary principle adverse impacts to report on in an annual principle adverse impact statement (Annex I).

No consideration of sustainability adverse impacts

Prime Capital recognizes the importance of considering principal adverse impacts of its investment decisions on sustainability factors to act as a good steward and value-aligned with its investor base. Currently Prime Capital is working on a robust framework to identify and monitor the most significant adverse effects on sustainability factors of its investment decisions. The initial focus of these efforts lies on financial products that make sustainable investments according to SFDR Article 2 (17).

However, the ability to determine, measure and monitor the main adverse impacts is highly dependent on the availability and quality of related market data. Prime Capital has a diverse product range and is active in a variety of asset classes. Since the relevant data required is not yet available in all of these asset classes to a sufficient extent or in the required quality, Prime Capital has decided not to consider the aggregated adverse impacts of investment decisions on entity level as defined in the SFDR and the RTS to the SFDR.

Prime Capital will regularly monitor the data situation and may decide to consider principle adverse impacts of more products and asset classes if data quality improves and it becomes more readily available in those asset classes.