

DISCLOSURE REPORT

ACCORDING TO § 134C PARA. 4 GERMAN STOCK CORPORATION ACT (AKTG) OF DJE KAPITAL AG AS ASSET MANAGER TOWARDS INSTITUTIONAL INVESTORS



As an asset manager DJE Kapital AG (hereinafter referred to as DJE) has to report to institutional investors on an annual basis how its investment strategy and its implementation are consistent with the asset management agreements concluded between DJE and the institutional investors and to contribute to the medium to long-term performance of the assets.

DJE has decided to publish this report in accordance with § 134 c para. 4 sentence 2 AktG.

The report contains disclosures regarding:

- medium to long-term risks,
- the composition of the portfolio, the portfolio turnover and the portfolio turnover costs,
- the consideration of the medium to long-term development of the company regarding investment decisions,
- the use of proxy advisors,
- the handling of securities lending and the handling of conflicts of interest in the context of participation in companies, in particular through the execution of shareholder rights.

1. Investment strategy and significant medium to long-term risks

The investment strategy of DJE and its implementation are based on the investment objectives set by institutional investors. DJE's investment strategy is active and is based on a continuous adjustment of the portfolio to market conditions. Thanks to well-founded analyses DJE is in a position to evaluate concrete market opportunities as well as potential risks. As a rule DJE's investment process, which is based on both qualitative and quantitative factors, selects portfolio companies that have strong balance sheets, are solid and retain their value. Using the FMM method developed by DJE the three perspectives on activities on the stock exchange and the markets – fundamental, monetary and market-related – are taken into account. Further details on the FMM method can be found in the brochure „FMM Method“ that can be downloaded here: <https://www.dje.de/>. After the portfolio companies have been qualified by specific selection criteria concrete investment decisions are made on individual portfolio companies.

Consistent risk management is carried out in all phases of the investment process. In order to meet due diligence requirements DJE's investment and risk processes are designed to provide investments with an appropriate risk/reward profile. DJE's top priority is to avoid losses before maximizing profits. This means that DJE tries to anticipate risks before evaluating potential opportunities.

The FMM method uses a scoring model that takes into account aspects such as strategy, valuation, momentum, company discussion, individual analyst assessment and sustainability criteria of the portfolio company.

DJE as an asset manager considers how the investment strategy pursued affects the medium to long-term performance of the assets and how the investment strategy corresponds in principle to the specified investment

objectives of the institutional investors. In principle the risk controlling and risk monitoring of investments are based on legal and contractual requirements. Specific liquidity requirements of institutional investors and their risk-bearing capacity are also taken into account.

Consideration of ecological, social and corporate governance issues as part of the investment strategy

DJE is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is therefore committed to integrate environmental, social and governance (ESG) factors into its investment analysis and decision-making processes. Further information can be obtained from the sustainability policy of DJE Kapital AG at www.dje.de.

In order to systematically ensure compliance with sustainability criteria DJE works with MSCI-ESG-Research, the leading international provider of environmental, social and responsible corporate governance analysis and ratings. All portfolio companies are therefore also rated using the MSCI-ESG filter.

This enables DJE to exclude companies that violate the 10 universal principles of the UN Global Compact. The UN Global Compact is the world's largest and most important initiative for responsible corporate governance. The vision of the UN Global Compact is an inclusive and sustainable global economy based on its 10 universal principles. More information with regard to the UN Global Compact is available at www.unglobalcompact.org/

Disclosures on significant medium to long-term risks with regard to investments

The assessment of medium to long-term risks with regard to investments is an important part of the investment process of the asset manager DJE. As share prices are subject to fluctuations based on a wide variety of factors and influences risks are also taken with every investment. In order to measure and monitor relevant risks to which the assets under management are subject to, including corporate governance matters, DJE uses special risk management systems and also operates current risk controlling. Risks in the portfolio are reduced through active and proactive investment ratio management

2. Information on the composition of the portfolio, the portfolio turnover and the portfolio turnover costs

Within the framework of the portfolio management mandates of the group-affiliated management company and the external capital management companies a regular exchange of information takes place between the asset manager DJE, the institutional investor and the management company.

Information on the structure of the assets under management, the turnover of the assets under management and explicit transaction costs of the assets under management are communicated to the institutional investors in the periodic reporting.

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3. Consideration of the medium to long-term development of the company with regard to investment decisions.

The investment strategy of DJE described and pursued under Section 1 also includes a consideration and assessment of the medium to long-term developments of the companies in which investments are to be placed.

4. Information regarding the use of voting advisors

Voting rights at general meetings are not executed by the asset manager DJE. The execution of voting rights remains the responsibility of the institutional investors. The use of proxy advisors therefore does not apply. With regard to portfolio management mandates of the group-affiliated management company or external capital management companies, the respective management company is responsible for the execution of the voting rights.

5. Information with regard to the handling of securities lending and conflicts of interest in the context of participation in the companies, in particular through the execution of shareholder rights.

The instrument of securities lending is not used for the funds of DJE Investment S.A. Securities lending is used in part for funds of other capital management companies. Please refer to the guidelines of the respective capital management companies with regard to participation activities and requirements in this respect.

As asset manager DJE does not execute any voting rights and any shareholder rights. As a rule cooperation with other shareholders does not take place, whereas discussions with other investors may take place insofar as it concerns the exchange of views on published information. Insofar as DJE talks with other investors any agreements with regard to the execution of voting rights are made, DJE's transaction activities are not explained or coordinated with other investors. The general handling of conflicts of interest results from the Conflict of Interest Policy, which is published at www.dje.de.

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