



ACATIS FAIR VALUE SPECIAL

08/2021

ESG was yesterday, CO2 footprint is today and climate analysis is tomorrow

How emission-intensive are our ACATIS Fair Value portfolios? By now, the decarbonisation of a portfolio has become a sustainability aspect for investments. As in previous years, we subjected our portfolios to an analysis by our research partner imug rating this year. Once again, we wanted to know the CO2 footprint, also compared to the reference indices.

First: The result was again excellent, particularly with respect to ACATIS Aktien Deutschland ELM. According to imug, the fund has a weighted carbon footprint that is 99% lower than that of the DAX 30 reference index. The ACATIS Fair Value Modulator Vermögensverwaltungsfonds and ACATIS Fair Aktien Global also performed very well. The two funds have an 82% and 70% lower CO2 footprint than their global reference index Solactive GBS Developed Markets Large & Mid Caps. This means that we are in a good position. But it would be too easy to conclude that this allows us to handily manage the challenges of global warming and the objective of the Paris Climate Agreement.

According to the special report by the IPCC (Intergovernmental Panel on Climate Change), only around 420 gigatonnes (Gt) of CO2 (calculated as of the end of 2017) can be emitted into the atmosphere to avoid exceeding the 1.5 degree Celsius global warming target by 2050. By comparison: In 2019, humanity caused total CO2 emissions of 43 Gt. If the emissions stayed constant, this budget would be used up in seven to eight years. The CO2 clock is ticking. We all must act and reduce CO2 emissions, everyone has to do their part!

Therefore, when it comes to our ACATIS Fair Value funds, we have taken it a step further and are preparing a climate analysis. We want to achieve the 1.5 degree target with our companies. Hence the question related to a portfolio is as follows: Are the investments compatible with objective of the Paris Climate

Agreement? At the same time, the adjustment of the portfolio to climate targets does not necessarily result in the one-sided weighting of classically "green" industries or companies. The definition of the temperature limit must take into account the realities of the economic sectors. For example, the degree limit for utility companies is different than for IT service providers. This approach targets the sector-adjusted distribution of the remaining emission budget. Accordingly, the degree Celsius limit may vary depending on the sector. But in the end, all sectors added together must reach the general target. This climate scenario was analysed for us by right-based on science, using a 1.75 degree target. Result: We are doing well, much better than the reference indices, but there is still room for improvement. If the sectors in the reference index operate with the same intensity of emissions until 2050 as the sectors of the invested companies from the sectors in the funds, the earth would warm as follows: The ACATIS Fair Value Aktien Global is still 0.4 degrees above the threshold, compared to ACATIS Aktien Deutschland ELM and ACATIS Fair Value Modulator Vermögensverwaltungsfonds with 0.5 degrees and 0.6 degrees, respectively. Here, the benchmarks are much higher, at 1.5 degrees above the target requirements.

What does it mean? It is not enough to only look at the ESG score, the 17 sustainable development targets of the UN (SDG) are a must, and solely comparing and reporting the CO2 footprint is not nearly enough. A thorough sustainability analysis must go a step further to manage the challenges of tomorrow. We are part of it: With our climate analyses, the future has already begun for the ACATIS Fair Value funds.

Rainer Unterstaller
ACATIS Fair Value Investment AG