

ACATIS FAIR VALUE SPECIAL

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Impact is not always straight-forward

The impact of an investment is something that is being asked about more and more. Future regulatory activity will focus more on “outside-in”, i.e. the negative impact of companies on society at large. At ACATIS Fair Value, we are interested not just in the societal risk of our investments for the environment, but also the social aspects. A sustainable future can only be achieved together with industry, i.e. companies that successfully drive the transformation at the economic level. Despite the higher regulatory burden, we cannot rely on policy-makers: problems include the wrong incentives, ideology or the preoccupation with maintaining power. Pressure must come from society. Policy-makers should at least create a reasonable framework for action, which would already be very helpful.

Similarly, investors, fund managers and advisors must also be clear about the direct or indirect impacts of their investment decisions. Many equate “direct impact” with making a positive contribution to an SDG target - something that became obvious during a discussion at the Sustainability Congress. However, the situation is not always so clear-cut.

While manufacturers of photovoltaic systems or heat pumps make a positive contribution to SDG targets (e.g. No. 7 (affordable and clean energy) or No. 9 (industry, innovation and infrastructure)), this impact will initially be of an indirect nature. A photovoltaic system or heat pump only delivers a direct impact when buyers use it to save gas or oil, thereby reducing their CO2 footprint. Accordingly, the revenue portions of products and services that make a positive contribution to SDGs are also assigned to the SDGs. At ACATIS Fair Value, we are very serious about distinguishing between direct and indirect impact, and we can report that

measures that deliver a direct impact are implemented at our company and in the funds. Our ACATIS Fair Value funds have been climate-neutral since this year. Besides applying strict exclusion criteria and taking into account ESG and SDGs, we also purchased climate certificates for the proportionate CO2 footprint of the companies in our portfolios - at a volume that is twice as high as required. In the next five years, we will withdraw half of the volume (based on the corresponding annual proportion), and these certificates will be de-commissioned through a foundation. It means that no one else will be able to use this CO2 contingent. In this way, we make an active contribution to CO2 reduction, and we also balance the emissions of our portfolio. The other half remains in the portfolio and is supposed to contribute towards neutralising costs.

ACATIS Fair Value Investment AG is climate-neutral. For investors, it is also important to know that every year, 10% of the profits generated by ACATIS Fair Value Investment AG are donated to social and ecological projects. Please see our home page for more information.

In the future, more detailed analyses will be required to see the difference between representations of impact.

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