



## **Annual report**

# **Lupus alpha Sustainable Convertible Bonds**

**as of 31 January 2023**

Lupus alpha

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## Activity report for the period: 1 February 2022 - 31 January 2023

### Investment objectives and investment policy to achieve the objectives:

The Lupus alpha Sustainable Convertible Bonds fund invests in a global, broadly diversified portfolio of convertible bonds. It is actively managed with the aim of benefiting from the asymmetric return profile of convertible bonds and achieving attractive long-term capital growth. To this end, the Fund exploits a worldwide spectrum of opportunities flexibly within the asset class of global convertible bonds. The bottom-up investment process for selecting convertible bonds focuses on growth companies, convex payout profiles, a solid credit rating, attractive protection clauses in the bond prospectus, a sustainability filter with negative criteria, positive contributions to the Sustainable Development Goals and a high score for environmental, social and governmental criteria. The aim is for the equity sensitivity at fund level to be kept in the medium range (30-60 per cent delta). Foreign currency risks are systematically hedged.

Lupus alpha Sustainable Convertible Bonds unit class C was launched on 1 March 2018, unit class R on 10 December 2020 and unit class CAV on 10 November 2021. The reporting period (fiscal year) covers the period from 1 February 2022 to 31 January 2023 inclusive.

The reporting period fell in an exceptional year with simultaneous sharp, rapid rises in interest rates and a parallel bond and stock market crash. In the context of the year as a whole, it should be emphasised that despite a structurally short duration, the bond market alone (interest rate and credit spread effect) made a negative performance contribution of around -900 bp. Delta effects due to stock market losses were a further negative factor. Vega and gamma effects, meanwhile, made a significant positive contribution to performance and convexity (> 300 bp), at least in terms of mathematical attribution. In the Lupus alpha Sustainable Convertible Bonds fund, as of the reporting date, 56 per cent of all individual securities were in the "balanced" range (stock delta of 30-60 per cent) and therefore in the convex space. Interest rate sensitivity was deliberately kept low against the backdrop of rising interest rates, with a PV01 of 1.6. By focusing on solid issuers and careful credit analysis, the fund management was again able to avoid "credit events", i.e. failures, in the fund during this reporting period. In terms of regions, investments continued to focus mainly on developed markets, in particular the US, Europe and, to a much lesser extent, Japan and the rest of Asia. By sector, the fund's focus on growth continues to be reflected. Accordingly, convertible bonds from the IT, healthcare/pharma, consumer cyclical and communication services sectors continue to predominate.

As of the reporting date, the fund was invested in 62 individual securities, with an average delta of 50 per cent and an average internal convertible bond issuer rating of BBB-.

### Portfolio structure and significant changes during the reporting period:

#### Structure of the fund:

	31 January 2023	% unit	31 January 2022	% unit
<b>Fixed interest securities</b>	<b>159,085,924.11</b>	<b>94.17</b>	<b>236,762,693.17</b>	<b>96.26</b>
<b>Cash at banks, money market instruments and money market funds</b>	<b>7,543,133.67</b>	<b>4.47</b>	<b>11,515,464.84</b>	<b>4.69</b>
<b>Other assets</b>	<b>1,652,487.41</b>	<b>0.98</b>	<b>3,810,202.60</b>	<b>1.55</b>
<b>Forward exchange contracts</b>	<b>1,657,427.06</b>	<b>0.98</b>	<b>-4,020,267.66</b>	<b>-1.64</b>
<b>Other liabilities</b>	<b>-1,005,395.20</b>	<b>-0.60</b>	<b>-2,103,372.48</b>	<b>-0.86</b>
<b>Fund assets</b>	<b>168,933,577.05</b>	<b>100.00</b>	<b>245,964,720.47</b>	<b>100.00</b>

**Fund earnings:**

During the reporting period, the Lupus alpha Sustainable Convertible Bonds fund delivered a performance of -10.44 per cent in the C unit class, -11.01 per cent in the R unit class and -9.92 per cent in the CAV unit class. In June and December 2022, EUR 1.39 per unit was distributed to C unit class investors. In December, EUR 1.10 per unit was distributed for the R unit class. As there is currently no sustainable convertible bond index (yet), the Lupus alpha Sustainable Convertible Bonds fund has no official performance benchmark.

The main sources of negative income from disposals were losses on interest-bearing securities.

Details of environmental and/or social characteristics according to Regulation (EU) 2020/852 of the European Parliament and of the Council can be found in the appendix of this annual report.

The global financial markets were hit by a succession of headwinds in 2022. Early in the year, Covid was still a major issue in industrialised countries but was gradually brought under control through preventive measures and vaccinations. Meanwhile, there were signs of a slight easing in global supply-chain bottlenecks. On top of these macroeconomic issues, geopolitical headwinds emerged when Russian troops invaded Ukraine on 24 February 2022. The invasion, which was regarded as scarcely possible in Europe, has had huge repercussions and led to a major shift in European politics, the economy and capital markets. In particular, the resulting spike in energy and food prices paved the way to much higher inflation. In order to combat inflation, the western central banks had to raise their key interest rates considerably. Fears of economic slowdown and the about-face in interest rates in reaction to double-digit inflation triggered heavy losses on both the bond and equity markets during 2022. Such a heavy parallel losses by both equity and bond markets were almost unprecedented on this scale. Rising input prices, higher energy costs, and wage inflation posed major challenges for many companies in 2022. High inflation and expectations of economic slowdown remain potential sources of stress. At the same time, such crises offer companies opportunities. European small and mid caps are important players in developing new technologies and putting the European economy on a generally different path, including reducing energy dependency on Russia and combatting climate change. Heavy losses have brought down valuations in many areas. To what extent and how fast inflation can be brought down, and how much central banks still have to do will remain the dominant issues on capital markets. As a result, general global economic conditions and the capital markets are still marked by high uncertainty, which could lead to volatility on financial markets. In this respect, the fund's future performance is also subject to increased fluctuation risks. The management company will continue to take all measures deemed appropriate to protect investor interests as best possible.

## Significant risks:

The main types of risk assumed by the fund during the reporting period were as follows:

- **Market price risk:** The volatility of the fund's unit values during the fiscal year was 10.3 per cent as of the reporting date of 31 January 2022 (C unit class). The fund is subject to price fluctuations on the stock markets, especially in Europe and the USA. However, fluctuations only have an effect with about half the force: Equity sensitivity as of the reporting date was 50 per cent.
- **Interest rate risk:** The fund invests predominantly in global convertible bonds. Interest rate sensitivity as of the reporting date was just 1.6 per cent (PV01).
- **Default risk:** Default risk (or counterparty/issuer risk) includes the risk of the party, especially of a mutual contract, defaulting on its own claim (insolvency). This applies to all contracts entered into for the account of an investment fund. If transactions are not conducted via an exchange or a regulated market (OTC transactions), there is a risk that the counterparty to the transaction may default or that the counterparty may not meet its obligations in full.  
  
Credit risk: Bonds always carry a credit risk in relation to the issuer. This includes price fluctuations and the risk of loss of the capital invested and current income.
- **Credit risk:** The investment fund is always invested in a very large number of different international issuers. The average rating of the convertible bonds is BBB-. A very broad diversification across different sectors and countries limits the individual default risk in economically weaker phases. Theoretically, a very deep economic crisis may lead to more insolvencies. However, there were no insolvencies in the fund in the past fiscal year.
- **Liquidity risk:** Assets may also be acquired for the fund that are not admitted to the official market of a stock exchange or included in a regulated market. The acquisition of such assets is associated with the risk that problems may arise, in particular when the assets are resold to third parties. In addition, there is a risk that securities traded in a rather narrow market segment may be subject to considerable price volatility.
- **Currency risk:** The fund's positions are systematically currency hedged in euros. There is therefore no significant currency risk under normal market conditions, but there is no guarantee that the hedging or protection will be achieved.
- **Operational risk:** In principle, the fund is exposed to operational risk in the management company's processes, but did not report any increased operational risk during the reporting period. To reduce operational risk, ex ante and ex post audit procedures are integrated into the order process in accordance with the dual control principle. Furthermore, securities trading transactions are concluded exclusively via competent and experienced counterparties. Securities custody service is provided by an established custodian with a good credit rating.

# Lupus alpha Sustainable Convertible Bonds annual report

## Statement of assets as of 31 January 2023

### Investment focus

Current value in EUR      % of fund assets<sup>1)</sup>

### Assets

#### Fixed interest securities

**159,085,924.11      94.17**

Bermuda

6,381,205.39      3.78

Federal Republic of Germany

15,715,935.00      9.31

France

6,864,375.56      4.06

Israel

8,546,187.67      5.06

Italy

9,228,700.98      5.45

Japan

2,584,112.15      1.53

Luxembourg

5,036,520.00      2.98

Netherlands

3,256,160.96      1.94

Switzerland

2,651,136.22      1.57

Spain

7,632,290.00      4.52

USA

91,189,300.18      53.97

#### Forward exchange contracts

**1,657,427.06      0.98**

#### Cash at banks, money market instruments and money market funds

**7,543,133.67      4.47**

#### Other assets

**1,652,487.41      0.98**

#### Other liabilities

**-1,005,395.20      -0.60**

### Fund assets

**168,933,577.05      100.00**

<sup>1)</sup> Minor rounding differences may arise as a result of rounding percentages in the calculation.

# Lupus alpha Sustainable Convertible Bonds annual report

## Statement of net assets as of 31 January 2023

Name	ISIN	Market	Qty, units, or currency in 1,000	As of 31 January 2023	Purchases/ Acquisition	Sales/ Disposals	Market price	Market value in EUR	% of fund assets <sup>1)</sup>	
					during the reporting period					
<b>Securities traded on an exchange</b>										
<b>Interest-bearing securities</b>										
0.7000% ACCOR 20/27 CV	FR0013521085		QTY	60,000	40,000	20,000	EUR	45.290	2,717,400.00	1.61
0.3750% AKAMAI TECHN 19/27 CV	US00971TAL52		USD	6,850	0	2,000	%	100.130	6,316,041.25	3.73
1.0000% ALNYLAM PHAR 22/27 CV	US02043QAA58		USD	1,100	1,100	0	%	107.630	1,090,225.15	0.65
1.7500% ALTAIR ENG. 22/27 CV 144A	US021369AB99		USD	2,750	2,750	0	%	98.068	2,483,420.05	1.47
1.5000% AMADEUS IT GRP 20/25 CV	XS2154448059		EUR	4,500	2,400	1,500	%	119.370	5,371,650.00	3.18
0.3750% BENTLEY SYS.22/27 CV	US08265TAD19		USD	2,500	0	3,750	%	83.000	1,910,769.37	1.13
0.7500% BESI 20/27 CV	XS2211511949		EUR	700	700	0	%	141.648	991,536.00	0.59
1.8750% BESI 22/29 CV	XS2465773070		EUR	1,200	1,200	0	%	96.480	1,157,760.00	0.69
0.0000% BILL.COM HLD 21/25 CV ZO	US090043AB64		USD	3,250	3,250	0	%	103.950	3,110,985.77	1.84
0.0000% BILL.COM HLD 21/27 ZO CV	US090043AD21		USD	2,050	0	0	%	80.480	1,519,259.63	0.90
1.2500% BIOMARIN PH 20/27 CV	US09061GAK76		USD	3,275	0	1,100	%	113.680	3,428,353.05	2.03
0.0000% BLACKLINE 21/26 ZO CV	US09239BAD10		USD	2,050	600	6,200	%	87.220	1,646,493.85	0.97
0.7500% BOOKING HLDG 21/25 CV	US09857LAN82		USD	1,700	1,700	0	%	142.860	2,236,401.31	1.32
0.0000% CARREFOUR 18/24 ZO CV	FR0013326204		USD	1,000	0	1,000	%	97.520	898,015.56	0.53
0.5000% CELLNEX TEL. 19/28 CV	XS2021212332		EUR	1,000	1,400	1,200	%	109.360	1,093,600.00	0.65
0.7500% CELLNEX TEL. 20/31 CV	XS2257580857		EUR	1,400	1,400	5,400	%	83.360	1,167,040.00	0.69
0.0000% CYBERARK S. 19/24 CV ZO	US23248VAB18		USD	4,200	650	1,000	%	109.460	4,233,454.58	2.51
0.1250% DATADOG 21/25 CV	US23804LAB99		USD	2,850	2,850	0	%	108.520	2,848,031.68	1.69
0.0500% DEUTSCHE POST WLD.17/25	DE000A2G87D4		EUR	3,200	800	3,000	%	95.950	3,070,400.00	1.82
0.2500% DEXCOM 20/25 CV	US252131AK39		USD	5,725	1,000	1,925	%	105.740	5,574,487.78	3.29
0.0000% DROPBOX 22/28 ZO CV	US26210CAD65		USD	4,200	600	650	%	90.580	3,503,255.21	2.07
0.7500% DUERR AG WA 20/26	DE000A3H2XR6		EUR	2,300	1,600	1,300	%	117.355	2,699,165.00	1.60
0.0000% ENPHASE ENER 21/28 ZO CV	US29355AAK34		USD	4,062	1,000	1,500	%	107.650	4,026,652.24	2.38
0.1250% ETSY 20/27 CV	US29786AAL08		USD	4,150	3,250	2,000	%	103.380	3,950,706.75	2.34
0.3750% EXACT SCIEN. 19/27 CV	US30063PAB13		USD	1,250	1,250	0	%	94.200	1,084,304.07	0.64
0.0000% FORD MOTOR 22/26 ZO CV	US345370CZ16		USD	1,700	1,700	0	%	101.550	1,589,714.08	0.94
1.0000% HALOZ.THERAP 22/28 CV	US40637HAE99		USD	1,800	2,800	1,000	%	111.700	1,851,466.46	1.10
0.7500% HELLOFRESH WA 20/25	DE000A289DA3		EUR	3,000	1,900	800	%	88.370	2,651,100.00	1.57
0.3750% INSULET 20/26 CV	US45784PAK75		USD	700	2,250	3,950	%	138.330	891,670.89	0.53
0.0000% IONIS PHARM. 22/26 ZO CV	US46222AD25		USD	2,650	2,650	0	%	95.890	2,339,965.01	1.39
1.5000% JAZZ INV.I 2024 CV	US472145AD36		USD	3,275	0	0	%	98.520	2,971,158.89	1.76
2.0000% JAZZ INVES.I 21/26 CV	US472145AF83		USD	3,150	1,000	1,850	%	117.560	3,410,046.50	2.02
0.8750% LEG IMMOB.WLD.17/25	DE000A2GSDH2		EUR	3,500	0	0	%	93.700	3,279,500.00	1.94
0.4000% LEG IMMOB.WLD.20/28	DE000A289T23		EUR	2,200	0	1,000	%	80.410	1,769,020.00	1.05
0.8750% LIVONGO HEAL 21/25 CV	US539183AA12		USD	1,400	0	750	%	88.970	1,146,995.72	0.68

<sup>1)</sup> Minor rounding differences may arise as a result of rounding percentages in the calculation.

0.5000% LUMENTUM 19/26 CV	US55024UAD19	USD	3,450	550	0	%	91.560	2,908,807.96	1.72
0.1250% MICROCH.TECH 20/24 CV	US595017AU87	USD	1,050	0	0	%	110.000	1,063,584.88	0.63
0.2500% MONGODB 21/26 CV	US60937PAD87	USD	2,400	2,750	350	%	122.670	2,711,064.05	1.60
0.0000% NEXTERA E.P. 20/25 ZO CV	US65341BAD82	USD	1,350	0	0	%	101.810	1,265,652.19	0.75
0.0000% EDENRED 21/25 ZO CV	US653656AB42	USD	4,875	2,000	1,500	%	96.070	4,312,733.09	2.55
0.0000% OLIVER CAP. 20/23 ZO CV	XS2240512124	EUR	4,700	2,300	0	%	107.160	5,036,520.00	2.98
0.7500% PALO ALTO N. 19/23 CV	US697435AD78	USD	550	800	250	%	178.540	904,249.74	0.54
0.0000% PRYSMIAN 21/26 ZO CV	XS2294704007	EUR	3,300	800	1,000	%	105.910	3,495,030.00	2.07
0.0000% RINGCENTRAL 20/25 CV ZO	US76680RAF47	USD	1,000	0	4,350	%	86.750	798,839.73	0.47
0.0000% ROHM CO.LTD 19/24 ZO CV	XS2080209435	JPY	350,000	15,000	0	%	104.280	2,584,112.15	1.53
1.2500% SAREP.THERA.22/27 CV 144A	US803607AC42	USD	1,000	1,000	0	%	113.920	1,049,035.41	0.62
0.0000% SCHNEIDER EL 20/26 CV MTN	FR0014000OG2	QTY	6,000	3,000	20,000	EUR	186.250	1,117,500.00	0.66
0.1250% SHOPIFY 20/25 CV	US82509LAA52	USD	5,000	0	750	%	87.960	4,049,910.22	2.40
0.1500% SIKA 18-25 CV	CH0413990240	CHF	1,900	2,200	300	%	139.200	2,651,136.22	1.57
0.6250% SILICON LAB. 21/25	US826919AD45	USD	1,000	1,800	800	%	137.220	1,263,594.09	0.75
0.0000% SOLAREEDGE T. 21/25 CV ZO	US83417MAD65	USD	3,025	1,000	1,300	%	133.230	3,711,227.50	2.20
2.0000% SPIE 23/28 CV	FR001400F2K3	EUR	1,400	1,400	0	%	101.230	1,417,220.00	0.84
1.1250% SPLUNK 19/25 CV	US848637AD65	USD	4,650	2,200	4,250	%	98.950	4,237,004.47	2.51
0.0000% STMICROELECTR. 20/25ZO CV	XS2211997155	USD	5,200	800	1,800	%	119.740	5,733,670.98	3.38
0.0000% STMICROELECTR. 20/27ZO CV	XS2211997239	USD	1,000	1,000	0	%	120.200	1,106,864.96	0.66
0.2500% TYLER TECHS 22/26 CV	US902252AB17	USD	5,700	1,250	0	%	94.540	4,962,272.66	2.94
0.0000% UBER TECHNO. 20/25 CV	US90353TAJ97	USD	2,500	0	750	%	87.530	2,015,055.94	1.19
2.3750% UBISOFT ENT. 22/28 CV	FR001400DV38	EUR	800	800	0	%	89.280	714,240.00	0.42
1.8750% WOLFSPEED 22/29 CV 144A	US977852AC61	USD	1,850	1,850	0	%	97.720	1,664,735.95	0.99
0.2500% WOLFSPEED INC. 22/28 CV	US977852AA06	USD	5,250	5,250	0	%	91.560	4,426,446.89	2.62
0.0500% ZALANDO SE WA 20/25	DE000A3E4589	EUR	2,500	0	1,500	%	89.870	2,246,750.00	1.33
0.1250% ZSCALER 21/25 CV	US98980GAB86	USD	1,600	3,100	1,500	%	109.180	1,608,619.18	0.95
<b>Total interest-bearing securities</b>							<b>EUR</b>	<b>159,085,924.11</b>	<b>94.17</b>
<b>Total securities traded on an exchange</b>							<b>EUR</b>	<b>159,085,924.11</b>	<b>94.17</b>
<b>Total securities holdings</b>							<b>EUR</b>	<b>159,085,924.11</b>	<b>94.17</b>

## Derivatives

(Negative figures denote **sold** positions)

### Currency derivatives

Receivables/liabilities

### Futures contracts (Buy)

#### Open positions

JPY/EUR 352.0m.	OTC							-61,838.56	-0.04
USD/EUR 38.0m	OTC							1,048,938.99	0.62
CHF/EUR 2.9m	OTC							32,638.45	0.02

<sup>1)</sup> Minor rounding differences may arise as a result of rounding percentages in the calculation.



USD/EUR 40.5m	OTC				687,785.51	0.41
USD/EUR 39.5m	OTC				-48,973.89	-0.03
<b>Closed positions</b>						
USD/EUR 3.5m	OTC				-1,123.44	0.00
<b>Total currency derivatives</b>				<b>EUR</b>	<b>1,657,427.06</b>	<b>0.98</b>

## Cash at banks, money market instruments and money market funds

### Cash at banks

#### EUR-Balances with the custodian

Kreissparkasse Cologne	EUR	5,318,014.12	%	100.000	5,318,014.12	3.15
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#### Balances in non-EU/EEA currencies

Kreissparkasse Cologne	CHF	584,303.42	%	100.000	585,703.25	0.35
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Kreissparkasse Cologne	GBP	93,900.97	%	100.000	106,417.84	0.06
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Kreissparkasse Cologne	HKD	542,122.68	%	100.000	63,689.22	0.04
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Kreissparkasse Cologne	JPY	46,510.00	%	100.000	329.30	0.00
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Kreissparkasse Cologne	USD	1,595,238.77	%	100.000	1,468,979.94	0.87
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#### Total balances in non-EU/EEA currencies

<b>EUR</b>	<b>2,225,119.55</b>	<b>1.32</b>
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#### Total cash at banks

<b>EUR</b>	<b>7,543,133.67</b>	<b>4.47</b>
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#### Total cash at banks, money market instruments and money market funds

<b>EUR</b>	<b>7,543,133.67</b>	<b>4.47</b>
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### Other assets

Interest claims	EUR	182,523.31			182,523.31	0.11
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Receivables from pending transactions	EUR	1,469,964.10			1,469,964.10	0.87
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#### Total other assets

<b>EUR</b>	<b>1,652,487.41</b>	<b>0.98</b>
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### Other liabilities

Accrued expenses	EUR	-113,612.26			-113,612.26	-0.07
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Payables from pending transactions	EUR	-891,782.94			-891,782.94	-0.53
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#### Total other liabilities

<b>EUR</b>	<b>-1,005,395.20</b>	<b>-0.60</b>
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### Fund assets

<b>EUR</b>	<b>168,933,577.05</b>	<b>100.00</b>
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<sup>1)</sup> Minor rounding differences may arise as a result of rounding percentages in the calculation.

<b>Outstanding units - Class C</b>	<b>QTY</b>	<b>1,735,414.915</b>
<b>Unit value - Class C</b>	<b>EUR</b>	<b>95.28</b>

<b>Outstanding units - Class R</b>	<b>QTY</b>	<b>41,710.968</b>
<b>Unit value - Class R</b>	<b>EUR</b>	<b>84.48</b>

<b>Outstanding units - Class CAV</b>	<b>QTY</b>	<b>664.000</b>
<b>Unit value - Class CAV</b>	<b>EUR</b>	<b>82.79</b>

<b>Securities holdings as a percentage of fund assets</b>	<b>94.17</b>
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### Securities prices/market rates

The investment fund assets are valued based on the following list/market prices:

All assets: Prices/market rates as of 31 January 2023 or last known

### Exchange rate(s)/conversion factor(s) (indirect quote) as of 31 January 2023

Pound sterling	(GBP)	0.88238	= 1 euro (EUR)
Hong Kong dollar	(HKD)	8.51200	= 1 euro (EUR)
Japanese yen	(JPY)	141.24000	= 1 euro (EUR)
Swiss franc	(CHF)	0.99761	= 1 euro (EUR)
US dollar	(USD)	1.08595	= 1 euro (EUR)

### Market key

<b>c) OTC</b>	<b>Over-the-Counter</b>
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<sup>1)</sup> Minor rounding differences may arise as a result of rounding percentages in the calculation.

# Lupus alpha Sustainable Convertible Bonds annual report

## Transactions completed during the reporting period, not included in the statement of net assets:

- Purchases and sales of securities, investment fund units and bonded loans (market allocation as of the reporting date):

Name	ISIN code	Qty or units, or nominal value or currency in 1000	Purchases/ Acquisition	Sales/ Disposals
<b>Securities traded on an exchange</b>				
<b>Interest-bearing securities</b>				
0.0500% ADIDAS AG WLD.18/23	DE000A2LQRW5	EUR	0	3,800
0.3750% BENTLEY SYS.21/27 CV 144A	US08265TAC36	USD	0	6,250
0.0000% BILL.COM HLD 21/27 ZO CV	US090043AC48	USD	0	3,200
0.0000% BLACKLINE 21/26 ZO CV	US09239BAC37	USD	0	7,650
0.0000% BLOCK 20/26 CV	US852234AJ27	USD	0	5,750
0.1250% BLOCK 21/25 CV	US852234AF05	USD	5,300	5,300
0.0000% CITI G.M.FDG 21/24 MTN CV	XS2344373134	HKD	0	60,000
0.3750% COUPA SOFTW 21/26 CV	US22266LAF31	USD	0	4,150
0.8750% DELIVERY HERO WA 20/25	DE000A3H2WP2	EUR	0	1,400
0.0000% DROPBOX 21/28 ZO CV 144A	US26210CAB00	USD	0	4,250
0.0000% EDENRED 19/24 ZO CV	FR0013444395	EUR	0	50
0.0000% ENPHASE ENER 21/28 ZO CV	US29355AAJ60	USD	0	4,562
0.1250% ETSY 20/26 CV	US29786AAJ51	USD	1,000	1,000
0.5000% FIVE9 20/25 CV	US338307AD33	USD	500	3,975
0.0000% GN STORE NRD 19/24 ZO WW	XS1965536656	EUR	0	5,200
1.2500% GUIDEWIRE SOFTW. 2025 CV	US40171VAA89	USD	0	2,275
0.0000% JPM.CH.BK 19/22 CV ZO	XS2038088527	USD	500	5,000
0.1250% JPM.CH.BK 20/23 CV 144A	US48128DAC11	USD	0	4,000
2.2500% JUST EAT TAKAWAY.19/24 CV	XS1940192039	EUR	0	2,300
0.0000% KERING 19/22 ZO CV MTN	FR0013450483	EUR	0	4,200
2.5000% LENOVO GROUP 22/29 CV	XS2523390867	USD	1,000	1,000
0.0000% MEITUAN 21/27 CV	XS2333568751	USD	0	2,100
0.0000% MERCARI INC. 21/28 ZO CV	XS2357174684	JPY	0	310,000
0.1250% OKTA 20/25 CV	US679295AD75	USD	0	1,350
0.3750% OKTA 20/26 CV	US679295AF24	USD	1,750	6,100
0.7500% PEGASYSYSTEMS 21/25	US705573AB99	USD	0	1,500
0.2500% RAPID7 21/27 CV 144A	US753422AE40	USD	1,150	1,150
0.2500% RAPID7 22/27 CV	US753422AF15	USD	0	3,000
5.7500% SGL CARBON WA 22/27	DE000A30VKB5	EUR	1,300	1,300
1.1250% SPLUNK 21/27 CV	US848637AF14	USD	0	2,750
1.2500% TELADOC HLTH 21/27	US87918AAF21	USD	0	4,900
0.2500% TYLER TECHS 21/26 CV 144A	US902252AA34	USD	1,000	1,000
0.2500% UPWORK 21/26 CV 144A	US91688FAA21	USD	0	1,600
1.6250% WH SMITH PLC 21/26	XS2339232147	GBP	0	2,800
0.2500% WORKDAY 2022 CV	US98138HAF82	USD	2,400	2,400
0.0000% WORLDLINE 19/26 ZO CV	FR0013439304	EUR	0	46
0.6250% ZENDESK 21/25 CV	US98936JAD37	USD	0	3,400

# Lupus alpha Sustainable Convertible Bonds annual report

Name	Qty, units or currency	Volume in 1,000
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## **Derivatives (Option premia/volume in opening transactions; purchases/sales shown for warrants)**

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### **Forward exchange contracts**

#### **Futures contracts (Buy)**

##### **Purchase of currencies on forward basis:**

CHF/EUR	EUR	1,416
CHF/EUR	EUR	1,585
CHF/EUR	EUR	278
CHF/EUR	EUR	278
CHF/EUR	EUR	1,409
CHF/EUR	EUR	3,003
GBP/EUR	EUR	3,064
GBP/EUR	EUR	2,021
HKD/EUR	EUR	4,674
HKD/EUR	EUR	5,766
HKD/EUR	EUR	5,021
JPY/EUR	EUR	1,345
JPY/EUR	EUR	2,398
JPY/EUR	EUR	2,649
JPY/EUR	EUR	504
JPY/EUR	EUR	504
JPY/EUR	EUR	5,408
JPY/EUR	EUR	1,610
JPY/EUR	EUR	2,543
USD/EUR	EUR	12,244
USD/EUR	EUR	30,027
USD/EUR	EUR	3,163
USD/EUR	EUR	16,888
USD/EUR	EUR	2,920

USD/EUR	EUR	15,005
USD/EUR	EUR	25,618
USD/EUR	EUR	10,753
USD/EUR	EUR	34,238
USD/EUR	EUR	2,920
USD/EUR	EUR	15,005
USD/EUR	EUR	25,618
USD/EUR	EUR	10,753
USD/EUR	EUR	34,238
USD/EUR	EUR	37,125
USD/EUR	EUR	38,744
USD/EUR	EUR	45,543
USD/EUR	EUR	4,520
USD/EUR	EUR	50,358
USD/EUR	EUR	49,603
USD/EUR	EUR	4,520
USD/EUR	EUR	50,358
USD/EUR	EUR	49,603
USD/EUR	EUR	41,789
USD/EUR	EUR	47,886
USD/EUR	EUR	47,011
USD/EUR	EUR	46,887
USD/EUR	EUR	40,680
USD/EUR	EUR	43,975

# Lupus alpha Sustainable Convertible Bonds C annual report

## Profit and loss account (including income equalisation)

for the period from 1 February 2022 to 31 January 2023

### I. Income

1. Interest on investments in liquid assets, domestic	EUR	36,244.25
2. Interest from securities of foreign issuers	EUR	603,407.29
3. Interest from securities of domestic issuers	EUR	91,928.14
4. Foreign withholding tax	EUR	-12,013.41

**Total income** **EUR 719,566.27**

### II. Expenses

1. Interest from borrowings	EUR	-23,874.38
2. Auditing and publication charges	EUR	-13,822.14
3. Custodian fee	EUR	-99,126.16
4. Management fee	EUR	-1,269,393.76
5. Other expenses	EUR	-22,648.69

**Total expenses** **EUR -1,428,865.13**

**III. Ordinary net income** **EUR -709,298.86**

### IV. Disposals

1. Realised gains	EUR	14,324,041.00
2. Realised losses	EUR	-35,770,648.40

**Income from disposals** **EUR -21,446,607.40**

**V. Realised earnings for the fiscal year** **EUR -22,155,906.26**

1. Net change in unrealised gains	EUR	-135,771.80
2. Net change in unrealised losses	EUR	2,290,622.18

**VI. Unrealised earnings for the fiscal year** **EUR 2,154,850.38**

**VII. Earnings for the fiscal year** **EUR -20,001,055.88**

# Lupus alpha Sustainable Convertible Bonds R annual report

## Profit and loss account (including income equalisation)

for the period from 1 February 2022 to 31 January 2023

### I. Income

1. Interest on investments in liquid assets, domestic	EUR	768.84
2. Interest from securities of foreign issuers	EUR	12,691.28
3. Interest from securities of domestic issuers	EUR	1,936.26
4. Foreign withholding tax	EUR	-253.47

**Total income** **EUR** **15,142.91**

### II. Expenses

1. Interest from borrowings	EUR	-506.43
2. Auditing and publication charges	EUR	-1,171.65
3. Custodian fee	EUR	-2,103.39
4. Management fee	EUR	-49,177.80
5. Other expenses	EUR	-480.31

**Total expenses** **EUR** **-53,439.58**

**III. Ordinary net income** **EUR** **-38,296.67**

### IV. Disposals

1. Realised gains	EUR	304,402.07
2. Realised losses	EUR	-758,379.82

**Income from disposals** **EUR** **-453,977.75**

**V. Realised earnings for the fiscal year** **EUR** **-492,274.42**

1. Net change in unrealised gains	EUR	-1,049.44
2. Net change in unrealised losses	EUR	17,705.24

**VI. Unrealised earnings for the fiscal year** **EUR** **16,655.80**

**VII. Earnings for the fiscal year** **EUR** **-475,618.62**

# Lupus alpha Sustainable Convertible Bonds CAV annual report

## Profit and loss account (including income equalisation)

for the period from 1 February 2022 to 31 January 2023

### I. Income

1. Interest on investments in liquid assets, domestic	EUR	12.07
2. Interest from securities of foreign issuers	EUR	199.50
3. Interest from securities of domestic issuers	EUR	30.44
4. Foreign withholding tax	EUR	-3.98

**Total income** **EUR** **238.03**

### II. Expenses

1. Interest from borrowings	EUR	-7.72
2. Auditing and publication charges	EUR	-67.80
3. Custodian fee	EUR	-32.21
4. Management fee	EUR	-114.27
5. Other expenses	EUR	-7.34

**Total expenses** **EUR** **-229.34**

### III. Ordinary net income

**EUR** **8.69**

### IV. Disposals

1. Realised gains	EUR	4,711.17
2. Realised losses	EUR	-11,587.79

**Income from disposals** **EUR** **-6,876.62**

### V. Realised earnings for the fiscal year

**EUR** **-6,867.93**

1. Net change in unrealised gains	EUR	-21,498.48
2. Net change in unrealised losses	EUR	362,703.46

**VI. Unrealised earnings for the fiscal year** **EUR** **341,204.98**

**VII. Earnings for the fiscal year** **EUR** **334,337.05**



# Lupus alpha Sustainable Convertible Bonds C

## Development of fund assets

2022-2023

### I. Value of the investment fund at the beginning of the fiscal year

1. Distribution for the previous year/tax allowance for the previous year
2. Interim dividends
3. Inflow/outflow of funds (net)
  - a) Cash inflow from sale of units
  - b) Cash outflow from redemption of units
4. Income/expense equalisation
5. Earnings for the fiscal year
  - of which unrealised gains
  - of which unrealised losses

EUR		<b>181,890,166.11</b>
EUR		<b>0.00</b>
EUR		<b>-4,808,003.13</b>
EUR		<b>8,410,126.52</b>
EUR	<b>49,110,997.84</b>	
EUR	<b>-40,700,871.32</b>	
EUR		<b>-136,262.76</b>
EUR		<b>-20,001,055.88</b>
EUR	<b>-135,771.80</b>	
EUR	<b>2,290,622.18</b>	

### II. Value of the investment fund at the end of the fiscal year

**EUR 165,354,970.86**

# Lupus alpha Sustainable Convertible Bonds R

## Development of fund assets

	2022-2023	
<b>I. Value of the investment fund at the beginning of the fiscal year</b>	<b>EUR</b>	<b>2,020,949.32</b>
1. Distribution for the previous year/tax allowance for the previous year	<b>EUR</b>	<b>0.00</b>
2. Interim dividends	<b>EUR</b>	<b>-44,561.70</b>
3. Inflow/outflow of funds (net)	<b>EUR</b>	<b>1,808,797.24</b>
a) Cash inflow from sale of units	<b>EUR</b>	<b>2,366,267.39</b>
b) Cash outflow from redemption of units	<b>EUR</b>	<b>-557,470.15</b>
4. Income/expense equalisation	<b>EUR</b>	<b>214,070.52</b>
5. Earnings for the fiscal year	<b>EUR</b>	<b>-475,618.62</b>
of which unrealised gains	<b>EUR</b>	<b>-1,049.44</b>
of which unrealised losses	<b>EUR</b>	<b>17,705.24</b>
<b>II. Value of the investment fund at the end of the fiscal year</b>	<b>EUR</b>	<b>3,523,636.76</b>

# Lupus alpha Sustainable Convertible Bonds CAV

## Development of fund assets

2022-2023

### I. Value of the investment fund at the beginning of the fiscal year

1. Distribution for the previous year/tax allowance for the previous year
2. Interim dividends
3. Inflow/outflow of funds (net)
  - a) Cash inflow from sale of units
  - b) Cash outflow from redemption of units
4. Income/expense equalisation
5. Earnings for the fiscal year
  - of which unrealised gains
  - of which unrealised losses

EUR		<b>62,053,605.05</b>
EUR		<b>0.00</b>
EUR		<b>0.00</b>
EUR		<b>-54,478,966.28</b>
EUR	<b>6,914,356.42</b>	
EUR	<b>-61,393,322.70</b>	
EUR		<b>-7,854,006.36</b>
EUR		<b>334,337.05</b>
EUR	<b>-21,498.48</b>	
EUR	<b>362,703.46</b>	

### II. Value of the investment fund at the end of the fiscal year

**EUR 54,969.46**

# Lupus alpha Sustainable Convertible Bonds annual report

## Appropriation of net income from unit class C

### Calculation of distribution (overall and per unit)

	overall	per unit
<b>I. Available for distribution</b>	<b>EUR 4,808,003.13</b>	<b>2.77</b>
1. Carried forward from the previous year	EUR 20,218,213.33	11.65
2. Realised earnings for the fiscal year	EUR -22,155,906.26	-12.77
3. Addition from the investment fund <sup>3)</sup>	EUR 6,745,696.06	3.89
<b>II. Not appropriated for distribution</b>	<b>EUR 0.00</b>	<b>0.00</b>
1. Allocated to reinvestment	EUR 0.00	0.00
2. Amount carried forward	EUR 0.00	0.00
<b>III. Total distribution</b>	<b>EUR 4,808,003.13</b>	<b>2.77</b>
1. Interim dividends <sup>1) 2)</sup>	EUR 4,808,003.13	2.77
2. Final dividend	EUR 0.00	0.00

## Appropriation of net income from unit class R

### Calculation of distribution (overall and per unit)

	overall	per unit
<b>I. Available for distribution</b>	<b>EUR 44,561.70</b>	<b>1.07</b>
1. Carried forward from the previous year	EUR 88,292.38	2.12
2. Realised earnings for the fiscal year	EUR -492,274.42	-11.80
3. Addition from the investment fund <sup>5)</sup>	EUR 448,543.74	10.75
<b>II. Not appropriated for distribution</b>	<b>EUR 0.00</b>	<b>0.00</b>
1. Allocated to reinvestment	EUR 0.00	0.00
2. Amount carried forward	EUR 0.00	0.00

### III. Total distribution

1. Interim dividends <sup>4)</sup>
2. Final dividend

<b>EUR</b>	<b>44,561.70</b>	<b>1.07</b>
EUR	44,561.70	1.07
EUR	0.00	0.00

### Appropriation of net income from unit class CAV

#### I. Available for reinvestment

1. Realised earnings for the fiscal year
2. Addition from the investment fund <sup>6)</sup>
3. Tax deduction amount made available

	overall	per unit
EUR	-6,867.93	-10.34
EUR	6,867.93	10.34
EUR	0.00	0.00
<b>EUR</b>	<b>0.00</b>	<b>0.00</b>

#### II. Reinvestment

- 1) First interim dividend paid on 28 June 2022 subject to a resolution on 21 June 2022
- 2) Second interim dividend paid on 12 December 2022 subject to a resolution on 21 November 2022
- 3) The addition from the investment fund results from the recognition of realised losses (an allocation of EUR 6,745,696.06 would be necessary for the dividend payout).
- 4) Interim dividend paid on 12 December 2022 subject to a resolution on 21 November 2022
- 5) The addition from the investment fund results from the recognition of realised losses (an allocation of EUR 448,543.74 would be necessary for the dividend payout).
- 6) The addition from the investment fund results from the recognition of realised losses.

## Lupus alpha Sustainable Convertible Bonds annual report

### Unit classes

The unit classes listed in the following table were issued in the reporting period

Unit class	Currency	Management fee (per cent p.a.)		Front load (per cent)		Minimum investment amount in currency	Appropriation of income
		maximum	current	maximum	current		
C	EUR	0.75	0.75	4.00	4.00	50,000.00	distributing
R	EUR	1.35	1.35	4.00	4.00	0.00	distributing
CAV	EUR	0.45	0.45	4.00	4.00	50,000,000.00	accumulating

## Pursuant to § 7 (9) KARBV

### Information pursuant to the German Derivatives Regulation (Derivateverordnung)

#### underlying exposure through derivatives

174,647,546.03 EUR

#### counterparty to derivatives transactions

Kreissparkasse Cologne

#### Total amount of securities pledged by third parties under derivatives transactions:

0.00 EUR

#### Securities holdings as a percentage of fund assets

94.17 %

#### Derivatives holdings as a percentage of fund assets

0.98 %

The use of the market risk limit for this investment fund was determined using the qualified approach in accordance with the Derivatives Regulation based on a benchmark asset.

#### Information according to the qualified approach:

##### Potential risk exposure for market risk

lowest potential risk exposure

3.259 %

highest potential risk exposure

6.640 %

average potential risk exposure

4.975 %

##### Risk model used in accordance with § 10 of the Derivatives Regulation

Monte Carlo simulation

##### Parameters used in accordance with § 11 of the Derivatives Regulation

Confidence level = 99 per cent, holding period 10 days

Effective historical observation period 12 months = 250 days

#### Average amount of leverage achieved during the fiscal year through derivative transactions

0.990

#### Composition of benchmark assets

Composition of the benchmark assets (§ 37 (5) of the Derivatives Regulation):

50 per cent MSCI World Net Return EUR (MSDEWIN Index), 50 per cent BofA Merrill Lynch Global Corporate & High Yield Index in EUR (GI00 Index)

#### Other information

Unit value - Class C

95.28 EUR

Outstanding units - Class C

1,735,414.915 QTY

Unit value - Class R

84.48 EUR

Outstanding units - Class R

41,710.968 QTY

Unit value - Class CAV

82.79 EUR

**Outstanding units - Class CAV**

664.000 QTY

## Information on the asset valuation method

### Additional information pursuant to § 16 (1) (2) KARBV - Information about the valuation method

Valuation is done by the management company. The management company generally relies on external sources for this purpose.

If no trading prices are available, valuation models are used to determine prices (i.e., derived fair values) that are agreed between the custodian and the management company and are based as much as possible on market parameters.

This procedure is subject to a permanent control process. Price information from third parties is checked for plausibility by other price sources, model invoices or by other appropriate procedures.

In accordance with §27 KARBV, the latest available market price that ensures a reliable valuation is used as a basis for assets that are admitted for trading on a stock exchange or other organised market or that are included in such. For assets that are neither admitted for trading on an exchange or other organised market or included in such, or for which no trading price is available, market values are used in accordance with §28 KARBV in connection with §168, Para. 3 KAGB, based on careful assessment using suitable valuation models and taking current market conditions into account.

Underlying fair value may also be determined and communicated by an issuer, counterparty or other third party. If so, such a value is checked for plausibility by the management company or custodian, and this plausibility check is documented. Units in domestic investment funds, EU investment funds and foreign investment funds are valued at their latest redemption price or at a current price in accordance with § 27 (1) KARBV. If current values are not available, the value of units is determined in accordance with §28 KARBV; reference is made to this in the annual report. Bank deposits are valued at their nominal value plus accrued interest. Fixed-term deposits are valued at market values. Liabilities are recognised at their repayment amount.

## Information on transparency and the total expense ratio

**The total expense ratio expresses all costs and payments (excluding transaction costs) borne by the fund over the course of the year in relation to the fund's average net asset value; it is expressed as a percentage.**

0.83  
1.48  
0.49

Unit class C  
Unit class R  
Unit class CAV

**The management company does not receive any rebates on fees and expense reimbursements paid by the fund to the custodian and to third parties.**

**The management company does not grant any so-called follow-up commissions to brokers to a significant extent from the remuneration paid to them by the fund.**

### Significant other income and other expenditure

**Other income** 0.00  
none

**Other expenses** 0.00  
none

**Transaction charges (total of incidental acquisition charges plus selling charges)** 15,351.00

EUR

### Information pursuant to Regulation (EU) 2015/2365 on securities financing transactions

**During the reporting period, the fund was not invested in any securities financing transactions under Regulation (EU) 2015/2365, which is why no disclosure of this type of transaction has been made below.**

Other information required for understanding the report



Explanation of net change in unrealised gains and losses:

The net change in unrealised gains and losses is determined by comparing the valuations of the assets reflected in unit prices with the respective historical acquisition costs in each fiscal year, the amount of positive differences in total unrealised gains, the amount of negative differences in total unrealised losses, and the net charges, and by comparing total items at the end of the fiscal year with the total items at the beginning of the fiscal year.

## **Information on staff remuneration Lupus alpha Group remuneration policy**

### **Management company's remuneration system**

Lupus alpha Investment GmbH is a subsidiary of Lupus alpha Asset Management AG. Lupus alpha (which means "alpha wolf") is an owner-operated, independent asset management group that offers specialist investment products to institutional and private investors. We focus on a few, attractive asset classes that require special expertise and in which we can achieve sustainable added value for our customers. We focus on European small caps and on offering alternative solutions. As a special provider, we routinely avail institutional investors of new sources of alpha through specialised, innovative strategies and provide them with ways to broaden and deepen diversification of their overall portfolios.

Lupus alpha's partnership-based corporate structure creates the conditions for the highest possible level of staff continuity at management level. By acting as a specialist provider and by focusing its own investments on liquid investments, we ensure control over the usual risks of a medium-sized asset manager.

Performance-related and entrepreneurial-oriented remuneration for employees is a central component in the design of Lupus alpha's compensation packages. Through comprehensive compensation packages, management intends to support medium- to long-term corporate goals set within the strategy-finding process.

All requirements are met from the Ordinance on Supervisory Requirements for Institutional Compensation (InstitutsVergV), Articles 13 and 22 of Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 on Alternative Investment Fund Managers (AIFM Directive), the guidelines for sound compensation policies based on the AIFMD (the German translation of the ESMA guidelines) and Annex II of the remuneration policy of the AIFM directive.

### **Results of the annual review of the remuneration policy**

Lupus alpha regularly reviews the appropriateness of the remuneration concept with the involvement of compliance and makes adjustments if necessary. The remuneration policy and its application are also subject to review by the internal audit department and monitoring by the Supervisory Board. There were no complaints.

### **Significant changes to the established remuneration policy**

There were no significant changes to the remuneration system in the reporting period.

**Total amount of employee compensation paid to the management company in 2021 in EUR million 8.1**

of which fixed remuneration 39.25 per cent

of which variable remuneration 60.75 per cent

Remuneration paid directly out of the fund in EUR million 0.00

Total employees incl. management 85

Total amount of remuneration paid to risk takers in the past fiscal year at the management company in EUR million 4.59

of which indirectly via cost allocation by the parent company to the shareholders in EUR million 4.59

# Lupus alpha Sustainable Convertible Bonds annual report

## Comparative table covering the last three fiscal years

Fiscal year		Fund assets at the end of the fiscal year	Unit value
Unit class C			
2023	EUR	165,354,970.86	95.28
2022	EUR	181,890,166.11	109.56
2021	EUR	102,853,539.64	122.39
Unit class R			
2023	EUR	3,523,636.76	84.48
2022	EUR	2,020,949.32	96.18
2021	EUR	607,476.27	104.61
Unit class CAV			
2023	EUR	54,969.46	82.79
2022	EUR	62,053,605.05	91.91
2021	EUR	0.00	0.00

Frankfurt, 9 March 2023

Lupus alpha Investment GmbH

Michael Frick  
Shareholder

Dr. Götz Albert  
Shareholder

## **Report of the independent auditor**

To Lupus alpha Investment GmbH, Frankfurt am Main

### ***Audit opinion***

We have audited the annual report of the Lupus alpha Sustainable Convertible Bonds fund – consisting of the activity report for the fiscal year from 1 February 2022 to 31 January 2023, the statement of assets and the statement of net assets as of 31 January 2023, the profit and loss account, the statement of appropriation of income, the statement of changes in fund assets for the fiscal year from 1 February 2022 to 31 January 2023, as well as the comparative three-year overview, the statement of transactions completed during the reporting period not included in the statement of net assets, and the notes.

In our opinion, based on our audit, the accompanying annual report complies, in all material respects, with the provisions of the German Investment Code (Kapitalanlagegesetzbuch – KAGB) and the relevant European regulations, and presents a comprehensive and true picture of the position and developments of the investment fund in compliance with these provisions.

### ***Basis for the audit opinion***

We conducted our audit of the annual report in accordance with § 102 KAGB and the IDW Auditing Standards (German auditing standards promulgated by the Institute of Public Auditors in Germany) (Institut der Wirtschaftsprüfer – IDW). Our responsibility under these provisions and standards is described in more detail in the section “Responsibility of the auditor for the audit of the annual report” of our report. We are independent of Lupus alpha Investment GmbH in accordance with German commercial law and the professional rules and regulations, and have fulfilled our other German professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is suitable and sufficient to serve as a basis for our audit opinion of the annual report.

### ***Responsibility of the legal representatives for the annual report***

The legal representatives of Lupus alpha Investment GmbH are responsible for preparing the annual report, which, in all respects, complies with the provisions of the KAGB and the relevant European regulations, as well as ensuring that the annual report presents a comprehensive and true picture of the position and developments of the investment fund in compliance with these provisions. Furthermore, the legal representatives are responsible for the internal controls they have deemed necessary under these provisions in order to ensure that the annual report is free of material misstatement, whether due to fraud or error (i.e. fraudulent financial reporting and misappropriation).

In preparing the annual report, the legal representatives are responsible for including in the report such events, decisions and factors that may materially affect the future growth of the investment fund. One thing this means is that, in preparing the annual report, the legal representatives must assess Lupus alpha Investment GmbH's operation of the investment fund as a going concern and are responsible for disclosing facts concerning the continuation of the investment fund, if applicable.

### ***Responsibility of the auditor for the audit of the annual report***

Our aim is to obtain reasonable assurance that the annual report as a whole is free of material misstatement, whether due to fraud or error, and to issue a report containing our audit opinion on the annual report.

Reasonable assurance is a high degree of certainty but is no guarantee that an audit in accordance with § 102 KAGB and the IDW Auditing Standards will always uncover material misstatements. Misstatements may be due to fraud or error and are considered material when it may reasonably be expected that these, individually or as a whole, could influence economic decisions of users made on the basis of this annual report.

During the audit, we exercise professional judgement and adopt a critical stance. In addition:

- We identify and assess the risk of material misstatements in the annual report due to fraud or error, plan and carry out audit procedures in response to these risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk that material misstatements due to fraud will not be detected is higher than the risk that material misstatements due to error will not be detected, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or bypassing of internal controls.
- We obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal controls.
- We assess the appropriateness of the account methods used by the legal representatives of Lupus alpha Investment GmbH in preparing the annual report and the justifiability of the estimated values presented by the legal representatives and related information.

- On the basis of the audit evidence obtained, we reach a conclusion as to whether a material uncertainty exists in connection with events or circumstances that could raise serious doubt about Lupus alpha Investment GmbH's operation of the investment fund as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in our report to the relevant information in the annual report or, if such information is inadequate, to amend our audit opinion. We draw our conclusion on the basis of the audit evidence obtained up until the date of our report. However, future events or circumstances may result in Lupus alpha Investment GmbH's discontinuation of the investment fund.
- We assess the overall presentation, structure and content of the annual report, including figures and whether the annual report presents the underlying transactions and events in such a way that the annual report, in compliance with KAGB and the relevant European regulations, presents a picture of the fund's actual circumstances and performances.

Among other things, we consult with those responsible for monitoring the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Frankfurt am Main, 11 May 2023

KPMG AG Wirtschaftsprüfungsgesellschaft

Kuppler  
Auditors

Neuf  
Auditors

## Information about the management company, custodian and auditor

**Lupus alpha Investment GmbH**  
**Speicherstraße 49-51**  
**D-60327 Frankfurt am Main, Germany**

Phone: 0049 69 365058-70 00  
Fax: 0049 69 365058-80 00

### Supervisory Board

Chairman  
Dr. Oleg De Lousanoff, lawyer and notary  
Vice Chairman  
Dietrich Twietmeyer, Dipl.Agr.Ing.  
Dr. Helmut Wölfel, Legal counsel

### Mandates of the Executive Board

Michael Frick  
Management Board of Directors of Lupus alpha Asset Management AG, Frankfurt am Main, Germany  
Ralf Lochmüller  
Spokesman of the Board of Directors of Lupus alpha Asset Management AG, Frankfurt am Main  
Shareholder of Lupus alpha Holding GmbH, Frankfurt am Main, Germany  
Dr. Götz Albert  
Management Board of Directors of Lupus alpha Asset Management AG, Frankfurt am Main, Germany

**Capital as of 31 December 2021**  
subscribed and paid-in: EUR 2.560 million

**Shareholder**  
Lupus alpha Asset Management AG (100%)

### Executive Board

Ralf Lochmüller  
Michael Frick  
Dr. Götz Albert

## Information about the management company, custodian and auditor (Part II)

### Custodian

**Kreissparkasse Cologne**  
Neumarkt 18-24  
50667 Cologne

Liabile equity capital as of 31 December 2021  
EUR 2.573 bn

### Auditor of the fund and the management company

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
THE SQUAIRE  
Am Flughafen  
D-60549 Frankfurt am Main, Germany

The above information is updated in the annual and semi-annual reports.

### Other investment funds managed by the management company:

As of 31 January 2023, 8 mutual funds and 9 funds were managed by the management company.

**Product name:**  
Lupus alpha Sustainable Convertible  
Bonds

**Company identifier code (LEI code):**  
529900V7F7ADYWPGWA97

**A sustainable investment** is an investment in an economic activity that contributes to achieving an environmental or social objective, provided that said investment does not materially impair environmental or social objectives and that the invested companies follow good corporate governance practices.

The **EU Taxonomy** is a classification system that has been established in Regulation (EU) 2020/852 and that lists **environmentally sustainable economic activities**. This regulation does not specify a list of socially sustainable economic activities. Sustainable investments with an environmental goal may or may not be Taxonomy-compliant.



**Sustainability indicators** are used to measure the extent to which the environmental or social characteristics advertised with the financial product are indeed achieved.

The Fund's strategy weighted environmental and social standards to various degrees. Investments were made in quality companies (small & mid caps) to the exclusion of non-sustainable business models (e.g., mining of thermal coal or nuclear power generation) while complying with minimum standards (e.g., violations of the UN Global Compact). In addition, ESG criteria were included in the positive selection. The Fund was thus not based on a benchmark value; nor was any benchmark value replicated.

### Environmental and/or social characteristics

#### Were sustainable investments targeted with this financial product?

Yes

No

Investments were made in **sustainable investments with an environmental objective**: \_\_\_\_%

It promoted **environmental/social characteristics and**, although no sustainable investments were targeted, it consists of \_\_\_\_% sustainable investments.

in economic activities that are classified as environmentally sustainable by the EU Taxonomy

with an environmental target in economic activities that are classified as environmentally sustainable by the EU Taxonomy

in economic activities that are not classified as environmentally sustainable by the EU Taxonomy

with an environmental target in economic activities that are not classified as environmentally sustainable by the EU Taxonomy

Investments were made in **sustainable investments with a social objective**: \_\_\_\_%

with a social objective

It promoted environmental/social characteristics, but makes no **sustainable investments**..

#### To what extent were the environmental or social characteristics advertised achieved with the financial product?

##### ● **How did the sustainability indicators perform?**

All investable companies were classified according to environmental, social, ethical and governance criteria. Research



included social standards, environmental management, product portfolio and corporate governance. Under comprehensive negative screening, values that do not meet certain minimum standards were excluded. This applied to all securities in the portfolio:

#### **Environment:**

- Violations of international corruption conventions and inadequate reaction or processing by the company
- Revenues from thermal coalmining > 5 per cent
- Revenues from thermal coal-fired energy production > 0 per cent
- Production and sale of nuclear energy (with no tolerance limit)
- Products and services for the nuclear energy industry > 3 per cent
- Revenues from uranium mining > 0 per cent
- Revenues from (conventional) oil & gas-fired energy production > 0 per cent
- Revenues from products and services for (conventional) oil & gas-fired energy production >5 per cent
- Oil & gas production from fracking or oil sands (with no tolerance limit)
- Production of GMOs (with no tolerance limit), e.g., for human consumption or for industrial use

#### **Social**

- Violations of the UN Global Compact
- Violations of international human rights conventions and inadequate reaction or processing by the company
- Violations of ILO core labour standards within companies themselves and in their supply chains, as well as inadequate reaction or processing by the company

#### **Governance**

- Violations of international corruption conventions and inadequate reaction or processing by the company
- Very serious controversies

#### **Ethics**

- Revenues from production & distribution of military goods > 5 per cent
- Revenues from alcohol production > 5 per cent
- Revenues from alcohol distribution > 33 per cent
- Revenues from tobacco products production > 5 per cent
- Revenues from tobacco products distribution > 33 per cent
- Animal testing for non-medical purposes (with no tolerance limit)
- Commercial/industrial animal farming for food or animal fur production
- Revenues from production, services and offers of pornographic content > 3 per cent
- Companies with ties to abortion
- Revenues from gambling > 5 per cent
- Production/sale/servicing of anti-personnel mines and other controversial weapons
- Production of nuclear weapons or systems used for transporting them or similar

All companies that did not violate any of the aforementioned exclusion criteria and were not excluded on the basis of adverse impacts on sustainability factors (see "principal adverse impacts (PAIs)) below may, in principle, be invested in. Positive criteria

were the contribution to Sustainable Development Goals (SDGs), ESG ratings and attitudes with regards to controversies. If the analysis is positive, the company may be invested in.

Both the aforementioned revenue caps, norm-based violations /controversies, ESG-Scores & Ratings, SDG contributions, and the consideration of principle adverse impacts (PAIs) were verified with the assistance of our external provider, MSCI. Companies that MSCI had not so far researched were researched internally.

The fund met the aforementioned exclusion criteria during the reported period. Compliance with exclusion criteria was checked on an ongoing basis using internal control systems.

● ***... and compared with previous periods?***

No sustainability indicators were recorded for the previous period.

● ***What were the goals of the sustainable investments made partly with the financial product, and how does sustainable investment contribute to these goals?***

The fund does not aim for sustainable investments and therefore no sustainable investments were made.

The most important **principal adverse impacts of investment decisions** are in the environmental, social and employment areas, as well as in respect for human rights and anti-corruption and bribery.

● ***To what extent did the sustainable investments made in part with the financial product have a significant adverse effect on environmental or social sustainable investment goals?***

The fund does not aim for sustainable investments and therefore no sustainable investments were made.

— — *How have principal adverse impact indicators been taken into account?*

The fund does not aim for sustainable investments and therefore no sustainable investments were made.

— — *Do the sustainable investments align with the OECD Guidelines for Multinational Enterprises and the United*

The financial product has not made any sustainable investments.

*The EU Taxonomy establishes the “do no significant harm” principle, under which taxonomy-compliant investments must not significantly harm the objectives of the EU taxonomy. This is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments on which the financial product is based, which take into account the EU criteria for environmentally sustainable economic activities. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*All other sustainable investments must also do no significant harm.*



### **How did this financial product take into account the main principal adverse impacts on sustainability?**

The most important principal adverse impacts (PAIs) were taken into account in the investment process. For this purpose, we have introduced measurement and assessment methods and expanded our ESG methodology in such a way that there were few negative influences caused by investments. The following PAIs were explicitly incorporated into our investment process:

#### **Environment**

- CO2 footprint (if the company is in the bottom decile of the corresponding IVA industry).
- Activities that adversely affect areas of vulnerable biodiversity

#### **Social**

- Violations of UNGC principles and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Exposure to controversial weapons (anti-personal mines, cluster munitions, biological weapons)

#### **Governance**

- Gender diversity on management and supervisory bodies (no women in supervisory bodies)
- Inadequate measures taken against violations of anti-corruption standards

If a company has demonstrated adverse impacts on the aforementioned sustainability factors, it was generally excluded.

The aforementioned PAIs were checked with the assistance of our external research provider MSCI. Companies that MSCI had not researched at the time of analysis were researched internally. (The issuers’

carbon footprint percentile is calculated internally based on MSCI carbon footprint data and the respective industry IVA.)



## What are the main investments of this financial product?

The list comprises the following investments, which accounted for the majority of the financial product's investments made during the reference period:

Biggest investments	Sector	% of assets	Country
Akamai Technologies Inc. 19/27 CV US00971TAL52	Software and services	3.91	USA
STMicroelectronics N.V 20/25 CV XS2211997155	Semiconductors and semiconductor production equipment	3.30	Netherlands
DexCom Inc. 20/25 CV US252131AK39	Healthcare: Equipment and services	3.29	USA
Splunk Inc US848637AD65	Software and services	3.09	USA
Amadeus IT Group SA XS2154448059	Software and services	2.72	Spain
Citigroup Global Markets Funding Luxembourg SCA XS2344373134	Financial services	2.57	Luxembourg
CyberArk Software Ltd. 19/24 CV US23248VAB18	Software and services	2.52	Israel
Tyler Technologies Inc. 21/26 CV US902252AB17	Software and services	2.52	USA
Deutsche Post AG 17/25 CV DE000A2G87D4	Transport	2.52	Germany
NICE Ltd. 20/25 CV US653656AB42	Software and services	2.47	Israel
BlackLine Inc. 21/26 CV US09239BAC37	Software and services	2.44	USA
SolarEdge Technologies Inc. 20/25 CV US83417MAD65	Semiconductors and semiconductor production equipment	2.20	USA
Oliver Capital Sarl XS2240512124	Capital goods	2.18	Luxembourg
Shopify Inc. 20/25 CV US82509LAA52	Software and services	2.11	Canada
Enphase Energy Inc. 21/28 CV US29355AAK34	Semiconductors and semiconductor production equipment	2.09	USA

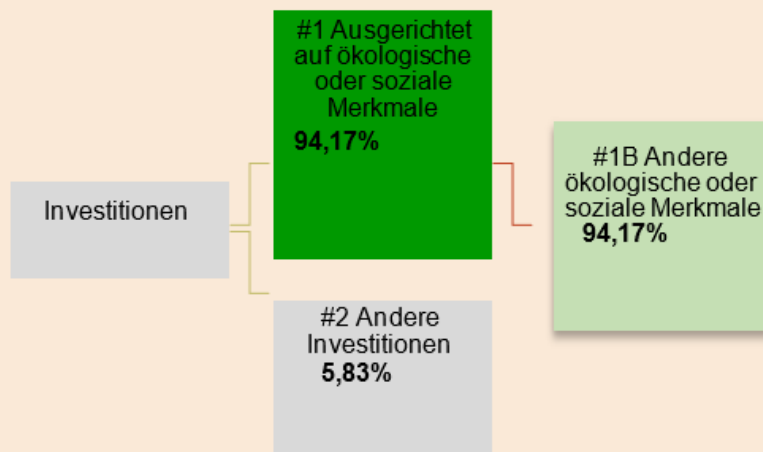


## What was the proportion of sustainability-related investments?

Sustainability-related investments are all investments that contribute achieving environmental and/or social characteristics as part of the investment strategy. The percentage was 94.17 per cent.

The **asset allocation** indicates the respective share of investments in certain assets.

### ● **What was the asset allocation?**



**#1 Aimed at environmental or social characteristics;** includes investments by financial products to achieve the advertised environmental or social characteristics.

**#2 Other investments** includes the financial product's other investments that are not geared to environmental or social investments.

Category **#1 Aimed at environmental or social goals**, includes the following sub-categories:

- Sub-category **#1A Sustainable investments** includes environmental and social sustainable investments.
- Sub-category **#1B Other environmental or social characteristics** includes investments that target environmental or social goals but are not classified as sustainable investments.

● **In which economic sectors were investments made?**

The table below shows the economic sectors and sub-sectors in which the financial product was invested on the valuation date. Investments were allocated to sectors and subsectors based on data from external research providers and internal research. In addition, 0.65 per cent of investments were in fossil fuels during the reporting period. Data from the external research provider MSCI ESG Research was used to calculate the proportion of investments in the fossil fuels sectors and subsectors. This percentage includes companies that generate revenues from the fossil fuels sector, including the extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.

Sector	Percentage
Automotive and components	0.86%
Consumer goods and clothing	2.33%
Healthcare: Equipment and services	7.44%
Commercial services and supplies	0.58%
Wholesale and retail	4.91%
Semiconductors and semiconductor production equipment	13.64%
Hardware and equipment	1.66%
Property	2.87%
Capital goods	8.47%
Food and consumer staples	2.30%
Media and entertainment	0.54%
Pharmaceuticals, biotechnology and life sciences	2.98%

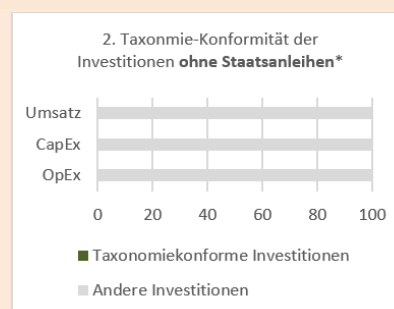
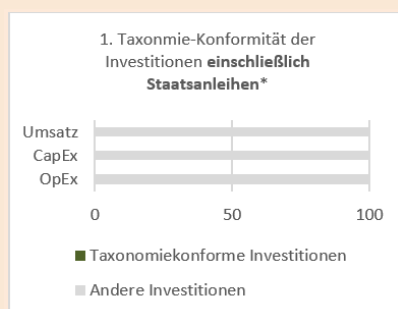
Raw materials, consumables and supplies	1.54%
Software and services	42.67%
Telecommunications services	0.96%
Transport	3.97%
Consumer services	1.55%
Utilities	0.73%



### To what extent were sustainable investments with an environmental objective compliant with the EU taxonomy?

The fund does not target sustainable investments with an environmental objective that is compliant with the EU taxonomy. The proportion of taxonomy-fund investments was therefore 0 per cent for all environmental goals during the reporting period.

***In the graphs below, the percentage of investments aligned with the EU Taxonomy is shown in green. As there is no suitable method for determining the Taxonomy compliance of government bonds\*. The first graph shows the Taxonomy compliance in relation to all investments of the financial product, including government bonds, while the second graph shows the Taxonomy compliance only in relation to the investments of the financial product that does not include government bonds.***



\* For the purpose of these charts, the term “government bonds” refers to all exposures to state-issued bonds.

Taxonomy-compliant activities, expressed as the proportion of:

- **Revenues** reflecting the current “environmental friendliness” of the investee companies.
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the investee companies for the transition to a green economy.

**Operating expenses (OpEx)**, which reflect the environmentally friendly operating activities of the investee companies.

**Enabling activities** directly enable other activities to make a significant contribution to environmental goals.

**Transition activities** are activities for which low-carbon alternatives do not yet exist and which, among other things have greenhouse gas emissions levels that correspond to the best performances.

### ● What is the percentage of investments made in transitional and enabling activities?

Companies are not yet required to report the proportion of their economic activities in transition and enabling activities as part of their taxonomy reporting. Due to the lack of data, it was therefore not possible on the reporting date to reliably determine the proportion of investments made in transition and enabling activities during the reporting period. Therefore, a percentage of 0 per cent is assumed.

### ● How has the proportion of investments aligned with the EU taxonomy changed compared with previous reference periods?

No proportion of investments aligned with the EU taxonomy was recorded for the previous period.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmental sustainable economic activities, in accordance with Regulation (EU) 2020/852.



**What was the proportion of sustainable investments with an environmental objective that did not comply with the EU taxonomy?**

The fund does not aim for sustainable investments and therefore no sustainable investments were made.



**What was the proportion of social sustainable investments?**

The fund does not aim for social investments and therefore no social investments were made.



**Which investments fell under “Other investments”? What was their investment objective and was there a minimum environmental or social protection?**

“#2 Other investments” included bank deposits and forward exchange transactions. These were used for liquidity management and currency hedging. There was no minimum environmental or social protection.



**What measures were taken during the reference period to fulfil environmental and/or social characteristics?**

Observance of the ESG criteria set was consistent and was or is continuously checked by both compliance and portfolio management. In terms of compliance, we work with the compliance manager from SimCorpDimensions. An internal ESG tool was developed for front office this year, which the portfolio management team can use to check the compliance of investments with ESG criteria, analyse individual stocks in detail and evaluate aggregate portfolio key figures (KPIs). This tool is based on data from MSCI. For issuers that are not covered by MSCI, independent checks were carried out with regard to the relevant ESG criteria. If an internal check was not possible in these cases, we decided not to invest. This ensured that investments were only made in companies that fit the environmental and social characteristics defined by us. If the investment requirements for a company changed for the worse (e.g. due to a new controversy not adequately addressed by the company), we reacted immediately and sold the holding with due consideration. We also responded to new regulatory requirements by including principal key adverse impacts on sustainability factors (PAIs) in the investment process this year.