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Regulation (EU) 2019/2088 – 'Sustainable Finance Disclosure Regulation'

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Regulation (EU) 2019/2088 (the 'Sustainable Finance Disclosure Regulation', 'SFDR') requires financial market participants and financial advisers, such as FP Asset Management Cyprus Ltd (the 'Company'), to provide information to clients and potential clients with regards to the integration of sustainability risks, the consideration of adverse sustainability impacts, and the remuneration policies in place.

Integration of sustainability risks in the investment decision-making process

FP Asset Management Cyprus Ltd as part of its investment and risk-management policies and procedures monitors a wide set of risk factors. Over the last years, the Company has recognised the need to consider integrating sustainability risks, namely, environmental, social and governance ('ESG'), conditions or events, that could potentially cause a material impact on the value of investments. To this end, the Company has elected to consider ESG factors as part of its wider investment decision-making process. Sustainability risks are assessed among several other risk factors (e.g. economic, financial, political, geopolitical, etc.), as part of the risk assessment performed for the provision of portfolio management and investment advisory services to clients. When the Company assesses ESG risks, it mostly relies on information from external data providers. Although the necessary efforts are made for assessing the quality of the obtained information, the Company cannot be held responsible for the accuracy of the data.

Consideration of principal adverse impacts on sustainability factors

SFDR requires the Company to inform clients and potential clients about whether it considers or not any principal adverse impacts ('PAI') of investment decisions on sustainability factors. The Company does not consider any principal adverse impacts of investment decisions on sustainability in the provision of investment services in the manner prescribed by Article 4 of SFDR.

The Company understands and supports European Union's initiatives on the establishment of a framework to facilitate and promote sustainable investment. To this end, the Company is in a continuous process of adapting and developing its internal policies and procedures which will allow for a thorough consideration of principal adverse impacts in the provision of investment services. However, the lack of readily available, reliable, and reasonably-priced data makes it difficult for the Company to comply with many of the technical reporting requirements of the 'PAI' regime without significantly increasing the cost of the provided investment services. In addition, significant challenges are also posed by the investment strategies followed by the Company and the required degree of diversification, which in most cases, cannot be achieved under the constraints imposed by full compliance with the 'PAI' regime.

The Company will keep adjusting its policies and procedures based on additional relevant data as they become available, market practices as carefully observed, as well as any additional clarity as provided by regulators and will endeavour to consider principal adverse impacts of provided investment services in the future.

Remuneration policies in relation to the integration of sustainability risk

The remuneration policy of the Company does not encourage unreasonable risk taking, including risk taking in terms of sustainability factors.