

avesco Sustainable Hidden Champions Equity (SHC fund)

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Making good things happen with the right investment

The fund aims to generate long-term asset growth as well as a societal return by investing in small and medium-sized companies with a sustainable B2B business model that are located in Germany, Austria and Switzerland. The fund invests in equities of listed companies that rank among continental or world market leaders in their niche markets. These companies are referred to as *Hidden Champions* because of their niche affiliation and the fact that they are usually largely unknown. The Hidden Champions in the SHC fund practise sustainability not only one-dimensionally, but also holistically. This means that they are geared towards sustainability at the ecological, economic, societal and management levels. As a consequence, the fund only includes companies that have undergone the qualitative sustainability audit developed by avesco Financial Services AG (avesco) and exhibit special performance at all sustainability levels.

Examples of companies in which the SHC fund invests



Did you know that a cotton T-shirt uses almost 20 times more water than a wood fibre T-shirt? Lenzing AG has recognised this and produces textile fibres from wood – a renewable, natural and sustainable raw material compared to conventional textile products. The fibres grow completely pesticide-free and can easily be returned to the biological cycle.



FRoSTA AG produces high-quality frozen dishes that are free of additives such as colouring agents and flavour enhancers. The creation of a sustainable value chain is particularly important to the company. For this reason, FRoSTA is convinced of the importance of locality and procures around 50 percent of its raw materials from Germany.



UmweltBank has been successfully combining ecology with the economy since 1995. UmweltBank AG invests the money deposited by its customers exclusively in sustainable future projects in the area of renewable energies and organic agriculture. It is also the only bank in Germany to have environmental protection enshrined in its bylaws.

What distinguishes Hidden Champions?

The term "Hidden Champions", coined by Professor Hermann Simon*, refers to companies that enjoy little public awareness and yet are world market leaders in their niches. Worldwide there are only about 2,700 Hidden Champions. Almost half of the Hidden Champions come from Germany. The importance of Hidden Champions becomes evident when considering export performance: around 25 percent of German exports are generated by Hidden Champions.

*Hermann Simon: „Hidden Champions“: Speerspitze der deutschen Wirtschaft. In: Zeitschrift für Betriebswirtschaft (ZfB) 60(1990)9, p. 876

Some of our Sustainable Hidden Champions' key figures:



** compared to the global equity market (MSCI World)

Public welfare as an added return

Internally, *avesco* also attaches great importance to sustainability. Since early 2019, the financial services institution has officially been considered a climate-neutral company. *avesco* offsets CO₂ emissions caused by its business activities by financing international climate protection projects. The company pursues a policy of making transparent in its Sustainability Report all its activities relating to internal sustainability. With the launch of the SHC Fund by HANSAINVEST Hanseatische Investment-GmbH, *avesco* makes it possible for investors as the investment portfolio manager to generate long-term asset growth by investing in small and medium-sized companies with a sustainable business model. Through the SHC Fund, you participate in the companies' business performance and at the same time promote responsible and future-oriented corporate models that counteract climate change, for example. The fund is aimed at all those who expect more than just a financial return from an investment.

The sustainability assessment

Applying its in-house approach, *avesco* investigates the sustainability of companies in which investments are to be realised. Information about companies is always evaluated in the context of their business models.

360-degree panoramic view

The *avesco* sustainability assessment examines dimensions qualitatively and evaluates them with a holistic fundamental view, in contrast to conventional criteria catalogues:

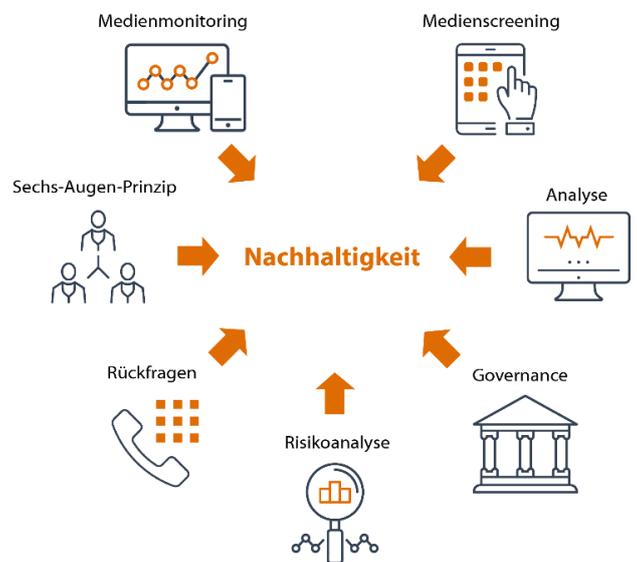
- economy
- ecology
- societal issues
- corporate governance
- risk factors

The basic principle:

avesco examines the extent to which a company creates, maintains or destroys potential in the five categories.

Exclusion criteria:

avesco excludes investments in nuclear power, conventional weapons, cluster bombs and mines, as well as weapons of mass destruction. Exclusions also relate to breaches of the [UN Global Compact Principles](#) and [Core labour standards of the ILO](#).



Tested and approved!

The *avesco* SHC fund's sustainability strategy not only inspires investors – the Forum for Sustainable Investments (FNG) finds the product compelling, and awarded its [FNG Seal](#) to the fund in November 2018 for the second consecutive time. The fund received special recognition in the categories of institutional credibility, product standards as well as selection and dialogue strategy.

The FNG seal of two stars was awarded to the SHC fund in 2019. A maximum of three stars can be awarded.

Contact details:

Further information on the SHC Fund is available at:

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**Klimaneutrales
Unternehmen**
mit First Climate



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