Bridge Fund Management Limited

Integration of Sustainability Risks on Investment decision making process

Controlfida UCITS Funds plc

EU Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation ('SFDR') entered into force on 10 March 2021. The Regulation requires managers to better inform end-investors with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment, as applicable.

This document specifically addresses Article 3 of SFDR: "Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process."

The sustainability risks for all sub-funds below are captured:

Delta UCITs Fund

Superdiscovery UCITS Fund

Fixed Income UCITS Fund

Delta Defensive UCITS Fund

Controlfida 21st Century UCITS Fund

Controlfida Evolution UCITS Fund

Controlfida Market Opportunities UCITS Fund

Controlfida Base UCITS Fund

The Sustainability Risks listed below are the risks which may, depending on the portfolio and the investment strategy of the Fund, be relevant to the Funds.

Environmental Risks:

Carbon Emissions Risk

Many economic sectors, regions and/or jurisdictions, including those in which a Fund may invest, are currently, or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include governmental and regulatory intervention, evolving consumer preferences and the influence of non-governmental organisations and special interest groups.

As the market appreciates tightening regulation accounts for higher carbon prices, repricing of carbon-intensive sectors occurs, reducing the value of those securities. As carbon pricing continues to be a mechanism through which various policymakers seek to mitigate climate change, companies may be impacted in different ways based on their sectors and region of operations.

Sectors, regions, businesses and technologies which are carbon-intensive, more polluting or otherwise are not environmentally sustainable may suffer from a significant fall in demand or obsolescence, resulting in stranded assets, the value of which is significantly reduced or entirely lost. Attempts by sectors, regions, businesses and technologies to adapt so as to improve sustainability may not be successful, may result in significant costs being incurred, and future ongoing profitability may be materially reduced.

Climate Change Risk

The Funds may have exposure to potential physical risks resulting from climate change, such as the risk of significant damage due to increasing erratic and potentially catastrophic weather events, including droughts, wildfires, flooding and heavy precipitation, heatwaves, landslides or storms. As the frequency of extreme weather events increases, a exposure of the Funds' assets to these events increases too.

Alongside these acute physical risks, the Funds may be exposed to more chronic physical risks stemming from climate change, including coastal flooding, coastal erosion, soil degradation and erosion, water stress, changing temperatures or changing wind or precipitation patterns.

Such risks may arise in respect of a company itself, its affiliates or in its supply chain and may apply to a particular economic sector, geographical or political region.

Natural Resource Depletion Risk

The relationship between businesses and natural resources is becoming increasingly important due to the scarcity of fresh water, loss of biodiversity and risks arising from land use. Water is critical to agricultural, industrial, domestic, energy generation, recreational and environmental activities. Reduced supply or allocation of water or increased cost in supply and controls over its use may adversely impact the operations, revenue and expenses of certain industries in which the Funds may invest.

Biodiversity underpins ecosystem services such as food, clean water, genetic resources, flood protection, nutrient cycling and climate regulation. A continued loss of biodiversity may adversely affect the operations, revenue and expenses of certain industries in which the Funds may invest, such as businesses which are land users, marine industries, agriculture, the extractive industries (cement and aggregates, oil, gas and mining), forestry and tourism. Land use and land use management practices have a major impact on natural resources.

Pollution and Waste Risk

Pollution adversely affects the environment and may for example, result in negative impacts on human health, damage to ecosystems and biodiversity and reduced crop harvests. Measures introduced by governments or regulators to reduce pollution and to control and reduce waste may adversely impact the operations, revenue and expenses of industries in which the Funds may invest.

Social Risks

Human Capital Risk

Instances of poor treatment by a company of its employees, suppliers, customers or people living near its factories and business premises, were they to occur, may give rise to negative consumer sentiment, fines and other regulatory sanctions and investigations and litigation that affect the company, and in turn, the value of any investment a Fund may make in that company. These could include human rights violations, lack of access to clean water, food and sanitary living environment, human trafficking, modern slavery, forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour. The profitability of a business which is reliant on adverse treatment of people may appear materially higher than if appropriate practices were followed, and it may not be apparent to investors that such adverse treatment is occurring at the time, giving a false picture of the attractiveness of the business as an investment proposition.

External Social Risk

Were they to occur, restrictions on or abuse of the rights of consumers including consumer personal data, management of product safety, quality and liability, relationships with and infringements of rights of local communities and indigenous populations may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation in respect of entities in which a Fund is invested.

Megatrends Risk

Trends such as globalisation, automation and the use of artificial intelligence in manufacturing and service sectors, inequality and wealth creation, digital disruption and social media, changes to work, leisure time and education, changes to family structures and individual rights and responsibilities of family members, changing demographics including health and longevity and urbanisation are all examples of social trends that can have a material impact on businesses, sectors, geographical regions and the vulnerability and inability to adapt or take advantage of such trends may result in a material negative impact on the Fund’s investments.

Governance Risks

Board Diversity and Structure Risk

The absence of a diverse (in terms of age, gender, educational and professional background) and relevant skillset within a board or governing body of an entity in which a Fund is invested may result in less well informed decisions being made without appropriate debate and an increased risk of "group think". Further, the absence of independence among board members, particularly where roles are combined, may lead to a concentration of powers and hamper the board’s ability to exercise its oversight responsibilities, challenge and discuss strategic planning and performance, input on issues such as succession planning and executive remuneration and otherwise set the board’s agenda.

Inadequate External or Internal Audit Risk

Ineffective or otherwise inadequate internal and external audit functions of an entity in which a Fund is invested may increase the likelihood that fraud and other issues within such entity are not detected and/or that material information used as part of an entity’s valuation and/or the Investment Manager’s investment decision making is inaccurate.

Fair Tax Strategy Risk

The tax strategy employed by a company in which a Fund is invested may impact on the returns and performance of that company. Where an aggressive tax strategy is pursued by a company this may increase the tax risks associated with that company, which may have a negative impact on a Fund’s investment in that company.

Shareholder Rights Risk

The extent to which rights of shareholders, and in particular minority shareholders (which may include a Fund's Shareholders) are appropriately respected within a company’s (or in the case of holders, the Fund's) formal decision making process may have an impact on the extent to which a company (or a Fund) is managed in the best interest of its shareholders as a whole (rather than, for example, a small number of dominant shareholders) and therefore the value of an investment in it.

Bribery and Corruption Risk

The effectiveness of a company’s controls to detect and prevent bribery and corruption, both within a company in which a Fund is invested and its governing body, and in its suppliers, contractors and sub-contractors may have an impact on the extent to which a company is operated in furtherance of its business objectives. Lack of scrutiny of executive pay, failure to align levels of executive pay with performance and absence of a long-term corporate strategy to protect and create value may result in executives failing to act in the long-term interest of a company, which may have a negative impact on a Fund’s investment in that company.

IT Security Risk

The effectiveness of measures taken to protect personal data of employees and customers and, more broadly, IT and cyber security within a company in which a Fund is invested may affect a company's susceptibility to inadvertent data breaches and its resilience to "hacking", which may have a negative impact on a Fund's investment in that company.

Employee Safeguards Risk

The absence of appropriate and effective safeguards for employment-related risks such as discriminatory employment practices, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistle-blowers and non-compliance with minimum wage or (where appropriate) living wage requirements may ultimately reduce the talent pool available to a company in which a Fund is invested, the wellbeing, productivity and overall quality of its workforce and may lead to increased employment and other business costs, which may have a negative impact on a Fund's investment in that company.

Sustainability risks on **Alpha Green UCITS Fund**

Sustainability Risk

The evaluation of Sustainability Risks through the analysis of environmental, social and governance ("ESG") factors is part of the Fund's investment process. In the Investment Manager's view, Sustainability Risks can materially affect a company's financial performance and competitiveness. However, Sustainability Risks are just some of a number of considerations in the overall research process so may not in isolation drive the selection or exclusion of an issuer or security from the investment universe.

The Investment Manager considers ESG factors as part of its broader analysis of individual issuers (including with regards to Sustainability Risk assessment), using inputs from the Investment Manager's team of ESG analysts to help identify global best practices, prepare for company engagement and collaborate on new research inputs. The factors which will be considered will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history, and climate risks.

The Investment Manager believes that the Fund will be exposed to a broad range of Sustainability Risks. In assessing these risks, the Investment Manager draws upon a wide variety of internal (such as research by its team of global industry analysts) and external research (such as company meetings) and advice to assess any potential impact on the value of a security over the time horizon of the Fund. Whilst Sustainability Risks vary from company to company the following are particularly relevant to the Fund:

Renewable Energy Industry Sector Risk

The energy sector is comprised of energy, industrial, infrastructure, and logistics companies and will therefore be susceptible to adverse economic, environmental, business, regulatory, or other occurrences affecting that sector. The renewable energy sector has historically experienced substantial price volatility. At times, the performance of these investments may lag the performance of other sectors or the market as a whole. Companies operating in the renewable energy sector are subject to specific risks, including, among others, fluctuations in commodity prices; slowdowns in new construction; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Additionally, renewable energy sector companies are subject to substantial government regulation and changes in the regulatory environment for energy companies may adversely impact their profitability. Solar energy companies are particularly affected by government subsidies and regulation. If government subsidies and economic incentives for solar power are reduced or eliminated, the demand for solar energy may decline and cause corresponding declines in the revenues and profits of solar energy companies. If solar power technology is slow to adopt, or sufficient demand for solar power products takes longer to develop, the revenues of solar power companies may decline significantly.

Technology Sector Risk

The Fund invests in companies in the technology sector and therefore the performance of the Fund could be negatively impacted by events affecting this sector. Market or economic factors impacting technology companies and companies that rely heavily on technological advances could have a significant effect on the value of the Fund's investments. The value of stocks of technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Stocks of technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market.

Utilities Sector Risk

Companies in the utilities sector are subject to a variety of factors that may adversely affect their business or operations including: high interest costs associated with capital construction and improvement programmes; difficulty in raising adequate capital in periods of high inflation and unsettled capital markets; governmental regulation of rates the issuer can charge to customers; nationalisation by governments or state bodies; costs associated with compliance with environmental and other regulations; effects of economic slowdowns and surplus capacity; increased competition; and potential losses resulting from a developing regulatory environment.

Emerging Markets Risk

Investment and repatriation restrictions: A number of emerging markets restrict, to varying degrees, foreign investment in securities. Restrictions may include maximum amounts foreigners can hold of certain securities, and registration requirements for investment and repatriation of capital and income. New or additional restrictions may be imposed subsequent to the Fund's investment in a given market.

Currency fluctuations can be severe in emerging markets that have both floating and/or "fixed" exchange rate regimes. The latter can undergo sharp one-time devaluations.

Potential market volatility: Many emerging markets are relatively small, have low trading volumes, suffer periods of illiquidity and are characterised by significant price volatility. Regulation and oversight of trading activity may not be up to the standards of developed countries.

Political instability and government interference in the private sector: This varies country by country, and may evolve to the detriment of Fund holdings. In particular, some emerging markets have no legal tradition of protecting shareholder rights.

Financial disclosure and accounting standards: Potential investments may be difficult to evaluate given lack of information as well as the use in emerging markets of accounting, auditing and financial reporting standards that differ from country to country and from those of developed countries.

Settlement: The trading and settlement practices of some of the stock exchanges or markets on which the Fund may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by the Fund.

Custodial risk: Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances the Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of, legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in "book-entry" form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of the Fund's holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by the Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

Taxation: Taxation of dividends and capital gains varies among countries and, in some cases, is comparatively high. In addition, emerging markets typically have less-well-defined tax laws and procedures and such laws may permit retroactive taxation, so that the Fund could in the future become subject to local tax liability that had not been reasonably anticipated when an investment was made.