



BAI Newsletter – December 2019

Editorial article by Annette Olschinka-Rettig, Managing Director, BAI e.V.

Dear Readers,

ESG

It is not the first time that we have placed the focus on ESG in our newsletter, and it certainly will not be the last. As the topic evolves, there are some for whom ESG has been discussed ad nauseam, while others feel a strong need to delve deeper into the surrounding issues.

ESG continues to be a multi-faceted, evolving issue and we are pleased to offer numerous articles on the topic in this issue of our newsletter (see overview below). BAI will also be launching a highly interesting series of lectures at the beginning of 2020 under the motto "ESG hands-on", for which the following contributions have already been announced: The series begins on 20 January 2020 in Munich and 27 January 2020 in Frankfurt with BAI Insights together with PwC on the topic "360° View for ESG Investments with Institutional Investors". This will be followed by webinars with GCM Grosvenor on "ESG: Assessing the "S" and the "G" in private equity and infrastructure portfolios" (3 February 2020) and with Franklin Templeton on "Impact Management and Measurement in Real Assets" (6 February 2020). Further events of this series will be announced on our homepage in due course.

ESG is also the current "[main topic of the association work](#)" with regard to publications on our homepage. In addition to the articles in this newsletter, you will find numerous other articles on this topic there.

BaFin Fact Sheet

More than 30 national and international banks, organisations and private individuals have commented on the fact sheet on the management of sustainability risks published by BaFin in September 2019. Until early November, BaFin gathered comments on the document, on the basis of which it will now be revised. Frank Pierschel, Chief Sustainable Finance Officer of BaFin, gave the following comments in the BaFin Journal: "Everyone has welcomed the fact sheet, but many with a "but". The "but" is very different depending on the interests involved. Naturally, this doesn't come unexpectedly. We will now evaluate it all carefully and then produce a final version that will change some aspects of the draft"(transl.). It remains to be seen how BaFin will

adjust its recommendations by the end of the year. BaFin's goal remains to duly introduce the issue of sustainability to the companies it supervises. There are, however, no binding requirements, but rather guidelines on the basis of "good practices".

Research Award

BAI is proud to once more award outstanding Bachelor's, Master's, Doctoral/ Habilitation and other scientific theses with our annual Research Award in four categories. **The awards ceremony will take place on 10 December 2019 in the Café Hauptwache in Frankfurt, and we welcome you all to attend in person.** Please register with Mr. Brooks. Details on the winners and their work, accompanied by photos of the award ceremony, can otherwise be found in the special newsletter that will be published shortly. In this context it should also be mentioned that the BAI awards printing cost subsidies for particularly good dissertations on the subject of alternative investments.

Dear readers, if you come across promising AI works, please encourage the authors to inform themselves about our competition etc. on our homepage. The deadline for submission to the next award ceremony is the 29th of February 2020.

A Behind the Scenes Look of the Newsletter

We frequently receive questions regarding the creation of the newsletter, which I would like to briefly address at this point. Our regular newsletter is published six times a year. On the occasion of the presentation of the research award, there is a special newsletter once a year. The main topics, which are taken up in the individual issues, are determined by the editorial staff with a view to major developments in alternative investments. In order to keep up to date with latest developments, there are topics that are regularly revisited. As an example we would like to mention the topic "Institutional Investors and Alternative Investments (Investor Regulation, SAA, TAA...)" of our next newsletter. We have found that there are always new and interesting aspects for our readers pertaining to this topic. The deadline for articles is the 31st of January 2020.

In the context of diversity of opinions, the editorial staff and the "subscribers" of the newsletter expressly welcome newsletter articles written by institutional investors. As an example, please read the interview with Martin Koneberg of BVK published in this issue.

BAI Alternative Investor Conference (AIC) on the 22nd and 23rd of April 2020

Preparations for the AIC 2020 are in full swing, and we look forward to being able to offer you an exciting programme with many top-class speakers in Kap Europa in Frankfurt next year. Among others, we were able to win Anders Indset, one of the world's leading business philosophers, for the Get-together Speech. He opens up a new perspective on the "art of thinking" and is a trusted sparring partner for international CEOs and leading politicians. Once again, a separate investor dinner will be held on 22 April 2020 as well as an investor workshop on 23 April 2020. We have already received numerous registrations from members, institutional investors and other AI interested parties. You can find the programme on our event website www.ai-conference.com.

CAIA Germany and BAI: Joint Educational Events

Joint events are once again planned for 2020, namely on 31.3.2020 in Frankfurt and 1.4.2020 in Munich with the title: Investing in volatility: For profit generation or protection?

Another note on a time-critical regulatory issue:

Obligation to report cross-border tax arrangements

The BAI already reported on the obligation to notify cross-border arrangements, which was initiated at European level but is now also being implemented at national level. The "Act introducing a duty to report cross-border tax arrangements" is intended to transpose the Directive (EU) 2018/822 into German law. The legislative process should be completed by the end of 2019, so that all affected market participants are recommended to deal promptly with the partly extensive operational/ bureaucratic aspects of the law.

In this issue you will find the following articles on ESG:

- ESG Strategies for Equity Investments in Emerging Markets - Approaches and Performance of European Asset Managers, by Michael Busack and Hendrik Schlimper, Absolute Research GmbH
- Impact Investing: How Investments can do Good, by Jörg Schomburg, AXA Investment Managers
- The "S" element at ESG: A Challenging Factor, by Dietmar Roessler, BNP Paribas Securities Services Germany
- Factor Strategies in the Bond Sector, by Dr. Demir Bektić, Deka Investment
- Electricity Exchange as a Driving Force for the Expansion of Renewable Energies, by Jürgen Göbel and Bernd Rickels, EURAMCO Holding GmbH
- Private Debt and the SDGs of the United Nations, by Alistair Perkins, NN Investment Partners
- Distress Signals: Illuminating Risks and Opportunities in Corporate Credit, by Adam Gubner, Christian Stracke, Jamie Weinstein and Tom Collier, PIMCO
- Digitalization as the Key to Professional ESG Management: How digital processes promote responsible investing in alternative investments according to ESG criteria, by Jessica Warrings, WeSustain GmbH, and Marie-Lucie Linde, marieluCIE

As mentioned at the beginning, there are quite divergent views as to whether the ESG issue is already overstretched or still in its infancy. All the more reason for us to be pleased to have won an author with a very fundamental, interdisciplinary scientific contribution to the subject of ESG for this newsletter: Prof. Dr. Johannes Köndgen from the Rheinische Friedrich-Wilhelms-Universität Bonn with "Sustainable Finance: Business Ethics - Economics - Regulation".

We hope you enjoy reading this newsletter.

As this is the last issue of 2019, I would like to take this opportunity to wish you and your families a Merry Christmas, peaceful days and a wonderful start into the new decade on behalf of the BAI office and board.

Annette Olschinka-Rettig