SFDR
Sustainable Finance Disclosure Regulation

HODL

As Hodl operates as an asset manager for digital assets within the European Union, the organization is subjected to various laws and regulations including the Sustainable Finance Disclosure Regulation (SFDR). This new principle is a European regulation that was designed to boost openness surrounding sustainability claims made by financial market players, avoid greenwashing, and strengthen the market for sustainable investment products. This requires the following Hodl Funds to provide more information regarding the mentioned topics.
The Hodl funds fall in the Article 6 under the SFDR regulations: funds without a sustainability scope.

Remuneration

Hodl is not required to implement a remuneration policy under current legislation. However, there is a remuneration policy in place, which is not related to ESG goals and risks.

The following report applies to all our funds

Hodl Genesis Fund
Hodl Consensus Fund
Hodl Oracle Fund
Hodl Primero Fund
Hodl Numeri Fund
Hodl Gibraltar Fund
Hodl Algorithmic Fund
Hodl Artemis Fund

Negative effects of investment decisions on sustainability considerations are not taken into account

Organization

Hodl is conscious of the urgent need to improve ESG practices within the organization. Small steps are being undertaken by the company to reduce its footprint, such as having track of groceries to avoid food waste, and recycling plastic, cans and glass. In the upcoming future we plan to implement an ESG framework.

Investments

Hodl realizes that some investment decisions have a greater influence on sustainability than others. However, Hodl cannot increase the sustainability of their chosen investments; Hodl can only choose to employ more sustainable exchanges and low-carbon protocols but this is not a crucial criteria in the investment process.

Energy

Hodl acknowledges that the funds invest in cryptocurrencies, which may require more energy than other assets.

Transparency

The Hodl funds have never been advertised or identified as a sustainable investment product or as an investment vehicle with ecological or social goals. Hodl won't advertise its funds as sustainable until the requirements are achieved and recognized under European law.

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Environmental Risks	Our approach	Influence on returns
Increased pollution within the cryptocurrency sector	Older cryptocurrencies such as Bitcoin are known for their higher level of energy consumption in comparison to other assets and have faced critique as long-term sustainability becomes increasingly important. Hodl monitors upcoming regulations in energy efficiency with regard to cryptocurrency as the public domain believes in a sustainable future. Increased pollution in the sector may cause regulators and policymakers to act upon the sector which may and can cause negative performance. Hodl doesn't avoid less energy-efficient digital assets as we believe that the sector has enough incentives to shift towards more sustainable energy sources and over time become more energy efficient.	Will affect the returns negatively with 1% - 2.5%

Social Risks	Our approach	Influence on returns
Corruption	Prior to investing in a digital asset, Hodls' research analysts conduct a thorough analysis which includes the team behind the asset. If team members have a criminal or questionable career the funds stop the investment process. The research can't stop team members of the asset from acting negatively such as accepting bribes or other criminal behavior. When this comes to light, the fund will scale out of the investment but the price will have been affected negatively due to increasing selling pressure, depreciating the original investment.	Will affect the returns negatively with 5% - 7.5%
Negative Public Perception	Hodl monitors the public sentiment towards the cryptocurrency ecosystem as negative sentiment can cause a downward trajectory. However, Hodl is a long-only fund that believes in the long-lasting future of the market. Thus, sentiment is monitored but Hodl doesn't act on short-period price action due to negative public perception. As a result, the return of the funds may and can decline during these periods.	

Governance Risks	Our approach	Influence on returns
ESG inaction	A majority of cryptocurrencies, blockchains, and protocols operate through a decentralized structure and environment or are shifting towards this structure. The mentioned entities make their decisions based on community voting rounds in which only token-holders are eligible to vote. With the lack of a centralized voting process and a legally responsible entity, the community, or a few big holders, may decide to leave aside certain ESG actions. This may and can cause the value of the investment to decline. Hodl tracks and monitors these voting rounds but the funds can't prevent the community from making decisions that affect their long-term health.	Will affect the returns negatively with 5% - 7.5%