

SUSTAINABILITY
DISCLOSURE 2023

Diversified High Growth Fund



Status under the EU Sustainability Finance Disclosure Regulation (SFDR)

There are new rules which require any fund which promotes environmental and/or social characteristics to provide detailed sustainability related disclosures to prospective customers.

As this Fund has been categorised as meeting the provisions set out in Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR), this report provides further detail on what the sustainability related goals of the Fund are and how the sustainability related goals of the Fund are met.

Investment Objective

The investment objective of the fund is to target a positive return over the longer term in line with the risk profile of the fund. It delivers this by investing in a multi-asset portfolio investing across a range of different asset classes and types of fixed interest investments and equity markets. The Fund is suitable for investors who have a long investment time horizon, want to earn proportionate investment returns over the long term and are prepared to take on risk in order to achieve this return. The fund manager monitors and rebalances the fund regularly. The Fund also aims to promote specific environmental, social and governance (ESG) characteristics, including enhanced exposure to companies with better ESG characteristics and a better alignment to the low carbon transition economy.

Summary

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

This Fund specifically aims to:

- Reduce the Fund's impact on Climate Change (relative to the appropriate broad market benchmark);
- Increase the Fund's exposure to companies with improved sustainability and lower higher ESG Risk scores (relative to the appropriate broad market benchmark)

The Fund is a multi-asset fund and seeks to achieve its objectives and may allocate to equity, fixed income and other asset classes. The Investment Manager looks to ensure a high level of diversification across different asset classes and within asset classes. A mixture of passive and active approaches can be used where appropriate.

To deliver on the promotion of environmental and social (E/S) characteristics, the Fund's investment strategy contains the following binding elements:

- a minimum proportion of 50% of the total Fund should be allocated to strategies which support the Fund attaining the promoted E/S characteristics; and
- a minimum proportion of 70% of the Fund (excluding neutral assets*) should be allocated to strategies which support the Fund attaining the promoted E/S characteristics

*Assets such as cash and Euro government bonds are deemed neutral under SFDR and are excluded when calculating the weights above.

An active ownership approach is also applied across the majority of the equity assets by using the voting rights and constructively engaging (either directly or collaboratively with other like minded investors) with the companies in which the Fund invests.

The estimated proportion of investments which E/S characteristics is circa 71%.

The Fund invests in a mix of assets classes. The promotion of E/S characteristics are applied across the Fund's equity investments.

The Investment manager relies on third party ESG data from Sustainalytics. Sustainalytics have developed methodologies to assess companies' ESG credentials. The Investment Manager utilises the ESG data from Sustainalytics to monitor the E/S characteristics of the Fund. The E/S characteristics of the Fund are reported periodically to internal executive committees.

For funds with corporate exposures that promote E/S characteristics (Article 8 funds), ESG data is provided for the underlying holdings with each security having a series of ESG indicators. The indicators used to measure the promotion of the E/S characteristics of the Fund are carbon intensity, fossil fuel involvement and ESG risk score.

Some asset classes such as government bonds and unlisted asset classes do not currently have available ESG data and the environmental and social characteristics are not reported.

There are limitations regarding both methodologies and data and some asset classes do not yet have fully developed methodologies due to the nature of the asset classes.

The Investment Manager utilises ESG data to take into account sustainability factors including a number of principle adverse impact (“PAI”) indicators. The E/S characteristics promoted by the Fund are monitored to assess if these E/S characteristics have been attained.

The Fund engages in active ownership and actively engages with companies to improve their E/S characteristics. The Fund also uses its voting power to vote to promote E/S characteristics. The Fund manager of the Fund, the Investment Manager, has an active ownership programme, which the Investment Manager enacts on behalf of the Fund. The Investment Manager also tackles many specific E/S characteristics through engagement activities, either directly with companies or collaboratively with other investors. Engagement topics include transition climate risks such as physical climate risks, biodiversity, water, waste, human-rights, supply-chain labour standards, modern slavery, anti-discrimination, anti-corruption and ESG risk.

The Fund follows a multi-asset strategy and does not have a reference benchmark.

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

While this Fund is designed to consider and contribute to the sustainability of our environment and society within the provisions of Article 8 of the SFDR, it is not specifically designed to make “sustainable investments” as defined under SFDR or to make investments which qualify as “environmentally sustainable” under the EU Taxonomy Regulation.

Environmental or social characteristics of the financial product

This Fund specifically aims to:

- Reduce the impact of the Fund on Climate Change (relative to the appropriate broad market index)
- Increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores (relative to the appropriate broad market benchmark)

The indicators used to measure the outcomes of this approach are:

Reduce the impact of the Fund on Climate Change

- Reduction in carbon intensity of the portfolio versus the appropriate broad market benchmark.
- Reduction in fossil fuel involvement of the portfolio versus the appropriate broad market benchmark.

Increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores (relative to the appropriate broad market benchmark)

- Reduction in the Environmental, Social, Governance and overall ESG risk scores versus the appropriate broad market benchmark.

Investment Strategy

The fund is passively managed and aims to perform in line with its underlying indices, less any fees and transaction costs. The investment manager replicates the securities held in the index in the proportion that they are held. The benchmark performance reflects the composite of the underlying benchmarks for each of the investment strategies used.

In managing the Fund, The Investment Manager looks to ensure that a high level of diversification is maintained both across different asset classes and within asset classes. Diversification across management styles is also incorporated into the Fund's design through passive investment funds.

To deliver on the promotion of E/S characteristics, the Fund's investment strategy contains the following binding elements:

- a minimum proportion of 50% of the total Fund should be allocated to strategies which support the Fund attaining the promoted E/S characteristics; and
- a minimum proportion of 70% of the Fund (excluding neutral assets*) should be allocated to strategies which support the Fund attaining the promoted E/S characteristics

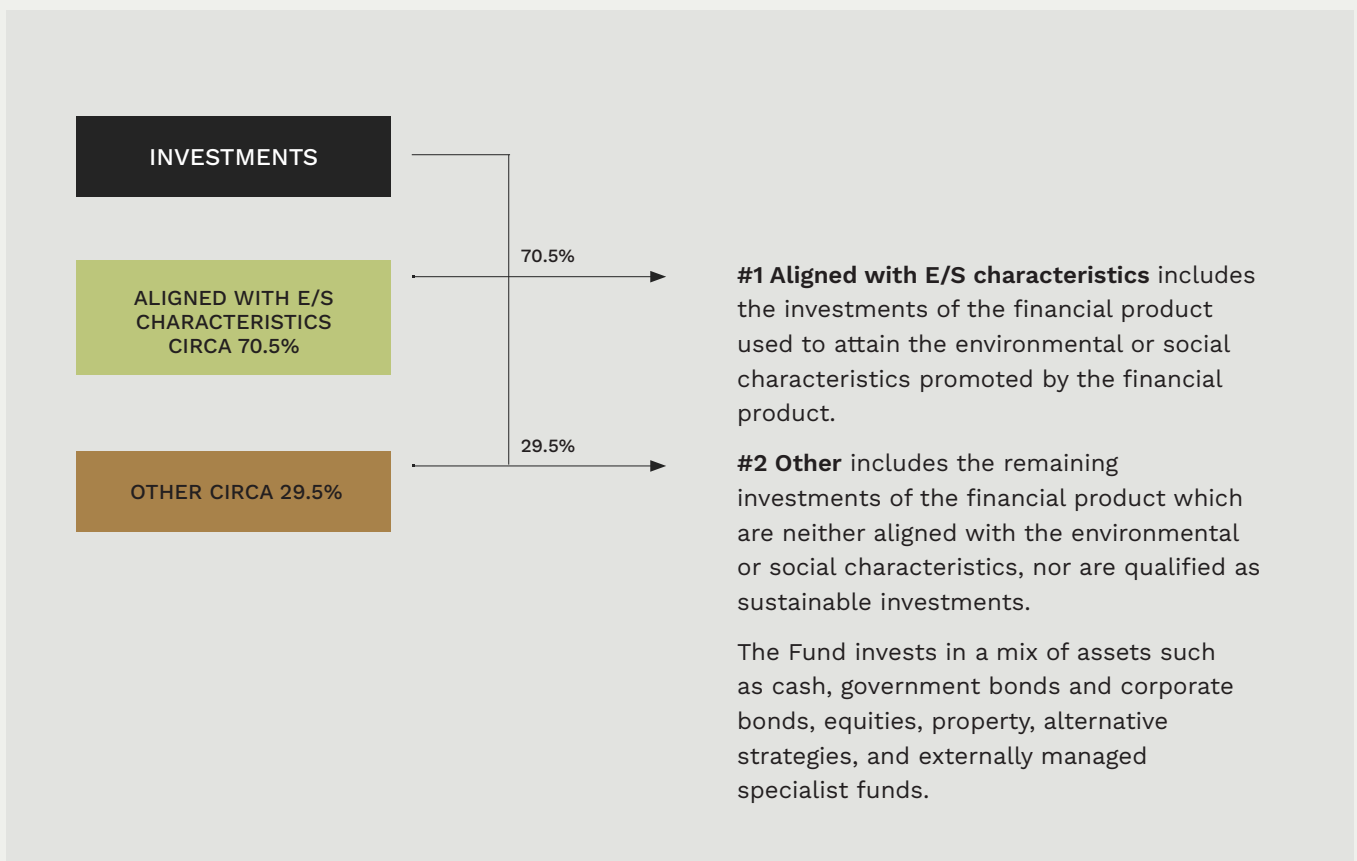
*Assets such as cash and Euro government bonds are deemed neutral under SFDR and are excluded when calculating the weights above.

The Investment Manager utilises independent third party data providers to make assessments on governance practices in the companies which we invest. The Investment Manager assess good governance practices in investee companies through a number of measures which include:

- ESG Risk scores
- alignment with the UN Global Compact
- involvement in severe controversies Sound management structures, employee relations, remuneration of staff and tax compliance are all considered and are component parts which contribute to the ESG risk score of an investee company.

Proportion of Investments

The estimated proportion of assets within the Fund which promote E/S characteristics is represented below as per #1.



The promotion of environmental or social characteristics were applied across the majority of below asset classes and the majority of the Funds associated with the below listed asset classes are classified as Article 8 under SFDR regulation:

- Equity
- Fixed Income
- EM Government Debt

The Fund has direct exposures to investee companies through investments in listed and unlisted assets. The Fund also have indirect exposures to investee companies through derivative investments and investments in externally managed investment funds. The externally managed investment funds may invest their assets directly through investments in listed or unlisted securities.

Monitoring of environmental or social characteristics

The Investment Manager relies on third party ESG data from Sustainalytics. Sustainalytics have developed methodologies to assess companies' ESG credentials. Companies are assigned sustainability related scores based on their activities and ESG credentials.

The Investment Manager utilises the ESG data from Sustainalytics to monitor the E/S characteristics of the Fund. The agreed environmental and social indicators used to measure the attainment of the characteristics promoted by the product are independently monitored by The Investment Managers Investment Risk team at a Fund level.

The E/S characteristics of the Fund are reported periodically by the Investment Risk team to the managers Responsible Investing Governance Committee and the Investment managers. Exceptions are highlighted and addressed where appropriate.

Methodologies for environmental or social characteristics

The extent to which environmental and social characteristics promoted by the Fund are met, these are measured using a series of aggregated metrics using data from our third party data provider Sustainalytics.

For Equity and Corporate Fixed Income funds aligned with E/S characteristics (Article 8 funds), ESG data is provided for the underlying holdings with each security having a series of ESG indicators. The indicators used to measure the promotion of the E/S characteristics of the Fund are carbon intensity, fossil fuel Involvement and ESG Risk score.

A weighted average score of the underlying holdings is calculated for each of the E/S characteristics promoted by the Fund. The weighted average scores are used to demonstrate how environmental and social characteristics promoted by the Fund are met.

Data sources and processing

The Investment Manager, obtains the data and evaluates each of the E/S characteristic promoted from our chosen ESG data provider, Sustainalytics (<https://www.sustainalytics.com>). Sustainalytics is a market leader in the provision of ESG data.

Sustainalytics provide ESG data on the environmental and social characteristics promoted by the Fund. For assets classes where such data is available, i.e. funds with direct corporate exposures, ESG data is sourced from Sustainalytics for the individual company holdings of the Fund for each of the metrics which monitor the environmental and social characteristics. The Investment Manager as Fund manager of the Fund, monitor the quality of data received and companies which have environmental/social scores that are judged to be outliers within the Fund are reviewed against other third-party data providers and if necessary, queried with Sustainalytics.

ESG data and methodologies are currently not fully developed or available for government bonds or cash and hence environmental or social characteristics cannot currently be promoted. Additionally, ESG metrics are currently not calculated for externally managed funds due to the lack of available data. Data for unlisted property assets are also not incorporated into the aggregated scores for the product due to the nature of listed property assets. Once methodologies are developed and appropriate data becomes available for the asset classes mentioned above, these asset classes will be considered for inclusion in the calculation.

For listed equity and corporate bonds, each metric to assess the impact of the environmental and social characteristic promoted by the Fund is calculated for each individual security using a weighted average of the Sustainalytics data score for the individual metrics, and these are then aggregated to determine the overall product score.

A formulaic expression of the calculation is below:

Individual company score = Weight of security in portfolio * Sustainalytics score for the individual sustainable metric

Fund score for sustainable metric = Sum of individual company scores held in the Fund

The overall Fund E/S scores relates to listed equity and corporate bonds only, due to data and methodology issues with other asset classes.

ESG data and metrics attributed to the environmental and social characteristics promoted by the Fund will contain estimated data due to a lack of public disclosure by individual companies. As the requirements to report ESG data differ between jurisdictions, and as many companies are only starting to produce ESG measurements themselves, a significant portion of the data is estimated by our ESG data provider Sustainalytics. Gaps in corporate disclosure are partially filled with the help of Sustainalytics' estimation models (e.g. targeting GHG emissions) to provide a fuller picture of the portfolio's impacts. Disclosure of ESG data is improving over time with more companies publicly disclosing ESG related data.

Limitations to methodologies and data

As mentioned, there are limitations regarding both methodologies and data. For some equities ESG data is unavailable due to the lack of publicly disclosed information. In these instances estimated ESG data is used.

Gaps in corporate disclosure are partly filled with the help of Sustainalytics' estimation models (e.g. targeting GHG emissions) to provide a more complete picture of the portfolio's impacts. For equities where ESG data is not directly available, these are not included in the calculation. Disclosure of ESG data is improving year and year with more companies publicly disclosing data to support the environmental and social characteristics promoted by the Fund.

Due Diligence

The Investment Manager utilises independent third-party ESG data to take into account sustainability factors including a number of PAI indicators. The Investment Manager integrates the ESG data into the investment decision making process to reduce the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Using ESG data from our third-party provider, The Investment Manager excludes investee companies in breach of international principles such as:

- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
- The International Bill of Human Rights

When assessing the environmental and social characteristics of the underlying assets of the financial products, The Investment Manager incorporates ESG data into the investment decision making process. For Article 8 designated funds, this includes assessing the underlying securities from an environmental and social characteristics viewpoint to ensure E/S characteristics are promoted by the product. The E/S characteristics promoted by Article 8 funds are monitored to assess if these E/S characteristics have been attained.

Engagement Policies

The Fund engages in active ownership and actively engages with companies to improve their environmental and sustainable characteristics. Additionally, the Fund uses its voting power to promote environmental and sustainable characteristics. The Fund manager, has an active ownership programme, which The Investment Manager enacts on behalf of the Fund.

The active ownership programme focuses on core ESG themes, which can be categorised under two mega themes: decarbonisation and a trend to a more stakeholder centric business model concentrating on four priority thematic areas: climate change, natural capital, human rights and corporate governance.

The Investment Managers new bespoke voting guidelines promote environmental and social characteristics through two mechanisms:

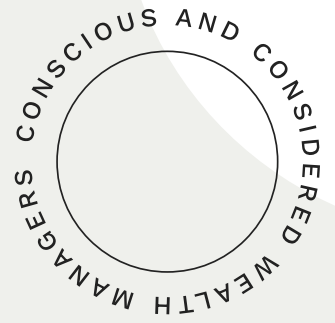
- Shareholder proposal support: The Investment Managers progressive voting policy is aligned with The Investment Managers four priority thematic areas, we support well-constructed ESG shareholder proposals across the environmental and social characteristics the Fund promotes.
- Voting action against directors: The Investment Manager's bespoke guidelines vote against directors on companies with low gender & ethnic board diversity, companies without independent leadership and companies underperforming on climate oversight, strategy and action.

In addition, our voting guidelines integrate direct voting action against companies on non-discretionary portfolios that would fall under The Investment Managers Exclusion Policy, including companies with UN Global Compact breaches, severe controversies, controversial weapon exposure, production/generation of highly polluting fossil fuels (thermal coal, oil sands, arctic oil) among others. This is further strengthened by The Investment Managers bespoke policy incorporating voting action against unresponsive companies that The Investment Managers are engaging with on a variety of environmental and social topics.

The Investment Manager also tackles many specific environmental and social characteristics through engagement activities, either directly with companies or collaboratively with other investors. Engagement topics include transition climate risks, physical climate risks, biodiversity, water, waste, human-rights, supply-chain labour standards, modern slavery, anti-discrimination, anti-corruption and ESG risk.

Designated Reference Benchmark

The Fund follows a multi-asset strategy and does not have a Reference Benchmark. Reference Benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



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