

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Alquity Africa Fund

Legal entity identifier:
5493007MOUB6W5G8T620

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☐ It will make a minimum of **sustainable investments with an environmental objective**: ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: ____%

☒ ☐ ☒ **No**

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The sub-fund has the following E/S characteristics:

1. The fund promotes certain minimal environmental and social standards and therefore applies exclusion criteria using its Red Flags approach, which includes both sectors and business practices that Alquity believes are detrimental to society and incompatible with sustainable investment strategies. These are detailed below:

Exclusions

We exclude companies with 5% of its revenue or profits attributed to the production or distribution of:

— Tobacco

- Alcohol (including beer)
- Narcotics
- Nuclear power
- Adult entertainment
- Fur trade
- Armaments
- Gambling
- Gas/oil exploration and production
- Coal mining
- Hydrogen power (unless green hydrogen)

Suppliers, lenders and retailers of these companies or products are not excluded providing these sectors are non-core to the overall business purpose and represent a minority of their revenue.

Environmental Red Flags

- a) No disclosure on water usage/conservation levels for significant users (e.g. beverages)
- b) High risk industry company not publicly providing emissions data or when requested
- c) Ongoing business controversies and unresolved scandals
- d) Commercial fishing, unless demonstrably sustainable (MSC certification is not sufficient in itself)
- e) Palm oil cultivation, unless demonstrably sustainable e.g. with regard to zero deforestation and regard to biodiversity (RSPO certification is not sufficient in itself)

Social Red Flags

- a) High risk industry company without a Health & Safety policy
- b) Zero tolerance for “controversial weapons”
- c) Ongoing business controversies and unresolved scandals
- d) Non-pharma animal testing, unless it is required by law and regardless must be a
- e) substantial minority (<20%) of overall sales
- f) Fast fashion, where a majority of revenue is derived from the retail of cheap, low-quality, and effectively disposable clothing which encourages unsustainable and excessive consumption

Governance Red Flags

- a) No independently audited accounts
- b) Company doesn't meet investors or arrange regular open-access calls
- c) Company refusing to provide identity of majority shareholders
- d) Ongoing business controversies and unresolved scandals

2. *The sub-fund promotes internationally accepted principles set by the UN PRI (Principles for Responsible Investing), and applies proxy voting in line with Alquity's Principles of Governance.*

3. *The sub-fund thoroughly assesses the Environmental, Social and Governance risk profile of companies using its own proprietary methodology and excludes any companies that fail to meet the minimum standards set out in this methodology.*
4. *10% of the revenue generated from fund fees are donated to positive environmental and social projects that deliver direct impact in the regions where the sub-fund's investee companies operate.*

The sub-fund's environmental and social characteristics are referenced against the index, which is a 50/50 blend of the broad South African index and the EFM Africa ex ZA. This represents the investment universe for the Fund, and is not consistent with the E/S characteristics promoted by the sub-fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sub-fund has the following sustainability indicators:

The fund reports the cumulative donations generated by investments into the fund (in US\$) and the direct impact the projects this funding supports has delivered in lives transformed (both directly and indirectly). These indicators are defined as follows:

Direct Lives Transformed: We define a "life transformed: as one where the intervention has made a significant, tangible and lasting improvement in the life and future prospects for that individual". This is defined with specific metrics for each project. For large projects, we expect representative sample data to enable us to confidently state the number of lives transformed.

Indirect Lives Impacted: We define a "life impacted" as one where the intervention has directly or indirectly improved the life or future prospects for that individual. We will define this for each project along with metrics already provided by the charity partner.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

N/A

- — *How have the indicators for adverse impacts on sustainability factors been taken into account?*
- — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

X

No. We have an entity level perspective and due to the lack of reliable data or credible estimation, PAI are not taken into account. We apply our overall ESG analysis but do not target specific PAIs.

Principal adverse impacts are 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.



What investment strategy does this financial product follow?

Investment will be made in companies that will benefit from the long-term growth opportunities in the African continent, which includes investing in small, mid-cap and large-cap companies where the Investment Manager identifies unrecognized investment opportunities.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The E/S characteristics are implemented on a continuous basis as part of the investment process and include:

1. **Exclusionary criteria “Red Flags”.** ESG analysis is a critical component of Alquity’s investment process. There are certain practices we believe are inconsistent with long-term financial returns and an overall positive societal impact. We have identified 16 red flags, which are standards expected from every company we invest in: and we will not consider any company that fails one or more of these criteria. These are described in full earlier in this disclosure.
2. **Proprietary ESG ratings methodology.** Our ESG analysis is holistic and exhaustive with equal importance placed on each aspect. In other words, we will not over-ride poor social or governance standards, just because a company places a heavy focus on environmental issues alone. Ultimately, we are concerned with material ESG issues and the analysis must provide us with sufficient comfort on all of these before an A-C rating is achieved.

We review behaviours and practices across the firm in the context of global or regional best practice. As a discipline, and for comparability, we then assign a rating to each institution,

which captures risk and the quality of management judgement and decision making. Only those companies rated C or better can be included in the portfolio. To be clear, this means that we will only invest in firms where there is satisfactory quality and alignment of management. Moreover, we are interested not only in the absolute standard of “ESG quality”, but also the ability of a firm to improve its judgement, communication and efficiency over time. Investors should not, therefore, expect our portfolios to have any bias between A, B and C rated companies.

Investing across Emerging and Frontier markets presents multiple challenges as the economic, social, political and regulatory environments can differ significantly between countries. We take this into account in our ratings by focusing our ratings on relative ESG performance to peers. For high-risk industries, we believe that to get an A rating, the company must display global best practice whereas for low-risk industries we seek regional best practice. This ensures we manage the ESG risks appropriately whilst remaining pragmatic about the circumstances for each company. ESG analysis is undertaken through a combination of desk-based research, meetings with management, site visits, and industry research. The definitions for each of our ratings are as follows:

A Rating

High risk industry demonstrating global best practice performance in ESG
Lower risk industry demonstrating regional best practice in ESG

B Rating

High risk industry demonstrating regional best practice in ESG
Lower risk industry with satisfactory ESG performance better than regional peers; or in-line with regional peers but with a demonstrable intention to improve on material KPIs

C Rating

High risk industry with satisfactory ESG performance, in line with regional peers, but demonstrating a meaningful commitment to improve on material KPIs
Lower risk industry with satisfactory ESG performance in-line with or better than regional peers, but with no demonstrable intention to improve on material KPIs

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of investments prior to application of investment process.

● ***What is the policy to assess good governance practices of the investee companies?***

Alquity’s proprietary ESG ratings methodology includes a detailed assessment of governance practices in investee companies including, but not limited to board independence and diversity, auditor independence, historical controversies, management character and policies including equal opportunities and remuneration. Further progress on good governance is supported through engagement and voting.

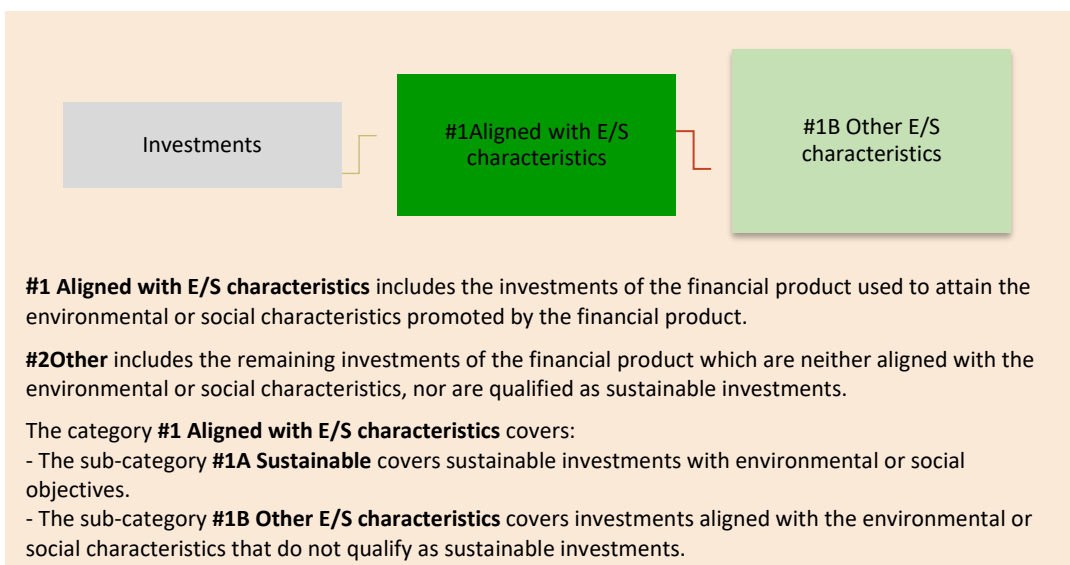
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

100% of investments in the sub-fund must pass the Red Flags exclusionary criteria and be rated between A-C using Alquity's proprietary ESG Rating methodology and are therefore aligned with the environmental and social characteristics promoted.

Asset allocation describes the share of investments in specific assets.



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The sub-fund does not make use of derivatives.



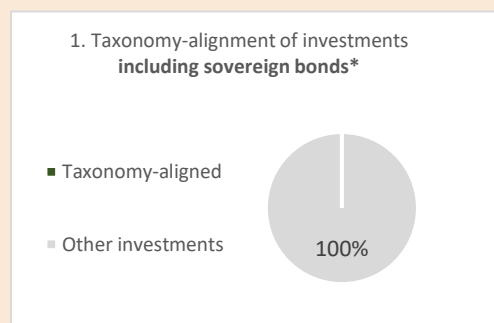
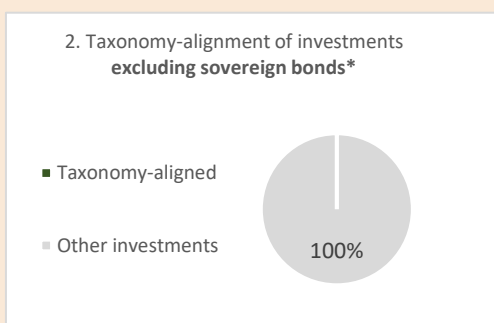
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

No minimum / zero.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **What is the minimum share of investments in transitional and enabling activities?**

No minimum share.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

No minimum share.



- **What is the minimum share of socially sustainable investments?**

No minimum share.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

N/A

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The reference index is a combination of two market indexes, which represent the investment universe, and is not consistent with the E/S characteristics promoted by the sub-fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- **Where can the methodology used for the calculation of the designated index be found?**

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

More details on the sub-fund can be found at www.alquity.com.

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Alquity Global Impact Fund

Legal entity identifier: 549300E191K0P3W31N02

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Does this financial product have a sustainable investment objective?



Yes



No

X

It will make a minimum of **sustainable investments with an environmental objective**: 35%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of % of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective

X

It will make a minimum of **sustainable investments with a social objective**: 35%



It promotes E/S characteristics, but **will not make any sustainable investments**



What is the sustainable investment objective of this financial product?

Alquity Investments is a socially responsible investments manager, combining ESG investing with a social impact business model. With UCITS funds spanning global emerging and frontier markets, Alquity launched the Global Impact Fund in 2021, focusing on both ESG investing and sustainability for global developed and emerging markets.

The Global Impact Fund delivers sustainability in three ways:

1. A quantitative approach targeting explicitly the portfolio's environmental and social footprint with high ESG quality companies to be significantly better than peers and the relevant benchmark.

2. The Investment Manager invests 10% of the revenue generated from management fees into positive environmental and social projects that deliver direct impact in the regions where the sub-fund's investee companies operate through the UK foundation, Transforming Lives.

The sub-fund's approach gives it scope to target these United Nations Sustainable Development Goals (UN SDG's):

SDG 2	Zero Hunger
SDG 3	Good health and well being
SDG 4	Quality Education
SDG 6	Clean Water and Sanitation
SDG 7	Affordable and Clean Energy
SDG 8	Decent work and economic growth
SDG 10	Reduced Inequalities
SDG 11	Sustainable Cities and Communities
SDG 12	Responsible Consumption and Production
SDG 13	Climate Action
SDG 15	Life on land

The sub-fund's approach follows three principles: 1) Robust Sustainability Screening, Assessment of high risk industries, Use of third-party verified data and assessment of controversies for both Developed Market and Emerging Market stocks; 2) Assessment of Environmental and social impact; 3) Alignment of revenues to UN SDGs.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The sub-fund uses a number of measures/indicators to assess whether companies have a sustainable investment objective. Our framework consists of the following steps:

1. We capture third-party verified methodologies that align a company's revenues to a sustainability theme and category of involvement (such as Sustainalytics). If a company is not included in the third-party universe of sustainable companies, we may independently analyse and assess the percentage of revenue by sources (available from a data provider such as Bloomberg) for sustainability themes and categories of involvement.
2. Each of these themes and categories are then mapped to one or more UN SDGs.
3. A company may derive its revenues across multiple sustainability themes and categories of involvement, and the percentage of revenues is aggregated across these multiple themes and categories.
4. The sub-fund is committed to make 100% sustainable investments as defined in accordance with Alquity Investment Policy and Process

The sustainability themes and categories used to identify a company's percentage of sustainable revenues are described below. Please note that different methodologies are applied for Developed Market and Emerging Market companies:

1. Sustainability Theme: Affordable Housing
 - Categories of Involvement: Affordable Housing Development, Affordable Housing Management
 - Relevant Sectors: Real Estate, Construction & Engineering
 - Relevant UN SDGs: 10, 11
2. Sustainability Theme: Education
 - Categories of Involvement: Education Services, Educational Technology and Materials, Educational Facilities
 - Relevant Sectors: Consumer Services, Information Technology, Construction & Engineering, Consumer Discretionary, Commercial Services, Media, Retailing, Software & Services, Healthcare, Real Estate, Industrials
 - Relevant UN SDG: 4
3. Sustainability Theme: Energy Efficiency
 - Categories of Involvement: Energy Efficiency Distribution and Management, Energy Efficiency Materials, Energy Efficiency Industrial Systems and Processes, Energy Efficiency Products
 - Relevant Sectors: Utilities, Industries, Information Technology, Materials, Energy
 - Relevant UN SDGs: 7, 11, 12, 13, 15
4. Sustainability Theme: Financial Inclusion
 - Categories of Involvement: Loans and Finance Products for Small and Medium Sized Enterprises, Microcredit, Other Microfinance Products
 - Relevant Sectors: Banks, Diversified Financials, Insurance, Telecommunications
 - Relevant UN SDGs: 8, 10
5. Sustainability Theme: Green Buildings
 - Categories of Involvement: Green Building Development, Green Building Management, Green Building Technologies and Materials
 - Relevant Sectors: Real Estate, Construction & Engineering, Industrials, Information Technology, Materials
 - Relevant UN SDGs: 7, 11, 12, 13, 15
6. Sustainability Theme: Green Transportation
 - Categories of Involvement: Green Transportation Vehicles, Green Transportation Technologies/Equipment, Management, Green Transportation Services, Green Transportation Infrastructure
 - Relevant Sectors: Construction & Engineering, Consumer Discretionary, Electrical Equipment, Industrials, Information Technology, Machinery, Metals and Mining, Semiconductors, Transportation, Transportation Infrastructure
 - Relevant UN SDGs: 7, 11, 12, 13, 15

7. Sustainability Theme: Health and Wellbeing

- Categories of Involvement: Medicines and Drugs Production, Specialised Technology for Medicines and Drugs, Sanitation Products
- Relevant Sectors: Personal Products, Healthcare, Machinery, Technology Hardware
- Relevant UN SDGs: 3, 6, 10

8. Sustainability Theme: Pollution Prevention & Reduction

- Categories of Involvement: Materials, Technologies & Services, Treatment & Remediation Services
- Relevant Sectors: Utilities, Industrials, Information Technology, Materials, Energy
- Relevant UN SDGs: 7, 11, 12, 13, 15

9. Sustainability Theme: Renewable Energy

- Categories of Involvement: Renewable Energy Generation, Supporting Products/Services
- Relevant Sectors: Utilities, Industries, Financials, Materials, Consumer Discretionary, Consumer Staples, Energy, Information Technology, Real Estate, Telecommunication Services
- Relevant UN SDGs: 7, 11, 12, 13, 15

10. Sustainability Theme: Resource Efficiency

- Categories of Involvement: Technologies & Services for Resource Efficiency in Industrial Processes, Technologies & Services for Recycling and/or Resource Recovery
- Relevant Sectors: Auto Components, Materials, Industrials
- Relevant UN SDGs: 7, 11, 12, 13, 15

11. Sustainability Theme: Sustainable Agriculture, Food and Forestry

- Categories of Involvement: Sustainable Agriculture, Products & Services for Sustainable Agriculture, Sustainable Food Manufacturing, Sustainable Food Retail, Sustainable Forest Management
- Relevant Sectors: Food Products, Food Retailers, Consumer Goods, Agricultural and Farm Machinery, Chemicals, Forestry & Paper
- Relevant UN SDGs: 2, 12

12. Sustainability Theme: Nutrition, Food Access and Affordability

- Categories of Involvement: Affordable Food, Food Access, Nutritious Products
- Relevant Sectors: Food Products, Food Retailers, Consumer Goods, Agricultural and Farm Machinery
- Relevant UN SDGs: 2, 12

13. Sustainability Theme: Water

- Categories of Involvement: Water Infrastructure, Water Utilities, Water Technologies and Equipment, Water Adaptation and Watershed Management
- Relevant Sectors Utilities, Industrials, Information Technology, Materials, Energy
- Relevant UN SDGs: 6, 11, 12, 13

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

Alquity's DNSH assessment is based on Bloomberg Sustainable Finance Solution (SFS) Methodology for Do No Significant harm (DNSH) criteria. DNSH covers qualitative, quantitative and process-based criteria. The DNSH requirement asks companies to comprehensively assess the direct environmental impact of their activities under the criteria defined by the EU Taxonomy. While we, as active investors, gain a better understanding of how and to what extent investments substantially contribute to an environmental objective, we must ensure that these investments avoid significantly harming any of the sustainable investment objectives defined in article 2 (17) of SFDR. Different methods are applied to assess DNSH in Developed and Emerging Markets.

The technical screening criteria for DNSH to each objective are represented by Bloomberg 'data fields'. Each data field is aligned with the DNSH screening criteria for the relevant environmental objective and comprises a qualitative or quantitative threshold value and measurement unit or metric. Approximately 145 DNSH data fields are used: 35 DNSH Level 1 data fields and 110 DNSH Level 2 data fields.

- Level 1 data set is governance-related, entity-level information or policies that a company would be expected to publicly disclose in alignment with the context of DNSH to each environmental objective. DNSH level 1 data fields may apply to all our positions, not just the EU Taxonomy eligible portion of it.
- Level 2 data set evaluates more detailed sector-specific application of DNSH requirements and criteria to each of the six environmental objectives, as relevant to the economic activity. DNSH Level 2 tests are activity specific and thus only apply to companies which operate in eligible activities covered by the relevant delegated acts, with tests mapped to match the activity level technical screening criterion of the EU Taxonomy Regulation to the extent feasible.

There is no aggregation of data between DNSH Level 1 and Level 2 estimated data fields, therefore the pass rate is calculated separately for each Level.

Level 1 disclosure tolerance is 20% for each of the six environmental objectives. Level 2 disclosure tolerance is 20% for each of the six environmental objectives.

A company must pass both levels 1 and 2 to be considered to be doing no significant harm.

— — **How have the indicators for adverse impacts on sustainability factors been taken into account?**

The data used by the Global Impact Fund to establish DNSH tolerances utilise PAI data to determine the company scores. See above for further detail.

— — **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

Alquity's ESG analysis includes a detailed assessment of corporate practices in investee companies related to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. These include, but are not limited to, practices and policies related to bribery and corruption, political involvement, discrimination and equality, human rights, health and safety, data privacy, intellectual property and equitable pricing. Further scrutiny on controversies related to these corporate practices as part of our investment principles ensure the alignment of our sustainable investments to these guidelines and principles.



Does this financial product consider principal adverse impacts on sustainability factors?

X

Yes.

The Global Impact Fund utilises PAI data from Bloomberg Sustainable Finance Solution (SFS) and then assesses the principle adverse impacts of company's activity. Our analysis assesses the incidences and impact that each PAI factor has relative to its peers, as well as relative to our minimum tolerance. A quantitative analytical method to assessing the principle adverse impacts (PAI), using our proprietary weighting and selection approach. This is applied across 42 factors: GHG Reduction Programme, Scope of GHG Reporting, Carbon Intensity Trend, Carbon Intensity, Water Intensity Trend, Water Intensity, Water Policy, Waste Reduction Policy, Net Zero Target, Climate Change Policy, Biodiversity Policy, Corporate Governance, Board/Management Quality & Integrity, Board Structure Ownership & Shareholder Rights, Remuneration, Audit & Financial Reporting, Stakeholder Governance, Bribery & Corruption Policy, Bribery & Corruption Programmes, Whistleblower Programmes, Business Ethics Programme, Independent Directors, Lobbying and Political Expenses, Political Involvement Policy, Animal Testing Policy, Animal Testing Programme, Discrimination Policy Diversity Programmes, Equal Opportunity Policy, Fair Remuneration Policy, Gender Pay Equality Programme, Gender Pay Disclosure, Gender Pay Gap Breakout, Human Capital Development, Employee Training, Employee Turnover Rate, Training Policy, Human Rights Policy, Human Rights Policy B, Employee Fatalities, Health and Safety Management System, Health and Safety Policy, Policy Against Child Labor, Data Privacy Programme, Cybersecurity Programme, Access to Medicine Programme, Neglected Diseases R&D, Equitable Pricing and Availability, Intellectual Property Access.

We assess each company based on the metrics relating to each of these factors. A strength score ranging from 100 (strongest) to 0 (weakest) is applied to each company. Each company is then ranked within each sub industry to assess PAI severity.

Principal adverse impacts are 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.

No



What investment strategy does this financial product follow?

The sub-fund investment strategy is to own liquid equity securities in global public markets that combine very high ESG and sustainability quality, alongside a robust risk framework that reduces volatility compared to peers. The sub-fund delivers its sustainability objective in three ways :

1. Our quantitative approach explicitly targets the portfolio's environmental and social footprint with high ESG quality companies to be significantly better than peers and the relevant benchmark.
2. The sub-fund has an objective to invest 20% of the portfolio into companies that derive at least 50% of their revenues from sustainable products. In order to make a sustainability assessment, a company must derive at least 5% of their revenues with sustainable products or activities that offer environmental and social benefits and/or reduce the impact of business activity or consumption.
3. The Investment Manager invests 10% of the revenue generated from management fees into positive environmental and social projects that deliver direct impact in the regions where the sub-fund's investee companies operate through our UK foundation, Transforming Lives.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

I General Principles

The following principles are applied in screening the investible sustainable universe and in constructing a sustainable portfolio.

1. **Exclusions:** Companies with products that belong to industries with significant negative impact, such as alcohol, tobacco, gambling, adult entertainment, fast fashion, soft drinks, fossil fuels, and armaments are excluded. Sub-industries that are significantly high GHG emitters and use significant amounts of fossil-fuels, such as cement and non-renewable energy utilities are also excluded. This allows the sub-fund to allocate capital to more sustainable products and services, such as building products with lower GHG emissions and renewable energy utilities.
2. **High risk industries:** Companies that are involved in sectors with high GHG emissions (such as livestock farming, aviation and shipping) are treated as "high risk" industries and are only included if their ESG standards are considered best-in-class.
3. **Third-party data verification:** We do not estimate our own data and instead utilise third-party verified data (such as Sustainalytics/Bloomberg proprietary data and

MSCI public data) to assess a company's environmental and social footprint, and its revenues aligned towards the target SDGs. If we do not have company data to measure key metrics, it is either excluded or the lowest value is assigned (for example, we assume zero percentage of women on board if a company does not report this or exclude a company without GHG emissions information).

4. Controversies: Using our own assessment as well as those from a third-party (such as Sustainalytics), a company involved in significant controversial events is considered uninvestible.
5. The sub-fund is committed to make 100% sustainable investments as defined in accordance with Alquity Investment Policy and Process

II Environmental and Social Footprint

We track how our strategy performs on relevant key impact metrics across environmental, social and governance factors that contribute towards the UN SDGs. Our impact measurement process consists of 9 key metrics:

Key Metric	Definition	Target
Carbon Intensity	Sum of Scope 1 and 2 GHG emissions per unit of revenue (metric tons CO ₂ emissions/million USD)	Portfolio weighted average is less than 50% of the index
Water Stress	Volume of water withdrawal per unit of revenue (m ³ /million USD)	Portfolio weighted average is less than 50% of the index
Waste generation	Waste generated, both hazardous and non-hazardous, per unit of revenue (metric tons/million USD)	Portfolio weighted average is less than 50% of the index
Women on Board	Percentage of women on boards. If there are no data available, we assume zero.	Portfolio simple average and weighted average is at least 30%
Women in Senior Management	Percentage of women in the top management positions. If there are no data available, we assume zero.	Portfolio weighted average is higher than the index
Board Independence	Percentage of independent directors. If there are no data available, we assume zero.	Portfolio weighted average is higher than the index
Waste Policy	Whether the company has implemented any initiatives to reduce the waste generated during the course of its operations. If there are no data available, we assume the company has not implemented any initiatives.	Portfolio percentage is higher than the index
Environmental Solutions	Whether a company has revenues from products or services that contribute towards environmental solutions. This includes	Portfolio percentage is higher than the index

III Alignment of Revenues to the UN SDG's

We have a robust approach to determining the alignment of a company's revenues to the UN SDG's. Our framework consists of the following steps:

- 1 Third-party verified methodologies that align a company's revenues to a sustainability theme and category of involvement (such as Sustainalytics) are captured. If a company is not included in the third-party universe of sustainable companies, we may independently analyse and assess the percentage of revenue by sources (available from a data provider such as Bloomberg) for sustainability themes and categories of involvement.

- 2 Each of these themes and categories are then mapped to one or more UN SDG's.
- 3 A company may derive its revenues across multiple sustainability themes and categories of involvement, and the percentage of revenues is aggregated across these multiple themes and categories.
- 4 At least 20% of the sub-fund is allocated to companies with at least 50% of their revenues derived from sustainable products or activities.
- 5 A company can be considered a sustainable investment if the aggregate percentage of revenues derived from sustainable products or activities is at least 5%.

Good governance
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

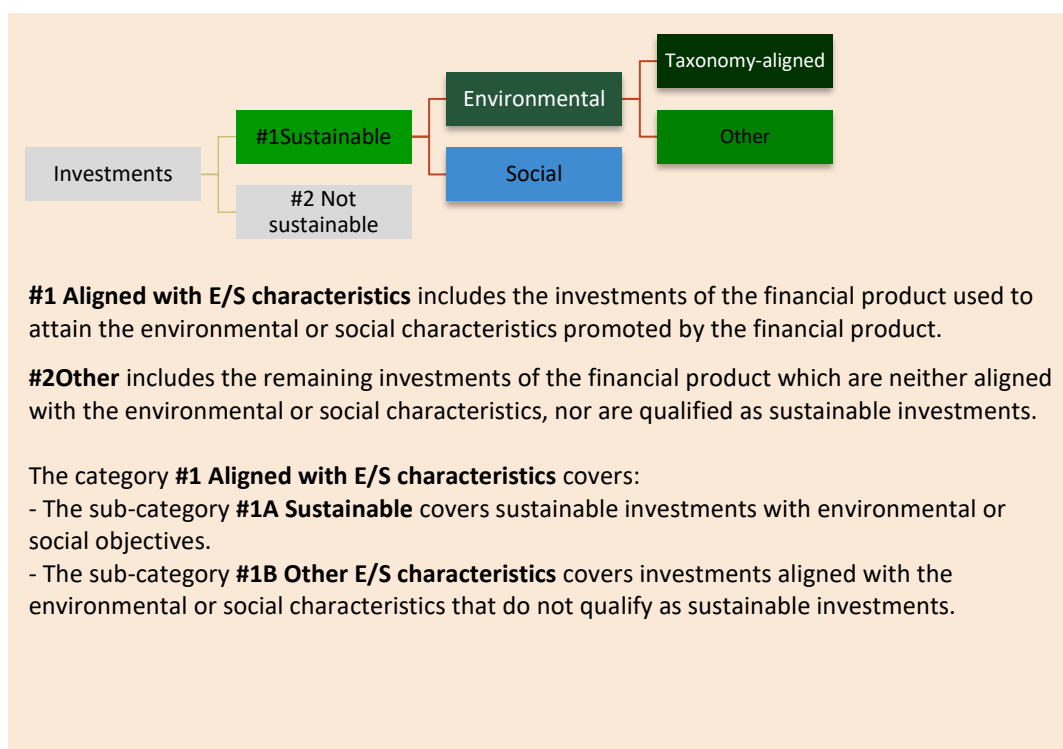
● ***What is the policy to assess good governance practices of the investee companies?***

Alquity's ESG analysis includes a detailed assessment of governance practices in investee companies including, but not limited to board independence and diversity, auditor independence, historical controversies, and policies including equal opportunities and remuneration. Further progress on good governance is supported through the tracking of Key Progress Indicators and voting using the Alquity Principles of Governance.

What is the asset allocation and the minimum share of sustainable investments?

The sub-fund primarily allocates to listed global equity instruments. The sub-fund invests 100% of its assets in companies that are sustainable investments as defined by Alquity's investment process.

Asset allocation
describes the share of investments in specific assets.



● **How does the use of derivatives attain the sustainable investment objective?**

The sub-fund does not use derivative financial instruments to attain sustainable investment objectives.

Taxonomy-aligned activities are expressed as a share of:

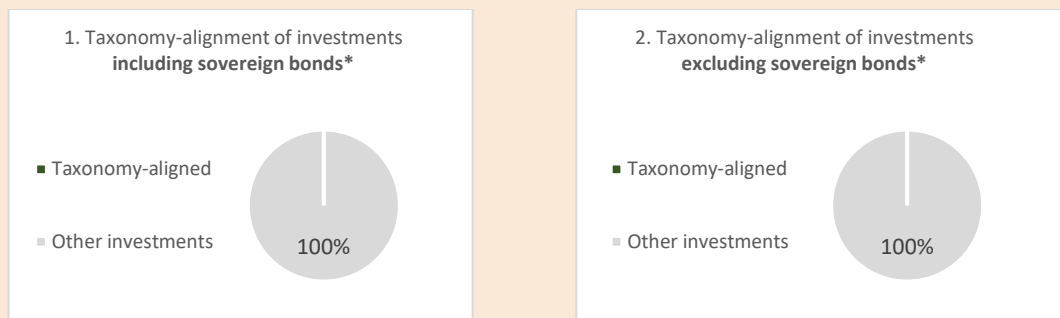
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The sustainable investments made in the sub-fund do not at present make any commitments to align to the EU taxonomy (0%). This is because the EU taxonomy definitions are too narrow for a strategy that invests in liquid global stocks. Rather, the environmental and social objectives of the strategy are achieved by using Alquity's investment process, which uses our proprietary methodology. However, over time we believe that one or more of the EU taxonomy objectives may be met as public companies increasingly commit to environmental objectives.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

● **What is the minimum share of investments in transitional and enabling activities?**

The sub-fund does not have within its investment objective a minimum threshold of transitional and enabling activities. Rather, the sub-fund focuses on the assessing the sustainability criteria of each company we consider. In many cases, investments we consider to be sustainable may also have enabling and transitional activities.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Global Impact Fund does not apply a minimum of sustainable investments which do not align with the EU taxonomy.



What is the minimum share of sustainable investments with a social objective?

The sub-fund will invest a minimum of 35% of its sustainable investments in those companies with a social objective. However, the portfolio will likely hold social investments in excess of this number.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The sub-fund will only consider investments that qualify as sustainable within its investment process.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

The sub-fund does not use a reference benchmark to meet its sustainable investment objectives.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.Alquity.com

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Alquity Asia Fund

Legal entity identifier:
5493007MOUB6W5G8T620

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective**: ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective**: ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The sub-fund has the following E/S characteristics:

1. The fund promotes certain minimal environmental and social standards and therefore applies exclusion criteria using its Red Flags approach, which includes both sectors and business practices that Alquity believes are detrimental to society and incompatible with sustainable investment strategies. These are detailed below:

Exclusions

We exclude companies with 5% of its revenue or profits attributed to the production or distribution of:

- Tobacco
- Alcohol (including beer)
- Narcotics
- Nuclear power
- Adult entertainment
- Fur trade
- Armaments
- Gambling
- Gas/oil exploration and production
- Coal mining
- Hydrogen power (unless green hydrogen)

Suppliers, lenders and retailers of these companies or products are not excluded providing these sectors are non-core to the overall business purpose and represent a minority of their revenue.

Environmental Red Flags

- a) No disclosure on water usage/conservation levels for significant users (e.g. beverages)
- b) High risk industry company not publicly providing emissions data or when requested
- c) Ongoing business controversies and unresolved scandals
- d) Commercial fishing, unless demonstrably sustainable (MSC certification is not sufficient in itself)
- e) Palm oil cultivation, unless demonstrably sustainable e.g. with regard to zero deforestation and regard to biodiversity (RSPO certification is not sufficient in itself)

Social Red Flags

- a) High risk industry company without a Health & Safety policy
- b) Zero tolerance for “controversial weapons”
- c) Ongoing business controversies and unresolved scandals
- d) Non-pharma animal testing, unless it is required by law and regardless must be a
- e) substantial minority (<20%) of overall sales
- f) Fast fashion, where a majority of revenue is derived from the retail of cheap, low-quality, and effectively disposable clothing which encourages unsustainable and excessive consumption

Governance Red Flags

- a) No independently audited accounts
- b) Company doesn't meet investors or arrange regular open-access calls
- c) Company refusing to provide identity of majority shareholders
- d) Ongoing business controversies and unresolved scandals

2. The sub-fund promotes internationally accepted principles set by the UN PRI (Principles for Responsible Investing), and applies proxy voting in line with Alquity's Principles of Governance.
3. The sub-fund thoroughly assesses the Environmental, Social and Governance risk profile of companies using its own proprietary methodology and excludes any companies that fail to meet the minimum standards set out in this methodology. Full details of this methodology are provided later in this product disclosure.
4. 10% of the revenue generated from fund fees are donated to positive environmental and social projects that deliver direct impact in the regions where the sub-fund's investee companies operate.

The sub-fund's environmental and social characteristics are referenced against the Asia ex Japan Index. This is a general market index, representing the investment universe, and is not consistent with the E/S characteristics promoted by the sub-fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The fund has the following sustainability indicators:

1. The fund specifically targets a lower Scope 1 and 2 GHG emissions intensity (CO2 tonnes/\$m invested) and Water Intensity (tonnes/\$m invested) than the reference index.
2. The % of holdings that disclose critical environmental and social data. These are detailed in Key Progress Indicators developed using the principles enshrined in the UN Global Compact which show how the fund's engagement activity has supported increased environmental and social transparency within investee companies. The Key Progress indicators being tracked are:

Environmental

- a) Emissions and/or climate impact disclosure
- b) Water usage and mitigation efforts disclosure
- c) Production of waste material disclosure
- d) Disclosure of environmental impact reduction plan over a defined period
- e) Prevention of biodiversity loss actively considered in the strategic plan
- f) Reporting in line with TCFD recommendations

Social

- a) Health & Safety policy
- b) Equal Opportunities Policy
- c) Staff training policy in place
- d) Staff turnover data disclosure
- e) 'Lost Time Injury' rates available
- f) Gender diversity policy at senior management and board level

Governance

- a) Whistleblowing policy available to all employees
- b) Percentage of independent directors on the board \geq than the free floating share percentage of the holding
- c) Management remuneration packages disclosure

The fund reports the cumulative donations generated by investments into the fund (in US\$) and the direct impact the projects this funding supports has delivered in lives transformed (both directly and indirectly). These indicators are defined as follows:

1. **Direct Lives Transformed:** We define a "life transformed: as one where the intervention has made a significant, tangible and lasting improvement in the life and future prospects for that individual". This is defined with specific metrics for each project. For large projects, we expect representative sample data to enable us to confidently state the number of lives transformed.
2. **Indirect Lives Impacted:** We define a "life impacted" as one where the intervention has directly or indirectly improved the life or future prospects for that individual. We will define this for each project along with metrics already provided by the charity partner.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

- How have the indicators for adverse impacts on sustainability factors been taken into account?
- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are 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.

X

Yes, the sub-fund considers principal adverse impacts on sustainability factors. Environmental

The fund has established a target to reduce the GHG emissions intensity by 60% (from the 2019 base year) by 2030. This target was set using Paris Aligned Investment Initiative Net Zero Investment Framework to align the fund’s emissions intensity reduction target with IPCC special report on global warming of 1.5°C. The disclosure of GHG emissions intensity is a specific Key Progress Indicator (KPI) for our engagement activity and we target for 100% of holdings to disclose this. We have also set the production of a defined plan for reduction of environmental impact as a KPI, once GHG emissions intensity data has been disclosed.

The fund targets to ensure that at all times the water usage intensity of the portfolio is lower than the relevant index and where this data is currently not disclosed, engages with the fund holdings to provide this information. The disclosure of water usage intensity is a specific Key Progress Indicator for our engagement activity and we target for 100% of holdings to disclose this.

Additionally the fund has established KPIs for the following environmental principal adverse impacts:

1. Waste production disclosure

2. Prevention of biodiversity loss incorporated into strategic planning
3. Reporting produced in accordance with TCFD reporting standards

Social: We consider the following principal adverse impacts in relation to social factors:

1. Working conditions: We have established KPIs in relation to Health and Safety policy disclosure, employee training and reporting of workplace incidents through “lost time injury rates” disclosure
2. Diversity and Equality: We have established KPIs in relation to disclosure of an Equal Opportunities policy with a plan for ensuring implementation. In addition, we seek gender diversity policies and targets for senior management and board level roles.
3. Corruption: We have established a KPI for the disclosure of anti-corruption and whistleblowing policies.

No



What investment strategy does this financial product follow?

The sub-fund will primarily focus on companies that will benefit from the long-term growth opportunities in the Asian region. This will include investing in frontier markets, small and mid-cap companies, as well as large-cap companies where the investment manager identifies unrecognized investment opportunities.

The investment strategy

guides investment decisions based on factors such as investment objectives and risk tolerance.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The E/S characteristics are implemented on a continuous basis as part of the investment process and include:

1. **Exclusionary criteria “Red Flags”.** ESG analysis is a critical component of Alquity’s investment process. There are certain practices we believe are inconsistent with long-term financial returns and an overall positive societal impact. We have identified 16 red flags, which are standards expected from every company we invest in: and we will not consider any company that fails one or more of these criteria. These are described in full earlier in this disclosure.
2. **Proprietary ESG ratings methodology.** Our ESG analysis is holistic and exhaustive with equal importance placed on each aspect. In other words, we will not over-ride poor social or governance standards, just because a company places a heavy focus on environmental issues alone. Ultimately, we are concerned with material ESG issues and the analysis must provide us with sufficient comfort on all of these before an A-C rating is achieved.

We review behaviours and practices across the firm in the context of global or regional best practice. As a discipline, and for comparability, we then assign a rating to each institution, which captures risk and the quality of management judgement and decision making. Only those companies rated C or better can be included in the portfolio. To be clear, this means that we will only invest in firms where there is satisfactory quality and alignment of management. Moreover, we are interested not only in the absolute standard of “ESG quality”, but also the ability of a firm to improve its judgement, communication and efficiency over time. Investors should not, therefore, expect our portfolios to have any bias between A, B and C rated companies.

Investing across Emerging and Frontier markets presents multiple challenges as the economic, social, political and regulatory environments can differ significantly between countries. We take this into account in our ratings by focusing our ratings on relative ESG performance to peers. For high-risk industries, we believe that to get an A rating, the company must display global best practice whereas for low-risk industries we seek regional best practice. This ensures we manage the ESG risks appropriately whilst remaining pragmatic about the circumstances for each company. ESG analysis is undertaken through

a combination of desk- based research, meetings with management, site visits, and industry research. The definitions for each of our ratings are as follows:

A Rating

High risk industry demonstrating global best practice performance in ESG
Lower risk industry demonstrating regional best practice in ESG

B Rating

High risk industry demonstrating regional best practice in ESG
Lower risk industry with satisfactory ESG performance better than regional peers; or in-line with regional peers but with a demonstrable intention to improve on material KPIs

C Rating

High risk industry with satisfactory ESG performance, in line with regional peers, but demonstrating a meaningful commitment to improve on material KPIs
Lower risk industry with satisfactory ESG performance in-line with or better than regional peers, but with no demonstrable intention to improve on material KPIs

3. Portfolio construction is targeted to produce a lower GHG and water intensity than the index and for GHG emissions to reduce in line with IPCC 1.5 degree scenario.
4. Active engagement with investee companies in accordance with Key Progress Indicators (described earlier) which are based upon specific environmental and social characteristics
5. Voting policy based upon Alquity Principles of Governance which are aligned with the Key Progress Indicators

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of investments prior to application of investment process. There is a commitment to exclude a minimum of 20% of the investible universe (after minimum market capitalisation and thematic filters have been applied).

● ***What is the policy to assess good governance practices of the investee companies?***

Alquity's proprietary ESG ratings methodology includes a detailed assessment of governance practices in investee companies including, but not limited to board independence and diversity, auditor independence, historical controversies, management character and policies including equal opportunities and remuneration. Further progress on good governance is supported through engagement tracking through Key Progress Indicators and voting using the Alquity Principles of Governance.

Good governance
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the asset allocation planned for this financial product?

100% of investments in the sub-fund must pass the Red Flags exclusionary criteria and be rated between A-C using Alquity's proprietary ESG Rating methodology and are therefore aligned with the environmental and social characteristics promoted.



Asset allocation

describes the share of investments in specific assets.

Investments

#1 Aligned with E/S characteristics

#1B Other E/S characteristics

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The sub-fund does not make use of derivatives.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

No minimum / zero.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

1. Taxonomy-alignment of investments including sovereign bonds*

■ Taxonomy-aligned

■ Other investments

100%

2. Taxonomy-alignment of investments excluding sovereign bonds*

■ Taxonomy-aligned

■ Other investments

100%

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **What is the minimum share of investments in transitional and enabling activities?**

No minimum share.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

No minimum share.



- **What is the minimum share of socially sustainable investments?**

No minimum share.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

N/A

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The reference index is a general market index, representing the investment universe, and is not consistent with the E/S characteristics promoted by the sub-fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- **Where can the methodology used for the calculation of the designated index be found?**

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

More details on the sub-fund can be found at www.alquity.com. The following links guide you to specific fund and investment strategy related documents: [Alquity Investment Process](#), [Impact Report 2022](#) and [Alquity Principles of Governance](#)

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Alquity Indian Subcontinent Fund

Legal entity identifier:
5493007MOUB6W5G8T620

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: ____%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The sub-fund has the following E/S characteristics:

1. The fund promotes certain minimal environmental and social standards and therefore applies exclusion criteria using its Red Flags approach, which includes both sectors and business practices that Alquity believes are detrimental to society and incompatible with sustainable investment strategies. These are detailed below:

Exclusions

We exclude companies with 5% of its revenue or profits attributed to the production or distribution of:

- Tobacco
- Alcohol (including beer)
- Narcotics
- Nuclear power
- Adult entertainment
- Fur trade
- Armaments
- Gambling
- Gas/oil exploration and production
- Coal mining
- Hydrogen power (unless green hydrogen)

Suppliers, lenders and retailers of these companies or products are not excluded providing these sectors are non-core to the overall business purpose and represent a minority of their revenue.

Environmental Red Flags

- a) No disclosure on water usage/conservation levels for significant users (e.g. beverages)
- b) High risk industry company not publicly providing emissions data or when requested
- c) Ongoing business controversies and unresolved scandals
- d) Commercial fishing, unless demonstrably sustainable (MSC certification is not sufficient in itself)
- e) Palm oil cultivation, unless demonstrably sustainable e.g. with regard to zero deforestation and regard to biodiversity (RSPO certification is not sufficient in itself)

Social Red Flags

- a) High risk industry company without a Health & Safety policy
- b) Zero tolerance for “controversial weapons”
- c) Ongoing business controversies and unresolved scandals
- d) Non-pharma animal testing, unless it is required by law and regardless must be a
- e) substantial minority (<20%) of overall sales
- f) Fast fashion, where a majority of revenue is derived from the retail of cheap, low-quality, and effectively disposable clothing which encourages unsustainable and excessive consumption

Governance Red Flags

- a) No independently audited accounts
- b) Company doesn't meet investors or arrange regular open-access calls
- c) Company refusing to provide identity of majority shareholders
- d) Ongoing business controversies and unresolved scandals

2. *The sub-fund promotes internationally accepted principles set by the UN PRI (Principles for Responsible Investing), and applies proxy voting in line with Alquity's Principles of Governance.*
3. *The sub-fund thoroughly assesses the Environmental, Social and Governance risk profile of companies using its own proprietary methodology and excludes any companies that fail to meet the minimum standards set out in this methodology*
4. *10% of the revenue generated from fund fees are donated to positive environmental and social projects that deliver direct impact in the regions where the sub-fund's investee companies operate.*

The sub-fund's environmental and social characteristics are referenced against the broad Indian Index. This is a general market index, representing the investment universe, and is not consistent with the E/S characteristics promoted by the sub-fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The fund has the following sustainability indicators:

1. The fund specifically targets a lower Scope 1 and 2 GHG emissions intensity (CO2 tonnes/\$m invested) and Water Intensity (tonnes/\$m invested) than the reference index.
2. The % of holdings that disclose critical environmental and social data. These are detailed in Key Progress Indicators developed using the principles enshrined in the UN Global Compact which show how the fund's engagement activity has supported increased environmental and social transparency within investee companies. The Key Progress indicators being tracked are:

Environmental

- a) Emissions and/or climate impact disclosure
- b) Water usage and mitigation efforts disclosure
- c) Production of waste material disclosure
- d) Disclosure of environmental impact reduction plan over a defined period
- e) Prevention of biodiversity loss actively considered in the strategic plan
- f) Reporting in line with TCFD recommendations

Social

- a) Health & Safety policy
- b) Equal Opportunities Policy
- c) Staff training policy in place
- d) Staff turnover data disclosure
- e) 'Lost Time Injury' rates available
- f) Gender diversity policy at senior management and board level

Governance

- a) Whistleblowing policy available to all employees
- b) Percentage of independent directors on the board \geq than the free floating share percentage of the holding
- c) Management remuneration packages disclosure

The fund reports the cumulative donations generated by investments into the fund (in US\$) and the direct impact the projects this funding supports has delivered in lives transformed (both directly and indirectly). These indicators are defined as follows:

1. **Direct Lives Transformed:** We define a "life transformed: as one where the intervention has made a significant, tangible and lasting improvement in the life and future prospects for that individual". This is defined with specific metrics for each project. For large projects, we expect representative sample data to enable us to confidently state the number of lives transformed.
2. **Indirect Lives Impacted:** We define a "life impacted" as one where the intervention has directly or indirectly improved the life or future prospects for that individual. We will define this for each project along with metrics already provided by the charity partner.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

- How have the indicators for adverse impacts on sustainability factors been taken into account?
- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

X

Yes, the sub-fund considers principal adverse impacts on sustainability factors. Environmental

The fund has established a target to reduce the GHG emissions intensity by 60% (from the 2019 base year) by 2030. This target was set using Paris Aligned Investment Initiative Net Zero Investment Framework to align the fund’s emissions intensity reduction target with IPCC special report on global warming of 1.5°C. The disclosure of GHG emissions intensity is a specific Key Progress Indicator (KPI) for our engagement activity and we target for 100% of holdings to disclose this. We have also set the production of a defined plan for reduction of environmental impact as a KPI, once GHG emissions intensity data has been disclosed.

The fund targets to ensure that at all times the water usage intensity of the portfolio is lower than the relevant index and where this data is currently not disclosed, engages with the fund holdings to provide this information. The disclosure of water usage intensity is a specific Key Progress Indicator for our engagement activity and we target for 100% of holdings to disclose this.

Additionally the fund has established KPIs for the following environmental principal adverse impacts:

1. Waste production disclosure

Principal adverse impacts

are 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.

2. Prevention of biodiversity loss incorporated into strategic planning
3. Reporting produced in accordance with TCFD reporting standards

Social: We consider the following principal adverse impacts in relation to social factors:

1. Working conditions: We have established KPIs in relation to Health and Safety policy disclosure, employee training and reporting of workplace incidents through “lost time injury rates” disclosure
2. Diversity and Equality: We have established KPIs in relation to disclosure of an Equal Opportunities policy with a plan for ensuring implementation. In addition, we seek gender diversity policies and targets for senior management and board level roles.
3. Corruption: We have established a KPI for the disclosure of anti-corruption and whistleblowing policies.

No



What investment strategy does this financial product follow?

Investment will be made in companies that will benefit from the long-term growth opportunities in the Indian region (India, Pakistan, Sri Lanka and Bangladesh) which includes investing in small, mid-cap and large-cap companies where the Investment Manager identifies unrecognized investment opportunities.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The E/S characteristics are implemented on a continuous basis as part of the investment process and include:

1. **Exclusionary criteria “Red Flags”.** ESG analysis is a critical component of Alquity’s investment process. There are certain practices we believe are inconsistent with long-term financial returns and an overall positive societal impact. We have identified 16 red flags, which are standards expected from every company we invest in: and we will not consider any company that fails one or more of these criteria. These are described in full earlier in this disclosure.
2. **Proprietary ESG ratings methodology.** Our ESG analysis is holistic and exhaustive with equal importance placed on each aspect. In other words, we will not over-ride poor social or governance standards, just because a company places a heavy focus on environmental issues alone. Ultimately, we are concerned with material ESG issues and the analysis must provide us with sufficient comfort on all of these before an A-C rating is achieved.

We review behaviours and practices across the firm in the context of global or regional best practice. As a discipline, and for comparability, we then assign a rating to each institution, which captures risk and the quality of management judgement and decision making. Only those companies rated C or better can be included in the portfolio. To be clear, this means that we will only invest in firms where there is satisfactory quality and alignment of management. Moreover, we are interested not only in the absolute standard of “ESG quality”, but also the ability of a firm to improve its judgement, communication and efficiency over time. Investors should not, therefore, expect our portfolios to have any bias between A, B and C rated companies.

Investing across Emerging and Frontier markets presents multiple challenges as the economic, social, political and regulatory environments can differ significantly between countries. We take this into account in our ratings by focusing our ratings on relative ESG performance to peers. For high-risk industries, we believe that to get an A rating, the company must display global best practice whereas for low-risk industries we seek regional best practice. This ensures we manage the ESG risks appropriately whilst remaining pragmatic about the circumstances for each company. ESG analysis is undertaken through

a combination of desk- based research, meetings with management, site visits, and industry research. The definitions for each of our ratings are as follows:

A Rating

High risk industry demonstrating global best practice performance in ESG
Lower risk industry demonstrating regional best practice in ESG

B Rating

High risk industry demonstrating regional best practice in ESG
Lower risk industry with satisfactory ESG performance better than regional peers; or in-line with regional peers but with a demonstrable intention to improve on material KPIs

C Rating

High risk industry with satisfactory ESG performance, in line with regional peers, but demonstrating a meaningful commitment to improve on material KPIs
Lower risk industry with satisfactory ESG performance in-line with or better than regional peers, but with no demonstrable intention to improve on material KPIs

3. Portfolio construction is targeted to produce a lower GHG and water intensity than the index and for GHG emissions to reduce in line with IPCC 1.5 degree scenario.
4. Active engagement with investee companies in accordance with Key Progress Indicators which are based upon specific environmental and social characteristics
5. Voting policy based upon Alquity Principles of Governance which are aligned with the Key Progress Indicators

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of investments prior to application of investment process. There is a commitment to exclude a minimum of 20% of the investible universe (after minimum market capitalisation and thematic filters have been applied).

● ***What is the policy to assess good governance practices of the investee companies?***

Alquity's proprietary ESG ratings methodology includes a detailed assessment of governance practices in investee companies including, but not limited to board independence and diversity, auditor independence, historical controversies, management character and policies including equal opportunities and remuneration. Further progress on good governance is supported through engagement tracking through Key Progress Indicators and voting using the Alquity Principles of Governance.

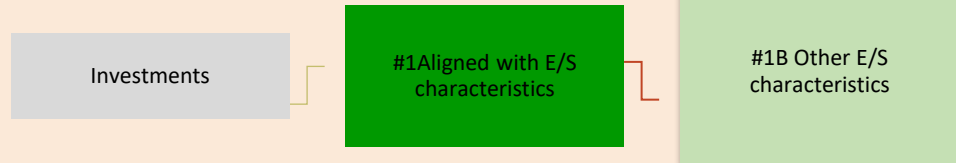
Good governance
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the asset allocation planned for this financial product?

100% of investments in the sub-fund must pass the Red Flags exclusionary criteria and be rated between A-C using Alquity's proprietary ESG Rating methodology and are therefore aligned with the environmental and social characteristics promoted.



Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The sub-fund does not make use of derivatives.

Taxonomy-aligned activities are expressed as a share of:

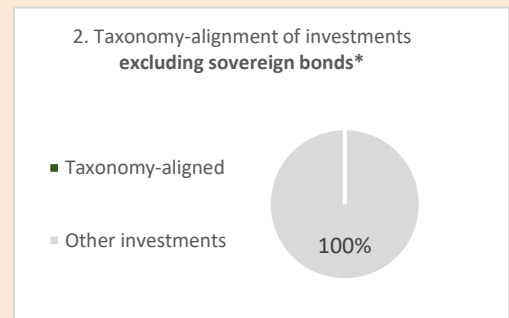
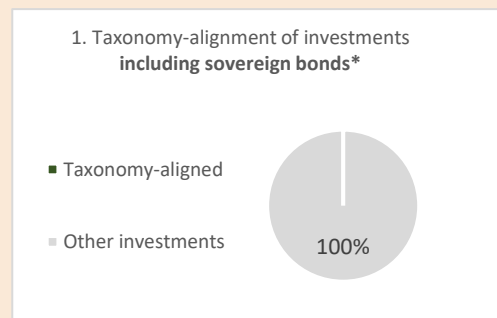
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

No minimum / zero.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

No minimum share.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

No minimum share.



- **What is the minimum share of socially sustainable investments?**

No minimum share.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

N/A



- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The reference index is a general market index, representing the investment universe, and is not consistent with the E/S characteristics promoted by the sub-fund.

Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- **Where can the methodology used for the calculation of the designated index be found?**

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

More details on the sub-fund can be found at www.alquity.com. The following links guide you to specific fund and investment strategy related documents: [Alquity Investment Process](#), [Impact Report 2022](#) and [Alquity Principles of Governance](#)

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Alquity Future World Fund

Legal entity identifier:
5493007MOUB6W5G8T620

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective**: ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective**: ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The sub-fund has the following E/S characteristics:

- The fund promotes certain minimal environmental and social standards and therefore applies exclusion criteria using its Red Flags approach, which includes both sectors and business practices that Alquity believes are detrimental to society and incompatible with sustainable investment strategies. These are detailed below:

Exclusions

We exclude companies with 5% of its revenue or profits attributed to the production or distribution of:

- Tobacco
- Alcohol (including beer)
- Narcotics
- Nuclear power
- Adult entertainment
- Fur trade
- Armaments
- Gambling
- Gas/oil exploration and production
- Coal mining
- Hydrogen power (unless green hydrogen)

Suppliers, lenders and retailers of these companies or products are not excluded providing these sectors are non-core to the overall business purpose and represent a minority of their revenue.

Environmental Red Flags

- a) No disclosure on water usage/conservation levels for significant users (e.g. beverages)
- b) High risk industry company not publicly providing emissions data or when requested
- c) Ongoing business controversies and unresolved scandals
- d) Commercial fishing, unless demonstrably sustainable (MSC certification is not sufficient in itself)
- e) Palm oil cultivation, unless demonstrably sustainable e.g. with regard to zero deforestation and regard to biodiversity (RSPO certification is not sufficient in itself)

Social Red Flags

- a) High risk industry company without a Health & Safety policy
- b) Zero tolerance for “controversial weapons”
- c) Ongoing business controversies and unresolved scandals
- d) Non-pharma animal testing, unless it is required by law and regardless must be a
- e) substantial minority (<20%) of overall sales
- f) Fast fashion, where a majority of revenue is derived from the retail of cheap, low-quality, and effectively disposable clothing which encourages unsustainable and excessive consumption

Governance Red Flags

- a) No independently audited accounts
- b) Company doesn't meet investors or arrange regular open-access calls
- c) Company refusing to provide identity of majority shareholders
- d) Ongoing business controversies and unresolved scandals

2. The sub-fund promotes internationally accepted principles set by the UN PRI (Principles for Responsible Investing), and applies proxy voting in line with Alquity's Principles of Governance.
3. The sub-fund thoroughly assesses the Environmental, Social and Governance risk profile of companies using its own proprietary methodology and excludes any companies that fail to meet the minimum standards set out in this methodology
4. 10% of the revenue generated from fund fees are donated to positive environmental and social projects that deliver direct impact in the regions where the sub-fund's investee companies operate.

The sub-fund's environmental and social characteristics are referenced against the broad Emerging Market Index. This is a general market index, representing the investment universe, and is not consistent with the E/S characteristics promoted by the sub-fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The fund has the following sustainability indicators:

1. The fund specifically targets a lower Scope 1 and 2 GHG emissions intensity (CO2 tonnes/\$m invested) and Water Intensity (tonnes/\$m invested) than the reference index.
2. The % of holdings that disclose critical environmental and social data. These are detailed in Key Progress Indicators developed using the principles enshrined in the UN Global Compact which show how the fund's engagement activity has supported increased environmental and social transparency within investee companies. The Key Progress indicators being tracked are:

Environmental

- a) Emissions and/or climate impact disclosure
- b) Water usage and mitigation efforts disclosure
- c) Production of waste material disclosure
- d) Disclosure of environmental impact reduction plan over a defined period
- e) Prevention of biodiversity loss actively considered in the strategic plan
- f) Reporting in line with TCFD recommendations

Social

- a) Health & Safety policy
- b) Equal Opportunities Policy
- c) Staff training policy in place
- d) Staff turnover data disclosure
- e) 'Lost Time Injury' rates available
- f) Gender diversity policy at senior management and board level

Governance

- a) Whistleblowing policy available to all employees
- b) Percentage of independent directors on the board \geq than the free floating share percentage of the holding
- c) Management remuneration packages disclosure

The fund reports the cumulative donations generated by investments into the fund (in US\$) and the direct impact the projects this funding supports has delivered in lives transformed (both directly and indirectly). These indicators are defined as follows:

1. Direct Lives Transformed: We define a "life transformed: as one where the intervention has made a significant, tangible and lasting improvement in the life and future prospects for that individual". This is defined with specific metrics for each project. For large projects, we expect representative sample data to enable us to confidently state the number of lives transformed.
2. Indirect Lives Impacted: We define a "life impacted" as one where the intervention has directly or indirectly improved the life or future prospects for that individual. We will define this for each project along with metrics already provided by the charity partner.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

- How have the indicators for adverse impacts on sustainability factors been taken into account?
- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

X

Yes, the sub-fund considers principal adverse impacts on sustainability factors. Environmental

The fund has established a target to reduce the GHG emissions intensity by 60% (from the 2019 base year) by 2030. This target was set using Paris Aligned Investment Initiative Net Zero Investment Framework to align the fund’s emissions intensity reduction target with IPCC special report on global warming of 1.5°C. The disclosure of GHG emissions intensity is a specific Key Progress Indicator (KPI) for our engagement activity and we target for 100% of holdings to disclose this. We have also set the production of a defined plan for reduction of environmental impact as a KPI, once GHG emissions intensity data has been disclosed.

The fund targets to ensure that at all times the water usage intensity of the portfolio is lower than the relevant index and where this data is currently not disclosed, engages with the fund holdings to provide this information. The disclosure of water usage intensity is a specific Key Progress Indicator for our engagement activity and we target for 100% of holdings to disclose this.

Additionally the fund has established KPIs for the following environmental principal adverse impacts:

Principal adverse impacts are 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.

1. Waste production disclosure
2. Prevention of biodiversity loss incorporated into strategic planning
3. Reporting produced in accordance with TCFD reporting standards

Social: We consider the following principal adverse impacts in relation to social factors:

1. Working conditions: We have established KPIs in relation to Health and Safety policy disclosure, employee training and reporting of workplace incidents through “lost time injury rates” disclosure
2. Diversity and Equality: We have established KPIs in relation to disclosure of an Equal Opportunities policy with a plan for ensuring implementation. In addition, we seek gender diversity policies and targets for senior management and board level roles.
3. Corruption: We have established a KPI for the disclosure of anti-corruption and whistleblowing policies.

No



What investment strategy does this financial product follow?

Investment will be made in companies that will benefit from the long-term growth opportunities in the Emerging and Frontier Markets which includes investing in small, mid-cap and large-cap companies where the Investment Manager identifies unrecognized investment opportunities. The sub-fund’s investment philosophy focuses on growth drivers in these markets, which are perceived by the Investment Manager as being the growth markets of the future, hence, the name “Future World”.

The investment strategy

guides investment decisions based on factors such as investment objectives and risk tolerance.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The E/S characteristics are implemented on a continuous basis as part of the investment process and include:

1. **Exclusionary criteria “Red Flags”.** ESG analysis is a critical component of Alquity’s investment process. There are certain practices we believe are inconsistent with long-term financial returns and an overall positive societal impact. We have identified 16 red flags, which are standards expected from every company we invest in: and we will not consider any company that fails one or more of these criteria. These are described in full earlier in this disclosure.
2. **Proprietary ESG ratings methodology.** Our ESG analysis is holistic and exhaustive with equal importance placed on each aspect. In other words, we will not over-ride poor social or governance standards, just because a company places a heavy focus on environmental issues alone. Ultimately, we are concerned with material ESG issues and the analysis must provide us with sufficient comfort on all of these before an A-C rating is achieved.

We review behaviours and practices across the firm in the context of global or regional best practice. As a discipline, and for comparability, we then assign a rating to each institution, which captures risk and the quality of management judgement and decision making. Only those companies rated C or better can be included in the portfolio. To be clear, this means that we will only invest in firms where there is satisfactory quality and alignment of management. Moreover, we are interested not only in the absolute standard of “ESG quality”, but also the ability of a firm to improve its judgement, communication and efficiency over time. Investors should not, therefore, expect our portfolios to have any bias between A, B and C rated companies.

Investing across Emerging and Frontier markets presents multiple challenges as the economic, social, political and regulatory environments can differ significantly between countries. We take this into account in our ratings by focusing our ratings on relative ESG

performance to peers. For high-risk industries, we believe that to get an A rating, the company must display global best practice whereas for low-risk industries we seek regional best practice. This ensures we manage the ESG risks appropriately whilst remaining pragmatic about the circumstances for each company. ESG analysis is undertaken through a combination of desk-based research, meetings with management, site visits, and industry research. The definitions for each of our ratings are as follows:

A Rating

High risk industry demonstrating global best practice performance in ESG
Lower risk industry demonstrating regional best practice in ESG

B Rating

High risk industry demonstrating regional best practice in ESG
Lower risk industry with satisfactory ESG performance better than regional peers; or in-line with regional peers but with a demonstrable intention to improve on material KPIs

C Rating

High risk industry with satisfactory ESG performance, in line with regional peers, but demonstrating a meaningful commitment to improve on material KPIs
Lower risk industry with satisfactory ESG performance in-line with or better than regional peers, but with no demonstrable intention to improve on material KPIs

3. Portfolio construction is targeted to produce a lower GHG and water intensity than the index and for GHG emissions to reduce in line with IPCC 1.5 degree scenario.
4. Active engagement with investee companies in accordance with Key Progress Indicators (described earlier) which are based upon specific environmental and social characteristics
5. Voting policy based upon Alquity Principles of Governance which are aligned with the Key Progress Indicators

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no committed minimum rate to reduce the scope of investments prior to application of investment process. There is a commitment to exclude a minimum of 20% of the investible universe (after minimum market capitalisation and thematic filters have been applied).

What is the policy to assess good governance practices of the investee companies?

Alquity's proprietary ESG ratings methodology includes a detailed assessment of governance practices in investee companies including, but not limited to board independence and diversity, auditor independence, historical controversies, management character and policies including equal opportunities and remuneration. Further progress on good governance is supported through engagement tracking through Key Progress Indicators and voting using the Alquity Principles of Governance,

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

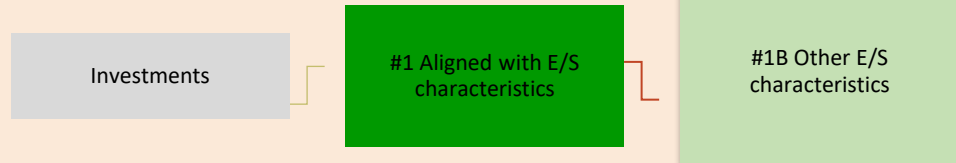
What is the asset allocation planned for this financial product?

100% of investments in the sub-fund must pass the Red Flags exclusionary criteria and be rated between A-C using Alquity's proprietary ESG Rating methodology and are therefore aligned with the environmental and social characteristics promoted.



Asset allocation

describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The sub-fund does not make use of derivatives.



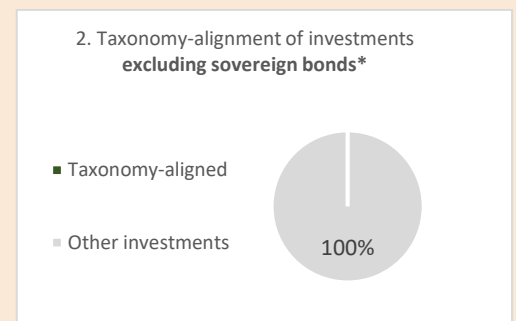
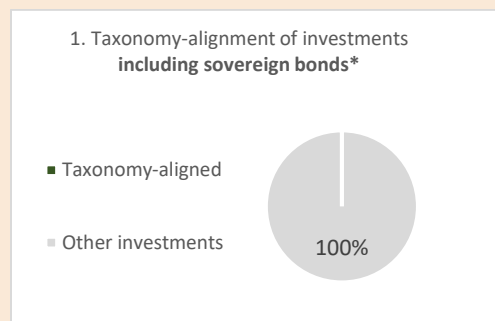
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

No minimum / zero.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **What is the minimum share of investments in transitional and enabling activities?**

No minimum share.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

No minimum share.



- **What is the minimum share of socially sustainable investments?**

No minimum share.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

N/A

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The reference index is a general market index, representing the investment universe, and is not consistent with the E/S characteristics promoted by the sub-fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- **Where can the methodology used for the calculation of the designated index be found?**

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

More details on the sub-fund can be found at www.alquity.com. The following links guide you to specific fund and investment strategy related documents: [Alquity Investment Process](#), [Impact Report 2022](#) and [Alquity Principles of Governance](#)