



SRI Label Audit Report

- Movable asset management funds
- Real estate asset management funds
- Management mandates

Alquity

- ALQUITY ASIA
- ALQUITY FUTURE WORLD FUND
- ALQUITY INDIAN SUBCONTINENT FUND
- ALQUITY GLOBAL IMPACT FUND

Audited version :

- SRI Label V2016
- SRI Label V2020

Follow-up review 2

Audit days : 2,5 days
28-30th June 2023

YOUR AUDIT MANAGER

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afnor
CERTIFICATION

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AUDIT REPORT	SRI LABEL
AFNOR Certification	
CERTIF 1655.5 11/2020	1 - General information on the management company and the applicant funds

MANAGEMENT COMPANY :

Name of the funds as they will appear on the certificate:

- ALQUITY ASIA
- ALQUITY FUTURE WORLD FUND
- ALQUITY INDIAN SUBCONTINENT FUND
- ALQUITY GLOBAL IMPACT FUND

Total time on site in days x auditors : 3

AUTHORIZATION FOR COMMUNICATION OF THE FINAL AUDIT REPORT: The final audit report including the corrections and / or corrective actions of the management company and the comments of the auditor can be distributed without restriction but must be distributed in its ENTIRETY.

Representative of the management company :

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Auditor				
Other				

Taking into account the documents presented, the teams met and the answers given to the questions asked, the auditors declare, if such is the case, to have carried out their mission in satisfactory conditions. The signature of the auditors in no way engages their responsibility or that of their employer in the event of incidents, accidents or errors made by the body after the certificate has been awarded.

Signature of the audit manager:	Date : 04/07/2023
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AUDIT REPORT	SRI LABEL
AFNOR Certification	2 - Comments and analysis from the audit manager
CERTI F 1655.5 11/2020	

Comments may be generic or specific to a fund, if so, specify the fund(s) concerned.

1 - Context of the audited funds :

General characteristics :

Alquity SICAV, was created on in April 2010 and is entered in the *Registre de Commerce et des Sociétés* in Luxembourg under the number B 152.520. ALQUITY SICAV is an investment company with variable share capital consisting of various sub-funds, each relating to a portfolio of specific assets made up of transferable securities and money market instruments within the meaning of the 2010 Law and the Grand-ducal regulation of 8th February 2008 (“Transferable Securities” and “Money Market Instruments” respectively) as well as other eligible assets in compliance with article 41 of the 2010 Law denominated in various currencies.

East Capital Asset Management S.A. has been appointed to act as management company, and Alquity Investment Management Limited has been appointed Investment Manager and put in charge by the Management Company of the investment management of the Company regarding its choice of investments and the trend of its investment policy.

General presentation of the company

Alquity was founded in 2010 by Paul Robinson, with the belief that ‘How we deploy our capital shapes our societies’. From the outset the company implemented SRI in its strategies, mainly through ESG integration and more recently with impact investing. Starting in 2020 the company has implemented a new quantitative approach which has been deployed in the Alquity Global Impact Fund and the Alquity Future World Fund.



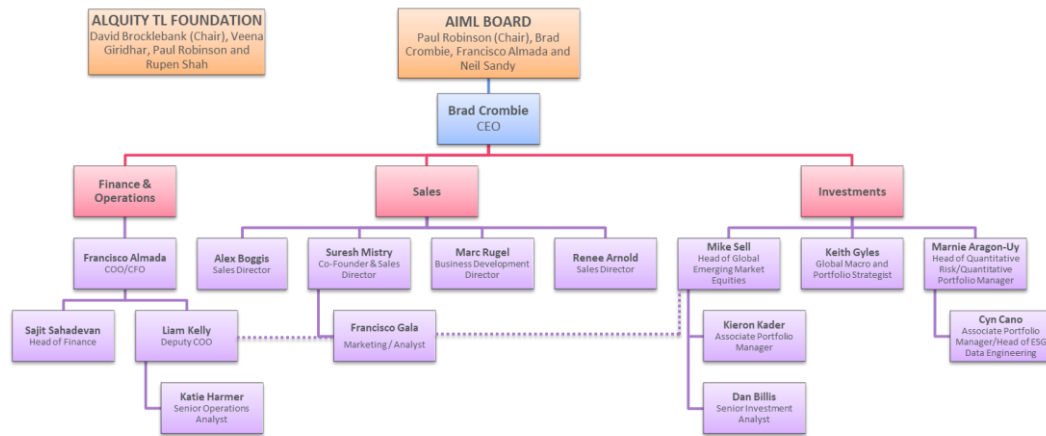
The company is also geared towards impact as it is committed to giving a minimum of 10% of management fees to development projects in the regions in which Alquity invests. This is what Alquity calls the “virtuous circle” (attractive returns, responsible investing, "Transforming lives"): the responsible investment activity allows Alquity to influence the behavior of companies in emerging countries for the benefit of all stakeholders, and the revenue of the funds in turn finances a philanthropic activity oriented towards societal benefits.

Alquity is involved in many initiatives with regard to responsible investing:

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<ul style="list-style-type: none"> ☑ PRI - Principles For Responsible Investment ☑ SIFs - Sustainable Investment Forum ☑ ISR label 	<ul style="list-style-type: none"> ☑ CDP - Carbon Disclosure Project ☑ IIGCC - Institutional Investors Group on Climate Change ☑ Net Zero Asset Managers Initiative ☑ FAIRR Initiative (Protein production) ☑ Emerging Market Investors Alliance ☑ Investors call for urgent action to reduce plastics from intensive users of plastic packaging 	<ul style="list-style-type: none"> ☑ Access to Medicine Foundation ☑ PRI - Advance Initiative 	<ul style="list-style-type: none"> ☑ ICGN - International Corporate Governance Network

Source: Transparency Code (March 2023)

As of July 2023, the company's organization chart is as follows:



1

The chart is slightly changed with the arrival of Francisco Gala who works with Suresh Mistry but also acts as support for different functions (engagement, analysis...).

The funds

Alquity Asia Fund launched 30 April 2014,
Portfolio manager: Mike SELL
AUM: 38,7 MUSD (March 2023)

Alquity Future World Fund launched 4 June 2014,
Portfolio manager: Mike SELL & Marnie UY
AUM: 43,44 MUSD (March 2023)

Alquity Indian Subcontinent Fund launched 30 April 2014,
Portfolio manager: Mike SELL
AUM: 22,2 MUSD (March 2023)

Alquity Global Impact Fund launched 29 January 2021,
Portfolio manager: Marnie UY
AUM: 9,6 MUSD (May 2023)

Pillar 1

Strong Point Pillar 1

- Label's requirements and key points are communicated to investors
- Strong transparency culture
- Multiple documents online available to investors

General Comments

The general and financial objectives related to ESG are communicated to investors/distributors through the following documents that were made available for review :

- Prospectus for the SICAV
- Funds PRIIP
- Alquity Investment Process
- Transparency Code

For the Asian Fund / Indian subcontinent Fund / Future World Fund :

“The sub-fund is unconstrained, with a thematic process that incorporates ESG (environmental, social, governance) and impact analysis. The ESG analysis eliminates over 20% of potential stocks that have passed our thematic filter. Furthermore, in order to meet our desired portfolio characteristics and tracking error, we may optimise the portfolio with reference to a relevant index. It is our intention that the investments contained within the sub-fund will collectively emit lower GHG and use less water than the relevant index. » (PRIIPS unchanged from previous audits)

The new PRIIPS (available for European investors) clearly state the label’s requirements (reduction of the universe and two impact measures that have to be better than the benchmark). By construction every company in the portfolio is ESG rated (outlined in the transparency code and in SFDR precontractual documentation).

The factsheets for the three funds available online for investors clearly state the financial and extra-financial objectives for the funds:

“The Alquity Future World Fund is equity focused and targets attractive risk-adjusted returns over the long-term by investing in public companies across the emerging and frontier markets. Our portfolio emphasises long-term themes, transparency and alignment of management. This is achieved by a fundamental process which incorporates both financial valuation and Environmental, Social and Governance analysis of material non-financial factors. » (factsheet unchanged)

“The Alquity Asia Fund is equity focused and targets attractive risk-adjusted returns over the long-term by investing in public companies across the Asian continent (ex. Japan). Our portfolio emphasises long-term themes, transparency and alignment of management. This is achieved by a fundamental process which incorporates both financial valuation and Environmental, Social and Governance analysis of material non-financial factors. » (factsheet unchanged)

“The Alquity Indian Subcontinent Fund is equity focused and targets attractive risk-adjusted returns over the long-term by investing in public companies across the Indian Subcontinent. Our portfolio emphasises long-term themes, transparency and alignment of management. This is achieved by a fundamental process which incorporates both financial valuation and Environmental, Social and Governance analysis of material non-financial factors” (factsheet unchanged)

Since last year’s audit, Alquity has added the required SFDR precontractual appendix to the prospectus for the three funds. The reduction of the universe is specified in this document for all three funds.

For the GIF Fund

The KIID for the Global Impact Fund is different as it has impact as one of its objectives.

“The sub-fund aims to achieve long-term capital appreciation by investing in companies committed to delivering sustainable long-term earnings streams by delivering quality products and services that have positive future societal impacts. The sub-fund has a sustainable investment as its objective within the meaning of article 9 of Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.”

The Global Impact Fund is classified as SFDR article 9, whereas the three other funds are classified article 8 as stated in the SICAV’s prospectus :

However the label’s requirements are also clearly stated:

“The sub-fund is unconstrained, with a thematic process that incorporates ESG (environmental, social, governance) and impact analysis. The ESG analysis eliminates over 20% of potential stocks that have passed our thematic filter. Furthermore, in order to meet our desired portfolio characteristics and tracking error, we may optimize the portfolio with reference to a relevant index. It is our intention that the investments contained within the sub-fund will collectively emit lower GHG and use less water than the relevant index.” (unchanged)

Sensitive point: contrary to the other funds, this is the only document where the reduction of universe objective is stated.

Conclusion: the completeness and quality of the information as required by the label guidelines is satisfactory.

Pillar 2

Strong Points Pillar 2

- A strong screening and filtering process which results in a very coherent “Core universe”
- An extensive proprietary research
- Active information sharing among Managers/Analysts and across the company
- New ESG filters added

The overall process for all the funds is globally unchanged but for three points:

- A new theme has been added to the historical three core themes which are key to determining the investable universe. The four themes now are:
 - ✓ Monetisable growth
 - ✓ Sustainable Competitive Advantage
 - ✓ Favorable cyclical Position
 - ✓ Climate Transition.
- Concerning the exclusion filter, two new exclusions had just been added prior to the last audit and one was added in 2023. This newest exclusion concerns financial institutions engaging in abusive lending practices, such as excessively high interest rates, excessive penalty fees, misleading marketing, and illegal debt collection practices (added to the documentation).
- Finally The process now includes an negative approach with “red flags” (unchanged) to which has been added “green flag” to formalize positive inclusions. This was already done and this is merely a formalization of an existing process.

Criteria 2.1.

ESG research for emerging markets funds (Asia, Indian Sub-Continent and Future World)

The research process is a two-step process: first step is filtering, second step is analysis and rating.



First step: the initial universe includes companies within both emerging and frontier markets. The first filter is mainly quantitative with market cap and free float limits. The second filter is a more positive one based on Alquty’s four Core Themes: Monetisable Structural Growth, Cyclical Positioning and Sustainable Competitive Advantage and Climate.

The last step is ESG exclusion based on a sector exclusions and ESG “green and red flags” (negative exclusion and positive inclusion).

Sector exclusions are defined as companies with 5% of its revenue or profits attributed to the production or distribution of:

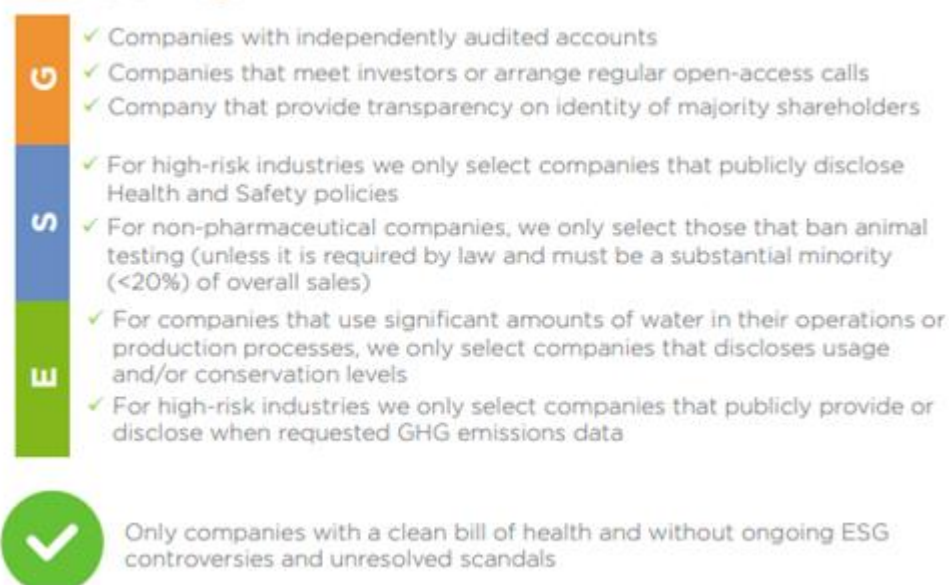
- Tobacco

- Alcohol (including beer)
- Narcotics
- Non-renewable power utilities
- Nuclear power
- Adult entertainment
- Fur trade
- Armaments (zero tolerance for controversial weapons)
- Gambling
- Gas/oil exploration and production
- Coal mining
- Hydrogen power (unless green hydrogen)
- Fast fashion
- Palm oil (unless demonstrably sustainable)
- Commercial fishing (unless demonstrably sustainable)
- Financial institutions engaging in abusive lending practices (such as excessively high interest rates, excessive penalty fees, misleading marketing, and illegal debt collection practices)

In total ESG Red Flags include sixteen criteria (7 environmental, 5 social and 4 governance) that every company has to meet. If it's not the case, this results in a Failed Classification, which means the stock is not eligible in any case for investment (pre-trade block).

The new list of green flags is as followed (*source=Alquity investment Process*):

List of Green Flags



The complete data spreadsheet is shown and studied during the audit, with % exclusion resulting from each filter. The % removed by ESG filter is above 30% for all funds (well above 20% threshold required by the label).

The next step is a “deep dive” analysis, resulting in a complete “stock note” and a rating for each stock invested or considered for investment.

The process is very thorough and described at length. Alquity has a very specific approach:

- With regards to different industries, identified as either high risk or low risk from a durability perspective (high risk industries are expected to demonstrate best practice performance in ESG aligned with global standards for example to get the best rating),
- With regards to tying financial and extra-financial approach. Financial valuation is in fact directly linked to extra-financial criteria with a +/- 50 bps reduction in risk premium used in DCF model depending on the result of the extra-financial analysis; another 100bps can be added to the equity risk premium of firms more exposed to the transition to a carbon neutral economy.

Out of 300+ stocks in the core environment, about two thirds have a deep dive rating and stock note available. Some are

already invested, some were invested but are not in the portfolios anymore and some are on a watchlist considered for investment. Stock notes also record all the historical analysis, meetings ...

In 2023 Alquity has developed a central spreadsheet file with all the internal data available on issuers. This covers hard data, engagement activities, minutes from meeting ... quantitative data is also compared to Sustainalytics (although Alquity's data is generally more accurate ... in any case Alquity will also engage Sustainalytics in case of anomaly)..

Alquity cannot invest in a company that has failed the filtering process or which has a Failed Rating.

ESG research for Global Impact Fund

The research process for the Global Impact Fund is different, because both its investable universe and its objectives are notably different.

The ESG research is based on a four step process:

The first step is sector exclusion. The fund excludes the following sectors (and companies with sales or profits of greater than 5% from these sectors):

- Alcohol
- Tobacco
- Gambling
- Adult entertainment
- Soft drinks
- Resource intensive Construction Materials
- Fossil fuels exploration and production
- Armaments
- Non-renewable Utilities
- Cosmetics
- Fast Fashion
- Financial institutions engaging in abusive practices

The second step is filtering the Developed markets based on external data from MSCI (free ratings) and Sustainalytics (subscription, checked during the audit). Alquity bases its filtering on a cross reference between those two providers, selecting only the names that have top ratings from both providers. If this is not the case, a stock cannot be selected for investment. Controversy screening, DNSH and sustainability focus are also used to reduce the universe.



The sustainability Focus and DNSH have been added as part of the fund's article 9 classification.

The Global Impact Fund uses a number of measures/indicators to assess whether companies have a sustainable investment objective. companies are differentiated by the percentage of revenues aligned to sustainability themes:

- i. Companies with at least 45% are sustainability leaders.
- ii. Companies with at least 20% but less than 45% are future potential leaders.
- iii. Companies with at least 5% but less than 20% are early potential leaders.

This is done using internal research as Alquity believes their process is much more robust than the main ESG data providers especially on emerging markets.

The whole analysis process is clearly detailed and explained in a documents available online ("The Alquity investment Process") for all funds (with a separate section for the GIF Fund).

Criteria 2.2.

Alquity has provided up to date contracts for Sustainalytics, Bloomberg, as well as ISS and Limina.

The company also presents its organization regarding ESG research:

Researchers communicate on a very regular basis. A number of meetings are held including:

- Weekly team meeting – sharing best practice amongst the fundamental analysts ; discussing stocks
- Weekly macro-meeting
- Monday investment meeting – includes whole firm / discuss wider themes including esg and impact
- Monthly risk meeting
- Trigger meeting – for poor performance of stocks for ESG or non-ESG reasons
- Deeper dive meetings (twice a year)

Analysts have extensive internal and external training and also take part in industry seminar or initiatives. The logs for internal and external training are provided and are also included in the control check list.

Conclusion (Pillar 2):

The completeness and quality of the information as required by the label guidelines is complete and satisfactory.

Pillar 3

Strong points Pillar 3

- The funds can only invest in securities that have been through the filtering process and rated or approved (pre-trade checks and post trade controls in place), insuring that 100% of stocks in the portfolio are effectively rated
- No derivatives used in any of the funds
- Multiple impact KPIs

For all the funds

Fund Managers can only initiate a stock acquisition if the stock has been entered in the system (Limina) by the deputy COO (Liam Kelly). Any new demand is checked to make sure it has gone through the complete process and is adequately rated.

In response to the previous audit report's sensitive point, M. Kelly now effects a check on new entries concerning the GIF Fund.

Although derivatives are permitted by the regulatory documentation and may be used for hedging purposes only, they are not an intrinsic part of Alquity's portfolio management (none present in the portfolios at the time of the audit or used over the last year).

Alquity Future World Fund (process unchanged)

The funds' construction process includes some quantitative approach with an iterative approach. This is done by the two co-managers for the fund, each one responsible for a specific approach.

All the risks are fed into the model (concentration, liquidity, construction and especially tracking error to the benchmark) which results in a "base portfolio" constructed by Marnie Uy, which serves as a blank canvas on which Mike Sell will then make an number of adjustments:

- For macro reasons (some countries may be ruled out)
- For conviction reasons, resulting in a addition of a new stock not considered by the model or a "swap" for a stock for which the team feels there's a much stronger investment case.

The adjustments are then back-tested and compared to the risk framework, and ultimately reviewed by both managers.

The portfolio is also constructed using a four dimensional process. The addition of the impact metrics within this process is a recent addition to take into account the fund’s commitment to two key indicators as required by the ISR Label.



The complete portfolio is presented and reviewed during the audit, as well as the movements for the funds over the last year (22 exits/new investments out of 60+ lines in the portfolio). The fund has a long term view, and aims for a low stocks turnover (higher over the last three years especially with covid). Selling is then a consequence of the following events:

- A valuation problem,
- A better opportunity,
- A change in the investment case.

A specific case of divestment on a chinese company is studied during the audit.

The fund’s risk guidelines are clearly described in the Investment Process document:

Future World’s Risk Guidelines

Construction Guidelines	Liquidity
Country: +/- 10% versus EM index	33% of the portfolio within 5 working days
Sector: +/- 20% versus EM index	90% of the portfolio within 90 working days
Typically 20% invested in Small Caps (±5%)**	Minimum \$100m market cap
Numbers of holdings: 50 to 75	
Position size: 1% to 10%	
Maximum 3% stock overweight versus EM index	
No underweight limit	
All holdings over 5% do not total more than 40%	
	Expected Portfolio Characteristics
	Portfolio turnover: 20% - 33%
	Holding period average: 3-5 year
	Tracking Error vs EM Index: 4% to 6%
	Active share: >80%
	Beta: 0.9 to 1.1

Asia Fund and Indian Sub-continent (process unchanged)

The process is similar, but the quantitative dimension is less present in those funds, which are in effect sub-set of Future world’s Core Universe.

The tracking error for the two funds have much larger country and sector bands to reflect their specificity (single country for Indian sub-continent, smaller caps ...) (typically 5 to 8% compared to 4-6% for the Future World Fund).

Both funds’ portfolios are presented and commented during the audit.

The risk guidelines for both funds are:

Asia Fund:

Construction Guidelines
Country: Maximum concentration of 65%; Typically +/- 20% vs Asia ex Japan index
Sector: Maximum concentration of 40%; Typically +/- 20% vs Asia ex Japan index
Typically 25% invested in Small Caps (±5%)**
Numbers of holdings: Approximately 50
Position size: 1% to 10%
Maximum 4% stock overweight versus Asian index
No underweight limit
All holdings over 5% do not total more than 40%

Liquidity
33% of the portfolio within 5 working days
90% of the portfolio within 90 working days
Minimum \$100m market cap

Expected Portfolio Characteristics
Portfolio turnover: 20% - 33%
Holding period average: 3-5 year
TE vs Asia ex Japan Index: 5% to 8%
Active share: >80%
Beta: 0.9 to 1.1

India Fund :

Construction Guidelines
Sector: Maximum concentration of 40%; Typically +/- 20% vs India Index
Typically 30-60% invested in Small Caps (±5%)**
Numbers of holdings: 30-50 stocks
Position size: 1% to 10%

Liquidity
33% of the portfolio within 5 working days
90% of the portfolio within 90 working days
Minimum \$100m market cap

Expected Portfolio Characteristics
Portfolio turnover: 20% - 33%
Holding period average: 3-5 year
Tracking Error vs India Index: Approximately 6% to 10%
Active share: >70%
Beta: 0.8 to 1.2

Figure 8

Global Impact Fund

This fund construction is based on a purely quantitative approach. The model will produce a “beta portfolio” based on given risk constraints and with an objective to maximize financial results and impact. To this are added two alpha sources:

- A country score and ranking, based on a macro-economic analysis (5 different metrics),
- A equity score (6 different metrics).



Figure 11

The portfolio is then actively tracked and measured against risk objectives, investment reviews and impact measurements, and adjustments are regularly made.

Since the fund has a quantitative approach it is quite active. It is to be noted that 7 stocks have been sold for ESG reasons since the last audit (the selling of the stocks has been effective within 1 to 7 days following the Fail event, whereas the limit is technically 3 months).

Moreover the fund has selected six impact factors as its main objectives. The fund aims to be better than its reference on all six measures (although two are singled out as required by the label's framework).

Conclusion (Pillar 3):

The funds construction is clearly explained and in line with the label's requirements. The universe are clearly reduced as required, and the fund follow strict risk and ESG guidelines.

Pillar 4

Strong Points Pillar 4

- Alquity's engagement policy is very extensive (all the EM funds stocks are engaged) and coherent
- Engagements is closely monitored
- Voting policy is clearly defined and the voting track records is communicated to investors

General Comments

The engagements and voting policy are explained in the investment Process documents (the principles of Governance and the Global Impact-Funds Proxy Voting) and results are communicated to investors through the annual impact report.

The overall process hasn't changed, but a new voting rule has been added: whenever a company is a laggard on climate issues, Alquity will vote against management.

Francisco Gala (new arrival) is also dedicated to developing collaborative engagement, notably though FAIRR and PRI. Overall the fund is so specific with its stocks that collective engagements are hard to find

Alquity's Principle of Governance document online underlines 16 principles which the company intends to uphold in its engagement and voting policy.

For emerging markets funds (Asia, Indian Sub-Continent and Future World Funds)

15 Key "Progress" Indicators (KPI's) drive the engagement process throughout (6 environmental, 6 social and 3 governance). They are defined as a "general set of transparency and ESG standards we want all firms to meet over time."

Those KPI's show progress in invested stocks, and allow Alquity to focus their efforts. They also provide information on how engagement is conducted on every dimension of ESG.

Engagements and voting is done on all the stocks in the funds.

Examples of engagement are given and also communicated to investors in the impact report. It is to be noted that a company that does not answer Alquity's questions is a fail in ESG rating.

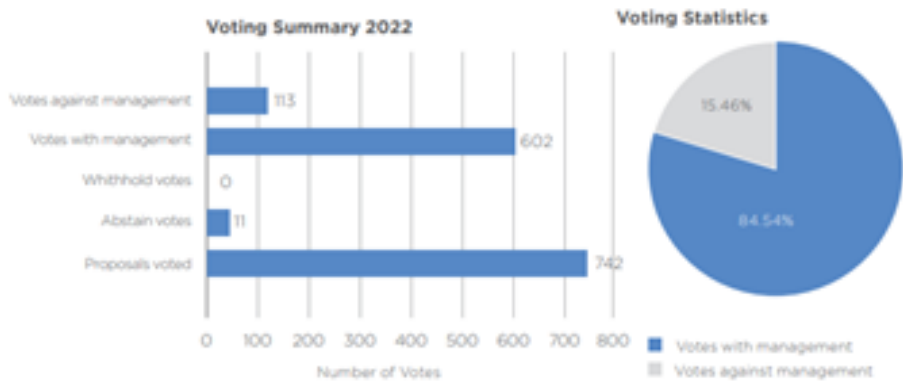
A collaborative engagement with Ashmore Asset Management and East Capital is also active on ICICI Bank.

Voting and engagement activities are integrated into the stock notes, ensuring a high degree of consistency and consideration in the ESG evaluation of companies. The last engagement actions are also in the new centralized spreadsheet (date of last action, main topic of engagement and KPI).

Voting is done with ISS (contract provided). ISS's recommendations are analysed and challenged wherever Alquity feels they do not match its own values and objective as stated in Alquity's Principles of Governance.

The vote breakdown by fund is communicated in the Impact Report.

Example for Future World Fund (Impact Report 2023):

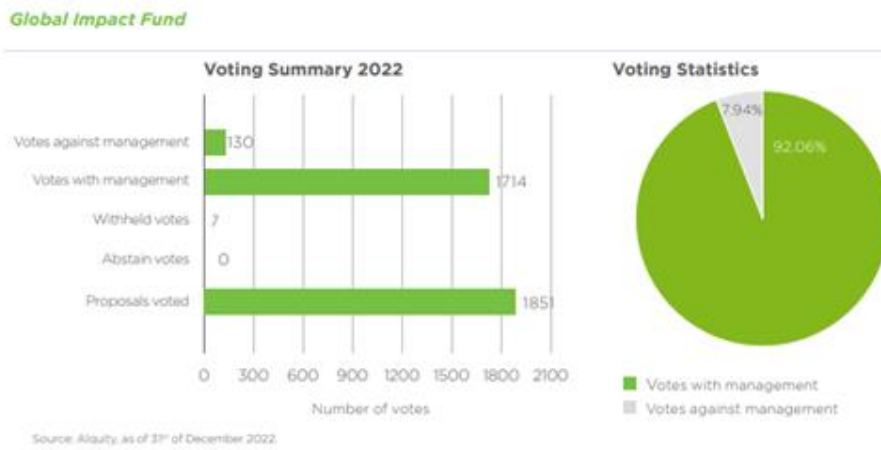


For the Global Impact Fund

Engagement on larger cap firms is different as a majority of the holdings are large caps and as the funds is impact driven. Engagement with the larger caps in developed markets is done mostly through emails, and discussion with investor’s relation.

The fund has identified two main themes for its engagements: gender equality and clean water and sanitation. Given its limited resources, attention is focused on the laggards, particularly on these subjects.

Proxy Voting is mostly with ISS, with a detailed breakdown of votes and subjects available.



Alquity is also active in regulator advocacy, industry change advocacy and a contributor to the PRI’s strategy review.

Conclusion

The engagement and voting policy are satisfactory for all funds and aligned with the label’s guidelines. All stocks are engaged at different level and communication to investors is complete and extensive.

Pillar 5

No changes from previous audit.

Strong Points

- Very good transparency through abundant documentation available online
- Control is effective and correctly implemented given Alquity’s size and specificities
- Multiple information and documents relating to ISR and impact available online

General Comments

The funds are mostly sold through retail and wholesale distributors and private banking. Institutional investors are limited at the moment but they are an objective.

Documents provided for the audit include:

- Prospectus (Annual)
- Annual report
- Semi-annual report
- PRIIP Annual

- Alquity investment process (Annual)
- Fund reporting / Factsheet (Monthly)
- Commercial presentation (Quarterly)
- Impact report (Annual)
- Principles of governance
- Regional market insight: macro-economic or field observation report Several times a year

The complete portfolio is available in the annual and semi-annual report as required by the label. It is also provided monthly on a private platform to some investors.

The Impact report is annual and provides an extensive account of all ESG related matters for all funds.

A section of the website (Alquity Insights) offers studies (Market Insight) and a blog for information.

Contact information is available on the site for questions or complaints (no complaints recorded as shown in the official documentation made available for the audit).

Comments (criterion 5.2):

Alquity describes its ESG risk control and compliance policy in its investment process.

Liam Kelly (deputy COO) is in charge of most of the controls.

Each fund has specific risk limits in place and these are monitored on an ongoing basis and formally through a quarterly report (which also includes details on ESG ratings and portfolio liquidity analysis) as well as through a Performance and Risk Committee. The meetings are:

- Regular PRC (deepdive)
- Trigger meeting – for poor performance of stocks for ESG or non-ESG reasons (see below)

The procedure provides for 5 control points:

- Annual ESG Red Flag exclusion
- Quality and consistency of ESG ratings
- Portfolio Construction
- Material ESG Management
- KPI Progress Tracking

The respective responsibilities of the operations team and the person in charge of risk control within the investment team are clearly established. Where Mike Sells is manager, the controls are done by Marnie Aragon-Uy and vice versa.

For the Future funds where they are co-manager, Marnie Uy is in charge of most of the controls as her role is mostly on the quantitative aspects.

As part of pre-trade control, the managers cannot in practice place a purchase order on a company until it is integrated into the Limina system (set up in January 2020, contract provided). It is the "operations" team that is in charge of checking the existence of the stock note and the respect of the green and red flags in order to set up the issuer in the system and thus allow the investment.

Controversies are also monitored. A significant ESG incident leading to a 0.50b ps portfolio move or -20% stock price change), will "trigger" a review meeting immediately to discuss and evaluate any actions and impact on ESG ratings

In the post-trade phase, a monthly investment report outlines the content of the portfolios and allows verification of their ESG eligibility.

The monitoring of engagement activities is at the heart of discussions on the ESG performance of issuers in investment committees and in meetings dedicated to an issuer. Proxy voting activity is reported and verified on a quarterly basis.

Training is also a part of the controls' check list.

Conclusion

Information is globally extensive and complete. Completeness, adequacy, and quality of information are satisfactory. Controls are relevant and ESG dimensions, especially the ones required by the label are clearly taken into account.

Pillar 6

Strong Points Pillar 6

- Impact indicators are an important part of the strategy even in the funds which are not impact-driven by construction
- The choice and monitoring of impact indicators is coherent with the overall objectives and strategy of the company and the funds.
- The indicators are extensive and address both transparency progress as defined by Alquity and impact measures
- The Global Impact Fund is committed to being better than its index on 6 different impact measures
- Impact also achieved through donation and the Alquity Foundation (reported to investors)

General Comments

Since the last audit the four funds have evolved. Beyond the existing impact indicators analyzed during the initial audit, all the funds now take into account at least two impact metrics (the same one for all the funds) with which they shall outperform their relevant index. This is clearly explained in the documentation:

“All our strategies have established at least two impact indicator targets that beat will beat their relevant index at all times. This is incorporated into portfolio construction guidelines and monitored as a part of the fund control process to ensure this is maintained at all times. The targets selected are as follows: 1. Greenhouse Gas (GHG) Intensity (tonnes/\$mn) 2. Water Intensity (tonnes/\$mn) ».

For emerging markets funds (Asia, Indian Sub-Continent and Future World Funds)

For the EM funds, Alquity monitors impacts through a triple set of indicators.

For the first set, Alquity produces 15 key progress indicators (KPIs) for each of the funds. These indicators cover the various aspects required by the Environment, Social, Human Rights (equal opportunities policy) and Governance guidelines and track progress made by issuers. Most of them are binary by nature (requiring a yes or no answer) except for the independent board which tracks a percentage.

As of this year the reporting on the KPIs is done comparing the latest numbers with reference year 2018.

These KPIs are present in each of the stock notes and the complete database has been consulted. The data is internal. The coverage rate is therefore 100%. There are no estimates.

KPIs are included in each fund's monthly Factsheet and quarterly sales presentation.

As for the second set, the Alquity portfolios are ranked quarterly against 14 sustainability metrics that cover E,S,G and HR as required by the label. This is done by an external provider, Impact Cubed.

Example for the Future World Funds and the Asia Funds

Holdings meeting each KPI standard - % of companies ¹



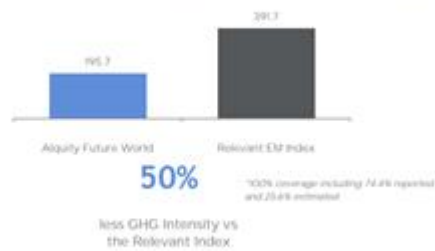
(May 2023 factsheet)

As the EM funds are mostly geared for progress and transition some of the indicators can be worse than the respective benchmarks'. The reason for this is clearly explained in the impact report.

The last dimension includes the two impact metrics. Those are reported on the funds' respective factsheets:

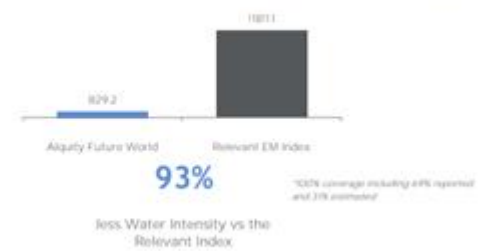
Example for the Indian Sub-continent (Factsheet):

SCOPE 1 & 2 GHG INTENSITY (TONNES/\$MN)



Source Alqerty as of 31st March 2023

WATER INTENSITY (TONNES/\$MN)



Coverage of the KPI's both estimated and reported is clearly shown to investors as a consequence of a sensitive point from the previous audit.

For the Global Impact Fund

As explained, the fund tracks 6 impact indicators. Those indicators are intrinsic to the management of the fund and to the quantitative model's objectives. They cover the four dimensions required by the label.

The funds is committed to be better than its reference index on all indicators.

ENVIRONMENTAL IMPACT



SOCIAL IMPACT: SPECIAL FOCUS ON EQUALITY



For all funds, impact is also attained through the Alquity Foundation. The amount of donation and lives impacted are communicated in the funds' factsheets as well.

Conclusion Pillar 6

Impact is clearly identified, well measured and well documented. The emerging market funds have added specific impact measures with which they are committed to better than their benchmark as required by the label

2 - Main evolutions since the previous audit (scope, ESG methodology, investment policy, management team, etc.) if applicable :

- New arrival on the team (Fransisco Gaia)
- Fourth climate-related Core team added
- New green flags included in the universe definition (positive inclusion)
- Precise definition of sustainable investment for GIF Fund to fit with SFDR requirements
- Change in voting policy on climate laggard issuers

Overall processes have been reinforced, either by adding new filters or methodology or by reinforcing the team and its qualifications. NC and attention points from previous audits have all been addressed, reflecting the positive dynamic Alquity is in.

3 - Strong points for the audited fund(s) :

Pillar 1

- Label's requirements and key points are communicated to investors
- Strong transparency culture
- Multiple documents online available to investors

Pillar 2

- A strong screening and filtering process which results in a very coherent "Core universe"
- An extensive proprietary research
- Active information sharing among Managers/Analysts and across the company
- New ESG filters added

Pillar 3

- The funds can only invest in securities that have been through the filtering process and rated or approved (pre-

trade checks and post trade controls in place)

- No derivatives used in any of the funds
- Multiple impact KPIs

Pillar 4

- Alquity's engagement policy is very extensive (all the EM funds stocks are engaged) and coherent
- Engagements is closely monitored
- Voting policy is clearly defined and the voting track records is communicated to investors

Pillar 5

- Very good transparency through abundant documentation available online
- Control is effective and correctly implemented given Alquity's size and specificities
- Multiple information and documents relating to ISR and impact available online

Pillar 6

- Impact indicators are an important part of the strategy even in the funds which are not impact-driven by construction
- The choice and monitoring of impact indicators is coherent with the overall objectives and strategy of the company and the funds.
- The indicators are extensive and address both transparency progress as defined by Alquity and impact measures
- The Global Impact Fund is committed to being better than its index on 6 different impact measures
- Impact also achieved through donation and the Alquity Foundation (reported to investors)

4 - Sensitive points for the audited fund(s) :

Pillar 1 (GIF Fund)

Contrary to the other funds, the reduction of the universe objective is only stated in the PRIIPS, not in the prospectus

5 - Processing of complaints made to AFNOR Certification, if applicable :

6 - Other comments :

Signature of the audit manager :

Date :

04/07/2023

As part of this audit, the remote audit was carried out (see audit plan) efficiently and made it possible to achieve the audit objectives (tick the correct box):

NOT CONCERNED

YES

NOT Why, to be specified: _____

Nota Bene: Only the Certification Body is authorized to rule on the remote audit conditions, taking into account the recommendations of the audit manager, and to implement them.

AUDIT REPORT		SRI LABEL			
AFNOR Certification					
CERTIF 16555 11/2020		3 - Summary of identified non-compliant items			
Management company :	Alquity	Name of the audit manager :	Kim NGUYEN	Audit :	Initial/renewal

The auditor has reviewed all the pillars and criterion of the applicable SRI label guidelines.

The non-compliant items observed are as follows. A non-conformity sheet is opened for each observed non-compliant item.

<u>Pillar</u>	<u>Criterion</u>	<u>Funds concerned</u>	<u>Non-compliant item</u>	<u>Qualification (minor, major or serious non-conformities)</u>

Name of the funds :	Number of serious non-conformities :	Number of major non-conformities :	Number of minor non-conformities :
Asia Fund Future World Fund Indian Sub-continent Fund Global Impact Fund	0	0	0

Reminder of the SRI Label inspection and monitoring plan (article 15) :

- **In the case of a minor non-conformity**, the action plan drawn up must be implemented within a maximum period of six months. The implementation of the corrective actions will be verified during the next follow-up audit; a minor non-conformity must be resolved by the next audit, otherwise it will be reclassified as a major non-conformity.
- **In the case of a major non-conformity**, the implementation of the corrective actions must be verified within three months; a major non-conformity must be resolved within three months, otherwise it will be reclassified as a serious non-conformity. Verification of compliance fulfilment results in the conduct of an additional follow-up audit (off-site or on-site if necessary) focused on the nonconformity.
- **In the case of a serious non-conformity**, the implementation of the corrective actions must be verified within three months. If detected during the initial audit, a serious non-conformity blocks the certification and requires a further certification audit to be conducted.
- Any repeated non-conformity is reclassified under the next highest level.

RAPPORT D'AUDIT	LABEL ISR
AFNOR Certification	
CERTI F 1655.5 11/2020	5 – Audit Planning

Ce plan d'audit devient définitif après validation par AFNOR Certification

Version du référentiel auditée : LABEL ISR V2016
 LABEL ISR V2020

Date(s) de l'Audit : **July 28/29/30th 2023** Type d'audit : Audit initial
 Audit de suivi 1
 Audit de suivi 2
 Audit de renouvellement

ORGANISME : ALQUITY

Fonds audité(s) :

- ALQUITY ASIA
- ALQUITY FUTURE WORLD FUND
- ALQUITY INDIAN SUBCONTINENT FUND
- ALQUITY GLOBAL IMPACT FUND

Nom du responsable d'audit : LA	Nom de(s) l'auditeur(s) ou évaluateur(s)	Nom du (des) observateur(s)
Kim NGUYEN		

Conditions particulières de l'audit : This audit is carried out onsite

Date / Heure	Pilier et critère du Label ISR audités	Fonds audités	Equipe d'audit	Personnes / Fonctions
23/06/28 9h00	Opening Meeting Introduction, objectives, participants, methodology and schedule ...	All funds	LA	All
23/06/28 9h30	General presentation and context of the company Products, history, organization, values, mission ... Overview of the funds audited	All funds	LA	
23/06/28 10h30	Pillar I- The objectives targeted by the fund by taking ESG criteria into account for issuers Criterion 1 - The general, financial and specific ESG objectives targeted by taking ESG criteria into account in the investment policy are clearly described in the regulatory and commercial documents intended for investors.	All funds	LA	
23/06/28 12h00-14h00	Lunch Break		LA	
23/06/28 14h00	Pillar II- Issuer analysis and rating methodology used by the asset management company Criterion 2.1. The ESG assessment methodology is clearly described and the fund management company demonstrates its ability to take these criteria into account in its investment policy. Criterion 2.2. The fund's management company puts in place reliable internal or external resources to conduct its analysis and demonstrates a real effort to analyze and understand the information it has at its disposal.	EM Funds	LA	
23/06/29 15h00	Pillar I- The objectives targeted by the fund by taking ESG criteria into account for issuers Pillar III- Inclusion of ESG criteria in the portfolio's construction and operation	ALQUITY ASIA FUND, INDIAN SUBCONTINENT AND FUTURE	LA	

Date / Heure	Pilier et critère du Label ISR audités	Fonds audités	Equipe d'audit	Personnes / Fonctions
	Pillar VI- Demonstration of ESG performance monitoring of the fund's portfolio	WORLD		
23/06/28 17h00	Daily meeting preparation		LA	
23/06/28 17h30-18h00	Daily meeting		LA	
23/06/29 09h00	Pillar IV The ESG engagement policy (dialogue and voting) with issuers	All funds	LA	
23/06/29 10h30	Pillar V- Enhanced transparency Criterion 5.2- Compliance with SRI portfolio management rules is internally controlled and these rules are clearly described to investors.	All funds	LA	
23/06/29 12h00-14h00	Lunch Break		LA	
23/06/29 14H00	Pillar II- Issuer analysis and rating methodology used by the asset management company Criterion 2.1. The ESG assessment methodology is clearly described and the fund management company demonstrates its ability to take these criteria into account in its investment policy. Criterion 2.2. The fund's management company puts in place reliable internal or external resources to conduct its analysis and demonstrates a real effort to analyze and understand the information it has at its disposal.	GIF	LA	
23/06/29 15h00	Pillar I- The objectives targeted by the fund by taking ESG criteria into account for issuers Pillar III- Inclusion of ESG criteria in the portfolio's construction and operation Pillar VI- Demonstration of ESG performance monitoring of the fund's portfolio	GIF	LA	
23/06/29 17h00	Daily meeting preparation		LA	
23/06/29 17h30-18h00	Daily Meeting		LA	
23/06/30 9h00	Pillar V- Enhanced transparency Criterion 5.1- Formalised communication with distributors and investors is put in place, ensuring their proper understanding of the fund's strategy and objectives.	All funds	LA	
23/06/30 10h00	Preparation of Closing Meeting		LA	
23/06/30 11h00-12h00	Closing Meeting		LA	All

Responsable d'audit :	Kim NGUYEN	Date 16/06/2023
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RAPPORT D'AUDIT	SRI LABEL
AFNOR Certification	6 - Closing meeting
CERTIF 1655.5 11/2020	

Audited funds : Asia Fund, Future World Fund, Indian Sub-continent Fund, Global Impact Fund

Name of the funds :	Number of serious non-conformities :	Number of major non-conformities :	Number of minor non-conformities :
Asia Fund Future World Fund Indian Sub-continent Fund Global Impact Fund	0	0	0

- Initial
 Follow-up 1
 Follow-up 2
 Renewal

Audit days : **2,5 days (28-30th June 2023)** **Type d'audit :**

PEOPLE ATTENDED THE CLOSING MEETING		
NAME and First name	Position held	SIGNATURE
Kim NGUYEN	Lead Auditor	
Paul Robinson		
Suresh Mistry	Company Representative	
Mike Sell	Portfolio Manager	
Francisco Almada	COO/CFO	
Liam Kelly	Head of Operations	
Cyn Cano	Associate Portfolio Manager	
Kieron Kader	Associate Portfolio Manager	

Representative of the management company :

The representative of the management company acknowledges having read the content of this recording and the content of the discrepancy sheets announced above and expresses his comments and possibly his disagreement, it being understood that only the decision-making body can decide on the award, maintenance, renewal or extension of the certificate.

Date : June 30th, 2023 Signature of the management company representative : Suresh Mistry

Audit team :

Taking into account the documents presented, the sites visited and the answers given to the questions asked, the Auditors declare, if such is the case, to have carried out their mission in satisfactory conditions. The signature of the Auditors in no way engages their personal responsibility or that of their employer in the event of incidents, accidents or errors committed by the organization after award of the certificate.

Date : June 30th, 2023 Signature and name of the audit manager: Kim NGUYEN