June 2024

ALQUITY INVESTMENT PROCESS

A Forward-Looking Approach to Investments

LIFE CHANGING INVESTMENTS

Alquity

opportunity

ALQUITY'S VIRTUOUS CIRCLE

Figure 1

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life changing

INVESTMENT STRATEGY OVERVIEW

INTRODUCTION

Alquity is an asset management business that connects investors to their investments and social progress to deliver better financial outcomes for all. Our 3-D investment model delivers financial performance, a high quality ESG portfolio, and catalytic capital for grassroots impact through our Transforming Lives Foundation. This is a virtuous circle that is essential to building strong, inclusive economies.

Our funds target attractive risk-adjusted returns over the long term by investing in public companies across global markets. Our approach emphasizes not only macro analysis and financial valuation but also ESG factors to assess management quality, operational excellence, and firm values. Alquity funds are, therefore, responsible by design, targeting consistent outperformance while contributing to long-term development, the transition to a net-zero economy, and progress towards the UN Sustainable Development Goals.

We believe in active ownership, and our investment team engages closely with companies on material ESG issues, incorporating our Key Progress Indicators (KPIs) to drive behaviors supporting the principles enshrined in the UN Global Compact. We proactively contribute to collective industry initiatives that support our engagement targets and climate declaration.

Furthermore, we recognize that responsible investment alone is insufficient to engender social progress. Therefore, at the corporate level, we donate a minimum of 10% of our management fees to development projects in the regions in which we invest through our Transforming Lives Foundation. These funds provide a bridge between the formal and informal economy, uplifting the poorest by creating decent work and long-term sustainable economic growth, thereby creating more opportunities for our companies to succeed. Additionally, our investment team works alongside some of these projects to gain deeper market insights and identify new opportunities for our funds, thereby closing the Alquity Virtuous Circle.

In this way, our business aligns the goals and values of investors, employees, holdings, and society at large. We believe these shared investment values are key to achieving enduring financial success and fostering sustainable social and environmental progress.

SUSTAINABLE INVESTMENT AT ALQUITY

To us, investing sustainably means...

"Delivering attractive risk-adjusted returns whilst ensuring a just climate transition and providing everyone the same opportunity in life regardless of where they are born, whatever ethnicity, gender or physical ability they possess."

This core belief drives our investment process which includes ensuring:

1. Our investments contribute to a just and sustainable future, and we exclude those sectors that do not support our climate declaration or deliver positive social value.
2. Our ESG criteria support companies that are respectful to and look after their environment, their people, their communities and which are run professionally with integrity and passion.
3. Our process targets metrics that are aligned with the UNSDGs to support equitable social and environmental progress where we invest.
4. We advocate for transparency and business ethics that drive meaningful and long-term change in business practices.

OBJECTIVES OF ESG INTEGRATION

All Alquity Funds integrate ESG as a critical component of the investment process. The objectives of integrating ESG considerations are as follows:

1. Ensure we exclude sectors that add no social value, that extract and distribute fossil fuels, as well as companies that have poor ESG standards whatever their sector
2. Ensure that our investors can be proud of owning the stocks in our portfolios as they are companies that are well managed and consider long term inclusive growth through respecting their environment, meeting their social and human rights commitments and governed in the interests of long-term minority shareholders
3. Identify risks within portfolio holdings that could impact future financial returns
4. Engage with holdings in line with Alquity's values and published commitments such as our climate declaration and Principles of Governance in order to achieve better outcomes for investors, the environment and society as a whole.

CLIMATE DECLARATION

We believe that the increase in Greenhouse gas emissions generated by the extraction and burning of fossil fuels and deforestation have directly led to the warming of the Earth's climate. We believe that if these activities are not dramatically reduced, the world faces a rise in global temperatures that will lead to catastrophic consequences for the planet's natural ecosystem and its ability to sustain the growing human population. We also believe that the transition to a net zero emission global economy must be a fair transition, and go hand in hand with ensuring a more sustainable and equitable society for all.

CERTIFICATIONS

Our UN PRI ratings for 2023 can be seen below. We achieved top quartile in every category.

The Global Impact Fund is SFDR 9, while our Asia, India and Future World funds are SFDR 8, and all of them report in accordance with SFDR disclosure requirements. The disclosures can be accessed through the provided link. The periodic disclosures for the year can be found here.

SFDR

PRI Principles for Responsible Investment

Policy, Governance and Strategy	88/100
Process - Active Fundamental	94/100
Process - Active Quantitative	91/100
Confidence Building Measures	85/100

INVESTMENT TEAM

Our diverse and multi-functional investment team combines decades of investment knowledge and experience with deep subject matter expertise in investing, sustainability, quantitative analytics and macro-economic analysis. Collectively, the team have developed and honed the investment process for each of our funds, achieving industry recognition and externally assessed quality certification. Brief biographies for the key investment professionals are detailed below:

Mike Sell
Head of Emerging Markets

Mike joined Alquity in 2014 and is responsible for all EM equity investments.

Mike has 25+ years of relevant industry experience. He holds a First Class BSc in Economics from Southampton University and was awarded the Pearce Rowan prize. He joined Baring Asset Management as a graduate trainee in 1994, where he became a member of the Emerging Market Asset Allocation Committee. Mike then joined Thames River / Nevsky Capital where he was subsequently appointed a partner and was part of the team that grew the Emerging market equity assets from approximately US$150m to US$3.5bn, before moving to F&C with the long only Emerging Market business in 2011.

Marnie Aragon-Uy
Head of Quantitative Strategies and Quantitative Risk

Marnie joined Alquity in 2019 as the Head of Quantitative Risk.

Marnie has 20+ years of relevant industry experience. She graduated from the University of the Philippines Diliman and has a Masters of Engineering from Cornell University. Marnie has had a 23-year career in investment management, including 4 years with Putnam investments in Boston followed by just over 15 years with Deutsche Bank and then, following a take-over of the Deutsche business, Aberdeen Standard Investments. From 2002 to 2006 Marnie was a Core Plus Portfolio Manager overseeing the Core+ FI strategy for institutional mandates. During the period of her tenure the funds outperformed their benchmark every year. At Aberdeen Marnie was made Head of Quantitative Research, North America and from 2012 was Global Head of Quantitative Analytics/Senior Investment Manager leading a significant global team in North America, the UK and Singapore. During this time Marnie lead the team that built Aberdeen's in house global quant analytics platform, Quantum.

Kieron Kader
Associate Portfolio Manager

Kieron joined Alquity in 2019 from BP where he performed a variety of roles at one of the largest pension funds in the UK. Most recently, he spent two years as a Global Emerging Markets Equity Analyst, and also covered Developed Market equities, UK property and multi-asset risk in the prior two years.

He passed the three Chartered Financial Analyst exams with first time passes. He has a BSc Economics (1st Class) from the University of Southampton, and an MSc Economics (Distinction) from University College London (UCL).

Dan Billis
Associate Portfolio Manager

Dan joined Alquity in 2018 and conducts fundamental sector and company level research across Emerging Markets strategies.

Dan has a 1st Class degree in Economics from the University of Exeter. Dan joined Alquity from Invesco.

Francisco Gala
Business Analyst

Francisco joined Alquity in January 2020. Francisco contributes to the team through ESG analysis and engagement activities.

He started his career in Comgest, where he supported the Investor Relations for Southern Europe and the Emerging Markets investment team. He holds a BA in Economics and International Business from Universidad de Alcalá and a MSc in Financial Management from Utrecht University.

EMERGING MARKETS INVESTMENT PROCESS

STEP 1: FILTER

INVESTABLE UNIVERSE

We do not differentiate between Emerging and Frontier Markets and as such, we do not dilute the ability of our managers to add value or restrict our exposures to certain countries. Rather, we focus on the wider universe of listed companies with a minimum USD 100m market capitalisation and an acceptable free float (which varies by market).

CORE THEMES & MACROECONOMIC ANALYSIS

Finding firms that are well positioned

We are interested in companies that can deliver a meaningful return to shareholders over the next 3-5 years. Our first stage filter is to refine the broader universe to those firms we consider best positioned. We do this via 4 core themes which are assessed at a country level, identifying the sectors or sub-sectors within countries that benefit from:

1. Monetisable Structural Growth – Underlying drivers that are best positioned to deliver growth over our investment time horizon include not only positive fundamental impetuses, such as urbanization, demographic aging, or technology adoption, but also the right institutional conditions, including a legal framework and monetary and fiscal policies, to turn potential into financial returns.

2. Sustainable Competitive Advantage – Country-level economic moats are derived from product differentiation, pricing power, strategic assets, and lower production costs on a forward-looking basis.

3. Favourable Cyclical Positioning – Characterised by:

- **Broad economy** = Improving soft and hard data time series and incremental monetary and fiscal policy accommodation.
- **Sector specific** = Troughs in margins/earnings time series and demand/supply/utilisation relationships.

We achieve this through ongoing desk-based and on-the-ground analysis by the Investment Team.

In addition to and in support of the above core themes, we undertake detailed analysis at a global, regional and country level. We analyse:

- Global factors such as commodity prices, geopolitics, and regional factors such as trading blocs, inter-country infrastructure developments, and geopolitics.
- Country factors such as monetary and fiscal status, political stability, and sensitivity to regional or global factors.

The lead portfolio managers then use this work to set the bottom-up research agenda, which is discussed at frequent team meetings, as well as the monthly portfolio construction meeting.

4. Climate Transition – Identifying companies that are directly contributing to the climate transition. we have defined two categories: cleaner energy, (power production and distribution solutions that eliminate or reduce fossil fuel use) and green infrastructure (solutions in construction materials, buildings, and transportation).

Fundamental and Quantitative ESG Investment Process

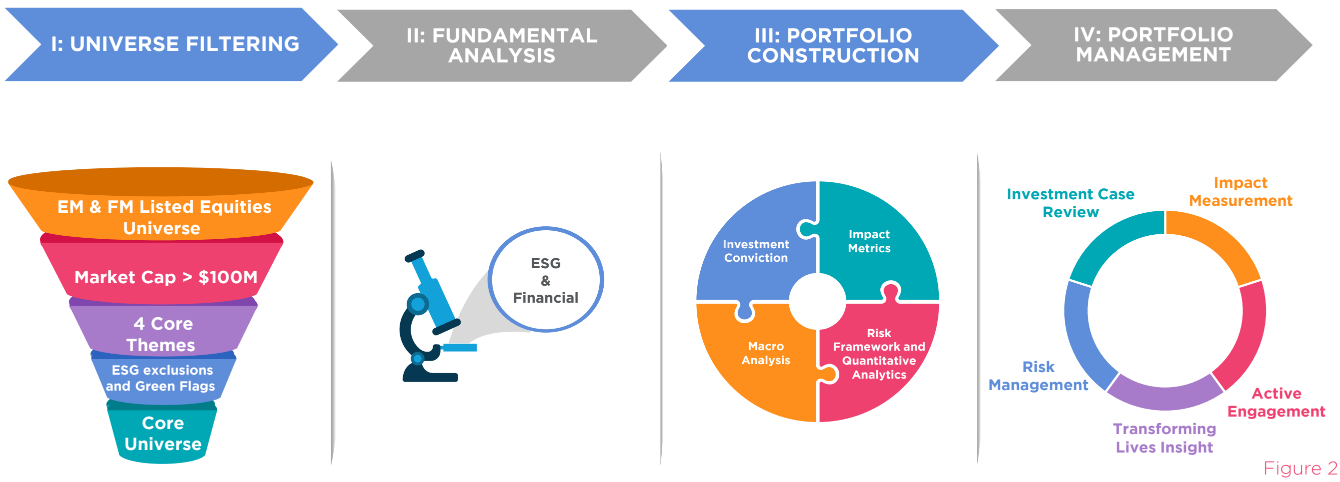

Figure 2

This core themes filter is practically achieved through a Bloomberg screen, applied at a country level to each sub-sector.

ESG EXCLUSIONS AND GREEN 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 exclude companies within sectors that are not consistent with our process and either are detrimental to or provide no environmental or societal benefits, proactively ensuring that our investment portfolio does not include entities that pose significant ESG risks or engage in activities that are inconsistent with our values.

This includes companies with over 5% of revenues or profits in their most recent financial report attributed to:

- 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)

Additionally, we have now introduced the concept of green flags. Through positive screening, we aim to identify and invest in organizations that are making significant contributions to sustainable practices, social progress, and ethical governance. By including green flags, we not only showcase our commitment to responsible investing but also strive to support positive practices. The list of our green flags can be found in Figure 3 below.

This change demonstrates the deliberate intentionality behind our decision-making. We believe that by both excluding entities that fall short of our ESG standards and actively selecting those that embody positive change, we can build a robust and impactful investment portfolio that aligns with the values of our stakeholders. Our commitment to ESG principles, underpinned by our refined approach, ensures that our investments not only deliver potential financial returns but also contribute to a more sustainable and equitable future for all.

All the companies that have met our themes are reviewed against these red and green flags, through a combination of Google checks and/or a review of corporate information disclosure. If there are companies that are not excluded explicitly by the red flags but where we are not confident that management's values are aligned with Alquity's, then we will err on the side of caution and exclude the company. Note, we recognise that this is not exhaustive and a deeper ESG analysis takes place in stage 2 of our process.

List of Green Flags

G

- ✓ Companies with a pro-active approach to engaging with investors and arrange regular open-access calls with management
- ✓ Companies that provide transparency on identity of majority shareholders

S

- ✓ For high-risk industries, we only select companies that publicly disclose critical practices such as Health and Safety policies
- ✓ For non-pharmaceutical companies, we only select those that ban animal testing (unless it is required by law and must be a substantial minority (<20%) of overall sales)

E

- ✓ For companies that use significant natural resources such as water in their operations or production processes, we only select companies that have a pro-active approach to management and disclose usage and/or conservation levels
- ✓ For high-risk industries we only select companies that publicly provide or disclose when requested GHG emissions data

✓ Only companies with a clean bill of health and without ongoing ESG controversies and unresolved scandals

Figure 3

QUANTITATIVE HEALTH CHECK

We filter the remaining universe to screen out companies with excessive valuations or overly stretched balance sheets.

CREATION OF OUR CORE UNIVERSE

The remaining cohort of companies is then qualitatively reviewed, with only the very best potential candidates for inclusion in our portfolios ultimately becoming part of our 'Core Universe' and proceeding to stage 2 of our process. This review comprises a combination of the following factors:

1. Companies with a sustainable competitive advantage within a sub-sector, or challengers to that position, or where we see the greatest impact from cyclical tailwinds or the greatest monetizable structural growth opportunity, through the analysis of factors such as:
    - Market share and brand equity
    - Profitability (e.g., track record higher than peer group in metrics like EBIT %, ROIC, ROE)
    - Balance Sheet strength (e.g., consistent track record of balance sheet strength in metrics like working capital, Net Debt/ EBITDA, NPLs, credit costs, CAR, free cash flow generation)
2. Our experience and knowledge of management behaviours, both from research and observation through our meetings.
3. Quantitative analysis of risk and correlation characteristics.

STEP 2: QUANTIFICATION AND DEEP DIVE ON CORE UNIVERSE

Our core universe is comprised of companies that we are actively following and meeting regularly. Some companies will remain in this state for an extended period, for example if valuations are not attractive. However, at an appropriate time, we will undertake a deep dive analysis on each name in the core universe as a prelude to potential inclusion in the portfolios. This is comprised of two parts:

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.

1. ESG ANALYSIS

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. Figure 4 shows our ESG ratings framework. ESG analysis is continuous and involves significant engagement with our holdings.

Proprietary ESG Rating Methodology

	DESCRIPTION OF COMPANY ACHIEVING THIS RATING
A	High-risk industry demonstrating global best practice performance in ESG** Lower risk industry demonstrating regional best practice in ESG
B	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 ESG factors
C	High-risk industry with satisfactory ESG performance, in-line with regional peers, but demonstrating a meaningful commitment to improve on material ESG factors Lower risk industry with satisfactory ESG performance in-line with or better than regional peers, but with no demonstrable intention to improve on material ESG factors
	FAIL

****High-risk industry**: those with extractive operations (mining and energy), heavy industry (cement, building materials, steel, chemicals), livestock farming, aviation and shipping

Lower risk industry: all other industries within the Alquity universe

Figure 4

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 (e.g. FAIRR Initiative).

2. FINANCIAL ANALYSIS

We undertake financial and non-financial analysis concurrently. Having identified companies of interest, which we believe to be both well positioned and well managed, we seek to quantify the financial health and competitiveness of each firm. We develop our own models for each company, resulting in our own forecasts for sales, margins, ROCE, as well as cash flow and balance sheet.

Our views and forecasts are influenced by our macro and sector research, as well as meetings with company management and competitor companies. We typically do not use broker research.

VALUATION

Company valuations are developed by integrating each of the preceding steps (ESG and Financial Analysis) within discounted cashflow (DCF) models that consider bull, bear and base cases for each company.

Our ESG ratings are incorporated into our valuation methodology via the equity risk premium. The investment team can reduce the standard equity risk premium (5%) by up to 50bps for the determination of the Cost of Equity for "A" rated companies, a core element in determining the firm's Weighted Average Cost of Capital. Conversely, for "C" rated companies, the team can increase the equity risk premium by up to 50bps. In addition, for sectors determined to be vulnerable to the transition to a low carbon economy, such as cement and automobiles for example, we reflect the risk by raising the equity risk premium by an additional 100bps.

Peer and historic valuations are also reviewed as a reference check for the DCF analysis. The base case and the potential variance around this central thesis combine to determine the attractiveness and our level of conviction on future risk adjusted returns.

Thus, at the end of stage 2, the core universe consists of companies that we are continuing to monitor, plus those where we have a detailed stock note comprising our proprietary ESG rating, financial model, valuation analysis and thus potential upside in a variety of scenarios. Our portfolio is then constructed from these names.

STEP 3: PORTFOLIO CONSTRUCTION

At this stage, the process differs between our Future World Fund and our other regional funds (Asia and Indian Subcontinent).

FUTURE WORLD FUND

Our portfolio construction process leverages our deep stock level conviction derived from our fundamental financial and ESG analysis, alongside a proprietary risk framework to deliver superior risk adjusted returns over the long term.

The process incorporates multiple iterations of the portfolio to identify the optimal structure from a stock, sector and macro-economic perspective.

As described earlier, the initial universe is reduced through the application of various filters (market cap, free float, themes and ESG red flags). Our Head of Quantitative Risk, Marnie Aragon-Uy, takes these stocks, where they are also constituents of the Emerging Markets broad index and using a proprietary stock level risk framework, constructs a "base" risk-aware portfolio that is back-tested against the index to ensure it behaves within the risk limits we have set.

Risk-framework for the Future World Fund

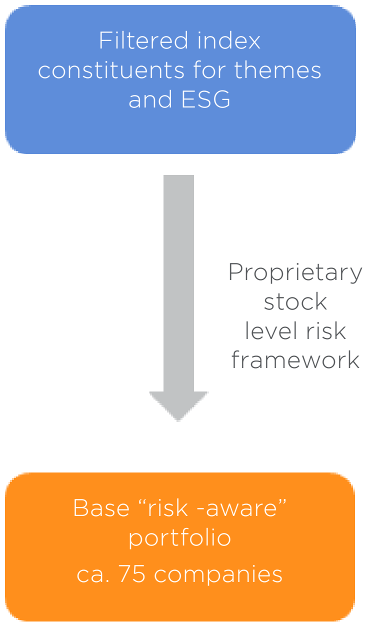

Figure 5

The specific risk limits by which the base portfolio is constructed upon for the Future World Fund are as follows:

Future World's Risk Guidelines

Construction Guidelines
Country: +/- 10% versus EM index
Sector: +/- 20% versus EM index
Typically 20% invested in Small Caps (±5%)
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%

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 EM Index: 4% to 6%
Active share: >80%
Beta: 0.9 to 1.1

Figure 6

This "base portfolio" is then adjusted using insight from the fundamental analysis undertaken by the investment team. There are three specific ways in which the base portfolio is amended:

1) Macro-economic assessment: These views are based on a consideration of global issues that impact Emerging and Frontier Markets, as well as in-depth analyses of specific countries of interest. This insight is shared with the team through twice-weekly team meetings, with a more comprehensive review conducted at the monthly Portfolio Construction (PC) meeting. Country allocations are adjusted to reflect these views within the previously outlined risk parameters.

2) High conviction ideas: The investment team identifies companies they strongly believe in through their own research from the core universe, which may or may not be in the index. These companies are added to the portfolio based on the level of investment conviction and their stock-specific risk characteristics. Portfolio risk characteristics take precedence, so only stocks that align with these characteristics will be added based on the strength of conviction.

3) Alternative ideas: The investment team will have detailed research on companies that have similar characteristics to those in the base portfolio, but where we believe the investment case is superior or where valuations are more attractive. These are from the core universe and may or may not be in the index. These companies are then tested by Marnie, and if they meet the risk requirements, these stocks are swapped for those in the base portfolio.

After each of the above changes are made to the base portfolio, Marnie will back-test the portfolio against the risk framework to ensure that the final portfolio optimises alpha generation from our investment process in a risk-controlled fashion. The resultant portfolio is then reviewed by both portfolio managers to ensure it accurately reflects their conviction and assessment of the future risk- reward trade off across the Emerging and Frontier market universe.

At this point, if there are any companies that appear in the amended base portfolio that are not in the core universe, they will be inserted into the core universe at this point. If there are any stocks in the core universe (whether originally derived from fundamental or quantitative analysis) that are in the amended base portfolio but have not been subject to stage 2 analysis, then this will take place before the final portfolio trades are executed. Of course, we will never invest in a stock which has not been analysed and assigned an A, B or C rating.

Hence, whilst the initial investment universe filtering is conducted annually, names within the core universe may change to some extent over time. The above portfolio construction process is conducted monthly to reflect the changing macro environment and our evolving investment conviction (on existing and new stocks). In periods of extreme volatility, the process may take place more frequently.

All firms in the final portfolio thus have passed our ESG red flags and themes, have been assigned an "A", "B" or "C" rating and have been quantitatively analysed to optimise the risk/return profile of the portfolio as a whole.

ASIA AND INDIAN SUBCONTINENT FUNDS

The core universes for Asia and India are a subset of that for Future World. The Asian fund is constructed to outperform the relevant Asia ex Japan index, in line with our desired portfolio characteristics (see Figure 7). The quantitative influence in Future World is not explicit in our Asia fund, but given the significant overlap between the Asian and GEM indices (with almost 80% of the relevant EM index comprised of Asian stocks), there is a high degree of similarity in the portfolio construction.

However, Alquity Asia has a higher tracking error band and a different benchmark, which includes some securities not found in the relevant EM index, leading to a lack of uniformity.

Position, sector and country weights for the Asia fund are determined by the team's conviction, the overall risk characteristics of the portfolio and where relevant, are informed by the views of Marnie in terms of correlation and volatility.

Asia's Risk Guidelines

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

Figure 7

The same principle applies to the Alquity Indian Subcontinent Fund. However, this is generally a single country fund (although investments in other parts of the Subcontinent are permitted) with high conviction positions, given our ESG and thematic filter.

The portfolio characteristics for the Indian Subcontinent Fund are summarised in Figure 8.

India's Risk Guidelines

Construction Guidelines
Sector: Maximum concentration of 40%; Typically +/- 20% vs India Index
Typically 25% 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

IMPACT INDICATOR TARGETS

All our strategies have established at least two impact indicator targets that 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)

These have been selected to ensure alignment with our climate declaration and also our commitments as members of the Net Zero Asset Manager's Initiative (see our disclosure on page 26).

All the data on the above for each Emerging Markets portfolio is collected by the Alquity team through a combination of direct company disclosure, desk research and considered estimation. Our analysis has shown that this provides a much greater level of data reliability than that provided by 3rd party data providers.

HOW MACROECONOMIC ANALYSIS SUPPORTS PORTFOLIO CONSTRUCTION

Macroeconomic analysis and the formulation of top-down investment strategy for country allocation purposes for all funds are conducted and delivered by the Global Macro and Portfolio Strategist to the team. The country-level macro analysis entails the following aspects:

1. Assessing countries' structural growth characteristics (e.g. population growth, capital accumulation, total factor productivity growth, etc.).
2. Identifying short-to medium-term GDP growth drivers (in comparison to National Accounts) and other relevant metrics capturing the cyclical position of economies (e.g., unemployment rate, PMIs, inflation rate, etc.).
3. Evaluating domestic financial conditions (e.g., lending activity, real interest rates, etc.) as well as the external financial position (i.e., balance of payments).
4. Estimating the structural impact of government reforms as well as the cyclical impact of the government's fiscal response.
5. Analyzing central banks' monetary policy response functions and estimating the impact of monetary measures on countries' cyclical growth prospects.
6. Understanding countries' institutional legal frameworks and political architectures, and assessing political stability.

As the Alquity funds invest in Emerging and Frontier Markets, the top-down asset allocation strategy formulation is conducted in a global context by taking into account systemically relevant asset price drivers, such as global GDP growth prospects, the Federal Reserve's monetary policy stance, commodity prices, cross border capital flows, risk premia, and stock market valuations as well as FX market valuations.

The team tracks the latest macroeconomic, financial market, policy and political developments in all relevant countries on a daily basis and adjusts forecasts, views and top-down asset allocation recommendations accordingly. The findings and conclusions are shared in the following manner:

1. The Investment Team reviews and adjusts the Future World Fund's country allocation in the monthly Portfolio Construction meetings. The reviews entail the re-assessment and update of the in-house macroeconomic and market outlook in the context of valuations and potential market catalysts. The Fund's country allocation is adjusted accordingly.
2. The Investment Team sets up meetings in an ad-hoc manner for macro deep dives on specific countries to better understand where both opportunities and risks lie.

STEP 4: PORTFOLIO MANAGEMENT

Portfolio management consists of 5 inter-related activities that are managed and reported on an on-going basis. They are as follows:

Portfolio Management Steps

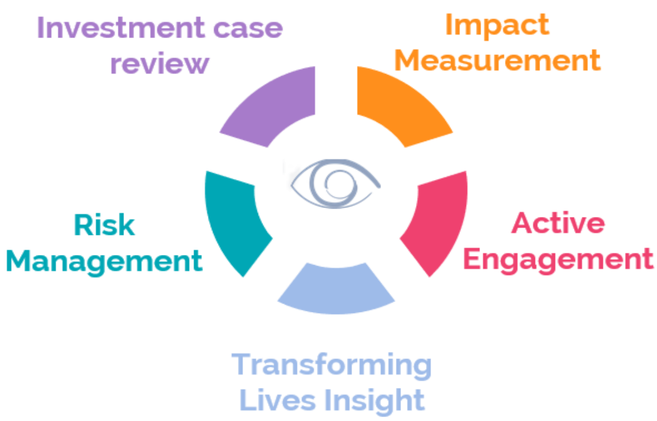

Figure 9

1. INVESTMENT CASE REVIEW AND SELLING DISCIPLINE

On an ongoing basis we review our fundamental conviction at a sector, country and stock level, both in terms of our financial forecasts, valuations and ESG rating, as well as the risk and volatility characteristics of all the portfolios. This ensures the investment thesis stays consistent, and the portfolio is performing in line with our expectations. This is done using both desk-based research and a targeted two management meetings per annum, as well as after each results announcement.

Investment theses and any changes to them are formally discussed in the twice weekly team meeting and the monthly quantitative review meeting (chaired by Marnie). In addition, major changes to our theses are shared and discussed more widely in our weekly firm-wide investment meeting.

We do not employ automatic sell discipline strategies such as stop-losses. We believe such rules are overly exposed to short-term market momentum and can miss the specific risk/reward characteristics of individual investments. Three factors combine to form our sell discipline and are of equal importance.

1. A change in the investment case

Developments that negatively affect the earnings, cash flow generation, ESG rating or our trust in management, to the point where the investment is no longer attractive from the perspective of a long-term shareholder, will lead us to exit a position. We see market price action as the key disciplining factor on our process and, to the extent a position moves against us, we will continually listen to the market and review the investment thesis to ensure our positioning is justified. This does not mean that we sell a position whenever the outlook for next quarter's earnings deteriorates or follow a rule such as "sell whenever earnings fall by X". Each investment case is evaluated on its own merits and any changes impacting the long-term fundamentals of our stock holdings are analysed in detail before a sell decision is made. Significant price movements may also action a 'Trigger Meeting' – see below, and/or require a report to the Performance & Risk Committee (PRC).

We include any changes in the ESG rating of the holding as part of the investment case review. Should this rating change (either improve or deteriorate), the impact will be reflected in either our valuation (as described earlier) and/or our conviction. If any holding fails to meet our minimum "C" rating, we will look to divest our position as soon as possible.

2. A company's valuation becomes too expensive

Our investment process involves a base case price review point for each of our companies (as well as a bull and bear case scenario). When this price review point is reached, the investment case is reviewed to assess whether any further upside remains and how the risk-reward profile has changed, e.g. is the base case still appropriate or are some elements of the bull case relevant considerations. The price review point is just one building block of an investment decision and is not an automatic sell trigger. However, if our analysis determines that the company is fully valued, then we will exit.

3. A better alternative emerges

We may sell out of a position if, as part of our on-going process, alternatives with a better risk-reward profile become available. Our portfolios are dynamic. New ideas enter the portfolio as a result of the application of our process (including our quantitative analysis) to the broader universe. In particular:

- We actively follow our core universe of names, which are all well positioned and well managed.
- The evolution of our macro analysis shapes our conviction on regions and industries over time.
- Frequent visits to the region, and discussions with company management teams, help identify credible and respected competitors.

2. IMPACT MEASUREMENT

We track the impact of each of our portfolios against key metrics aligned to the United Nations Sustainable Development Goals (UNSDGs). This impact analysis is provided by Impact Cubed, an independent third-party who assess each fund against its relevant index. For GHG emissions and water intensity, we collect and use our own data. The outcomes of the portfolio assessment are analysed by the investment team so that they can understand at both a stock and portfolio level the environmental, social and governance footprint of our funds and engage with companies to improve these outcomes over time.

> ***All our portfolios are aligned with our Climate Declaration.***

Our portfolios are aligned with our Climate Declaration as follows:

1. High-risk industry classification: any company involved in sectors with high GHG emissions are subject to higher scrutiny and must disclose GHG emissions. In addition, companies in sectors subject to transformation due to the transition to a low carbon economy have their risk premia increased and hence are only included in portfolios if both their ESG standards and investment thesis are strong.
2. We exclude all companies involved in the exploration and production of fossil fuels (including thermal coal). In addition, sectors such as livestock farming, aviation and shipping are treated as "high-risk" industries.
3. We engage with all our portfolio companies to encourage them to firstly disclose their GHG emissions and secondly implement a plan to reduce these over time. We are advocates of a "just and fair" transition and as we are investing in many developing countries, we provide advice and share best practice to support company behaviour and plans.
4. Finally, donations from our funds help support equitable economic development where we invest, providing opportunities to lift the most vulnerable out of poverty which contributes to the development of fairer, more sustainable world.

Alquity Emerging Market funds have specific targets on impact (GHG emissions and water intensity). Our ESG integration process incorporates sustainability and as such on most metrics our funds are ahead of the relevant index. Where there may be divergence, we ensure that the reason is understood and transparently communicated to our clients through our reporting. The impact measurement supports our stewardship and engagement activities. Several of our companies specifically have a positive impact, through business models which aid decarbonisation, healthcare or energy efficiency. However, this is not a specific target.

SUSTAINABLE DEVELOPMENT GOALS

All our Portfolios are Aligned with the UNSDGs

As described below, the fund also delivers a tangible direct impact through the donations to our Transforming Lives programmes. These are generated by the fund's revenues and have no impact on investor's returns.

3. ACTIVE ENGAGEMENT

Purpose of our Engagement

Our forward-looking ESG analysis highlights material non-financial factors to shape our view of management. The aim of our ongoing engagement process is:

- To help us understand the intentions and authenticity of management in delivering positive future improvements to these factors.
- To actively drive improvement, and ultimately produce better financial returns, by highlighting areas where companies can enhance their practices. We also transmit our knowledge and experience through sharing best practice or introducing them to other portfolio companies where we think there can be learning opportunities.

Further, we take investors to visit our holdings on-site to learn more about how their money is being invested. This also provides us with another channel to engage our companies beyond the investor relations teams. We are actively involved at a strategic level in encouraging companies to improve their ESG disclosure practices. This includes support for the UN Principles for Responsible Investment (UNPRI) and the Global Reporting Initiative (GRI). We also track and maintain dialogue with other key actors.

Points we would like to see improved over time, and commitments made by management to enhance their ESG practises, are recorded on the "Engagement" section of our stock notes. These areas of improvement and commitment are reviewed on a regular basis when the investment team engage with the management of these companies. These notes can be made available to the investors upon request.

Key Progress Indicators (KPIs)

Most of our engagement and ESG focus is on the issues specific to an individual firm, sector and country, which we believe are of the greatest financial materiality. Further, for all portfolio holdings, we track a set of Key Progress Indicators "KPIs" shown in Figure 10 that represent a general set of transparency and ESG standards we want all firms to meet over time. In each case, the assessment has a financial motivation and an associated positive potential impact.

We have also identified the relevant principles with the UN Global Compact that the KPIs support.

These KPIs are published on our factsheets and fund presentations and updated annually.

Our list of KPIs is updated annually ensuring that companies that meet existing KPIs are engaged with to improve further. In addition, we may add new KPIs that reflect changes in environmental and social concerns and priorities.

Our KPIs Provide Tangible Measures for Engagement Activity and Support the UNSDGs

Factor	UN Compact	Investment Rationale	Impact	KPI
Environmental	7, 8 and 9	Better use of resources so reducing costs and supporting future sustainability	Reducing impact on climate change and maintaining supplies of key resources such as water	1. Are emissions and/or climate impact disclosed publicly? 2. Is water usage or mitigation efforts disclosed publicly? 3. Is production of waste material disclosed publicly? 4. Is there a defined plan for achieving Net Zero by 2050? 5. Is there a TNFD plan or prevention of biodiversity loss actively considered in the strategic plan? 6. Is reporting in line with TCFD recommendations? 7. Are Scope 3 emissions disclosed?
Social	1, 2, 3, 4,5 and 6	Engaged and better skilled employees delivering higher productivity.	Safe and dignified working conditions and universal protection of human rights	1. Is there a health and safety policy in place? 2. Is there an equal opportunities policy in place? 3. Is there a staff training policy in place? 4. Is staff turnover reported publicly? 5. Are 'Lost Time Injury' rates available? 6. Is there a gender diversity policy at senior management and board level? 7. Is there a cybersecurity policy in place?
Governance	10	Businesses operates legally, ethically and for the interests of all stakeholders	Reducing corruption, increasing transparency and fostering high ethical standards in corporate behaviour	1. Is there an anti-corruption/ whistleblowing policy in place? 2. Is the proportion of independent Directors at least equivalent to the percentage free float? 3. Is management remuneration disclosed publicly?

Figure 10

PROXY VOTING

We subscribe to the proxy research services provided by Institutional Shareholder Services (“ISS”). Our fund managers fund managers review 100% of resolutions, in line with both ISS recommendations and our own Principles of Governance:

1. Separation of the roles of CEO and Chairman
2. Number of independent directors in line with company’s free float
3. Independent directors should not be former employees, family members of the founder, representatives of significant shareholders, or have any major commercial relationship with the company. They should be truly independent
4. Maximum 9-year tenure of any independent director (in line with UK corporate code), regardless of any breaks in service
5. Maximum 6 other public external directorships for any independent director, who must also have enough time to devote to the role given other constraints on their time
6. Minimum 75% attendance at board meetings for all directors (including by telephone)
7. Share grants relating to employee/management, share schemes of a maximum of 1% per annum, and no more than a 10% discount to the prevailing/average share price at the time of award. These should vest over a suitable timeframe, such as 3 years
8. Documentation relating to shareholder votes/AGM to be circulated 2 weeks in advance
9. Audit and remuneration/nomination committees to be 100% comprised of independent directors. The members of the audit committee should have sufficient adequate financial experience
10. Independent and credible auditor, changing every 5 years
11. Companies should strive for 50% gender diversity on board/senior management level. We will vote against the entire board where there is zero gender diversity at the board level
12. Pre-emption rights for existing shareholders for all equity raising
13. Remuneration packages for senior management to be highly transparent, and demonstrably comparable to peer companies
14. Transparent dual share classes are acceptable as long as there is an effective justification, the company is demonstrably run in the interests of minority shareholders, and there are rigorous checks and balances to prevent abuse
15. Although votes relating to our key progress KPIs occur rarely, we will vote to achieve these goals when the opportunity arises
16. We will vote against the re-election of directors where we deem that companies are climate laggards with respect to their size, industry and region

4. RISK MANAGEMENT

Each fund has specific risk limits in place (detailed earlier) and these are monitored on an ongoing basis by our Operations team, and formally through a quarterly report (which also includes details on ESG ratings and portfolio liquidity analysis) as well as through our Performance and Risk Committee (PRC).

Alquity has a comprehensive approach to ensuring our investment team follows a robust and consistent approach to ESG investing. Specifically, we have governance in place to monitor, evaluate and support the team’s investment process, our funds’ performance, our ESG ratings and Investment Risk.

The PRC oversees most of these functions and is chaired by our Head of Quantitative Risk, and includes the entire investment team and the CEO. The committee’s role is to oversee:

1. The performance of the strategies, including attribution
2. Our ESG research and ratings process
3. A suite of quantitative risk analytics that helps the investment team measure and understand risks in the portfolio, and supports the team’s investment decisions to maintain the best ESG portfolios for our clients and meet portfolio objectives
4. Any individual security drawdowns exceeding internal thresholds and due to ESG reasons, which occur throughout the year

As a further component of our risk control process, we also have ‘Trigger Reviews’. A trigger event occurs if any stock contributes a predetermined amount of negative attribution over a specific period (dependent on the risk profile of the fund) for either ESG or non-ESG reasons. This is determined by the Head of Quantitative Risk and may result in a ‘Trigger Review Meeting’, where the investment case for the stock is reviewed and the Head of Quantitative Risk acts as an independent challenge to the fundamental investment team. A strategy for the way forward is then agreed.

5. TRANSFORMING LIVES INSIGHTS

Please, see page 27 of the Invesment Process document.

GLOBAL IMPACT FUND
INVESTMENT PROCESS

The investment process consists of three key stages as shown in Figure 11 below.

Figure 11

STAGE 1: DEFINING THE INVESTABLE UNIVERSE

The goal of this stage is to define an ESG-based investible universe for the fund. We use the stocks in an All Country World Index (ACWI) as that has broad coverage and reflects the real opportunities in global growth. These are then focused down using four filters as follows:

Filter 1: Sector Exclusions

We exclude sectors (and companies with sales or profits of greater than 5% from these sectors) that do not provide any productive or positive social value. These sectors are as follows:

- Alcohol
- Tobacco
- Gambling
- Adult entertainment
- Soft drinks
- Resource intensive Construction Materials
- Fossil fuels exploration and production
- Armaments
- Non-renewable Utilities
- Cosmetics manufacturers that uses animal testing
- Fast fashion

We believe that the way we allocate capital shapes societies. So by excluding companies in these sectors, whilst increasing our focus on other more sustainable sectors, we will support the fair and just transition towards a net zero economy.

Filter 2: Developed Markets: Selecting the best companies and those providing solutions towards the UNSDGs

1. ESG Leaders

Due to wide availability of accurate and detailed data, we analyse company level ESG data provided by Sustainalytics and a Global ESG competitor rating. These companies provide the most complete ESG and impact metrics for the universe. They cover 25,000 companies from which we select the most liquid names which total around 3,000 companies. From this group, only companies that receive a consistently high rating from both providers are selected. Figure 12 below shows that these companies are inside the top 43% of all rated companies in its Sustainalytics' subindustry group.

Narrowing the Universe to ESG and Sustainability Leaders

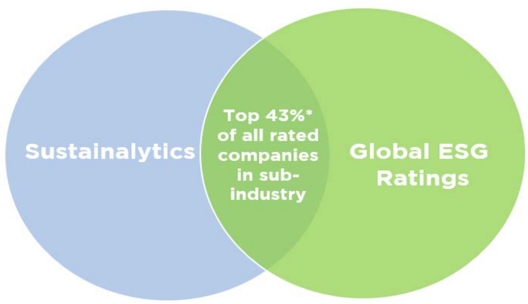

Figure 12

In terms of specific rules for ESG Leaders, the fund will only select a company with an ESG rating of "A" or higher from the Global ESG rating. In terms of Sustainalytics ratings over 90% will have a negligible, low or medium risk rating.

If a company belongs to a high-risk sector (Chemicals, Metals and Mining, Airlines, Marine, Utilities, Independent Power Producers, Livestock Farming), the fund will only select a company with an ESG rating of "AA" or higher from the Global ESG rating, which equates to companies in the top 28% of its Sustainalytics' subindustry group. The data on these ratings are reviewed at least monthly and any material changes in ESG ratings are reflected in the investible universe.

2. Controversy Screening

ESG Leaders are further screened for ongoing ESG controversies and scandals. We analyze controversies using Sustainalytics' bi-weekly incidents and controversies alerts. We exclude companies with Controversy Levels 4 and 5 events that have a high and severe impact on the environment and society, posing high to serious business risks to the company. Category 4 events represent systemic and/or structural problems within the company, weak management systems and company response, and a recurrence of incidents, while Category 5 events represent exceptionally egregious corporate behavior, high frequency of recurrence, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address relevant risks. We also exclude companies that show a deterioration of ESG events with a negative outlook, possibly for a downgrade to Controversy 4.

3. Sustainability Focused Companies

To further the impact aims of the fund, we further screen for companies that generate their revenue from products and services (as of March 2023) that make a tangible contribution towards the UN Sustainable Development Goals (UNSDGs). These companies enable the fund to target specific social and resource focused UNSDGs that can support the transition to a net zero economy. Figure 13 below describes the target UNSDGs for the fund when selecting sustainability focused companies.

The Global Impact 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. We may also include companies that contribute to the UN SDGs with best-in-class ESG practices.
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. We then differentiate companies 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.

A company is investible if it falls into one of these three categories.

5. At least 50% of the fund is allocated to sustainability leaders and future potential leaders. Typically, at least 20% of the fund is allocated to sustainability leaders.

Supporting Net Zero through Progress on Critical UNSDGs

Figure 13

The sustainability themes and categories used to identify a company's percentage of sustainable revenues are described below:

1. Affordable Housing
- Categories of involvement: affordable housing development, affordable housing management
- Relevant UN SDGs: 10, 11

2. Education
- Categories of involvement: education services, educational technology and materials, educational facilities
- Relevant UN SDG: 4

3. Energy Efficiency
- Categories of involvement: energy efficiency distribution and management, energy efficiency materials, energy efficiency industrial systems and processes, energy efficiency products
- Relevant UN SDGs: 7, 11, 12, 13

4. Financial Inclusion
- Categories of involvement: loans and finance Products for SMEs, Microcredits, other microfinance products
- Relevant UN SDGs: 8, 10

5. Green Buildings
- Categories of involvement: green nuilding development, green building management, green building technologies and materials
- Relevant UN SDGs: 7, 11, 12, 13, 15

6. Green Transportation
- Categories of involvement: green vehicles, green transportation technologies/equipment, management, green transportation services, green transportation infrastructure
- Relevant UN SDGs: 7, 11, 12, 13, 15

7. Health and Wellbeing
- Categories of involvement: medicines and drugs production, specialised technology for medicines and drugs, sanitation products
- Relevant UN SDGs: 3, 6, 10

8. Pollution Prevention and Reduction
- Categories of involvement: materials, technologies and services, treatment and remediation services
- Relevant UN SDGs: 7, 11, 12, 13, 15

9. Renewable Energy
- Categories of involvement: renewable energy generation, supporting products/services
- Relevant UN SDGs: 7, 11, 12, 13, 15

10. Resource Efficiency
- Categories of involvement: Technologies and services for resource efficiency in industrial processes, technologies and services for recycling and/or resource recovery
- Relevant UN SDGs: 7, 11, 12, 13, 15

11. Sustainable Agriculture, Food and Forestry
- Categories of involvement: sustainable agriculture, products and services for sustainable agriculture, sustainable food manufacturing, sustainable food retail, sustainable forest management
- Relevant UN SDG: 12

12. Nutrition, Food Access and Affordability
- Categories of involvement: affordable food, food access, nutritious products
- Relevant UN SDG: 3

13. Water
- Categories of involvement: water infrastructure, water utilities, water technologies and equipment, water adaptation and watershed management
- Relevant UN SDGs: 6, 11, 12, 13

Many companies providing these solutions are less mature and developing quickly, so we allow a greater tolerance for the ESG standards of sustainability leaders and future potential leaders. For these companies, we include those with a “BBB” rating which equates to companies in the top 57% of its Sustainalytics' subindustry (as of March 2023).

If a sustainable company belongs to a high risk sector (Chemicals, Metals and Mining, Airlines, Marine, Utilities, Independent Power Producers), the fund will only select a company with an ESG rating of “A” or higher, which equates to companies in the top 43% of its Sustainalytics' subindustry (as of March 2023).

4. Do No Significant Harm (DNSH) Screening

To further the impact aims of the fund, we further screen for companies that generate their revenue from products and services (as of March 2023) that make a tangible contribution towards the UN Sustainable Development Goals (UNSDGs). These companies enable the fund to target specific social and resource focused UNSDGs that can support the transition to a net zero economy. Figure 11 below describes the target UNSDGs for the fund when selecting sustainability focused companies.

We conduct DNSH assessment based on Bloomberg's Sustainable Finance Solution (SFS) Methodology for Do No Significant harm (DNSH) criteria (as of March 2023). 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 six EU Taxonomy environmental objectives: i) climate change adaptation, ii) climate change mitigation, iii) water and marine resources, iv) circular economy, v) pollution prevention and control, and vi) protection of biodiversity.

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 35 DNSH Level 1 data fields are used. 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 apply to all our positions and are outlined in Figure 14 below.

There is no aggregation of data between DNSH Level 1 estimated data fields, therefore the pass rate is calculated separately for each objective. Level 1 disclosure tolerance is an average of at least 20% alignment with the underlying data fields across all six environmental objectives.

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 are 110 DNSH Level 2 data fields.

While we monitor Level 2 data fields, we do not currently apply a tolerance level. Bloomberg's population of these data fields is inconsistent and needs to be improved in the next year. A tolerance level will be applied as soon as these improvements are made.

DNSH Level 1 Data Fields

Objective	Summary EU Taxonomy Test Description	Description	Pass or Fail	Weight	% Score Aggregated
Mitigation (1)	Sector specific requirements apply.	Climate Change Policy	1	0.11	100%
		GHG Emissions Reduction Policy	1	0.11	
		Emissions Reduction Initiatives	1	0.11	
		New Products – Climate Change	1	0.11	
		Total Greenhouse Gas / Carbon Dioxide Emissions	1	0.11	
		Total Greenhouse Gas / Carbon Dioxide Emissions - Current < Previous year	1	0.11	
		GHG Scope 3	1	0.11	
		GHG Scope 3 - Current < Previous year	1	0.11	
		Amount of fines	1	0.11	
Adaptation (2)	In accordance with Appendix A of the technical annexes, the physical climate risks that are material to the activity have been identified from those listed in the technical annexes by performing a robust climate risk and vulnerability assessment with the steps as detailed.	Risks of Climate Change Discussed	1	0.14	100%
		Physical Risk Identified	1	0.14	
		Climate Scenario Analysis	1	0.14	
		Climate Adaptation Solutions Implemented	1	0.14	
		Executive Compensation Linked to Climate	1	0.14	
		Amount of fines	1	0.14	
		Adopts TCFD Recommendations	1	0.14	
Sustainable Water Use (3)	Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential in accordance with Appendix B of the technical annexes. Sector specific requirements may also apply.	Water Policy	1	0.14	100%
		Water Stress Exposure Percentage	1	0.14	
		Wastewater Management Policy	1	0.14	
		Water Use and Protection Plan	1	0.14	
		Water Use/Withdrawal - Current < Previous year	1	0.14	
		Water Use/Withdrawal Intensity per Sales - Current < Previous year	1	0.14	
		Amount of fines	1	0.14	
Circular Economy (4)	Sector specific requirements apply.	Waste Reduction Policy	1	0.13	100%
		Hazardous Waste Management Policy	1	0.13	
		Waste Sent to Landfills - Current < Previous Year	1	0.13	
		Total Waste	1	0.13	
		Total Waste - Current < Previous year	1	0.13	
		Waste Generated per Sales - Current < Previous year	1	0.13	
		Amount of fines	1	0.13	
		Product Lifecycle Design	1	0.13	
Pollution Prevention and Control (5)	The activity complies with the criteria set out in Appendix C of the technical annexes. Sector specific requirements may also apply.	Environmental Quality Management Policy	1	0.2	100%
		Environmental Supply Chain Management	1	0.2	
		Pct Sites Certified	1	0.2	
		Amount of fines	1	0.2	
		Air Pollution Reduction Policy	1	0.2	
Protection of Biodiversity (6)	The activity complies with the criteria set out in Appendix D of the technical annexes. Sector specific requirements may also apply.	Amount of fines	1	0.25	100%
		Environmental Impact Assessment Performed	1	0.25	
		Environmental Impact Assessment Risks Addressed	1	0.25	
		Biodiversity Policy	1	0.25	

Figure 14

STAGE 2: CONSISTENT AND TARGETED PORTFOLIO CONSTRUCTION

From the remaining investible universe of c.400 stocks, we replicate a “beta portfolio”. We know from empirical studies and our own analysis that ESG leaders and companies focused on sustainable solutions drive alpha over the long term, but short-term risks need to be managed. Our proprietary statistical model evaluates detailed components of each stock in the universe which enables us to manage the risk exposures of the market with a smaller portfolio. This “beta portfolio” incorporates the alpha generation potential of the ESG leaders and sustainability focused companies, whilst managing the risk of the market.

An additional source of alpha is then added to this portfolio via Alquity’s proprietary equity factor scoring system which identifies the best opportunities for alpha generation at the individual stock level. These additional layers of value are incorporated on top of our beta-portfolio which targets superior risk adjusted returns.

2. EQUITY FACTOR SCORING

Each company in the investible universe is ranked with the following equity factor metrics:

1. Value (Price to Earnings, Price to Book Value, Dividend Yield)
2. Growth (5-year EPS Growth, 5-year Sales Growth, Projected Consensus 3-year EPS Growth)
3. Quality (Operating Margin, ROE, Debt/EBITDA)
4. Volatility (12-month Price Return Volatility, 12-month beta to local market)
5. Momentum (12-month Price Return, 3-month EPS Revision)
6. Size (Float Adjusted Market Capitalization)

A combined rank (using the 6 metrics) is calculated to create a final ranking of all stocks. The top 35 stocks are introduced in the “beta” portfolio with the macro views on a risk parity basis.

As shown in Figure 13 below, this results in a portfolio of between 75-125 companies that replicates the market risk and also incorporates the alpha generation potential of ESG Leaders, Sustainability focused companies, macro-economic indicators and equity factors. The portfolio is rebalanced on a monthly basis by the 10th business day of each month.

Portfolio Construction for the Global Impact Fund

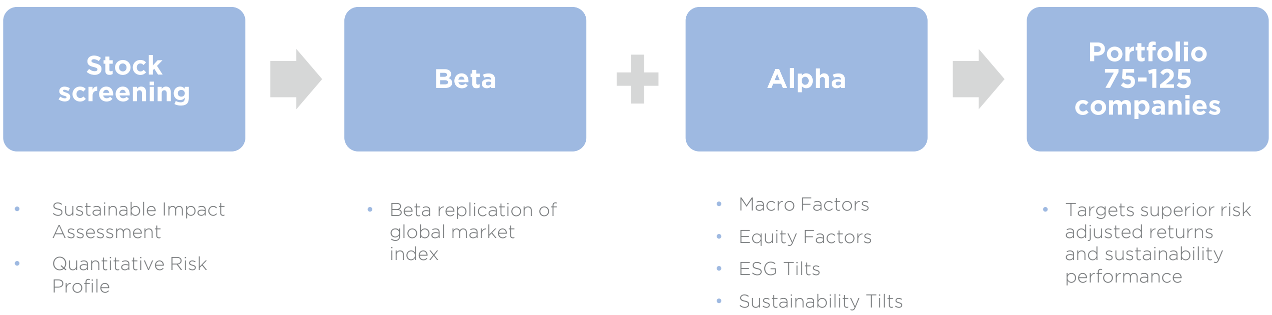

Figure 15

STAGE 3: PORTFOLIO MANAGEMENT

Active portfolio management consists of three key elements that work in concert with each other.

1. RISK MANAGEMENT

We track the portfolio risk profile against the broad global index and ensure it remains within the tolerance of our risk framework. This framework incorporates the following:

a. Liquidity constraints - 50% of the portfolio to be liquidated within 5 working days and 90% within 90 working days. This is based upon 33% of the 3-month average daily volume.

b. Target portfolio characteristics - portfolio tracking error of 4-6% and beta of 0.9-1.1. Active share greater than 70%, but because of the portfolio construction process, we expect this to be significantly higher in practice.

c. Concentration guidelines - Country weights (+/- 15% vs index), Sector weights (+/- 20% vs index). We also target the allocation to sustainably focused companies to be typically 20% (+/- 5%). The fund will also hold between 75-125 stocks.

d. Construction guidelines - Position size between 0.5 - 8%. A maximum overweight vs index of 3% but no underweight limit. All holdings over 5% will do not total more than 40% (UCITS rules).

2. INVESTMENT REVIEW

We review Equity and Macro alpha generating factors daily and assess their impact against our model expectations; adjusting to reflect changing market and economic conditions. We also track ESG data to ensure that any changes in the rating or business models that materially change a company's position as an ESG Leader or sustainability focused company are reflected in the portfolio. When a stock is downgraded, the following actions are taken:

Developed Markets

1. When a company is downgraded to the equivalent of BBB and BB by Sustainalytics, the stock will be sold within the rebalancing period.

2. If the downgrade is equivalent to a rating of B and below, an action plan to sell immediately will be communicated.

3. If the price falls by 20% or the performance impact is more than 50 bps from an ESG incident, it will be immediately reviewed and a prompt action plan will be communicated to either sell or keep the position.

Emerging Markets

1. An ESG downgrade to fail will immediately trigger an action plan to sell.

2. If the price falls by 20% due to an ESG incident, it will be immediately reviewed and a prompt action plan will be communicated to either sell or keep the position.

In addition, there are clear thresholds for performance of the equity and macro factors. If the collective performance of our macro views on the portfolio is more than +/- 50 basis points within a rebalancing period, the portfolio is immediately reviewed. A prompt action plan to either keep the macro view or neutralize the country allocation will be communicated.

Similarly, if the contribution to performance of any one stock within a rebalancing period relative to the index is worse than -50 basis points, the stock's investment case will be immediately reviewed.

3. IMPACT MEASUREMENT

We track how our strategy performs on relevant key impact metrics across environmental, social and governance factors that contribute towards the UN Sustainable Development Goals (SDGs). We use a wide range of sources including leading industry ESG rating agencies (e.g. Sustainalytics, S&P) as well as Bloomberg and other data sources.

Alignment of revenues to SDGs for sustainable names

Data from our different ESG data sources comes in different formats. It may be expressed as raw data, a yes/no, or it may already be expressed as a percentage of revenues aligned to a specific SDG or Sustainable impact theme. To build an accurate picture, we look at each data element from each data source separately, find consensus among the different data sources, and if there is any discrepancy for a given company, this is excluded. We then combine all those inputs and transform them into a Sustainable names map which highlights those companies with more than 50% revenues coming from products and services that contribute towards the SDGs.

> ***We aim to deliver robust and reliable data on the Impact outcomes of the portfolio for clients.***

Key Impact Metrics

We have identified 9 key impact metrics:

1. Carbon Intensity: sum of Scope 1 and 2 GHG emissions per total revenues (tCO2eq/m USD).
2. Water Stress: volume of water withdrawal per unit of revenue (million USD).
3. Waste generation: Waste generated per sales is calculated as metric tonnes of waste, both hazardous and non-hazardous, per million of sales.
4. Women on Boards: Percentage of women on boards
5. Women in Senior Management: Percentage of women in the top management positions
6. Board Independence: Percentage of independent directors.
7. Waste Policy: Whether the company has implemented any initiatives to reduce the waste generated during the course of its operations. If there is no data available, we assume the company has not implemented any initiatives.
8. Environmental Solutions: Whether a company has revenues from products or services that contribute towards environmental solutions. This includes green buildings, green transportation, pollution solutions, water technologies and equipment, waste recycling amongst others.
9. Health Care Solutions: Whether a company has revenues from products or services that contribute towards health care solutions. This includes medicine production and/or technology and equipment for major and neglected diseases.

Our explicit goal is that the portfolio must contribute to the "just and fair transition to a Net Zero economy". The portfolio must have substantially lower GHG emissions, waste production and water intensity than the index, whilst having more gender diversity, board independence and companies providing social value such as healthcare solutions. Our impact profile for the fund is an intentional objective that sits alongside returns, rather than an outcome of the process.

All aspects of our process are data driven and our model ensures that they help the fund deliver a consistent return and impact profile. By employing clear thresholds, we are able to review any changes and make the necessary portfolio adjustments in a timely and considered manner. This also ensures we can deliver robust and reliable data on the Impact outcomes of the portfolio for clients.

ACTIVE ENGAGEMENT

Our activity can either be direct or through collaborative industry or sector specific initiatives. Our engagement is focused on supporting progress towards the UNSDGs that the fund targets. Each year the team reviews the portfolio alongside critical environmental and social issues and targets activity on specific themes where there is a significant need and urgency.

Direct Engagement

This will be conducted by our experienced Emerging Markets investment team who have a strong track record of successful engagement outcomes. We will report on each direct engagement and progress annually.

Collaborative Engagement

Alquity are active members of several industry initiatives and we will take a lead role on those that focus on our themes. For example, we are members of the FAIRR initiative which assesses the ESG standards within the global protein production industry. We signed FAIRR's engagement on working conditions in meat industry. We also signed a letter from Plastic Solution Investor Alliance (PSIA) calling for a legally binding treaty on plastic pollution.

PROXY VOTING

We subscribe to the proxy research services provided by ISS. Our Emerging Markets team will review 100% of the resolutions, in line with both ISS recommendations and our own Principles of Governance.

NET ZERO ASSET MANAGERS INITIATIVE

In 2021, Alquity joined the Net Zero Asset Manager's (NZAM) Initiative. NZAM initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

As a member of the NZAM initiative, Alquity have publicly disclosed portfolio targets in line with the initiative. Please see below for full details:

Alquity Net Zero Targets

ASSET MANAGER TARGET DISCLOSURES

Alquity Investment Management

94% of total AUM initially committed to be managed in line with net zero	**USD 0.1 billion** currently committed to be managed in line with net zero
Information on interim target(s) covering the proportion of assets to be managed in line with net zero	**Baseline year:** 2019, 2021 **Target year:** 2030 **Target(s):** For our Future World, Asia and Indian Subcontinent funds we have constructed a net zero aligned emissions pathway, using each fund's benchmark at the base year and reducing this by -60% by 2030. The Global Impact Fund intensity will remain at 60% lower than the intensity of its index (ACWI) at all times. We target that our emerging market funds will have, on average, 20% of financed emissions in material sectors be net zero or aligned by 2030. For our Global Impact Fund, 100% of financed emissions in material sectors will be net zero or aligned. 100% of financed emissions to be under engagement. **Baseline year performance for the target metric(s):** Future World Fund (AUM: USD 37.6): 465tCO_2e/$mn invested, 7% of financed emissions aligned. Asia Fund (AUM: USD 42.3): 530.5tCO_2e/$mn invested, 5% of financed emissions aligned. Indian Subcontinent Fund (AUM: USD 32.2): 683.6tCO_2e/$mn invested, 0% of financed emissions aligned. Global Impact Fund (AUM: USD7.4): 60tCO_2e/$mn invested, 100% of financed emissions aligned. **GHG scopes included:** Scope 1 and 2 only for the portfolio-level emissions pathway. In sectors where Scope 3 emissions are material, our company-level assessment covers disclosure, and for certain companies considers whether company targets cover all relevant scopes. **Methodology:** Paris Aligned Investment Initiative Net Zero Investment Framework – Engagement Threshold and Portfolio Decarbonisation Reference Target **Scenario(s):** We use the IPCC special report on global warming of 1.5°C as a basis from which to derive the target
Additional information	**Proportion of AUM committed:** Not included within the scope of this target currently is the Alquity Africa Fund due to a lack of reliable available emissions data, which we hope will improve over time to enable us to add this fund. **Policy on coal and other fossil fuel investments:** We exclude all coal or fossil fuel investment from our portfolios. This is consistent with our climate declaration.

Figure 16

TRANSFORMING LIVES
INSIGHTS

As a firm, Alquity donates 10% of all its revenue to support development projects in the countries in which we invest. These projects are focused on the members of society that are often excluded from the opportunity created by economic growth due to poverty and discrimination. Alquity supports both NGOs and social enterprises providing support for training and education as well as direct microfinance to support budding entrepreneurs. All projects are assessed, and grants disbursed by the Alquity Transforming Lives Foundation, a UK registered charity run by a board of independent trustees.

For more information visit

www.alquityfoundation.org

Uniquely, these projects also provide useful insight for our investment teams. We frequently run consumer panels with the beneficiaries of these projects to understand their outlook and aspirations. We have found this a useful and highly differentiated source of information that helps shape our research agenda and has directly impacted the stocks that we own in the portfolios.

Kieron with the Team at Phool

FOR MORE INFORMATION ON ALQUITY, PLEASE, CONTACT:

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