tutman. investment architecture

4 July 2025

Dear Investor

Changes to Climate Assets Growth Fund

- Class B Accumulation Shares – ISIN: GB00BMHDN953
- Class B Income Shares – ISIN: GB00BMHDNB71
- Class C Accumulation Shares – ISIN: GB00BMHDNC88
- Class C Income Shares – ISIN: GB00BMHDND95
- Class X Accumulation Shares – ISIN: GB00BMHDNF10
- Class X Income Shares – ISIN: GB00BMHDNG27

1. Background to the changes

We are writing to you because you are a shareholder in Climate Assets Growth Fund (the **Fund**), a sub-fund of The Sun Portfolio Fund (the **Company**).

The FCA has recently introduced new rules under the Sustainability Disclosure Requirements (**SDR**) regime which means that some UK funds can use sustainable investment labels. These labels help investors find products that have a specific sustainability goal.

We have decided that it is appropriate to apply the Sustainability Focus label to the Fund.

This means that we will make some changes to the Fund, as set out below. There will be no change to the Fund's risk level or investment strategy as a result of these changes. The Fund will continue to be managed in the same way.

We received confirmation from the Financial Conduct Authority (**FCA**) on 20 June 2025 that these changes will not affect the ongoing authorisation of the Fund or the Company.

We have also discussed the treatment of these changes with NatWest Trustee and Depositary Services Limited (the **Depositary**), and they have not raised any concerns.

2. Changes to the name of the Company and the Fund

The name of the Company will be changed to "TM Quilter Cheviot Portfolio". This update is being made to reflect the name of the Investment Manager.

The name of the Fund will be changed to "Sustainable Opportunities Growth Fund". This new name reflects the Fund's sustainability characteristics.

3. Changes to the investment objective and investment policy of the Fund

Following discussions with Quilter Cheviot Limited (the **Investment Manager**), we are making some changes to the investment objective and investment policy of the Fund.

These changes are simply to make the Fund's documents clearer. The clarifications have resulted in minor adjustments to the Fund's investment parameters, however, there will be no change to the way in which the Fund is currently managed or the risk profile of the Fund.

Details of the changes are summarised in the Appendix to this letter, which includes a comparison of the current investment objective and policy of the Fund, as described in the Fund's Prospectus, against the new investment and sustainability objective and policy.

4. Other minor changes

We are adding detailed information to the Prospectus about the Fund's investment strategy. This information is required by the new rules under the SDR regime and we hope that it will help investors to understand the Fund's approach to sustainability

The Appendix to this letter includes a summary of the investment strategy of the Fund.

5. Impact for you as an investor

As set out above, there is no change to the risk level or strategy of the Fund as a result of the proposed changes set out in this letter. The Fund will continue to be managed in the same way.

You are not required to take any action as a result of this letter.

6. Costs

The costs of implementing the proposed changes set out above will be borne by the Fund and are estimated to be in the region of £35,000 plus VAT.

7. Notice

We are required to give you notice of the above changes, and this letter forms this notice. The above changes will take effect from 8 September 2025.

If you have any queries regarding the changes, please contact us on 0333 300 0375.

If you require any special assistance or have additional needs (for example, you require this document in large print, braille or audio), please get in touch with us.

If you are deaf, have hearing loss or are speech impaired, you can contact us by using the Relay UK service. You can do this either by using the app, or by dialling 18001 before our number using your textphone.

Yours faithfully

For and on behalf of

Thesis Unit Trust Management Limited

APPENDIX

<table>
<tr><th><u>Current</u> Investment Objective and Policy</th><th><u>New</u> Investment Objective and Policy</th></tr>
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<u>**Investment Objective**</u>

The aim of the Fund is to provide capital growth, net of fees, over the longer term (rolling 5 year periods) and to support the development of sustainable societies by pursuing five environmental and social themes across the areas of:

- **Clean energy**: by investing in companies whose products, solutions or services reduce the use of hydrocarbon-based fossil fuels;
- **Food**: by investing in companies whose products, solutions or services address the imbalance in the supply of and demand for high quality nutrition;
- **Health & well-being**: by investing in companies whose products, solutions or services improve ineffective healthcare, protection and support systems;
- **Resource efficiency**: by investing in companies whose solutions, products or services reduce the depletion and inefficient use of the earth's scarce resources; and
- **Water**: by investing in companies whose products, solutions or services improve the imbalance in the supply of and demand for water and water systems.

The Investment Manager monitors the proportion of revenue generating activity within each company which is aligned with one or more of the UN Sustainable Development Goals ("**SDGs**"). At least 50% of the revenue generating activity of each company must be aligned with one or more of the SDGs in order for a company to be considered to have material sustainability characteristics.

The Fund may also allocate capital to countries that are themselves making significant progress towards meeting the SDGs by investing in sovereign debt instruments of countries that have achieved SDG index scores of 75 or higher in the most recent UN Sustainable Development Report.

Each of these assets must also be in line with the "Sustainable Investment Strategy" below. The Fund aims to ensure that at least 70% of the Scheme Property is invested in such assets.

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<u>**Investment Objective**</u>

The aim of the Fund is to provide capital growth, net of fees, over the longer term (rolling 5 year periods) and to support the development of sustainable societies by:

- pursuing five environmental and social investment themes, as follows:
    - **Clean Energy**: by investing in companies whose products, solutions or services reduce the use of hydrocarbon-based fossil fuels, such as those involved in renewable energy generation, the EV value chain, products and technologies for sustainable building design and construction and energy efficiency.
    - **Food**: by investing in companies whose products, solutions or services address the imbalance in the supply of and demand for high quality nutrition, including processes which support the provision of high quality nutrition, such as companies involved in organic grain production and harvesting, food testing for pathogens or allergens, food processing techniques that maintain nutritional value, low-waste food packaging solutions, and high-tech agriculture supplies.
    - **Health & Well-Being**: by investing in companies whose products, solutions or services improve ineffective healthcare, protection and support systems such as companies involved in medical supplies and devices, vaccines and products for infectious disease, medical analysis and testing, hospitals, healthcare facilities, health insurance to financially protect and/or companies that improve well-being through other means, such as by providing products, solutions or services which promote good quality social and supported housing, support financial inclusion, and/or life insurance to aid financial resilience, high-quality education, training and job creation, or those that increase equal opportunities and financial services for underserved groups.
    - **Resource Efficiency**: by investing in companies whose products, solutions, or services reduce the depletion and inefficient use of the earth's resources and/or help to expand the circular economy, including companies involved in waste-to-energy, recycling, sustainable transport, cyber-security and technology solutions for facilitating the digital economy, and energy-efficient electrification and productivity and efficiency innovations which reduce environmental impact or enable increasing efficiency through policies or institutions.

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Current Investment Objective and Policy	**New Investment Objective and Policy**
	○ **Water**: by investing in companies whose products, solutions or services improve the imbalance in the supply of and demand for water and water systems such as those companies involved in water supply and distribution, recycling, water analysis, monitoring and purification, water metering, leak prevention and detection, and efficient methods of crop irrigation. • allocating capital to countries that have made significant progress towards the development of sustainable societies with respect to both people and the planet, including in relation to the five environmental and social investment themes (**Clean Energy**, **Food**, **Health & Well-Being**, **Resource Efficiency** and **Water**), by investing in the sovereign debt instruments of such countries.
Investment Policy Sustainability Criteria The Fund invests a minimum of 70% by value in assets which are judged to have material sustainability characteristics using the measure referenced in the "Investment Objective" section above. For the purposes of portfolio construction and diversification, some (but not exceeding 30%) of the Scheme Property may be invested in assets that do not have material sustainability characteristics, but are not excluded. This would include: • cash (which is not classified as sustainable); • equities, corporate bonds, alternative investments – when the issuing company is assessed as having some level of revenue alignment with the SDGs, but less than the 50% threshold required for the asset to have material sustainability characteristics as referenced above; and / or • sovereign debt – when the instrument issuer does not have an SDG index score of 75 or higher, as per the most recent UN Report. Companies will always be excluded where they fall under the exclusions set out below. Such assets will not be held by the Fund. Investment Parameters	**Investment Policy** The Fund aims to ensure that at least 70% of the Scheme Property is invested in **Sustainable Assets** (as defined below). The Fund may also invest up to 30% in assets that are **not Sustainable Assets**. This may include: • cash; • equities, corporate bonds, alternative investments where less than 50% of the company's revenue generating activity is assessed as aligned with any combination of the underlying targets of one or more of the 17 SDGs; and / or • sovereign debt, where the issuing country has i) an SDG index score of below 80; and/or ii) one or more investment theme core indicators that has not achieved the "green" rating, in both cases based on data from the most recent SDSN Sustainable Development Report. These assets are held by the Fund for diversification purposes and to ensure the portfolio is managed in accordance with the Fund's mandate, risk and liquidity profile and return profile. The Fund will not invest in any assets which conflict with the sustainability objective of the Fund. Assets will always be excluded where they fall under the definition of **Excluded Assets** set out below. Such assets will not be held by the Fund.

<u>Current</u> Investment Objective and Policy	<u>New</u> Investment Objective and Policy
Within the parameters above, the Fund will aim to achieve the investment objective by investing in a global portfolio which is comprised of: • Equity securities (75% to 95%) • Corporate bonds and government bonds (5% to 15%) • Alternative investments (up to 20%) – alternative investments are defined as assets that have historically (over 5 years or more) had a low correlation to equity markets, for example, investment trusts focusing on social or green infrastructure • Permitted closed-ended funds, including investment trusts and real estate investment trusts (up to 20%) • Warrants (up to 5%) • Cash or near cash (up to 10%) The Fund is expected to have a concentrated portfolio, typically comprising between 45 and 80 holdings. Exposure to alternatives will be via indirect investment. Sovereign debt will not be expected to exceed 10% of the portfolio. There may be times when the Fund may invest outside these parameters. For example, during times of market stress (including a market crash/unforeseen event or circumstance). The Fund may achieve indirect exposure to the above asset classes by holding units in other collective investment schemes (including those managed or operated by the ACD and/or advised or managed by the Investment Manager, or an associate of the ACD or Investment Manager), but these will be limited to a maximum of 10% of the total value of the Fund's portfolio. **The use of derivatives and/or hedging transactions is permitted in connection with the efficient portfolio management of the Fund. However, the use of derivatives in this manner is expected to be limited.** On giving 60 days' notice to Shareholders, the Fund may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund. Borrowing will be permitted on a temporary basis in accordance with the Regulations.	Within the parameters above, the Fund will aim to achieve the investment objective by investing in a global portfolio which is comprised of: • Equity securities (75% to 95%) • Corporate bonds and government bonds (5% to 15%) • Alternative investments (up to 20%) • Permitted closed-ended funds, including investment trusts and real estate investment trusts (up to 20%) • Warrants (up to 5%) • Cash or near cash (up to 10%) The Fund is expected to have a concentrated portfolio, typically comprising between 45 and 80 holdings. Exposure to alternative investments will be via indirect investment. In this context, "alternative investments" means assets which facilitate diversification from direct long investment in equity and debt markets, examples include: • renewable energy infrastructure investment trusts; • REITS focusing on healthcare facilities. Alternative investments may, or may not, be classified as "Sustainable Assets". Please see the section "What is a Sustainable Asset?" below for further information on the approach to alternative investments. There may be times when the Fund may invest outside these parameters. For example, during times of market stress (including a market crash/unforeseen event or circumstance). The Fund may achieve indirect exposure to the above asset classes by holding units in other collective investment schemes (including those managed or operated by the ACD and/or advised or managed by the Investment Manager, or an associate of the ACD or Investment Manager), but these will be limited to a maximum of 10% of the total value of the

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The Investment Manager actively manages the Fund. This means the Investment Manager actively makes decisions about how to invest the scheme property (and which investments to buy and sell) instead of simply following a market index.

<u>Exclusions</u>

The Investment Manager applies restrictions which preclude investment in certain companies, even if they would otherwise be judged to have material sustainability characteristics using the measure referenced in the “Investment Objective” section above.

The Investment Manager utilises independent assessments from a specialist research provider to ensure the negative criteria are applied fairly and consistently.

The Fund’s exclusions are as follows:

• Adult Content – Companies involved in the production or distribution of pornographic material.
• Alcohol – Companies which derive 50% or more of their revenue from the manufacture or sale of alcoholic drinks.
• Environment – Companies will be excluded where their activities have a significant negative environmental impact. Application of this exclusion considers both an assessment of each company’s negative environmental impact and any measures deployed to minimise the impacts and risks.
• Factory Farming – Companies involved in the rearing of animals in intensive conditions.
• Fossil Fuels – Companies involved in the exploration, extraction or production of fossil fuels, including natural gas, oil and coal.
• Gambling – Companies which derive 50% or more of their revenue from the operation of gambling facilities.
• High Interest Lending – Companies who provide high-interest consumer credit facilities.
• Human Rights – Companies where there is credible evidence that operations, knowingly or unintentionally, cause or contribute to the abuse of human rights, or with operations in countries regarded as having oppressive regimes where evidence is held of their involvement, either by collusion or complacency, in abuses of human rights.
• Armaments - Companies that manufacture or sell weapons or weapon systems, or provide strategic components or services specifically for military use.
• Nuclear – Companies that are involved in the generation of nuclear power or provide nuclear services to the military.
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Fund’s portfolio.

The use of derivatives and/or hedging transactions is permitted in connection with the efficient portfolio management of the Fund. However, the use of derivatives in this manner is expected to be limited. On giving 60 days' notice to Shareholders, the Fund may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund.

Borrowing will be permitted on a temporary basis in accordance with the Regulations.

The Investment Manager actively manages the Fund. This means the Investment Manager actively makes decisions about how to invest the scheme property (and which investments to buy and sell) instead of simply following a market index.
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<u>Current</u> Investment Objective and Policy	<u>New</u> Investment Objective and Policy
• **Tobacco** – Companies which derive 50% or more of their revenue from the production or manufacture of tobacco products. The Fund also excludes any company that undertakes revenue generating activity (using a 5% threshold) that is assessed by the independent research provider as negatively impacting achievement of the SDGs. For example, this would include companies that produce vehicles with an internal combustion engine, and those that finance the fossil fuel industry. Further information on how each of the exclusions is applied is available from the Investment Manager upon request.	

Summary of the Investment Strategy of the Sustainable Opportunities Growth Fund

For investors' information, we have included a summary of the Fund's Investment Strategy below. Please refer to the Fund's Prospectus for full details.

What is a Sustainable Asset?

An asset will only be considered to be supporting the development of sustainable societies, if it meets the following standard:

- **For companies:** At least 50% of the revenue generating activity of each company must be aligned with any combination of the underlying targets of one or more of the 17 UN Sustainable Development Goals.

- **For sovereign debt instruments:** The issuing country must have achieved i) an SDG index score of 80 or higher; and ii) a "green" rating for all of the investment theme core indicators, in both cases based on data from the most recent SDSN Sustainable Development Report – as set out further below.

- Assets must not be an **Excluded Asset**.

Assets that meet the above standard are referred to as "**Sustainable Assets**". The Investment Manager applies a "pass-fail approach" in determining whether a company meets the standard to be a **Sustainable Asset**.

Debt and equity investments in companies, alternative investments, and sovereign debt instruments all have the potential to be considered a Sustainable Asset.

Approach to indirect investments:

- The Investment Manager classifies investment trusts (such as those that invest in renewable energy infrastructure) as alternative investments and therefore the company sustainability standard (as set out above) applies to these assets. The approach to assess the revenue generating activity of these assets is identical to the approach that the Investment Manager applies to directly held equities and corporate bonds. (Please see the section "*How is the standard applied to companies?*" below for further information.)

- While the Fund may achieve up to 10% indirect exposure through collective investment schemes, the Investment Manager does not anticipate that such assets will be assessed as "Sustainable Assets".

This standard has been independently assessed as appropriate for determining the assets that the Fund invests in. This assessment was carried out by the Investment Manager's Product and Services Governance Forum and the ACD's Investment and Fund Risk Committee, both of which are independent from the Investment Manager's investment process. The standard is independently assessed at least annually, and when any material change is made to the Fund, to ensure it remains appropriate.

How is the standard applied to companies?

The Fund seeks to support the development of sustainable societies by investing in companies benefitting people and the planet. The Investment Manager will firstly identify potential investments which provide sustainability solutions, products and services which positively contribute to one or more of the Fund's five chosen environmental and social investment themes: Clean Energy, Food, Health & Well-Being, Resource Efficiency and Water.

Each company is independently assessed by an external independent research provider (as set out below). Please see the section in the Prospectus entitled "How are companies aligned to the Fund's five environmental and social investment themes?" for further information on how each theme is mapped to the UN Sustainable Development Goals. The Investment Manager then determines the ability of that company to contribute to the Fund's sustainability objective based upon the proportion of the company's revenue generating activity that can be attributed to advancing one or more of the SDGs.[1]

Equities, corporate bonds and alternative investments are considered sustainable if 50% or more of the company's revenue generating activity is assessed as aligned with any combination of the underlying targets of one or more of the 17 SDGs. Following the analysis of the company's revenue generating activity, the Investment Manager reconfirms which one of the five investment themes is the best fit based upon the company's specific SDG-alignment profile. The investment theme for that company will be the one where the company has the highest proportion of revenue generating activity aligned with that investment theme's underlying targets. Please see the section below entitled "*How are companies aligned to the Fund's five environmental and social investment themes?*" for further information.

How are companies aligned to the Fund's five environmental and social investment themes?

Typically, the Fund's portfolio will have representation from all of the five environmental and social investment themes. Each Sustainable Asset (with the exception of sovereign debt) will be aligned with one or more of the themes. Market valuations and economic conditions determine if any one of the themes takes precedence at any given time.

Please see the Prospectus for the primary SDG targets which have been defined for each of the five thematic areas.

How is the standard applied to sovereign debt instruments?

The sustainability of sovereign debt instruments is determined by the issuing country's i) SDG index score; and ii) performance in the investment theme core indicators, in both cases based on data from the SDSN Sustainable Development Report.

The UN Sustainable Development Solutions Network ("**SDSN**") has a comprehensive framework for assessing each country's progress towards achieving the SDGs using a broad range of data from across international organisations (such as the World Bank and OECD) and other sources (such as peer reviewed journals). This framework and the corresponding data for each country is published annually in the SDSN Sustainable Development Report.

As part of the SDSN Sustainable Development Report, each set of raw data is considered and standardised using a pre-determined methodology to give a score out of 100. This figure reflects the country's progress to completion for that specific sustainability indicator (which closely aligns with the SDG underlying targets). All standardised indicator scores for a given SDG are then averaged for an SDG score. Finally, the average of all 17 SDG scores gives a country's overall SDG index score.[2] An SDG index score of 100 indicates all 17 SDGs have been achieved by that country.

Additionally, the SDSN Sustainable Development Report includes a traffic light rating system (green, yellow, orange, red) to reflect each country's performance on each specific sustainability indicator based on quantitative thresholds. These thresholds were established based on statistical techniques and through various rounds of consultations with experts.[3] A "green" rating indicates that a country

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[1] Further information on the UN Sustainable Development Goals framework, the 17 goals themselves and the underlying targets, can be found on the UN website, https://sdgs.un.org/goals.

[2] The methodology has been peer-reviewed (Schmidt-Traub et al., 2017) and was audited in 2019 by the European Commission Joint Research Centre (Papadimitriou, Neves, and Becker, 2019). More information about the methodology underpinning the SDG Index can be found on pages 72-74 of the 2024 SDSN Sustainable Development Report. **International statistics may be subject to time lags and as a result the latest report's data may not reflect recent significant factors (e.g. factors arising from recent conflict escalation).** Please see "*What assets are excluded from the Fund?*" for more information on how the Investment Manager monitors such factors.

[3] All thresholds are published by the SDSN either within or alongside the SDSN Sustainable Development Report. For example, the thresholds for the 2024 SDSN Sustainable Development Report can be found at

has reached the SDSN's high-performance threshold for that indicator, while a "red" rating indicates that major challenges remain.

In order to determine whether a particular sovereign debt instrument is a **Sustainable Asset**, the Investment Manager considers both the issuer's SDG index score and the issuer's performance in selected underlying indicators ("**investment theme core indicators**"). The Investment Manager has selected five investment theme core indicators (one per investment theme)[4] that closely capture the aims and objective of each of the investment themes:

- CO_2 emissions from fuel combustion per total electricity output (an indicator for SDG 7, directly relating to the Clean Energy investment theme);
- Prevalence of undernourishment (an indicator for SDG 2, directly relating to the Food investment theme);
- Life expectancy at birth (an indicator for SDG 3, directly relating to the Health & Well-Being investment theme);
- Non-recycled municipal solid waste (an indicator for SDG 12, directly relating to the Resource Efficiency investment theme); and
- Population using at least basic drinking water services (an indicator for SDG 6, directly relating to the Water investment theme).

The Investment Manager considers a sovereign debt instrument sustainable if the issuing country has i) an SDG index score of 80 or higher; and ii) a "green" rating for all of the investment theme core indicators, in both cases based on data from the most recent SDSN Sustainable Development Report.

What assets are excluded from the Fund?

The Investment Manager applies restrictions which prevents the Fund from investing in assets which have certain excluded characteristics, even if these assets would otherwise be judged to be sustainable using the standard referenced above. These are referred to as "**Excluded Assets**".

Please note that different exclusionary approaches apply to companies and to sovereign debt, as set out below.

The Investment Manager utilises independent assessments from a specialist research provider to ensure the negative criteria are applied fairly and consistently.

Companies

Any company with one or more of the following characteristics is an **Excluded Asset**:

- **Adult Content** – Companies involved in the production or distribution of pornographic material.
- **Alcohol** – Companies with major involvement in the manufacture or sale of alcoholic drinks.
- **Environment** – Companies that undertake activities that have a significant negative environmental impact. Application of this exclusion considers both an assessment of each company's negative environmental impact and any measures deployed to minimise the impacts and risks.
- **Factory Farming** – Companies involved in the rearing of animals in intensive conditions.
- **Fossil Fuels** – Companies involved in the exploration, extraction or production of fossil fuels, including natural gas, oil and coal.

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https://dashboards.sdgindex.org/chapters/methodology#table-a-5-1-indicators-included-in-the-sustainable-development-report-2024.

[4] Any proposed change to the five selected investment theme core indicators must be well-justified and requires the approval of the Investment Manager's Sustainable Investment Forum. The investment theme core indicators are not intended to be an exhaustive list of all relevant sustainability criteria.

- **Gambling** – Companies with major involvement in the operation of gambling facilities.
- **High Interest Lending** – Companies who provide high-interest consumer credit facilities.
- **Human Rights** – Companies where there is credible evidence that operations, knowingly or unintentionally, cause or contribute to the abuse of human rights, or with operations in countries regarded as having oppressive regimes where evidence is held of their involvement, either by collusion or complacency, in abuses of human rights.
- **Armaments** - Companies that manufacture or sell weapons or weapon systems, or provide strategic components or services specifically for military use.
- **Nuclear** – Companies that are involved in the generation of nuclear power or provide nuclear services to the military.
- **Tobacco** – Companies with major involvement in the production or manufacture of tobacco products.

"Major involvement" is assessed using a revenue threshold (currently 10%) with consideration also given to i) the relative contribution of the company's operations to the industry as a whole, and ii) the nature of the activity.

In addition, any company that undertakes material revenue generating activity (defined as 5% or more of the revenue generating activity of the company) that is assessed as negatively impacting achievement of the underlying targets of the SDGs is also an **Excluded Asset**. (For example, companies that produce vehicles with an internal combustion engine, and those that finance the fossil fuel industry would be Excluded Assets on this basis.) The Investment Manager has set this threshold to align with recognised and frequently implemented thresholds for assessing materiality in the audit of companies' financial statements.

Sovereign Debt

Sovereign debt is automatically an **Excluded Asset** in the case of:

- **Sanctions** - The issuing country is or becomes subject to UN sanctions.

A decision to treat a sovereign debt instrument as an **Excluded Asset** is also made by the Investment Manager's Sustainable Investment Forum in certain scenarios, including but not limited to these examples:

- **Conflict with sustainability objective** - The Investment Manager identifies concerns with the issuing country from the most recent SDSN Sustainable Development Report, such that investment in the instrument may conflict with the Fund's sustainability objective to support the development of sustainable societies. This may include consideration of the trajectory of the issuing country's score in recent SDSN Sustainable Development Reports, or if one or more of the issuing country's investment theme core indicators has a "red" rating, or where there are relevant material issuer-specific issues (e.g. concerns over particular poor performing areas in the issuing country's SDSN Sustainable Development Report assessment and reasons for that poor performance).

- **Unforeseen conflict with the sustainability objective** – The Investment Manager identifies concerns with the issuing country that may have implications for the sovereign debt held not yet captured by the SDSN Sustainable Development Report. This may include sudden changes to the sovereign's human rights record, or unexpected geopolitical or macroeconomic developments.

Further information on how the exclusions are applied is available from the Investment Manager upon request.

<u>*ESG Factor Integration*</u>

The Investment Manager's asset selection process also includes embedded ESG factor integration.

This means that, when identifying investment opportunities for the Fund, the Investment Manager will assess both qualitatively and quantitatively, how any material environmental social and governance characteristics could impact shareholder returns for any investment.

In addition, the Investment Manager undertakes a twice-yearly assessment of the "responsible investment" classification of investments within the Fund's monitored universe. This assessment identifies ESG "laggards" in comparison to their peers using sector-specific proprietary dashboards, with such companies removed from the Fund's investable universe.

As part of this broad assessment of potential investments, the Investment Manager considers the climate impact of companies' own operations. The Investment Manager favours equities with well-managed climate impact and risks, such as those companies that have an independently validated science-based target for greenhouse gas emission reductions, and a detailed, transparent, and credible climate action plan.

How does the Investment Manager avoid conflicts with the Fund's sustainability objective?

The Investment Manager ensures that the Fund does not invest in assets which conflict with its sustainability objective. It does this through a combination of the following layers of the investment process:

- The Fund avoids Excluded Assets including:
    - companies that undertake controversial activities such as those which have a significant negative environmental impact and companies that are directly involved in the exploration, extraction or production of fossil fuels;
    - companies which are assessed as having material revenue generating activity which negatively impacts achievement of the underlying targets of the SDGs, and therefore hinder the development of sustainable societies; and
    - sovereign debt instruments that are judged to conflict with the Fund's sustainability objective.

  (See "*What assets are excluded from the Fund?*" above for more information about Excluded Assets.)

- The Fund's strategy includes embedded ESG Factor Integration – including removal from the investable universe of those companies that perform poorly when assessed against their peer group on a range of environmental and social related factors.

  (See "*ESG Factor Integration*" above for more information about this process)

How does the Investment Manager's Stewardship Strategy support the Fund's sustainability objective?

The Investment Manager's Stewardship Strategy supports the Fund's sustainability objective in the following ways:

- The Investment Manager will vote to encourage companies in ways that support the development of sustainable societies.
- The Investment Manager will engage with companies to better understand, and to encourage, their wider sustainability characteristics and sustainability potential.
- The Investment Manager will engage with companies, where appropriate, in support of the Fund's escalation plan.

More information on the Investment Manager's voting and engagement strategies is provided in the Prospectus.

What is the approach to escalation?

Where an asset no longer meets the standard to be deemed a "Sustainable Asset" and/or it is identified that it may conflict with the Fund's Sustainability Objective, the Investment Manager will engage its escalation plan. This may involve the following:

- Where an investment is no longer judged by the Investment Manager to be a Sustainable Asset, the Investment Manager will consider whether it is appropriate to continue to include this investment in the Fund's portfolio, despite the fact that it is no longer a Sustainable Asset and so will no longer count towards the 70% minimum.

- Where it is identified that an investment in a company contravenes the Fund's exclusions, the Investment Manager may action its Engagement Strategy (as set out above).

For example, this escalation plan will also apply to:

- companies undertaking activity that contravenes the Fund exclusions;
- companies whose monitored company-level KPIs indicate that they may not be delivering effectively on the Fund's sustainability objective;
- companies that are identified as ESG-factor laggards when compared with their sector, within the responsible investment classification process; and
- companies that undertake material revenue generating activity (defined as 5% or more of the revenue generating activity of the company) that is assessed as negatively impacting achievement of the underlying targets of the SDGs.

Where the Investment Manager identifies that an investment in the Fund is not consistent with the Fund's investment strategy and (in the case of companies) constructive engagement with the company on this topic is not considered realistic, or has not achieved meaningful change, the Fund will divest from that investment.

The Investment Manager aims to divest from such assets within three months from the date of identification or, if later, the date that any engagement concluded.

Investors should be aware that this may mean that, at times, the proportion of assets judged to be "sustainable" goes below 70%, however, action will be taken to restore compliance with this threshold as soon as reasonably practicable.

How does the Fund measure progress towards the sustainability objective?

The Investment Manager constantly monitors the proportion of the Scheme Property that is invested in Sustainable Assets. The Investment Manager aims to ensure that at least 70% of Scheme Property is invested in Sustainable Assets and assesses this on a daily basis.

A more detailed analysis of the Fund's portfolio is undertaken on a quarterly basis to allow for the calculation of the key performance indicators set out below. This includes, but is not limited to, a quarterly review and analysis of all holdings' SDG alignment provided by an independent research provider (For more information, see "*Use of independent research and data provider*" below.)

The Investment Manager will measure the Fund's progress towards its objective of supporting the development of sustainable societies by monitoring the following key performance indicators:

Category	Key Performance Indicator	Methodology	Additional Explanation
Sustainable Assets	Investment in Sustainable Assets	% of the total Scheme Property, by value, that is invested in assets that are classified as Sustainable Assets under the standard set out above.	*This KPI allows investors to see the proportion of the Fund's underlying assets which have been assessed by the Investment Manager as supporting progress towards the Fund's sustainability objective.*

Category	Key Performance Indicator	Methodology	Additional Explanation
			All asset types are included within the calculation. *This KPI will be published.*
Thematic Alignment[5]	Clean Energy Theme Investment	% of Sustainable Assets (excluding sovereign debt), by value which is aligned with the Clean Energy thematic area.	*This KPI allows investors to see the proportion of Sustainable Fund investments which is assessed by the Investment Manager as aligned with each of the five environmental and social investment themes set out in the sustainability objective.* *.* *Sustainable sovereign debt assets are excluded from these calculations as they are not allocated to an individual investment theme.* *Alignment with the thematic area is determined by the Investment Manager based upon the asset's specific SDG alignment profile.* *This KPI will be published.*
	Food Theme Investment	% of Sustainable Assets (excluding sovereign debt), by value which is aligned with the Food thematic area.	
	Health & Well-Being Theme Investment	% of Sustainable Assets (excluding sovereign debt), by value which is aligned with the Health & Well-being thematic area.	
	Resource Efficiency Theme Investment	% of Sustainable Assets (excluding sovereign debt), by value which is aligned with the Resource Efficiency thematic area.	
	Water Theme Investment	% of Sustainable Assets (excluding sovereign debt), by value which is aligned with the Water thematic area.	
Sovereign SDG Index Score	Average SDG index score	Weighted average SDG index score of the issuers of sovereign debt instruments held as Sustainable Assets by the Fund.	*This KPI allows investors to see the weighted average SDG index score of the issuers of sovereign debt instruments held as Sustainable Assets by the Fund.* *This metric is based on the country scores as set out in the most recent SDSN Sustainable Development Report.* *This KPI will be published.*
Country level KPIs	Individual country indicators	Current KPIs reflect the five investment theme core indicators, being: • CO_2 emissions from fuel combustion per	*This will monitor how effectively each issuer of sovereign debt instruments held by the Fund delivers on the Fund's sustainability objective to support the development of sustainable societies.*

[5] Where an investee company's activity may be related to multiple thematic areas, the Investment Manager determines the single most relevant thematic area for reporting purposes.

Category	Key Performance Indicator	Methodology	Additional Explanation
		total electricity output • Prevalence of undernourishment • Life expectancy at birth • Non-recycled municipal solid waste • Population using at least basic drinking water services	*If these monitored country-level KPIs indicate that a country may not be delivering effectively on the Fund's sustainability objective, the Investment Manager will investigate further and may engage its escalation plan.* *The Investment Manager will use available data from the most recent SDSN Sustainable Development Report.*
Company SDG Alignment	Individual and total SDG alignment	% of holdings total revenue generating activity (excluding cash and sovereign debt) which is aligned with each individual SDG as well as the total aligned with any SDG.	*This KPI allows investors to see the specific SDGs with which their investment is aligned. At any one time, investors can expect to see an SDG alignment profile that is spread across many of the 17 SDGs but with strong alignment to certain SDGs where the underlying targets align particularly closely with one of the five thematic areas.* *This KPI can also help to inform investors of the total proportion of revenue generating activity undertaken by Fund investments which is attributable to providing sustainability solutions, products or benefits, and therefore supports the development of sustainable societies in line with the fund's sustainability objective.* *This metric is calculated using each holding's SDG alignment profile, as determined by an external independent research provider.* *Sovereign debt and cash are excluded from these calculations as revenue alignment is not applicable for these asset types.* *This KPI will be published.*
Company level KPIs	Individual Company KPIs	Example KPIs used: • Clean Energy: Renewable Energy Generated (GWh) • Food: Food Waste Avoided (Tonnes) • Health & Well-Being: Patients Treated • Resource Efficiency: Recycling Rate % • Water: Customer Water Treated for Reuse M^3	*A minimum of one individual asset-level KPI will be defined for each Sustainable company to monitor how effectively each delivers on the Fund's sustainability objective to support the development of sustainable societies.* *These KPIs will be considered and defined at the asset selection stage. If monitored company-level KPIs indicate that a company may not be delivering effectively on the Fund's sustainability objective, the Investment Manager will investigate further and may engage its escalation plan.*

Category	Key Performance Indicator	Methodology	Additional Explanation
			Data is collected by the Investment Manager directly from company reporting. The KPIs may be limited by data availability and are subject to change as additional data points are identified.

Risks specific to sustainability strategies

The investment strategy that has been adopted to pursue the Fund's sustainability objective is not expected to have a material effect on the financial risk and return of the Fund in absolute terms. However, such an investment strategy may result in the performance of the Fund being different from its comparator benchmark, which does not take sustainability objectives into account.

The investment strategy that has been adopted to pursue the Fund's sustainability objective is not expected to directly lead to material negative environmental and/or social outcomes. However, it is possible that on occasion Fund holdings may be linked to negative environmental and/or social outcomes. Whether due to changing circumstance, or the availability of new information, it may be identified that a current investment is not consistent with the sustainable investment policy. The risk of this may be higher than for some other funds, as this Fund predominantly invests in global companies with diverse operations. The action that would be taken in such cases is set out within the "Escalation" section above.

Use of independent research and data provider

The Investment Manager uses Ethical Screening (the "**Data Provider**") to independently determine the proportion of a company that can credibly be aligned to the SDGs, in accordance with its methodology. Its team of specialist researchers reviews each researched company and determines the most appropriate assessment of the proportion of the business that is aligned with any combination of the underlying targets that underpin each of the SDGs, based upon the information available to them. Further information on its proprietary methodology is available from the Investment Manager upon request.

Whilst the Data Provider's assessments cannot be overridden, the Investment Manager reviews the research considering the Investment Team's own understanding of the company's operations. The Investment Manager collaborates closely with the Data Provider and may request further information on an assessment or request a reassessment and present additional information themselves that may be relevant to the assessment.

The SDG alignment data for each company is then used to assess the sustainability of the company and determine its alignment with the five thematic areas. The Investment Manager has oversight of the Data Provider. Separately, the ACD reviews the Data Provider's findings through a separate provider.

The Data Provider is also responsible for providing an independent assessment of company activity for both (i) ethical exclusion screening and (ii) negative SDG activity screening.

Consumer Facing Disclosure

A consumer facing disclosure document has been prepared for the Fund which contains a summary of the Fund's sustainability characteristics as well as up to date metrics on the Fund achievement of its sustainability objective. This document is regularly reviewed and can be accessed on the website of the ACD at https://www.tutman.co.uk/literature/.

Annual assessment of label

The ACD will conduct an annual assessment of the suitability of the assigned label for the Fund. This evaluation determines whether assets held by the Fund are compatible with the Fund's sustainability objective.

Measurement of the effectiveness of the Fund's investment policy

The Fund's financial comparator benchmark is the Investment Association Global peer group. The Fund uses this benchmark for performance comparison purposes only. This benchmark is not a target benchmark and the Fund is not constrained by it.

This peer group has been selected as a comparator because it is broadly aligned with the Fund's equity exposure and geographic focus, as defined in the Fund's investment policy.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate or a benchmark administrator has given notification of discontinuance of the benchmark. Shareholders will be notified of such a change, FCA approval will be applied for and the Prospectus updated and the change noted in the subsequent annual and half yearly reports.