

NO SUSTAINABLE INVESTMENT OBJECTIVE

This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE SUB-FUND

The environmental and or social characteristics of this Sub-Fund include:

ESG research:

The Investment Manager researches ESG characteristics of the companies in the investment universe of the Sub-Fund based on proprietary research and third party ESG research and ratings provided by datavendors and brokers and uses the results of this analysis as part of his investment decision process. Such research does not focus on a particular environmental or social factor, but rather a overall perspective for each company.

Sector exclusions:

The Investment Manager will not invest in companies with the following characteristics:

- Tobacco Production Companies;
- Companies with a majority source of revenue/profits from weapons manufacturing;
- Companies with a majority source of revenue/profits from Thermal Coal Mining;
- Companies in Breach of 1-2 of the UN Global Compact Goals.

A reference benchmark has not been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

INVESTMENT STRATEGY

The Investment Manager invests principally in equity securities and equity related securities issued by Japanese companies or non-Japanese companies whose shares trade on a Japanese exchange or that the Investment Manager determines are otherwise actively traded in Japan.

Further details on the investment strategy are provided in the Investment objective and policy section of the special section of the prospectus.

In managing the Sub-Fund's investments, the Investment Manager normally uses a "bottom up" fundamental research approach to identify companies for investment. The Investment Manager maintains a proprietary database of company valuations built on in-house modelling, frequent company meetings and extensive research.

The Investment Manager uses these models combined with qualitative and ESG screening criteria to select companies with favourable characteristics. Such qualitative characteristics include quality of management, confidence in company guidance, corporate governance and strategy, competitive advantage and brand power.

The Investment Manager seeks to identify quality business models with sustainable or improving earnings with attractive valuations, or turnaround situations with significant potential upside.

Good governance practices of investee companies is addressed through a review of different governance factors (such as management integrity, corporate structure or gender equality), engagement with the management and being an active shareholder. The Investment Management team strives to vote directly each time it has the opportunity to do so. Voting decisions will be discussed among the Investment Management team in order to reflect the position which is – in the opinion of the Investment Management team – in the best interest of the shareholders of the fund taking into account not only financial perspectives, but also sustainability factors.

The sustainability factors taken into account in the vote decision making process include sustainability factors in terms of the long term ability of the business to operate in a manner complicit with societal values, the long term outlook for the environment and social capital. This means analysing for example capital allocation decisions in terms of what will contribute to the sustainability of the business and it's ability to maximise value in the long run and in alignment with social values as well as analysing for example business processes and their compatibility with environmental goals and the transition towards a zero carbon future in the long run.

PROPORTION OF INVESTMENTS

The minimum proportion of the investments used to attain the environmental and social characteristics promoted by the Fund is 80% of the net asset value.

Such exposure is reached through direct investment into target companies.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The investment manager has in place sector exclusions as further detailed above which prevent the fund from investing in companies with certain environmental or social characteristics that do not meet its standards. In addition, it makes use of external ESG scoring and research which is taken into account as part of the pre and ongoing investment research process into stocks. The ratings and research used to screen and review positions come from a number of sources in addition to proprietary ESG research conducted by the investment management team. The portfolio is also reviewed by the ESG committee in order to check and resolve relevant ESG issues within the companies composing the fund's portfolio and when issues arise as revealed by ESG ratings and research, relevant processes and discussions take place to ensure the sub-fund does not breach its binding elements and quantitative criteria. Beyond these ESG oriented processes, the Investment Manager has a thorough portfolio risk management process in place.

The binding elements are documented and monitored by the Investment Management team before any investment decision and on ongoing basis while monitoring investments by both the portfolio management team and the ESG committee.

METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

On an ongoing basis the Investment Manager reviews the fundamental research carried out by the team and the justification of ESG considerations as a component of stock selection. The fund is regularly rated by external ESG providers such as MSCI and Owl ESG and it can use this as a measure of the fund's environmental and social characteristics in order to check the fund is being managed as indicated.

In order to measure attainment of the sector exclusions, the Investment Manager and the ESG committee analyses the fund's holdings and whether or not they have breached the exclusions set out above.

DATA SOURCES AND PROCESSING

The Investment Manager uses various data sources to attain the environmental and social characteristics promoted by investee and prospective investee companies. It currently uses data directly reported by investee companies, 3rd party brokers and Owl ESG. It can also use data from other datavendors as appropriate.

Using a wide range of sources ensures data quality and taking into account a wider array of viewpoints. Providers are reviewed regularly and alternative providers are explored for comparison.

Data comes in different forms depending on the provider.

The Investment Manager does not estimate data. Some of the data providers do use estimated data within their own products.

LIMITATIONS TO METHODOLOGIES AND DATA

The methods used to achieve the environmental and social characteristics promoted rely on both qualitative and quantitative analysis. The data element is very important in the underlying process of both pre-investment analysis and ongoing portfolio analysis. Limitations come from the fact that we are still at an early stage of companies reporting appropriate data in a complete and consistent manner, such that sometimes data does not exist or cannot be relied upon. This is something that is considered within the broad analysis and built into the quantitative methods.

These limitations are managed by the use of a variety of data sources during the research process and ongoing monitoring. Engagement policies give investee companies the ability to clarify or elaborate on topics which may not be clear from just looking at the data. The qualitative part of the analysis and deep understanding of the investee companies gives additional comfort, giving context to the raw data.

DUE DILIGENCE

The Investment Manager conducts ESG analysis to assess the risks and opportunities arising from major challenges and changes in sustainable development. This is carried out both on a first party basis by the Investment Manager directly and also on a third party basis through consumption of outside research providers' ESG analysis and ratings. This analysis is integrated into the investment decision making process and management of the portfolio and adherence to the integration of ESG parameters in the investment process is ensured by the Management Company's dedicated ESG officer and ESG committee who also monitor the ongoing ESG credentials of the fund's investments. Such policies include adherence to the exclusion list and ongoing monitoring of ESG suitability and sustainability of all portfolio investments.

ENGAGEMENT POLICIES

The Investment Manager regularly meets and engages with portfolio companies and prospective investments on ESG matters among others and will actively engage in voting concerning these matters at shareholder meetings.

DESIGNATED REFERENCE BENCHMARK

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product.

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