SFDR Article 9 (Sub-)Funds – Website Disclosures Sections based on Articles 23 and 37 to 49 SFDR Delegated Regulation (EU) 2022/1288

Full name of the Article 9 (sub-) fund: LF SUSTAINABLE ASIA IMPACT FUND

Legal entity identifier: 213800LPVS87REXEWN49

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Separate Website Section titled, ‘Sustainability-related disclosures’

Website section ‘Summary’

Since formation, Santa Lucia Asset Management’s goal has been to uphold ethical standards that reflect the values of its founding principals in investing. Following the Principles of Responsible Investments has allowed us to transform a potentially subjective effort into a more systematic approach. As long-term value investors we at SLAM understand the importance of investing with a margin of safety against future values that are consistent with a sustainable and realistic future state of the world. SLAM and its principals have a long record of responsible investment and the incorporation of sustainability characteristics in investment strategy. We see no a priori contradictions to maximizing long-run profits as a long-term investor.

In public markets, impactful investing dares to venture where the answers are not black or white, and we are ready to embrace forward-looking transition and integration approaches even when backward-looking indicators look challenging. At a minimum, responsible investment to us means to “do no avoidable harm”, i.e. we do not invest in activities for which an acceptable (and less harmful) substitute exists. As a result, certain business activities are excluded. We act as a long-term investor and incorporate respect vis-à-vis sustainability concepts in all our investment cases (which as a long-term investor is no contradiction to maximizing long-run profits).

However, we also believe exclusions-based investing alone will likely disappoint both profit and sustainability objectives. Exclusions can make sense for activities that are without positive trade-off, as we do with e.g. casino and tobacco business subject to a de minimis threshold. We have further adopted our own proprietary “Responsible Investing Framework” (“SLAM RIF”), integrating multiple Environment, Social and Governance (ESG) factors deeply into investment research process. These ESG Principles have been shaped by years of managing responsible portfolios for ESG-sensitive clients. This allows us to effectively utilise material ESG factors that can directly or indirectly affect long-term performance.

We constructively emphasize strategic alignment with future states of the world, for example as exemplified by the United Nations’ Sustainable Development Goals (“SDGs”). In addition to prioritising strong performers, we further include in our approach credible ESG transition investment cases, while ensuring ESG risks are managed through reference to indicators and globally accepted standards such as the UN Global Compact (UNGC). Where possible this analysis takes into account an assessment of company strategy and of indicators that can measure contributions to (or detractions from) the SDGs, such as those prepared by the Global Reporting Initiative (“GRI”), the UN Global Compact and the World Business Council for Sustainable Development under the SDG Compass initiative.

Website section 'No significant harm to the sustainable investment objective'

Sustainable Investment Does Not Significantly Harm Any Of The Sustainable Investment Objectives

The Fund's investments are not classed as sustainable if there is evidence of significant harm to any of the environmental or social objectives.

In addition, the adverse impacts (as set out in Table 1, Annex 1 of the regulatory technical standards) under SFDR of the investee companies are monitored on at least an annual basis and where the impacts are judged to be significantly harmful either because over time they are moving in a less sustainable direction, or because they are not becoming sustainable sufficiently quickly especially with regard to carbon intensity metrics, or because the absolute level of the metric is considered to be significantly harmful, the company is not classed as sustainable.

On a pass or fail basis any investee company which is not aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is not considered sustainable.

Consideration For Indicators For Adverse Impacts

The indicators for adverse impacts are taken into account both prior to acquiring an investment and on an ongoing basis. The Investment Manager produces the principal adverse sustainability impact (PAI) template mandated in SFDR and utilises these indicators to not only track historical progress towards sustainability goals but to analyse relative performance to portfolio and peers. The Investment Manager also uses these indicators to identify material ESG issues specific to the portfolio company and industry, guiding further research and potential points of management engagement. These steps are crucial in helping to ascertain the level impact which can lead to engagement for improvement or ultimately reclassification to 'not sustainable' and hence potential disinvestment

Alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

The Fund's sustainable investments are also aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Investment Manager will conduct on an ongoing basis checks for potential violations through scanning regional news, proprietary intelligence providers such as REDD, or commercial ESG data providers such as RepRisk. Under the principle of "Do No Significant Harm", the Investment Manager considers the impact of a portfolio selection against these minimum safeguards, operating a pass/ fail principle. Any company failing the test of alignment with these standards is not considered sustainable and faces potential disinvestment if there are no mitigating factors. The Investment Manager will review each case independently. A possible mitigating factor can be management action to remedy. For example, investing in safeguards. If violations are found to be severe or if management is not cooperative in executing the necessary reform, the position will be promptly liquidated.

Website section 'Sustainable investment objective of the financial product'

The Fund has the following sustainable objectives: (i) invest in companies that not only align themselves with United Nations Sustainable Development Goals ("UN SDGs") but also measure their impact targets for material contribution as an enabler or a transitional issuer (e.g. some technology firms may act as enablers that engage in activities positively enabling the progress towards a UN SDG; e.g. some cement producers substituting coal are transitional issuers that operate in activities typically faced with significant environmental or social challenges but are engaging in significant positive mitigation or abatement). (ii) negative screening against violations against UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, (iii) positive screening for companies with strategies that include climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, the protection and restoration of biodiversity and ecosystems, (iv) engagement and active ownership with companies according to ESG factors and their Principal Adverse Impact ("PAI", as detailed by the SFDR) incl. proxy voting.

To systematize ESG issues and the portfolio's contributions, the Investment Manager maps each investment's alignment to at least one goal or target of the United Nations Department of Economic and Social Affairs' Sustainable Development Goals ("SDGs"). Subject to data availability, the Investment Manager's analysis considers an assessment of company strategy and of indicators that can measure contributions to, or detractions from, the SDGs such as those prepared by the Global Reporting Initiative ("GRI"), the UN Global Compact and the World Business Council for Sustainable Development under the SDG Compass initiative. At least 100% percent of the Fund's portfolio will report such measurable indicators with the exception of certain derivatives (including but not limited to those used for hedging and efficient portfolio management purposes),

The effectiveness of attaining this primary objective is then handicapped using an internal rating system and – where available the indicators of impact or outcomes of SDGs reported by companies or research services (see section on environmental & social objectives).

The internal rating system seeks to prioritise contributions that are substantial and material and issuers observed to have positive actions but lack scale and materiality of these contributions and are thus subject to an additional layer of handicap to their prioritisation. While this internal rating is subjective, it is informed by independent data from sources such as Bloomberg ESG.

Website section ‘Investment strategy’

Description of Investment Strategy

The Fund follows an investment strategy under which the Investment Manager will actively select shares in Asian companies which achieve the Fund's dual objectives of generating long-term capital appreciation through a combination of share price performance and dividends, and making a contribution towards sustainable objectives.

The Fund’s dual objective implies that 100% of the Fund will always be invested in sustainable investments with the exception of certain derivatives (including but not limited to those used for hedging and efficient portfolio management purposes),. The Fund will invest in those companies that the manager believes are making a meaningful contribution to the SDGs and are therefore likely to in their business model and stock market valuation be rewarded.

The Fund’s interpretation of responsible investing has been shaped by years of managing responsible portfolios for ESG-sensitive clients and is one that works in the Asian context. The Investment Manager tries to identify where companies are actively improving ESG practices in a way that will improve performance, and thus also equity valuations. The Investment Manager focuses on the absolute improvement of these parameters, not only selecting companies which are necessarily already leaders in them. In this sense, the Fund is also focused on positive change.

In this case, the Investment Manager considers that companies that are on a positive trajectory are likely to raise their rankings and enjoy larger flows of passive and active funds. This may, in certain circumstances, result in the Investment Manager investing in an issuer which has a lower conventional ESG rating where it believes that the relevant existing ESG rating does not fully capture recent positive sustainability-related changes which have been implemented by the relevant issuer.

Such investments, however, are still held to the highest standards. The Investment Manager closely monitors the target and intermediate data points. Should a datapoint suggest underperformance, the company is flagged, and the Investment Manager will take the subsequent necessary actions. The first port of call includes active engagement with the management to understand and provide support in pushing the company back on track. Should the management be unreceptive, or if their performance continues to disappoint, the position will be promptly liquidated within six months of identification of the deficiency.

The Fund see this pre-emptive approach not only as a means to mitigate the financial downside risks, but also as a form of active stewardship in holding companies accountable to their set sustainability targets.

Binding Elements of Strategy

The binding elements related directly to the environmental or social characteristics are the exclusion of stocks that are considered to be in direct conflict with the sustainability characteristics promoted by the Fund and companies known to be engaged in these activities will be excluded. The Fund does not intend to invest in companies whose business activity involves manufacture or sale of the following products and services:

1. Controversial Weapons (completely excluded)
2. Verified UN Global Compact failure (completely excluded)
3. Tobacco and tobacco products manufacturing and distribution (5% revenue threshold)
4. Conventional Weapons (10% revenue threshold)
5. Gambling (10% revenue threshold)
6. Palm Oil (20% revenue threshold)
7. Thermal coal power generation (30% revenue threshold)

The Fund shall also not invest in a company which is listed as a Verified UN Global Compact Failure or known to be engaged in modern slavery.

In addition, the Investment Manager's proprietary ESG framework may identify an investment case as being compromised by weak sustainability characteristics and therefore excluded from portfolios (or disinvested if downgraded while owned in the portfolio).

The commitment to divestment on detecting negative change is a further binding element. In addition to static exclusions, the portfolio will pro-actively divest from companies where the sustainable investment thesis is no longer supported by evidence, within six months of identification, taking into account earnings calendars of issuers

Policy to Assess Good Governance

The Investment Manager is a signatory to the UN Principles for Responsible Investment (the UNPRI). As a signatory, the good governance practices of investee companies are assessed prior to making an investment and annually thereafter. This requires investee companies to adhere to minimum standards in various areas including sound management structures, employee relations, remuneration of staff and tax compliance.

The Investment Manager is committed to the principle of active stewardship – monitoring and influencing the companies in which it invests, through voting and engagement, and challenging companies that fall short of the Investment Manager’s standards for managing ESG-related risks. The Fund and Investment Manager drives and support positive change by engaging with the directors and executives of investee companies.

The Investment Manager believes that complying with the minimum standards set out in SFDR is a necessary but not sufficient condition for it to conclude that a company has good governance. In addition, the Investment Manager expects its investee company boards and management teams to exhibit a focus on the long term and a regard for all stakeholders. Management teams should be incentivised to manage companies to create value for all stakeholders and be rewarded accordingly. Consequently, the Investment Manager assesses and seeks to promote the integration of sustainability-linked non-financial metrics within variable compensation frameworks.

Website section ‘Proportion of investments’

Minimum Share of Sustainable Investments

To meet the sustainable investment objective, the Fund invests a minimum of 100% of its NAV in sustainable investments with the exception of certain derivatives (including but not limited to those used for hedging and efficient portfolio management purposes), cash and cash equivalents.

The Fund commits to having a minimum 50% sustainable investments with an environmental objective (that are not necessarily aligned with the EU Taxonomy) and a minimum of 20% sustainable investments with a social objective.

Use Of Derivatives

Derivatives are only used for efficient portfolio management purposes (as described above) and are therefore not used to attain the environmental or social characteristics promoted by the Fund.

Minimum Share Of Investments Aligned With EU Taxonomy

The fund currently does not have a commitment to invest in Taxonomy aligned investment due to the exclusion of Non-European issuers from the Taxonomy regulation. However, these figures are estimated as at the date of this supplement and may change over time.

Minimum Share Of Sustainable Investment With An Environmental Objective Not Aligned With EU Taxonomy

50%. - the Fund does typically expect to contain such investments.

Minimum Share Of Sustainable Investments With A Social Objective

20%. - in the meaning of sustainable investments with a social objective.

These figures are estimated as at the date of this supplement and may change over time.

Website section ‘Monitoring of the sustainable investment objective’

To systematize the monitoring of the portfolio’s contributions to sustainable investment objectives, quantifiable reported statistics are used which function as impact metrics measuring the underlying contribution of these individual issuers towards the mapped United Nation’s Sustainable Development Goals (“UN SDG”) or sub-goal. Examples of metrics used, among other indicators under the SDG Compass Initiative by the UN Global Compact (“UN GC”), Global Reporting Initiative (“GRI”) and World Business Council for Sustainable Development (“WBCSD”), include: [Subgoal 7.2] By 2030, increase substantially the share of renewable energy in the global energy mix – In joules, watt-hours or multiples, the total electricity sold; [Subgoal 1.4] By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services – Monetary value of products and services designed to deliver a specific social benefit; [Subgoal 9.4] By 2030, upgrade infrastructure and retrofit industries to make them sustainable – Extent of development of significant infrastructure investments and services supported, and current or expected impacts on communities and local economies.

Where possible the metrics are evaluated against tangible trackable quantitative targets and improvement paths that represent material positive impact of an issuer through substantial contribution to a UN SDG or sub-goal. These targets are articulated by issuers themselves and allow the Investment Manager to measure the issuer’s progress. These goals and targets are mapped in consideration of the company’s ability to directly contribute as an enabler or indirectly as a transitioning entity based on the industry and operational ESG materiality of the issuer. At least 25% of the fund will be invested in companies with a verifiable trackable target, and there is an investment implication if a company misses a target that supports the sustainable investment case.

Specifically, on identification of a miss against a trackable target by a portfolio company, the company will immediately be classed as not attaining their sustainable objective by the next reporting date. The Investment Manager will seek to engage with the management of the company to understand the underlying reasons. If there continue to be other trackable targets identifying progress towards mapped SDGs, the investment can continue to be considered to be pursuing a sustainable objective within the fund. Else, the position will be promptly liquidated within 6 months of identification of the deficiency, taking into account earnings calendars of issuers.

More generally, the firm’s overall investing approach built on both qualitative and quantitative measures, is guided by years of managing responsible portfolios for ESG-sensitive clients in Asia. A key part is to engage directly with companies, and the Investment Manager records the number of company meetings held every year.

The quantitative component integrates SDG indicators, PAI Indicators, EU Taxonomy calculations where possible and the Investment Manager augments data collected from common sources by factoring in additional information collected from documented company meetings. For example, a management team may reveal the carbon intensity of a business process for which there is no independent reporting.

This approach allows the Fund to analyse investees from a relative and historical standpoint while providing tangibles metrics that can be measured against trackable targets and roadmaps promised by investees. Qualitative assessments are also conducted as they are critical for forward-looking analysis – including material ESG factor analysis and controversy screening. This component augments our analysis as it captures the more nuanced and crucial details of investees’ performance that are otherwise often underappreciated by the market – understanding how a sustainability leader will continue to drive innovation and how a laggard might transition its business for improvement.

Beyond the SDGs most investments will consider environmental characteristics via the carbon intensity profile of its investee companies (defined as tonnes of GHG CO2 emissions equivalent per US dollar of revenue) as well as the companies which are facilitating the reduction of greenhouse gas emissions in line with the Paris Agreement and IPCC reports, or other similar bodies and agreements which may supersede them, with in the intention of mitigating the impact of climate change.

Website section 'Methodologies'

The primary sustainability indicators used to measure the attainment of the environmental or social objectives of the Fund are the mappings of each investment's alignment to at least one goal or target of the United Nations Department of Economic and Social Affairs' Sustainable Development Goals ("SDGs"). Subject to data availability, the Investment Manager's analysis considers an assessment of company strategy and of indicators that can measure contributions to, or detractions from, the SDGs such as those prepared by the Global Reporting Initiative, the UN Global Compact and the World Business Council for Sustainable Development under the SDG Compass initiative. At least 80 percent of the Sub-Fund's portfolio will report such measurable indicators. As data availability improves, the Investment Manager expects this percentage to increase.

The Sub-Fund will make a minimum investment of 50% of its Net Asset Value in sustainable investments with an environmental objective and a minimum investment of 20% of its Net Asset Value in sustainable investments with a social objective, provided that the Sub-Fund's total investment in sustainable investments shall at all times not be less than 100% of the Net Asset Value of the Sub-Fund with the exception of certain derivatives (including but not limited to those used for hedging and efficient portfolio management purposes),.

The Investment Manager seeks to manage a portfolio that exhibits measurable 'impact'. The Investment Manager views 'impact' as the successful pursuit of the SDGs. As the Investment Manager follows companies' contribution to the SDGs through indicators. The Investment Manager therefore measures impact through positive progression towards a reference (or target) level of that indicator. These indicators can assist the Investment Manager in measuring contributions to, or detractions from, the SDGs such as those under the SDG Compass Initiative by the Global Reporting Initiative ("GRI"), UN Global Compact ("UN GC") and the World Business Council for Sustainable Development ("WBCSD"). Examples of metrics, among other indicators used, include: [Subgoal 7.2] By 2030, increase substantially the share of renewable energy in the global energy mix – In joules, watt-hours or multiples, the total electricity sold; [Subgoal 1.4] By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services – Monetary value of products and services designed to deliver a specific social benefit; [Subgoal 9.4] By 2030, upgrade infrastructure and retrofit industries to make them sustainable – Extent of development of significant infrastructure investments and services supported, and current or expected impacts on communities and local economies.

Where possible, the indicators are evaluated against tangible trackable quantitative targets and improvement paths that represent material positive impacts of an issuer through substantial contribution to a UN SDG or sub-goal. These targets are articulated by issuers themselves and allow the Investment Manager to measure the issuer's progress. For example, a company may report on the energy intensity of its business and declare a future goal of reduction of such energy intensity.

These goals, indicators and targets are mapped in consideration of the company's ability to directly contribute as an enabler or indirectly as a transitioning entity based on the industry and operational ESG materiality of the issuer.

At least 25% of the Sub-Fund will be invested in companies with a verifiable trackable target in relation to an indicator measuring progress towards an SDG. These targets are verified against company materials or relevant databases and will be revalidated on a quarterly basis.

In pursuit of the Sub-Fund's dual investment objectives of long-term capital appreciation and sustainable investment, there is an investment implication if a company misses a target. On identification of a miss against a trackable target by a portfolio company, the company will immediately be classed as not attaining their sustainable objective by the next reporting date. The Investment Manager will seek to engage with the management of the company to understand the underlying reasons. If there continues to be other trackable targets identifying progress towards mapped SDGs, the investment can continue to be considered to be pursuing a sustainable objective within the Sub-Fund. Otherwise, the position will be promptly liquidated within 6 months of identification of the deficiency.

Website section ‘Data sources and processing’

We implement into our analysis various sources including company disclosures, third-party data services, broker reports and our own fundamental company and sector research, including impressions gathered from a company’s competitors, customers and suppliers.

These data points are cross-referenced across various sources to ensure there are no discrepancies and that the statistics provide an appropriate quantification of sustainability impacts and risks. Furthermore, the investment manager reviews on an ongoing basis these internal and external data sources supporting its analysis of environmental, social or governance aspects to ensure the optimal source is selected.

Data is processed through an internal database which allows for this cross referencing of various data sources and inputs from analysts for companies under-covered by the key data providers. The proportion of data that are estimated varies depending on the specific data type, with emissions data having majority coverage while lesser reported data such as emissions to water being mainly estimated.

Website section ‘Limitations to methodologies and data’

Due to the current quality of data available, many indicators are not available consistently across the portfolio and investment universe. For example, the biodiversity-related indicator, is unavailable for most Asian issuers.

We prioritise indicators based on severity of impacts, probability of material effect, while balancing the limitations of data availability (see Table II in Appendix). We acknowledge that given our Asian-focused coverage, data availability will be limited for some indicators with current disclosure in Asian markets being less extensive compared to some developed market peers. We continue to pursue all reasonable means to obtain and provide transparency in our reporting of PAIs.

With Asia showing signs of accelerating growth in disclosure due to pressure from regulators and investors, we are confident that crucial ESG data points will become increasingly available across Asian companies allowing us to integrate adverse ESG impacts more effectively into our investment process over time.

Website section ‘Due diligence’

In addition to the methodology of Sustainability Objectives and processes used to monitor the attainment of Sustainability Objectives described in their respective sections above, the management of sustainability risk forms the foundation of the due diligence process implemented by the Investment Manager. When assessing the sustainability risk associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition (“ESG Event”).

Using both quantitative and qualitative processes, sustainable objectives are pursued and sustainability risk is addressed by the following due diligence carried out by the Investment Manager:

Prior to acquiring investments on behalf of the Sub-Fund, the Investment Manager incorporates applying both firm-wide binding exclusion policies (no revenues from tobacco or casino operations) and fund level exclusion policies (e.g. no serious violations of UN Global Compact, except where there is a process/commitment in place to immediately rectify such violation).

The firm-wide binding exclusion policies bar investment in certain sectors and there are ethical investment guidelines in place for other industries e.g. an investment would not be permitted in an issuer than generates more than 5% of its revenue from tobacco, casinos or defence. Similarly, an investment would not be permitted in an issuer than generates more than 30% of its revenues from coal (production or distribution). Through negative screening, certain potential investments are removed from the investment universe on the basis that they pose too great a sustainability risk to the Sub-Fund. The Investment Manager conducts research, fundamental analysis and systematically integrates ESG issues in investment decisions on behalf of the Sub-Fund.

Under the EU Taxonomy principle of “Do No Significant Harm”, the Investment Manager considers the impact of a portfolio selection against minimum safeguards. These include the OECD Guidelines on Multinational Enterprises and UN Guiding Principles on Business and Human Rights (ILO Core Labour Conventions). At the point of investment and on an ongoing basis, the Investment Manager considers an investment’s Principal Adverse Impact (“PAI”, as detailed by the SFDR) as measured by the PAI indicators. The analysis includes both a stand-alone assessment as well as relative to the portfolio.

During the life of the investment, sustainability risk is monitored through a review of ESG data published by the issuer (where relevant) or selected data providers to determine whether the level of sustainability risk has changed since the initial assessment of the investment. At a minimum, a review includes in scope the Investment Manager’s mandatory and voluntary PAI indicators, including PAI indicators, to flag counter-indications to a contemplated net benefit to the SDGs as researched by the Investment Manager. Further, PAI indicators are used to prioritize the screening for controversies. The Investment Manager’s approach includes selectively divesting from deteriorating indicators.

The Investment Manager also tries to identify where companies are actively improving ESG practices in a way that will improve performance. The Investment Manager considers that companies that are on a positive trajectory that raise their rankings are likely to enjoy larger flows of passive and active funds. This would include a focus on positive momentum in ESG ratings, or tangible indicators of corporate change. This may, in certain circumstances, result in the Investment Manager investing in an issuer which has a lower conventional ESG rating where it believes that the relevant existing ESG rating does not fully capture recent positive sustainability-related changes which have been implemented by the relevant issuer. For example, a company’s current ESG rating may be the result of a prior incident which has been reflected as part of a controversies screen. However, the management of the company is found to have taken tangible steps to address the matter, which is not yet reflected in the company's current ESG rating.

The Investment Manager will also focus on companies that have plans to improve in targeted ESG areas and that update their own targets once initial targets are achieved. The Investment Manager prefers companies that are on a path of continuous improvement rather than companies that are the most highly rated as such companies are believed to provide the best opportunity for value accretion as their ESG profile improves.

Under its stewardship policy, the Investment Manager is prioritizing engagement with companies according to ESG factors and their PAI profile. This engagement includes where possible direct interaction with company management, raising issues relevant to the Sub-Fund's investment policy, and voting of the Sub-Fund's holdings appropriately. Proxy voting decisions will generally seek to mitigate PAIs and to maximize returns in the Sub-Fund over time rather than a single case.

Website section ‘Engagement policies’

Engagement with companies is core to both SLAM’s stewardship efforts and investment approach. This covers a range of matters, including financials, strategy and ESG risks & opportunities. Through active ownership we seek to have an impact on portfolio companies, meaning their valuations and their business practices, though we need to focus our engagement activity as SLAM is a relatively small asset manager.

Regular meetings with management are a core part of our portfolio investment process prior to purchase and a key element of ongoing monitoring after purchase. We would normally meet with the management of portfolio companies at least twice a year. We managed to maintain regular contact with companies in our portfolios and spoke with almost all of them during the reporting period, and we have been able to meet in person again with an increasing number, including on-site. We routinely discuss ESG factors and developments as part of every encounter. We review ESG sustainability reports that are now published by most of the larger listed companies and interrogate executives over any areas that lack clarity or where possible issues are identified. We also engage with management to eliminate identified deficiencies and/or suggest improvements where acceptable standards are not being met.

As described in prior sections on methodology of sustainability objectives and due diligence, SLAM has developed an internal database of issues and questions which guides the dialogue between the investment department and corporate management to ensure discussions are targeted and productive. In pursuit of the Sub-Fund’s dual investment objectives of long-term capital appreciation and sustainable investment, there is an investment implication if a company misses a target. On identification of a miss against a trackable target by a portfolio company, the company will immediately be classed as not attaining their sustainable objective by the next reporting date. The Investment Manager will seek to engage with the management of the company to understand the underlying reasons. If there continues to be other trackable targets identifying progress towards mapped SDGs, the investment can continue to be considered to be pursuing a sustainable objective within the Sub-Fund. Otherwise, the position will be promptly liquidated within 6 months of identification of the deficiency.

Furthermore, the Investment Manager prioritises the engagement with companies according to ESG factors and their PAI profile. This engagement includes where possible direct interaction with company management, raising issues relevant to the Sub-Fund’s investment policy, and voting of the Sub-Fund’s holdings appropriately. Proxy voting decisions will generally seek to mitigate PAIs and to maximize returns in the Sub-Fund over time rather than a single case.

For years we have been working closely with companies on their governance and relationship with the capital markets. These dialogues are increasingly broadening from the G to the E and S as more and more leading Asian companies seek to become sustainability leaders and recognize the link to their corporate strategy and market multiple. We have found that management teams and boards that are aware of ESG risk factors, and ideally their mitigants, are more likely to deliver shareholder returns, independent of the individual ESG issue.

As such, SLAM will continue to strive for meaningful engagement with portfolio companies – both in strengthening companies’ positive performances and in aiding management teams in the midst of a positive transitions.

Website section ‘Attainment of the sustainable investment objective’

Not Applicable. The fund does not have an index designated as a reference benchmark, nor does it specify a fixed reduction in carbon emissions as their objective.