ASSET MANAGEMENT

GIB AM European Focus Fund

Website Disclosures

These disclosures were published on 1 January 2023 and remain in effect from that date.

SUMMARY

The following disclosures provide information about the GIB AM Emerging Markets Active Engagement Fund (the "Fund") in accordance with Regulation EU 2019/2088 on sustainability-related disclosures in the financial services sector, as amended ("SFDR"). SFDR requires the disclosure of information relating to investment products which promote environmental or social characteristics, or have an sustainable investment objective.

GIB AM funds are categorised as either Article 8 or Article 9 funds. Article 8 funds promote environmental and/or social characteristics, provided that the investee companies follow good governance practices. They are not required to have sustainable investments as part of their investment objectives.

GIB AM , as investment manager to the Fund, has categorized GIB AM Emerging Markets Active Engagement Fund as meeting the provisions set out in Article 8 of SFDR for products that promote environmental and/or social characteristics.

These disclosures are not marketing material, and should be read in conjunction with the Fund's regulatory documentation, including its supplement and pre-contractual disclosures.

INVESTMENT STRATEGY

The Investment Manager aims to achieve the Sub-Fund's investment objective by taking a predominately bottom-up investment approach that seeks to integrate fundamental environmental, social and governance ("ESG") factors, with an emphasis on social and governance matters which, in the opinion of the Investment Manager, increases an issuer's potential to generate compounded earnings and create value over the long term. The aim of creating tailored and focused ESG targets and agenda is facilitated by applying the same sustainability framework of Materiality Matrix, Sustainability Strategy and Management Alignment across all portfolio companies. In turn, the success of targets being met is further enhanced when Executives incentives are aligned accordingly.

The investment universe is established first using an initial screen to exclude certain companies in line with the exclusions noted under the sustainable indicators above. The Investment Manager next undertakes an analysis which reviews a range of social and governance issues, which it believes will contribute to an issuer's overall long term value creation.

Key assessments in the Investment Manager's analysis of a company's corporate culture include:

- How a company's Board and executive management ensure that the right values, conduct and behaviours are embedded throughout the organisation. This is measured through both quantitative and qualitative assessments embedded within our research process.
- How a company aims to employ experienced and skilled individuals and build teams through diversity, inclusion, talent-development and organisational structure.
- How a company seeks to protect future generations through ethical behaviour in considering the methods by which it produces its products and services.

In determining a company's culture the Investment Manager seeks (inter alia) to understand the history of the business, it's reasons for existence (purpose and values) and how that resonates throughout the firm; ensuring that the tone from management has a clear and consistent message throughout the company. The Investment Manager targets companies that demonstrate strong corporate governance characteristics such as a balanced and engaged board of directors, that oversees a management team focused on driving continuous improvement through organisational efficiency and innovation.

The Investment Manager feels that these factors are integral to fostering collaboration and trust, which in its opinion materially improves the likelihood of a company generating long-term value for shareholders and sustainable benefits for stakeholders and communities alike.

PROPORTION OF INVESTMENTS

All investments in the Fund will be aligned with identified environmental and social characteristics as detailed in this document, and comply with the GIB AM Responsible Investment Policy (including excluded issuers).

The Fund has the ability to use derivatives; however, any usage of the derivatives will be for efficient portfolio management purposes only.

METHODOLOGIES FOR ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

All GIB AM funds comply with the GIB AM Responsible Investment Policy, which is located at www.gibam.com.

Each of the Fund's holdings has an engagement opportunity specific to the investment that is derived from an environmental, social, or other element;

The Fund also excludes any company with above threshold revenue exposure (as set out in the Fund's pre-contractual disclosures appended to its Fund supplement) to the following excluded activities:

- Weapons - nuclear, civilian firearms, controversial
- Conventional Weapons
- Fossil fuels – oil and natural gas, thermal coal, oil sands, shale gas and oil
- Tobacco
- Adult entertainment
- Alcohol
- Gambling

The Fund further avoids investment in any companies that are in breach of the UN Global Compact (which refers to OECD Guidelines for Multinational enterprises and UN Guiding Principles on Business and Human Rights) through our exclusion policy.

DATA SOURCES AND PROCESSING

GIB AM uses a wide range of third party data providers to feed into our analysis, these include but are not limited to the following:

- MSCI
- Integrum ESG
- Bloomberg
- Company Reporting and Meetings
- Broker Research
- Credit Rating Agencies
- CDP
- Glass Lewis
- NGOs

These sources, combined with our own proprietary internal research, contribute to a mosaic of data that we use to aid in our analysis and shape our informed opinions.

To ensure data quality of providers, three key measures are implemented: (i) completion of the supplier documentation form; (ii) an extensive trial period; and, (iii) cross-referencing, which includes both data

GIB AM does not process ESG data. Our investment approach is bottom-up company analysis, so raw data is integrated into the analysis and assessed by each analyst.

Despite rapid progress across companies and sectors, the lack of relevant data publicly available in the emerging and frontier markets remains quite commonplace, as such, alternative metrics may be used to track relevant and comparable sustainability risk factors. We therefore rely on estimates for our forecasts.

LIMITATIONS TO METHODOLOGIES AND DATA

The industry is facing the following limits regarding data, amongst others:

- Materiality
- Timeliness
- Data accuracy, audited or not
- Consistency across time and between peers

These limitations have no significant impact on our ability to achieve the long-term goal because we will always use our own analysis and opinion, based on team skill and experience, to achieve positive impact and financial returns.

We ensure the attainment of the Fund's sustainable investment objective is not impacted by industry limitations by:

- Combining extensive company research and audited financial statements (previous full fiscal year) with the analyst's opinion to assess the accuracy of reported percentages of revenue and capital expenditure exposure.
- Examining companies' operational behaviours using their audited disclosures and third party estimates.
- Implementing company screens using third party data and audited disclosures.

DUE DILIGENCE

In the due diligence part of the investment process, the Investments team considers PAIs on sustainability factors as part of the assessment of business risks and opportunities related with a prospect company. Through regular interactions with a prospect company, the investment team is also able to assess the receptiveness and commitment to undertake an improvement on relevant PAI metrics. However, as noted above, with the lack of relevant data publicly available in the emerging and frontier markets quite commonplace still, alternative metrics may be used to track relevant and comparable sustainability risk factors.

ENGAGEMENT POLICIES

The initial sustainability engagement is typically a 12-18 month process and involves:

- **Materiality Matrix:** using a deep stakeholder analysis and survey in order to identify what the most relevant and material ESG risk factors are;
- **Sustainability Strategy:** establishing an ambitious long-term sustainability plan with a focus on area identified in the Materiality Matrix step; and,
- **Management Alignment:** incorporating ESG/sustainability KPIs into executive compensation.

We apply this framework across all our investee companies with the aim of creating tailored and focused ESG targets and agenda. By incorporating ESG KPIs into executive compensation schemes, we believe we increase the chances of the successful delivery of the plan.

The purpose of the engagement plan is to reduce the exposure to the identified risk factors or negative impact the company's operations might have on the environment and stakeholders around it, for example reducing carbon emission, increasing gender diversity or introducing mechanism that may improve its human capital engagement level.

The strategy is underpinned by a two pillar process which firstly identifies undervalued businesses through its fundamentally driven bottom-up approach, and secondly engages with the companies held in the Fund's portfolio which we believe will generate additional alpha from material ESG (and operational) improvements.

NO SUSTAINABLE INVESTMENT OBJECTIVE
The Fund promotes environmental and social characteristics, but does not have as its investment objective sustainable investments.
ENVIRONMENTAL AND SOCIAL CHARACTERISTICS OF THE FUND
The Fund's strategy (detailed above under Investment Strategy) promotes engagement with companies in order to address what we feel, following an assessment process, are an investee companies most material environmental and social risks. Core to this process is identifying material ESG issues that can be improved by an investee company and in turn further reinforce and strengthen a company's competitive advantage. Environmental and social characteristics that are promoted varies widely depending on the sector and geography where the company operates.
MONITORING OF ENVIRONMENTAL AND SOCIAL CHARACTERISTICS OF THE FUND
Upon investment and over the life of an investment, we assess and monitor these issuers using a variety of qualitative and quantitative data, where available, in line with the exclusions and thresholds as noted above in the section entitled Methodologies. Monitoring of investee companies is further facilitated by the engagement process detailed above under the section Engagement Policies.
DESIGNATED REFERENCE BENCHMARK
The Fund is actively managed, and while it uses the MSCI Emerging Markets Total Return Index for assessing the Fund's performance, it has not designated the Index as a reference benchmark for the purpose of SFDR.