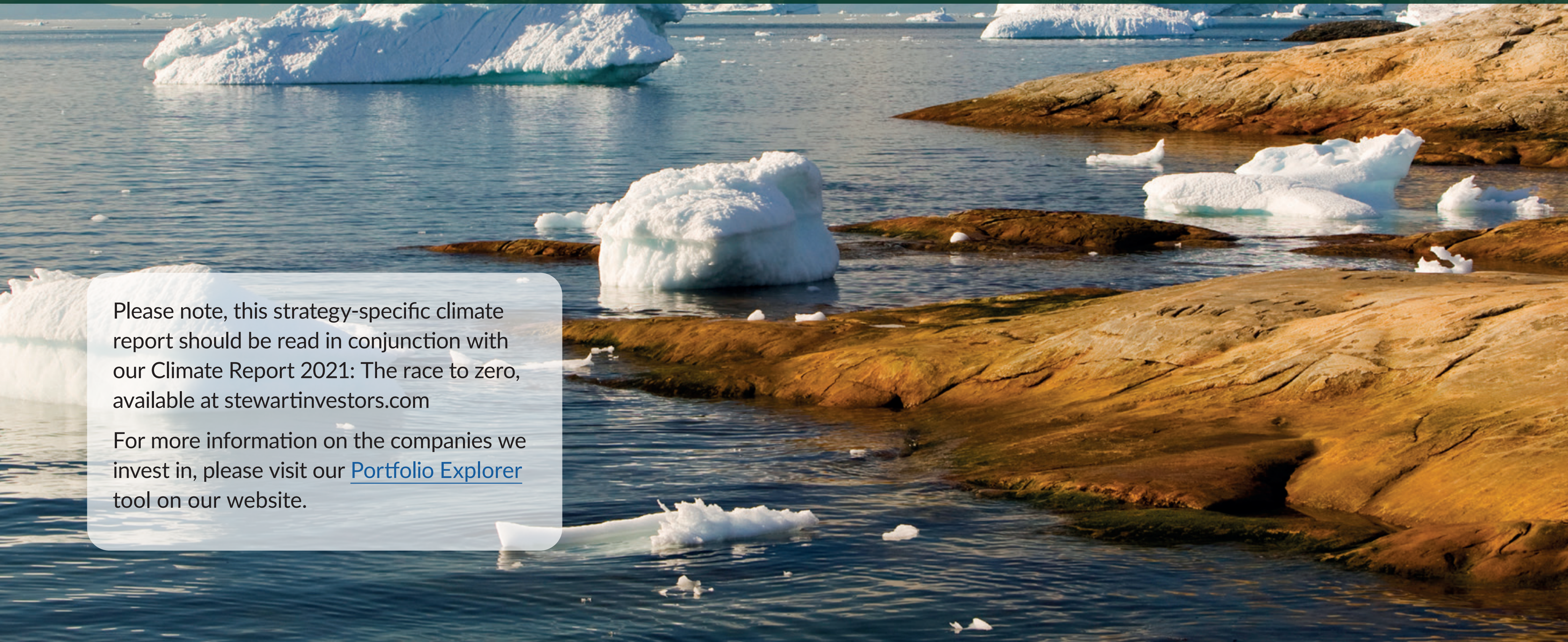
Stewart Investors Global Emerging Markets Leaders Sustainability Strategy

Stewart Investors

Climate Report 2021

For specified audiences in all jurisdictions where lawful



Please note, this strategy-specific climate report should be read in conjunction with our Climate Report 2021: The race to zero, available at stewartinvestors.com

For more information on the companies we invest in, please visit our Portfolio Explorer tool on our website.

Risk factors

This material is a financial promotion for the Stewart Investors Global Emerging Markets Leaders Sustainability Strategy intended for retail and professional clients in the UK, professional and institutional clients only in Switzerland, EEA, Hong Kong and Singapore, institutional and adviser clients in Australia, wholesale clients in New Zealand, qualified clients in the US and elsewhere where lawful.

Investing involves certain risks including:

The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.

- **Currency risk:** the Strategy invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Strategy and could create losses. Currency control decisions made by governments could affect the value of the Strategy's investments and could cause the Strategy to defer or suspend redemptions of its shares.
- **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Concentration risk:** the Strategy invests in a relatively small number of companies which may be riskier than a fund that invests in a large number of companies.

Where featured, specific securities or companies are intended as an illustration of investment strategy only, and should not be construed as investment advice or a recommendation to buy or sell any security.

All information included in this material has been sourced by Stewart Investors and is displayed as at 31 December 2021 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

If you are in any doubt as to the suitability of our strategies for your investment needs, please seek investment advice.

About carbon footprinting

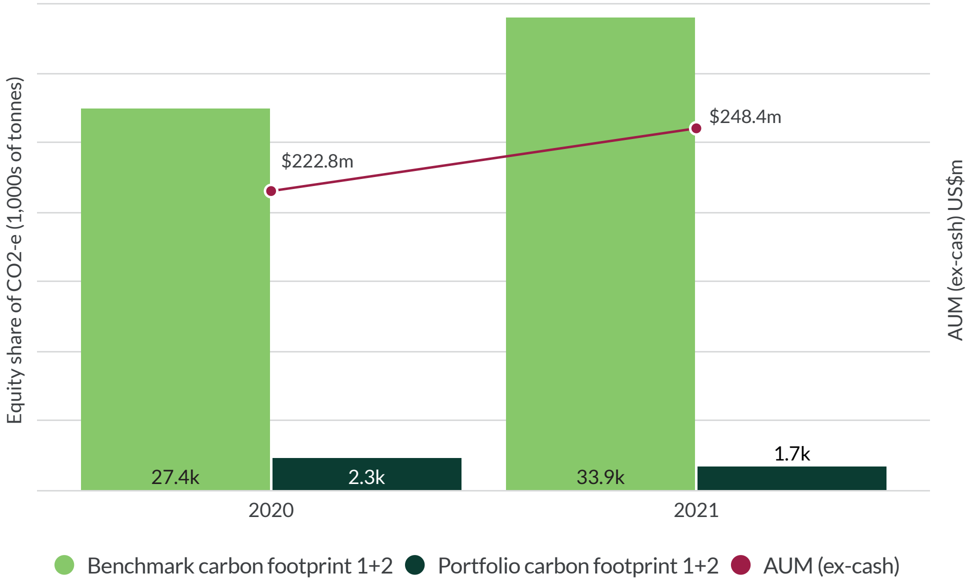
The Partnership for Carbon Accounting Financials (PCAF) methodology for portfolio reporting calculates a shareholder's or lender's share of scope 1 and 2 emissions for each company it invests in. An investor's share is based on the amount invested over the market value of the company plus its total debts. For shareholders this is sometimes called the equity share of emissions.

These emissions can be aggregated to a portfolio, strategy or whole of firm level. To calculate the benchmark comparisons for our strategies we have used the same approach by assuming benchmarks hold the same total value of investments as the strategy it is being compared to.

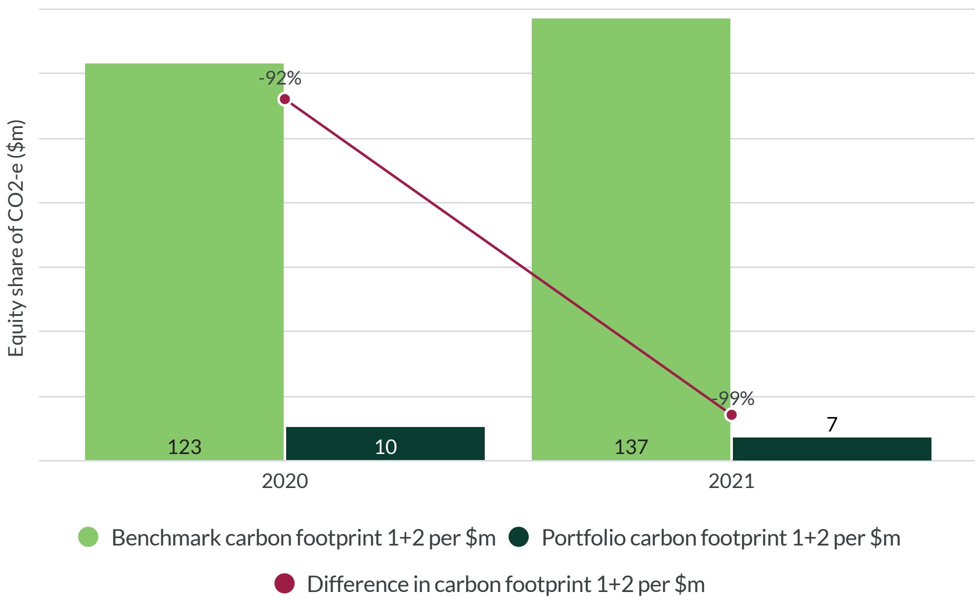
We provide the total footprint, which is influenced by the size of the total value of the investment strategy and on a 'per US$1m invested' basis, which is useful for comparison purposes.

As different funds report in different currencies depending on where they are available, we have used US dollars to calculate our footprint for aggregation and comparison purposes.

Total carbon footprint for the strategy (scope 1 + 2) vs benchmark



Carbon footprint for the strategy (scope 1 + 2) per $m invested



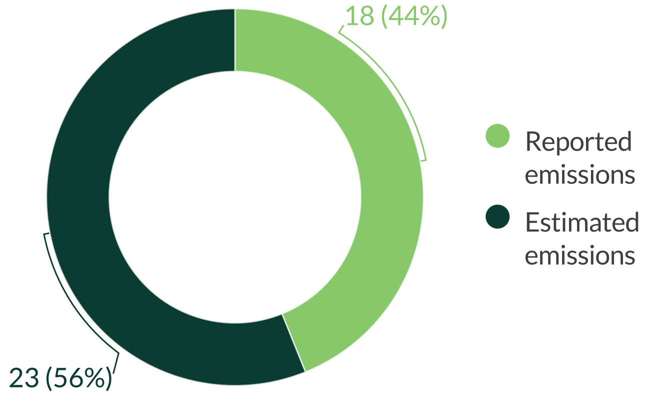
Carbon metrics stated are sourced from Stewart Investors and MSCI as at 31 December 2021.
Source: Stewart Investors. AUM figures have been converted from the base currency of each account using the WM Reuters 4pm exchange rate as at 31 December 2021. All AUM figures are unaudited and may differ from final audited AUM figures when published. The AUM data provided is for information purposes only and should not be used for any other purpose.

Largest emitters vs largest contributors

The companies contributing most to our portfolios' carbon footprint can be different to the highest emitters overall because they are calculated based on what percentage of the company we own on behalf of clients. This means a substantial shareholding in a relatively low emitter can make a larger contribution than a small holding in a high emitter. Company size also plays a role here as the same amount of money invested results in different ownership percentages.

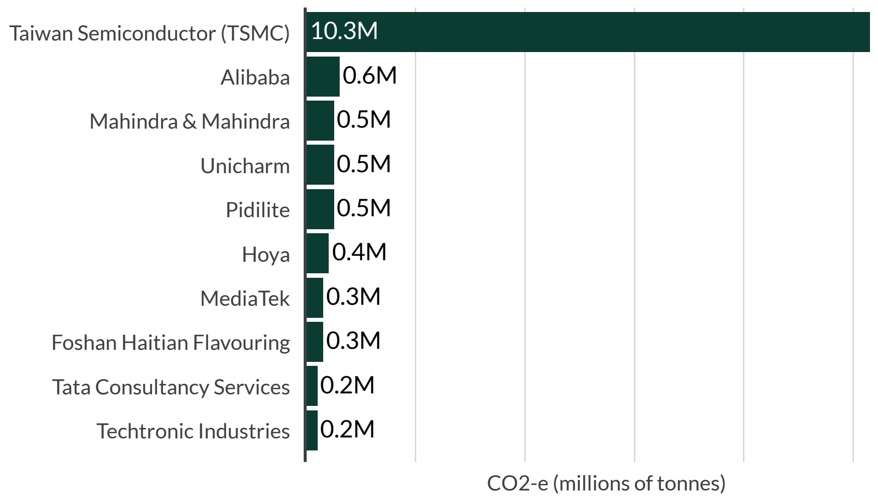
Another important consideration is company disclosure, as many companies still do not disclose their greenhouse gas emissions to international standards. Improving disclosure is a precursor to reducing emissions and so will be an important part of our company engagement.

Because of these differences, both measures are important for understanding our overall impact and for prioritising our company engagement activities.

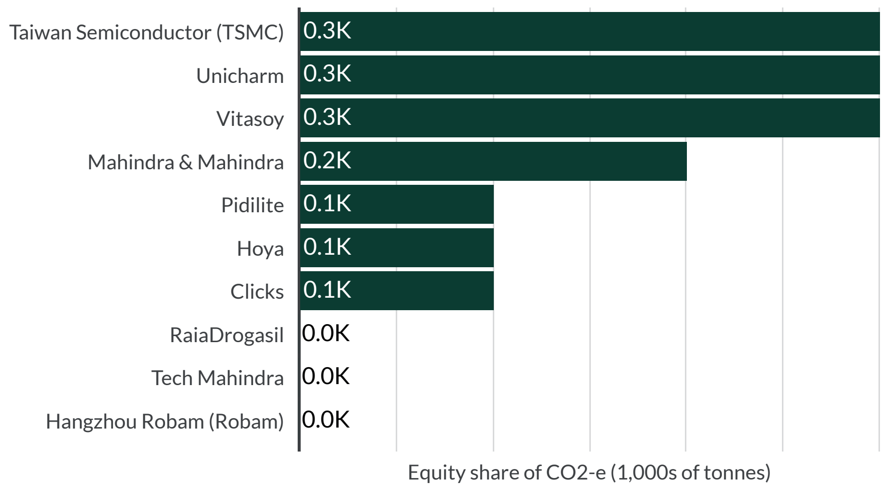


Carbon metrics stated are sourced from Stewart Investors and MSCI as at 31 December 2021. This stock information is provided for illustrative purposes to demonstrate Stewart Investors' carbon exposure. It does not constitute any offer or inducement to enter into any investment activity, nor is it a recommendation to purchase or sell any security. Holdings are subject to change.

The ten investee companies in the strategy which emit the most carbon overall



The ten investee companies contributing the most to the strategy's carbon footprint

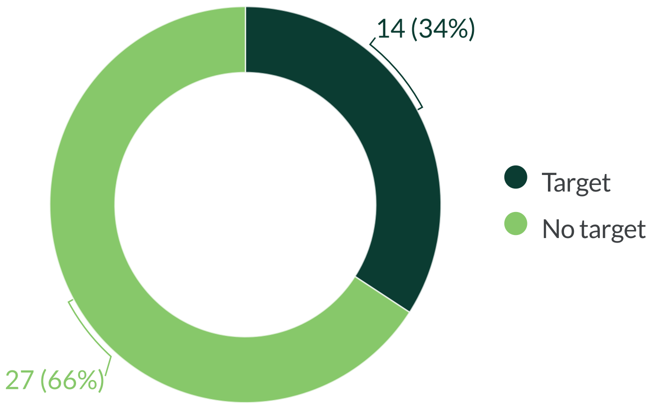


Carbon and company targets

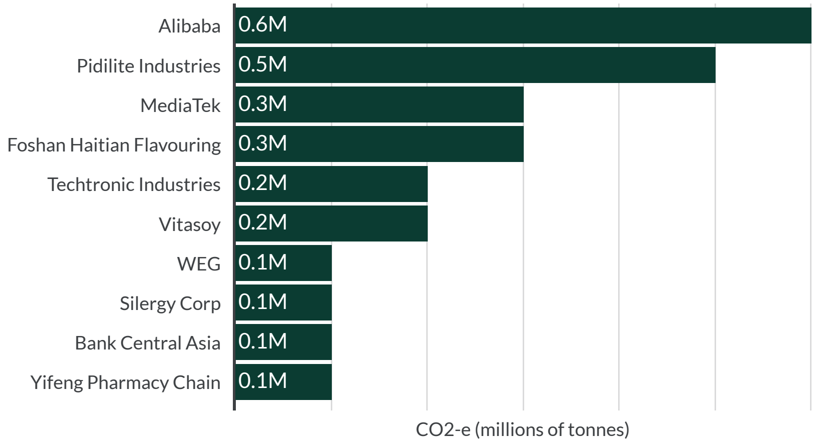
Many companies are setting targets for net-zero emissions by 2050, however long-term aspirations need to be backed by short and medium-term targets and clear plans. Companies setting targets in line with climate science is essential if we are to achieve our own target of a 50% reduction in portfolio emissions by 2030.

In 2022 we will expand our engagement with companies to encourage them to disclose emissions and set reduction targets. Our priority for these companies will be those who are the largest emitters overall and those who make the greatest contribution to portfolio carbon footprints.

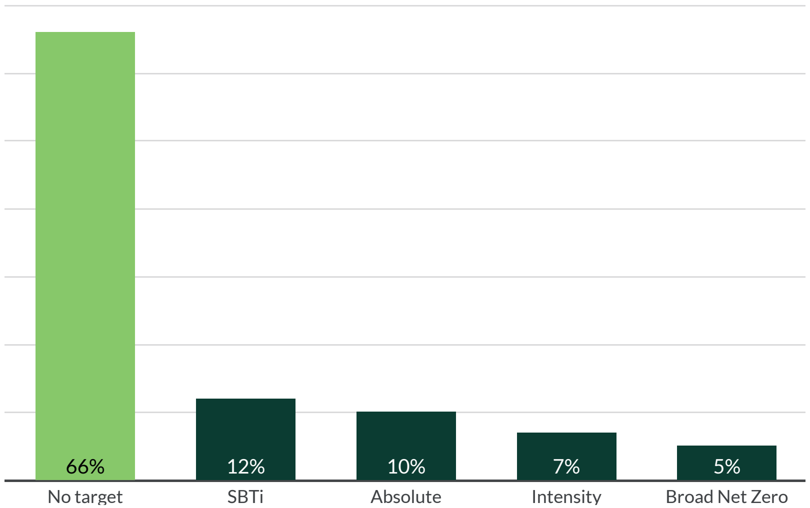
Strategy by company targets



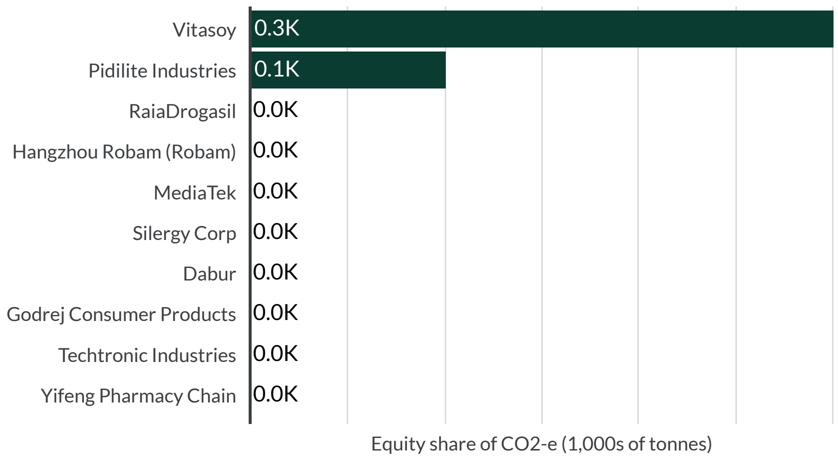
The strategy's largest emitters without targets



Company targets by type



The strategy's largest contributors to carbon footprints without targets



Company target data sourced from Stewart Investors and Net Purpose as at 31 December 2021. This stock information is provided for illustrative purposes to demonstrate Stewart Investors' exposure to companies without emissions reduction targets. It does not constitute any offer or inducement to enter into any investment activity, nor is it a recommendation to purchase or sell any security. Holdings are subject to change.

Solutions

We invest in high-quality companies contributing to, and benefiting from, sustainable development. We take a broad view of sustainable development because human and economic development are intrinsically linked to environmental sustainability.

To demonstrate these interconnections and their relationship to climate change, we have assessed the contributions the companies we invest in make against Project Drawdown's c.80 climate change solutions. We were attracted to Project Drawdown's framework because it demonstrates how scaling existing technologies and social changes could limit the maximum temperature increase to 1.5°C, as called for by the Paris Agreement. We have grouped Project Drawdown's solutions into eight categories: food, energy, transport, buildings, the circular economy, water, conservation and human development.

Project Drawdown's solutions help us understand the role companies can play throughout the value chain. This is important because we often invest in 'picks and shovels' companies who contribute to a good or service but may not actually make that good or service. For example, our companies may not make solar panels or electric vehicles directly, but their products and services enable those technologies to be developed.

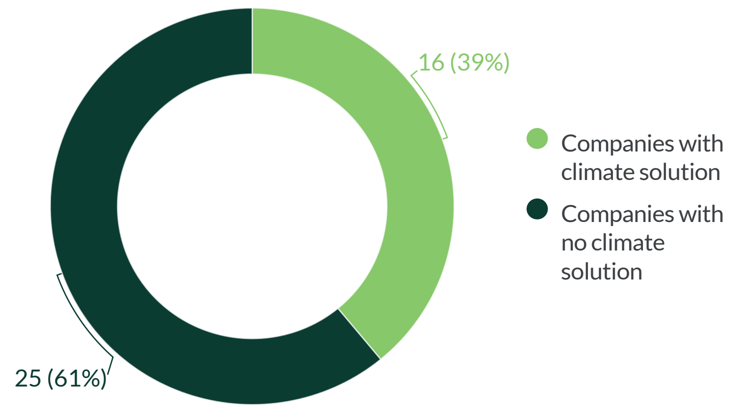
Similarly, we recognise indirect contributions of sufficient scale, such as a company that underwrites the development of new renewable-energy infrastructure through a formal power purchase agreement. To capture these different types of contributions, we separate company contributions into direct, enabling and indirect categories. More details on how we make these judgements, and the results for how we have assessed every company we invest in, are available on our website.

Mapping the companies we invest in to Project Drawdown's diverse solutions provides us with a more complete view of how the companies we invest in contribute to climate action.

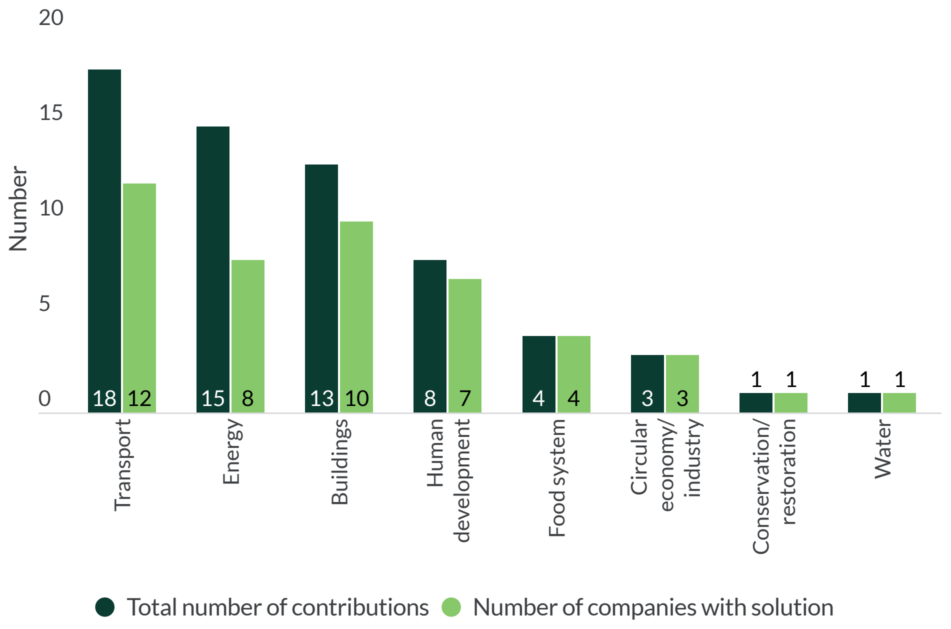
About Project Drawdown

Founded in 2014, Project Drawdown is a non-profit organisation that seeks to help the world reach 'drawdown' — the future point in time when levels of greenhouse gases in the atmosphere stop climbing and start to steadily decline.
Project Drawdown's deeply researched collection of c.80 climate change solutions, which if scaled up, can deliver the Paris Agreement's goal to cap temperature rises at 1.5°C. The full set of solutions, along with the research that backs them, are publically available on drawdown.org.

The strategy by companies contributing to solutions



The strategy by climate solution types



Source: Stewart Investors and Project Drawdown solutions data.
Please note - companies can have multiple contributions.

Data sources and methodology

Notes regarding MSCI Carbon Footprint data

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Notes regarding Net Purpose data

Underlying company data is based on the latest published and public company information.

Notes regarding Project Drawdown data

© 2014–2022 Project Drawdown (drawdown.org). Contributions are defined by the Stewart Investors team as demonstrable contributions to any solution, either direct (directly attributable to products, services or practices provided by that company), enabling (supported or made possible by products or technologies provided by that company) or indirectly (companies that are involved in and around the solution). View our Portfolio Explorer tool for further explanations and our company assessments.

Data methodology

For emissions (footprint) reporting we have used the Partnership for Carbon Accounting Financials (PCAF) methodology which calculates a shareholder's or lender's share of scope 1 and 2 emissions for each company it invests in. Scope 1 covers all direct greenhouse gas (GHG) emissions from sources that are owned or controlled by the reporting entity. Scope 2 covers indirect GHG emissions from the consumption of purchased electricity, heat or steam. An investor's share is based on the amount invested over the market value of the company plus its total debts. For example if a shareholder owns 10% of the company, it is allocated 10% of the company's emissions. For shareholders this is sometimes called 'financed' or 'equity share' of emissions. To calculate the benchmark comparisons for our strategies we have used the same approach by assuming benchmarks hold the same total value of investments as comparable strategies. We provide the total footprint, which is influenced by the size of the total value of the investment strategy (shown in 1000s of tonnes of CO2-e) and on a 'per US$1m invested' basis, which is useful for comparison purposes. We have used USD to calculate our footprint for aggregation and comparisons.

Data reliability

We have made best efforts to ensure the data in this report is accurate and reliable. This has included comparing two different sources of information for emissions data (MSCI) and company targets (Net Purpose), however, a significant number of companies still do not disclose their emissions or their disclosures are not consistent with widely adopted reporting standards like the Greenhouse Gas Protocol. Where emissions information is not available, we have relied on estimates produced by MSCI. Estimates require assumptions that do not match individual companies' circumstances in the real world.

Important information

Please contact your relationship manager if you would like to view this information for a specific fund

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