

## ANNEX IV

### Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Global Franchise Fund

**Legal entity identifier:** 213800ENHEQTIA6IRV12

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

☒ ☐ **Yes**

☐ It made **sustainable investments with an environmental objective:** \_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective:** \_\_%

☒ ☐ **No**

☐ It **promoted Environmental/Social (E/S) characteristics:** and while it did not have as its objective a sustainable investment, it had a proportion of \_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Sub-Fund promotes better carbon outcomes (i.e. maintaining a carbon profile lower than the Sub-Fund's benchmark) by making investments in companies that meet the standards of the Investment Manager's proprietary sustainability assessments and by excluding investments in certain sectors or business areas (deemed incompatible with a net zero future).

Given the Investment Manager's consistent focus on high-quality, capital-light sustainable businesses, with zero exposure to heavily capital intensive, high-emission sectors such as energy, utilities and resources, the Sub-Fund's carbon profile remains far superior relative to the broader market. As such, the environmental characteristics promoted by this product have been met.

**Sustainability indicators**  
 measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

Sustainability indicator	Metric	Year	Fund	Benchmark	Fund carbon profile vs benchmark
Carbon profile	Tons of CO2e / US\$m invested	2022	80.7	442.1	-85%
		2021	53.3	284.7	-84%

The Sub-Fund has maintained a carbon profile that is 85 % lower than the broader market. The biggest contributors to the increase in absolute emissions at the Sub-Fund level (in line with the benchmark) were Samsung Electronics, Nestle and Microsoft.

The 5 largest contributors to the Sub-Fund’s carbon profile were, in order of magnitude (position izes are shown in brackets):

- Samsung Electronics (1.7%)
- St. James’s Place (1.7% )
- Nestle (4.4%)
- Beiersdorf (3.8%)
- Booking Holdings (4.8%)

● **...and compared to previous periods? [include for financial products where at least one previous periodic report was provided]**

N/A

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

N/A

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

*How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors?

As part of the in-depth fundamental analysis of an individual company, the following principal adverse impacts have been considered as part of the Sub-Fund’s investments:

PAI indicator	Metric	Year	Value	Commentary
GHG emissions	Scope 1 & 2 GHG Emissions Contribution (EVIC) tCO2e	2022	23,024.1	Samsung Electronics was the largest contributor to the Sub-Fund’s GHG emissions and carbon footprint. Considering the sector, this was deemed not to be a material negative impact and in line with expectations.
Carbon footprint	Scope 1 & 2 Carbon Footprint Contribution tCO2e/m € invested	2022	3.2	
GHG intensity	Scope 1 & 2 GHG intensity of investee companies tCO2e/m € revenue	2022	13.0	Nestle was the largest contributor to the Sub-Fund’s GHG intensity, primarily due to the size of the company and its position size in the Sub-Fund. This was deemed not to be a material negative impact, as Nestle has made significant climate-related commitments, including reducing GHG emissions by 50% by 2030.

\* All Carbon Metrics will include Scope 3 Carbon Emissions from 1 January 2023.

In addition, the Sub-Fund has not invested in companies in relation to the following principle adverse impacts:

- Exposure to companies active in the fossil fuel sector.
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons).

Where material adverse impacts are identified, the Investment Manager will engage directly with company management or sovereign stakeholders and/or exercise proxy voting rights in an effort to catalyse change.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2022

Largest investments	Sector	% Assets	Country
Visa Inc	Information Technology	8.6	United States
Microsoft Corp	Information Technology	5.9	United States
ASML Holding Nv	Information Technology	5.8	Netherlands
Moody's Corp	Financials	5.6	United States
Philip Morris International In	Consumer Staples	4.7	United States
Booking Holdings Inc	Consumer Discretionary	4.5	United States
Intuit Inc	Information Technology	4.5	United States
Nestle Sa	Consumer Staples	4.5	Switzerland
Verisign Inc	Information Technology	4.4	United States
Johnson & Johnson	Health Care	4.0	United States
Roche Holding Ag	Health Care	3.9	Switzerland
Estee Lauder Cos Inc/the	Consumer Staples	3.8	United States
Becton Dickinson And Co	Health Care	3.6	United States

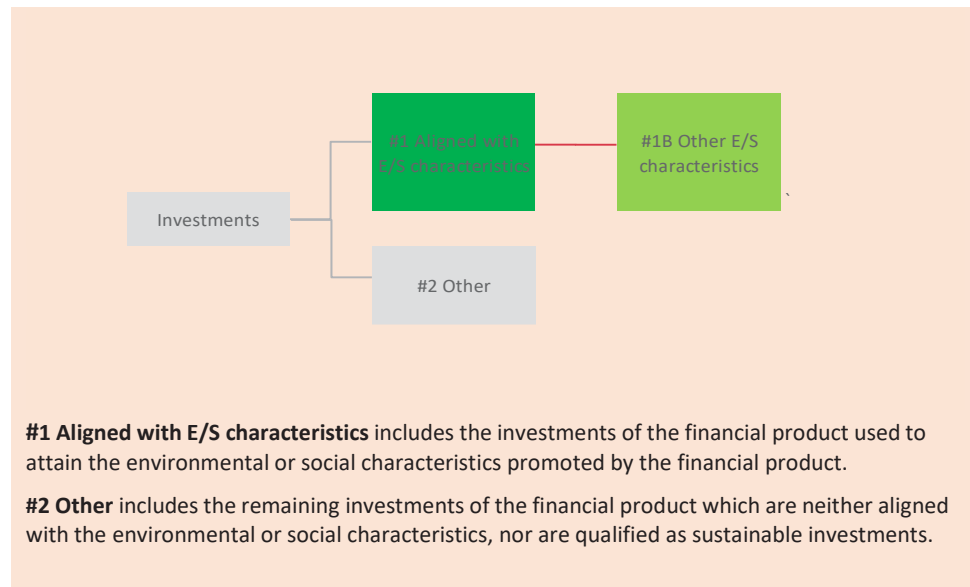


## What was the proportion of sustainability-related investments?

**Asset allocation** describes the share of investments in specific assets.

### What was the asset allocation?

Overall Asset Allocation	% of Total Sub-Fund Value
#1 Investments aligned with the Sub-Fund's promoted environmental or social characteristics	97.6%
#2 Other, i.e. investments neither aligned with environmental or social characteristics, nor qualified as sustainable investments within the meaning of Article 2(17) SFDR	2.4%
#1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments within the meaning of Article 2(17) SFDR	97.6%



● **In which economic sectors were the investments made?**

Communication services, consumer discretionary, consumer staples, financials, health care, information technology.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes:

☐ in fossil gas ☐ in nuclear energy

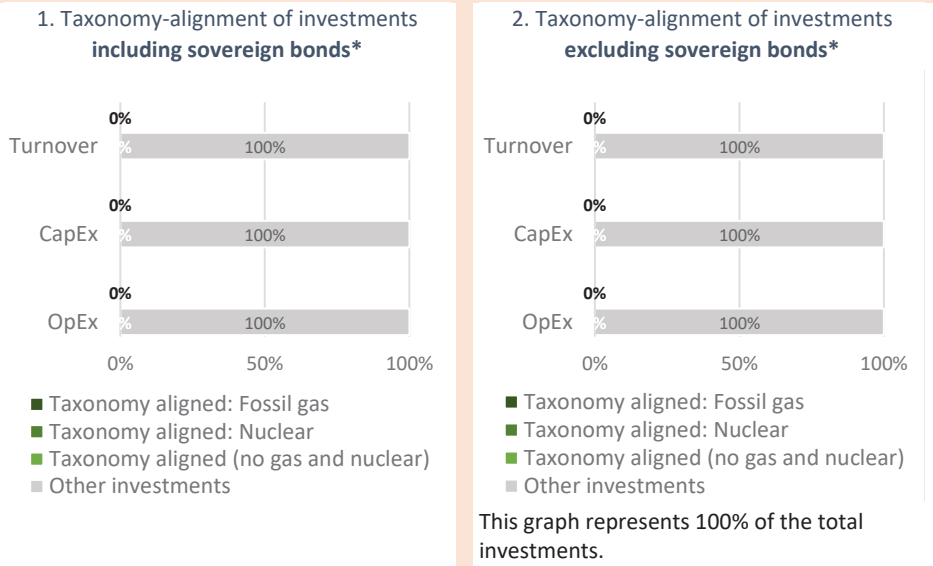
☒ No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

Taxonomy-aligned investments contributed to environmental objectives set out in Regulation (EU) 2020/852 as follows:


EU Taxonomy-alignment, weighted by Taxonomy-aligned revenue	% of Total Sub-Fund Value
Climate change mitigation	0%
Climate change adaptation	0%

● What was the share of investments made in transitional and enabling activities?

EU Taxonomy-alignment, weighted by Taxonomy-aligned revenue	% of Total Sub-Fund Value
Transitional activities	0%
Enabling activities	0%

● How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.



## What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The Sub-Fund does not currently commit to invest in any sustainable investments within the meaning of Article 2(17) SFDR or the EU Taxonomy Regulation, accordingly the minimum share of sustainable investments with an environmental objective that was not aligned with the EU Taxonomy is 0%.



## What was the share of socially sustainable investments?

N/A



## What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

‘#2 Other’ includes investments that support the financial objective and other management activities of the Sub-Fund, such as:

- equities that are considered not aligned with E/S characteristics;
- and
- cash held for liquidity purposes as an ancillary asset, deposits and money market instruments.

No minimum environmental or social safeguards are applied.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

All new investments have been selected in line with the Investment Manager’s sustainability framework. Existing investments are monitored against the same framework.

The Investment Manager implements active stewardship and its right as a shareholder to preserve and grow its clients' assets, including engagement with the companies in which it invests. The extent of engagement activities will vary depending on the materiality of any adverse impacts, ability to exert influence, and the nature and severity of the potential issue.

In addition, where significant adverse impacts are identified or there is potential non-compliance with good governance requirements the Investment Manager will identify the materiality of these and the potential need for engagement to address these issues. Further information on the Investment Manager’s approach to engagement is available on its website.

<https://ninetyone.com/-/media/documents/sustainability/91-sustainability-and-stewardship-report-2022-en.pdf>

<https://ninetyone.com/-/media/documents/stewardship/91-esg-ownership-policy-and-proxy-guidelines-en.pdf>

Over the last 12 months, the Investment Manager has made good progress further developing its proprietary tools and methodologies to enhance the integration of carbon analysis into its research process and valuation analysis. The Investment Manager has developed and completed a proprietary Climate Strategy Assessment for all existing holdings, as well as new ideas, which evaluates companies across fifteen criteria, including: net zero commitments, short- and long-term quantitative targets for reducing emissions and whether these are SBTi certified, CDP

disclosure, executive remuneration linked to climate change performance, and the appointment of a board member or committee with responsibility for the company's climate change strategy.

The output of this analysis helps the Investment Manager prioritise engagement with those companies identified as having little or no carbon emissions disclosure, and/or do not yet have credible net zero targets and transition pathways in place that are aligned with the Paris Agreement. During the period, the Investment Manager proactively engaged with the lowest scoring companies, according to its proprietary Climate Strategy Assessment. Whilst acknowledging that many of these holdings do not have inherently carbon intensive business models, formal letters were sent to six Sub-Fund companies urging them to take the lead on decarbonisation and take more affirmative steps on climate change. The Investment Manager also continued its engagement with other companies where this had already been initiated.

Examples of positive steps subsequent to engagement include:

Company	Sector	Outcome
Samsung Electronics	Information Technology	Announced a new environmental strategy, which included a commitment to achieve net zero emissions by 2050.
FactSet	Financials	Announced commitment to set a near-term, company-wide emission reduction target in line with the SBTi, as well as pledging to achieve net zero emissions by 2040.
EA	Communication Services	Committed to publishing Scope 1 & 2 emissions by year-end and disclosing targets in due course, which will likely be aligned with the SBTi.



#### ***How did this financial product perform compared to the reference benchmark?***

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

#### ***How does the reference benchmark differ from a broad market index?***

N/A

#### ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

N/A

#### ***How did this financial product perform compared with the reference benchmark?***

N/A

#### ***How did this financial product perform compared with the broad market index?***

N/A

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.