

## 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

**Product name:** Emerging Markets Local Currency Total Return Debt Fund

**Legal entity identifier:** 213800FOR5D4SW9ZK716

## Environmental and/or social characteristics

**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.

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

☒ ☐ **Yes**

☐ ☒ **No**

☐ 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**: \_\_\_\_%

☐ 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 environmental and social characteristics by making investments in borrowers that meet the standards of the Investment Manager's proprietary sustainability framework and by excluding investments in certain borrowers.

Issuers in the Sub-Fund are scored following the proprietary sustainability framework for the Sub-Fund as outlined in Appendix 3 of the Prospectus of the Ninety One Global Strategy Fund under the question, related to the Sub-Fund, stating: "what investment strategy does this financial product follow". In addition we can confirm we have made no investment into issuers which score -3 on our ESG trend score. During the holding period Russia moved to a -3 and hence is now being exited from the fund in a prudent manner in line with treating clients fairly. Thus, the characteristics promoted by this financial 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?**

Indicator	Metric	Year	Value	Commentary
The extent of the positive tilt of the Sub-Fund relative to its benchmark <sup>1</sup>	%	Dec 22	+1%	The overall tilt is marginally positive. It should be noted that the measurement window is a rolling five-year period and the Investment Manager would expect this to incrementally improve over time. Given the relatively concentrated nature of the EM local currency sovereign debt universe, a few issuers can skew the relative score substantially. There are more issuers with a positive score than a negative score in the Sub-Fund, and while this is the same for the benchmark, the proportion of the Sub-Fund’s assets in negative scoring markets is much lower than in the benchmark, hence creating the overall positive tilt.
Proportion of investments in borrowers rated -3 as per the Investment Manager’s ESG trend scores.	%	Dec 22	0%	There have been no new long investments in issuers scoring -3. During the holding period, Russia’s score changed to -3 and hence the Investment Manager is now exiting the position in the Sub-Fund in a prudent manner and in line with the need to treat clients fairly.

<sup>1</sup> The extent of the positive tilt is measured by comparing the weighted average ESG trend score of the Sub-Fund to that of its benchmark on average, over a market cycle (rolling five-years). The aggregated active weights of positions in borrowers with positive scores will be more than the aggregated active weight of borrowers with negative scores.

Benchmark in this context refers to the the Sub-Fund’s performance comparison benchmark: JP Morgan GBI-EM Global Diversified Index.

● **...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 on an individual borrower, the following principal adverse impacts have been considered as part of the Sub-Fund’s investments:

PAI Indicator	Metric	Year	Value	Commentary
GHG intensity	GHG intensity of investee countries tCO2e/million GDP	Dec 2022	194* vs. 263	Within its emerging market sovereign debt investments, the Investment Manager focuses on weighted average carbon intensity based on the Taskforce for Climate-Related Disclosures (TCFD) recommendations. This metric is defined as tonnes of CO2 emissions per US\$m of GDP (purchasing power

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

				<p>parity) and it incorporates all CO2 emissions in the country of question. This is called 'territorial emissions' and is in line with UNFCCC emission inventory submissions. It is, therefore, closer in spirit to Scope 3, than direct Scope 1+2 emissions of the government. This calculation is done directly by The Emissions Database for Global Atmospheric Research (EDGAR) and the data covers all markets. While some countries report data, most global datasets use estimated data – hence there can be differences between datasets. There are also valid questions around production versus consumption approaches (consumption approaches include the CO2 emissions embedded in global trade). The Investment Manager focuses on data that uses the production approach as it believes this is more comprehensive and more accurately measured, albeit a regressive measure – making emerging market emissions appear worse given the globalisation of supply chains. The Sub-Fund today has a lower intensity than that of the representative index.</p>
Investee countries subject to social violations	Percentage of investee countries subject to social violations (relative number divided by all investee countries) as referred to in international treaties and conventions, United Nations principles and, where applicable national law	Dec 2022	0.20%	<p>The violations relate to the Sub-Fund's exposure to Ukraine and Russia.</p> <p>We note that our data provider's classification of Ukraine is based on actions by the previous (pro-Russian) political regime. In our view, while these considerations may be relevant in terms of, e.g., ongoing sanctions against individuals involved in that regime, they are not relevant to an assessment of the country's current political regime.</p> <p>With regards to Russia, in line with the Investment Manager's ESG scoring framework, it is exiting the position in a prudent manner over time in the best interests of investors in the Sub-Fund.</p>

\* Sub-Fund exposure to quasi/sovereign issuers = 86%



## 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
China Government Bond 2.37 Jan 20 27	Sovereign	3.2	China
Brazil Notas Do Tesouro Nacion 10 Jan 01 25	Sovereign	3.1	Brazil
Thailand Government Bond 2 Dec 17 31	Sovereign	3.1	Thailand
Brazil Notas Do Tesouro Nacion 10 Jan 01 23	Sovereign	2.2	Brazil
Republic Of South Africa 8.25 Mar 31 32	Sovereign	2.2	South Africa
Mexican Bonos 7.75 May 29 31	Sovereign	2.1	Mexico
Indonesia Treasury Bond 6.375 Apr 15 32	Sovereign	2.0	Indonesia
China Government Bond 3.03 Mar 11 26	Sovereign	2.0	China
Mexican Bonos 8 Nov 07 47	Sovereign	1.9	Mexico
Republic Of Poland Government 1.75 Apr 25 32	Sovereign	1.9	Poland
Brazil Letras Do Tesouro Nacio Jan 01 24	Sovereign	1.9	Brazil
Malaysia Government Bond 3.828 Jul 05 34	Sovereign	1.9	Malaysia
Malaysia Government Bond 3.478 Jun 14 24	Sovereign	1.8	Malaysia
Republic Of South Africa 8 Jan 31 30	Sovereign	1.8	South Africa
Brazil Letras Do Tesouro Nacio Jan 01 25	Sovereign	1.6	Brazil

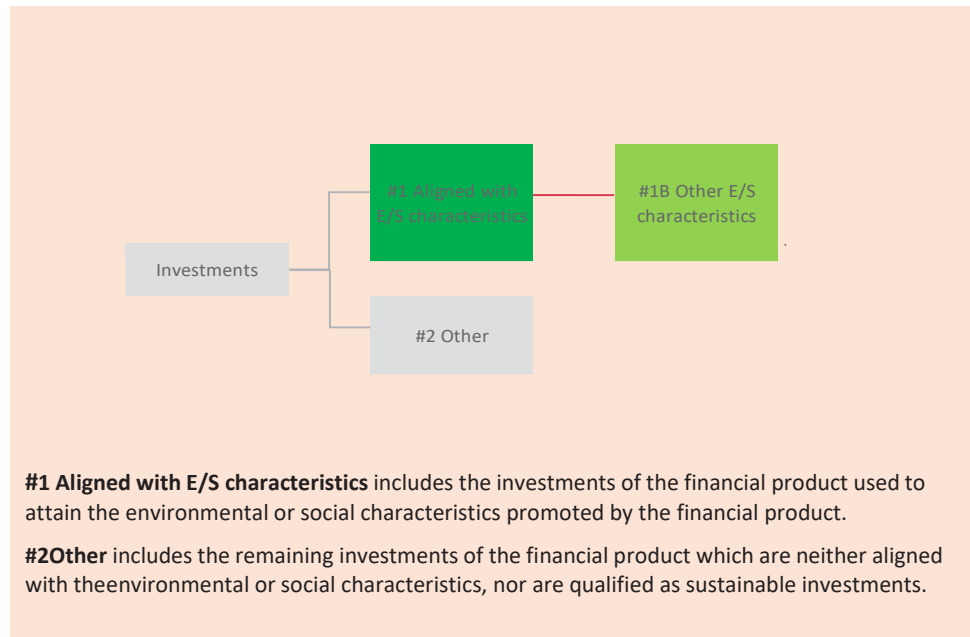


## What was the proportion of sustainability-related investments?

### What was the asset allocation?

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

Overall Asset Allocation	% of Total Sub-Fund Value
#1 Investments aligned with the Sub-Fund's promoted environmental or social characteristics	72.1%
#1B Investments aligned with environmental or social characteristics that do not qualify as sustainable investments within the meaning of Article 2(17) SFDR	72.1%
#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	27.9%



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

Corporate, quasi-sovereign and sovereign bonds.



**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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

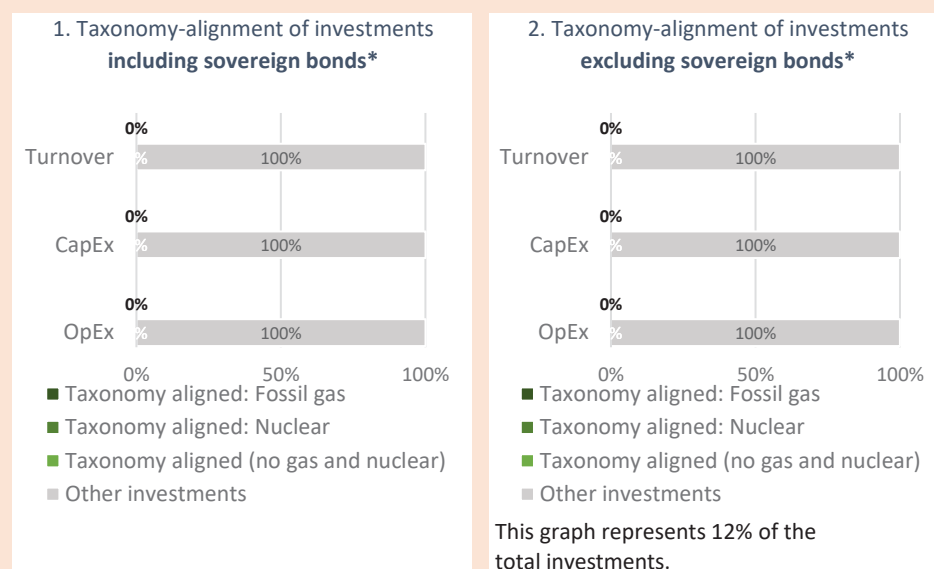
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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*

Sovereign exposure accounted for 88% of the total Sub-Fund value.

The Taxonomy regulation does not currently provide an appropriate methodology to calculate the extent to which central governments, central banks and supranational issuers (‘sovereign exposures’) are exposed to environmentally sustainable economic activities.

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	0.0 %
Climate change adaptation	0.0 %


## ● 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	0.0 %
Enabling activities	0.0 %

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

N/A

The Taxonomy-alignment figure is determined using vendor data which only includes alignment based on reported data, therefore this may represent a more conservative figure.

 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.



**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:

- Borrowers that are considered not aligned with E/S characteristics;
- Derivatives for hedging and/or Investment Purposes and/or Efficient Portfolio Management;
- Cash held for liquidity purposes as an ancillary asset, deposits and money market instruments;
- Residual Russian Exposure: The Fund holds the proceeds of matured Russian OFZ bonds, which were purchased before the implementation of global sanctions against Russia. Due to current capital controls the proceeds are unable to be repatriated.

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>



ESG is deeply intergated into the investment process as per the Investment Manager’s sustainability framework. Additionally, the Investment Manager regularly engages with issuer companies of bonds held in the Sub-Fund. As an investor in sovereign assets, the Investment Manager is in a privileged position to have access to EM policymakers. This privilege comes with a responsibility to engage on ESG matters. The Investment Manager takes a holistic approach to sovereign engagement. It engages with policymakers on country trips – both virtual and in-person when possible. These trips give the Investment Manager access not just to finance ministries and central banks, but also other parts of government, including executive offices and energy ministries. The Investment Manager engages with government officials on ESG issues in one-to-one meetings, with bond roadshows and IMF bi-annual meetings providing additional forums for engagement. It also works with NGO partners and industry bodies to provide a collective voice and shape the debate. While the Investment Manager engages broadly on matters that span the entire ESG spectrum, it mainly focuses its strategic engagements on two areas where it has strong expertise: climate and nature risks – where it applies its Climate and Nature Sovereign Index and Net Zero Sovereign Index work – and budget transparency.

The nature of engagements with sovereign and corporate bond issuers is typically continual and there is rarely a clearly defined beginning and end date, therefore, the Investment Manager does not measure (and record data pertaining to) success in a binary fashion. It does, however, keep a log of all engagements within its central research system, and this is then summarised for client communication.



***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.