

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Template pre-contractual 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

Does this financial product have a sustainable investment objective?

☒ ☐ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective**: _____%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

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.

The Sub-Fund invests across various areas in which the Investment Manager sees opportunity to promote environmental/social characteristics, examples of these:

- environmental characteristics can include climate change and natural capital amongst others; and
- social characteristics can include built environment and inclusive development amongst others.

Details of the proprietary sustainability assessment and information on exclusions are explained in the question below on 'what investment strategy does the financial product follow?'

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

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

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

On an annual basis, the following sustainability indicators will be used to measure the attainment of the environmental or social characteristics promoted by the Sub-Fund:

- proportion of investments invested in countries that have an ESG trend score that is greater than the lower of 0 or the benchmark* ESG trend score;
- proportion of investments in borrowers rated -3 as per the Investment Manager's ESG trend scores.

*Benchmark in this context refers to the Sub-Fund's performance comparison benchmark: JP Morgan GBI-EM Global Diversified Index.¹²

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.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

N/A

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

N/A

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

N/A

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

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

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



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ Yes, as part of the in-depth fundamental analysis of an individual borrower, the following principal adverse impact indicators are currently considered for the Sub-Fund's investments:

- GHG intensity; and
- Investee countries subject to social violations

An assessment of the principal adverse impacts at the aggregate Sub-Fund level will be reported on an annual basis in the annual report as required by Article 11 SFDR.

☐ No

¹² From on or around 14 December 2023 onwards, the Sub-Fund shall use the JP Morgan GBI-EM Global Diversified Index (Net of Tax Return).



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Sustainability Framework

As part of its investment strategy to promote environmental and social characteristics of the Sub-Fund, the Investment Manager makes investments that meet the standards of its proprietary sustainability framework.

The proprietary sustainability framework focuses on forward looking ESG trends, as represented by an ESG trend score for its borrowers. The Investment Manager believes that positive ESG developments are a key consideration throughout the investment process. For example, borrowers that have strong governance, treat their people well and manage their wealth in a sustainable way are expected to see their economies and asset prices outperform in the long-run.

The Investment Manager analyses aspects of:

- environmental policy (such as climate and natural capital);
- social policy (such as built environment, human capital, inclusive development); and
- governance (such as civil authority, institutional capacity, economic policy).

Each of these aspects are mapped against one or more of the UN Sustainable Development Goals. The Investment Manager performs a qualitative assessment of forward-looking trends for each aspect, resulting in an aggregated ESG trend score that ranges from -3 to +3. The aggregated ESG trend score feeds into the Investment Managers' fundamental analysis.

The Sub-Fund's investments will have a positive tilt relative to its benchmark. Measurement of the extent of this positive tilt and the name of the benchmark are described in the section 'What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?' above.

In addition, as per the Investment Manager's proprietary sustainability framework, the Sub-Fund will:

- invest at least 50% in borrowers with an ESG trend score of 0 or higher, but if the aggregated ESG trend score for the benchmark is below 0, at least 50% of the Sub-Fund will be invested in borrowers with an ESG trend score higher than the benchmark's aggregated ESG trend score; and
- not invest in borrowers with an ESG trend score of -3.

Additional Considerations

As part of its sustainability framework, the Investment Manager takes a holistic approach to engagement on ESG matters and believes the most effective engagement involves repeated interaction on specific, actionable topics. The Investment Manager has constructive dialogue with borrowers such as, but not limited to the following: central banks, government executives, energy ministries, International Monetary Fund meetings and other non-governmental organisations.

The Investment Manager's ESG trend score is supported by a variety of information including publicly available sources, third party data, proprietary models as well as the experience, discretion and judgement of the Investment Manager. There will be no mechanistic reliance on external ESG ratings or scores.

The Sub-Fund's holdings will be monitored on an ongoing basis by the Investment Manager. A holding may be sold for a range of reasons but in particular, if it is determined that the investment case for the holding has been weakened or it no longer satisfies the investment objective and policy of the Sub-Fund. Such sales will take place over a time period to be determined by the Investment Manager, taking into account the best interests of the Shareholders of the Sub-Fund.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager applies its proprietary sustainability framework consistently and on an ongoing basis to assess the environmental and social characteristics of the Sub-Fund's investments.

The Sub-Fund will invest at least 50% in borrowers with an ESG trend score of 0 or higher, but if the aggregated ESG trend score for the benchmark is below 0, at least 50% of the Sub-Fund will be invested in borrowers with an ESG trend score higher than the benchmark's aggregated ESG trend score.

Furthermore, the Sub-Fund will not invest in borrowers with an ESG trend score of -3.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

N/A

- **What is the policy to assess good governance practices of the investee companies?**

The Investment Manager follows an internal investment framework to analyse governance issues related to borrowers. Third party data complements the governance assessment.

For the Sub-Fund, assessing the good governance practices of borrowers is considered as part of the Investment Manager's proprietary sustainability framework and through ongoing monitoring of holdings.

There is a focus on identifying borrowers exhibiting positive governance trends, such as:

- enhancing the capacity and integrity of institutions;
- engaging in structural reforms;
- ensuring effective regulation; and
- more generally ensuring that macroeconomic policy is on a sound and sustainable footing.

Good governance practices include sound management structures, employee relations, remunerations of staff and tax compliance.



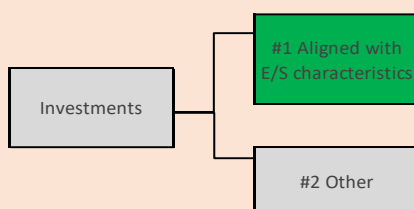
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The minimum proportion of investments used to meet the environmental or social characteristics promoted by the Sub-Fund (i.e., '#1 Aligned with E/S characteristics') is 51% of its assets.

Information on the purpose of the remaining investments and any minimum environmental or social safeguards applied is outlined in the section below on 'What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?'.

The investments included in '#1 Aligned with E/S characteristics' are selected in accordance with the binding criteria outlined in the section 'what investment strategy does this financial product follow?' under the sub-section entitled 'Sustainability Framework'.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to 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.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

N/A



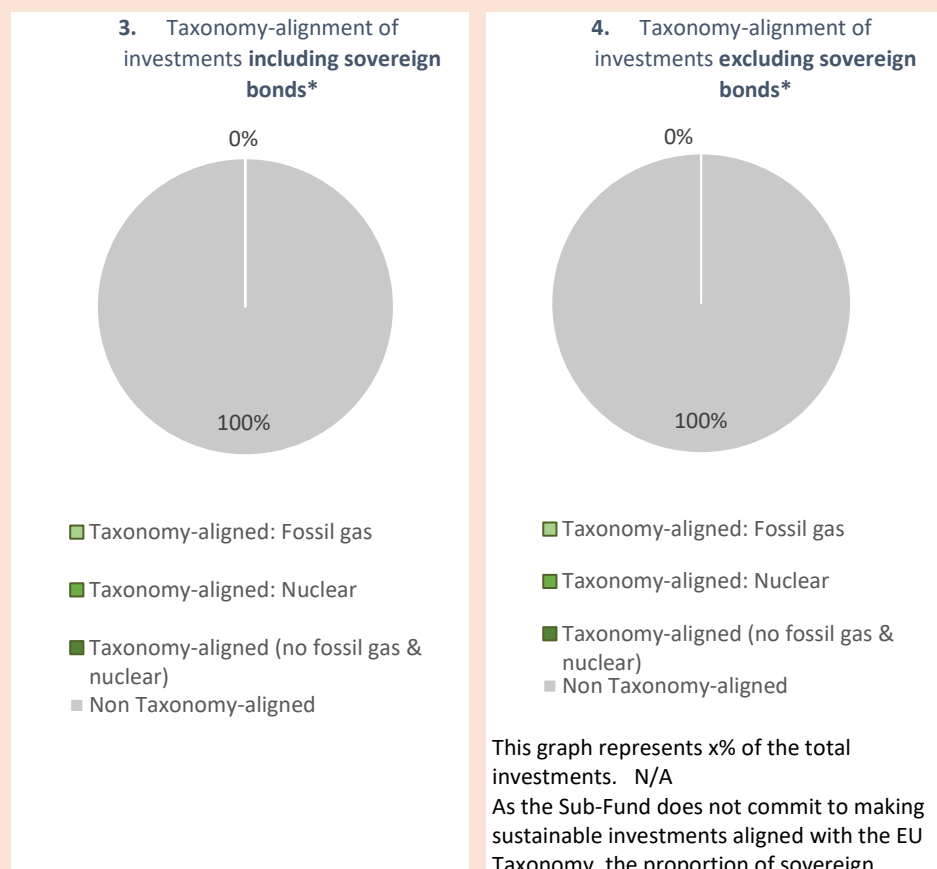
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not currently commit to invest in any sustainable investment within the meaning of Article 2(17) SFDR or the EU Taxonomy Regulation, accordingly the minimum share of EU Taxonomy-aligned investments is 0% of the Sub-Fund's assets.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹³?**

- ☐ Yes:
- ☐ in fossil gas ☐ in nuclear energy
- ☒ No

The two graphs below show in green the minimum percentage of investments that are 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.*



¹³ 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 objective - 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.

bonds in the Sub-Fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.

**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

 are sustainable investments with an environmental objective that **do not take into account** the criteria for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund does not currently commit to invest in any sustainable investment within the meaning of Article 2(17) SFDR or the EU Taxonomy Regulation, accordingly the minimum share of investments in transitional and enabling activities is 0% of the Sub-Fund's assets.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

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



● **What is the minimum share of socially sustainable investments?**

N/A



● **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

'#2 Other' includes investments, as described in the Sub-Fund's investment policy, 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; and
- shares or units in other funds and exchange traded funds in which the Investment Manager does not have direct control of the underlying investments.

No minimum environmental or social safeguards are applied.



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

● **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

N/A

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

● **How does the designated index differ from a relevant broad market index?**

N/A

● **Where can the methodology used for the calculation of the designated index be found?**

N/A



● **Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://ninetyone.com/srd>