

The Sub-Fund and the appointed Portfolio Manager define integration of environmental, social and governance characteristics (ESG) as the consistent consideration of material Sustainability Risks into the investment research process to enhance the investors' risk-adjusted returns. Material Sustainability Risks may include but are not limited to: climate change risks, social inequality, shifting consumer preferences, regulatory risks, talent management or misconduct of an issuer.

Incorporating relevant Sustainability Risks is considered to be part of a robust investment process as these are increasingly essential inputs when evaluating global economies, markets, industries and business models, particularly for long-term investment opportunities across all asset classes in both public and private markets.

Integrating Sustainability Risks into the investment process does not mean that ESG information is the sole or primary consideration for an investment decision; instead, the Sub-Fund and the Portfolio Manager evaluate and weigh a variety of financial factors, which can include ESG considerations (where financially material), to make investment decisions. The relevance of ESG considerations when making investment decisions varies across asset classes and strategies. By increasing and diversifying the information assessed by the Portfolio Manager where relevant it is intended to generate a more holistic risk management and view of an investment, which allows to generate opportunities to enhance returns.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a sustainability risk occurs in respect of an asset, there may be a negative impact on, or entire loss of, its value. Resilience is becoming a major consideration for business with impacts on insurance, valuation and rents already starting to show in many countries.