

Sustainability-related disclosure

Liontrust GF Absolute Return Bond Fund

This document provides you with sustainability-related information about this Fund, as required under the Sustainable Finance Disclosure Regulation. It is not marketing material. The information is required by law to help you understand the sustainability characteristics and / or objectives and risks of this Fund. You are advised to read it in conjunction with other relevant fund documentation so you can make an informed decision about whether to invest.

No sustainable investment objective
This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.
Environmental or social characteristics of the financial product
<i>Description of the environmental or social characteristics that the Fund promotes</i>
<p>The environmental and social characteristics that the Fund is seeking to promote are long-term sustainable business practices, through supporting issuers that adapt to environmental pressures such as climate change and energy management; as well as positive corporate and sovereign behaviours on social and governance topics, including employee relations, labour rights, board independence and diversity, and zero tolerance on exposure to controversial and civilian weapons.</p> <p>The Fund does not use a specific index designated as a reference benchmark for the purpose of attaining its environmental and social characteristics.</p>
Investment strategy
<i>What investment strategy is used to meet the environmental or social characteristics promoted by the Fund?</i>
<p>In judging whether an issuer, or a sovereign where applicable, is an attractive long-term investment, the Investment Adviser uses a proprietary analysis process referred to as 'PRISM', covering the following factors:</p> <ul style="list-style-type: none"> - Protections – detailed analysis of the issuer's business, covering the operational procedures in place, the competitive advantage of an issuer in its industry, the threat of new entrants and the balance of power between the issuer, its suppliers and its customers; as well as protections afforded to bondholders by the issuer through contractual provisions, such as covenants; - Risks – credit, business and market risks that the issuer is subject to; - Interest cover, leverage and other sector dependant key ratios that impact the issuer, such as debt-to-equity ratios in businesses with a high quantity of tangible balance sheet assets, such as real estate, or cash flow-based measures for those businesses that have a competitive advantage related to intellectual property; - Sustainability of cash flows and environmental, social and governance (i.e. non-financial) factors in respect of any existential threat to either an industry sector that the Fund invests in or the proposed issuer that the Fund may invest in. The Investment Adviser examines both nearer term non-financial risks, as they could have a meaningful impact on the credit quality of the issuer, and the risk of any technological or regulatory disruption that could harm the issuer over a longer time period; and

- **Motivations** of management of the relevant issuers in respect of how they deal with employees and owners and the motivations of owners as evidenced by how their behaviours align with the interests of bondholders.

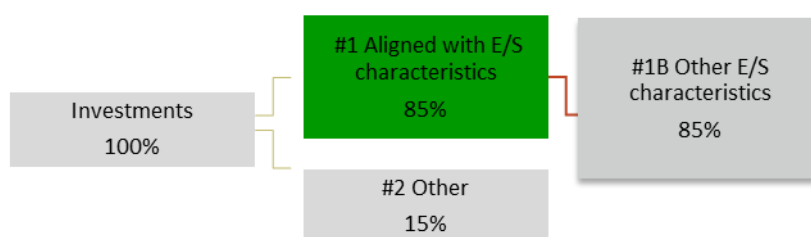
The assessment of sustainability and non-financial factors is fully integrated into the PRISM bottom-up analysis framework. The Investment Adviser believes it is essential for a well-informed investment decision to take into account those sustainability and non-financial factors that have the potential to materially impact the financial performance of the issuer or its long-term sustainability. The Investment Adviser will consider any environmental risks, as well as any resulting contingent liabilities for the issuer as part of the bottom-up analysis.

What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

The Investment Adviser assesses the governance practices of issuers as part of the Sustainability and Motivations elements of its investment process described above through desk-based research supported by ESG ratings from third-party data providers in order to satisfy itself that the relevant issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Proportion of investments

At least 85% of the Fund's NAV will be aligned with the environmental and social characteristics it promotes.



Monitoring of environmental or social characteristics

How are the environmental or social characteristics promoted by the Fund and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the Fund are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms?

The second line of defence (Risk Team) monitor compliance with the Fund's adherence to the binding elements of the investment strategy on portfolio construction. The Fund's weighted average carbon intensity (WACI) and governance-related votes and engagements are monitored periodically as part of internal review processes.

Methodologies

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met.

The second line of defence (Risk team), using data from MSCI ESG Manager, perform monthly reviews of the Fund's holdings to ensure they are not in breach of any of the binding elements of the investment process. This includes compliance with the Fund's exclusion policy, adherence to the minimum ESG ratings for individual holdings and controversies.

The investment team are provided sustainability-related information by an internal team (Responsible Capitalism), including in relation to climate metrics, such as the weighted average carbon intensity (WACI) and to support engagement with investee companies.

Data Sources and processing

- (a) *How are the data sources used to attain each of the environmental or social characteristics promoted by the financial product?*
 (b) *What measures are taken to ensure data quality?*
 (c) *How data are processed?*
 (d) *What proportion of data are estimated?*

The Fund uses the following data sources:

1. Company reports and direct interaction with investee companies
2. MSCI ESG Manager is used for ESG ratings for companies, controversies, Fund ESG score and climate-related data, as well as Principal Adverse Indicators
3. Materiality assessments on holdings provided by the Responsible Capitalism team.

Liontrust performs due diligence on all data providers, looking at data models, methodologies, coverage and service provision.

Limitations to methodologies and data

What are any potential limitations to the methodologies or data sources and how do such limitations not affect how the environmental or social characteristics promoted by the financial products are met?

With corporate disclosure of sustainability-related information still limited, the availability, consistency and quality of reported corporate data is the main limitation to the application of the methodology. Where data gaps exist then desk-based research and company engagement may be used to support application of the methodology.

Due diligence

What diligence is carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence?

Company due diligence is incorporated into the investment process applied to the Fund and through the PRISM methodology, as detailed in the Investment Strategy section above. The investment processes are reviewed periodically by the second line of defence (Risk team).

Engagement policies

What engagement policies are implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies?

Engagement is prioritised based on materiality assessments completed by the Responsible Capitalism team and reviewed and agreed with the Investment Manager. The output from engagement activities is then considered as part of the investment decision-making process.

Designated reference benchmark

There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.