

Controversial Weapons Policy



Scope

This Policy applies to all Liontrust entities (collectively “Liontrust”) set out below.

Liontrust Asset Management Plc

- Liontrust Fund Partners LLP (FRN: 518165)
- Liontrust Investment Partners LLP (FRN: 518552)

This controversial weapons policy sets out the scope, oversight, and application of Liontrust’s controversial weapons policy with regard to the investments that the group makes on behalf of our clients. It is in regard to companies involved with the weapons listed below. This policy is available to all strategies and funds managed by Liontrust investment teams and applies to those teams that accept it and wish to abide by it. This policy may be superseded by any policy or requirements for specific pooled or segregated mandates or by teams which have stricter exclusions in place with regard to the scope of controversial weapons.

Summary

Liontrust Asset Management is UK based asset manager offering clients a range of investment options managed by a number of investment teams, each with their own investment processes. The Liontrust investment teams have complete autonomy over their investment processes ; there is no house view on holdings or on investment approach. Each team is encouraged and given the space and resource to follow their own investment processes.

Position on controversial weapons

Liontrust Asset Management acknowledges international regulation prohibiting involvement in controversial weapons, on the grounds that these weapons are indiscriminate in nature. Controversial weapons include cluster munitions, antipersonnel landmines, and biological and chemical weapons. As such, Liontrust’s controversial weapons policy allows those teams that choose to do so to exclude from their investable universe publicly-traded companies which have involvement in the controversial weapons which are set out below. Investment teams choose to support the policy in full or not at all. Liontrust reports on its investments and provides transparency on the investment teams which do and do not choose to enforce these controversial weapons restrictions in their funds. Liontrust will also report annually on investments across its fund range which contravene this policy.

Controversial Weapons

The following weapons are covered by this controversial weapons policy:

Cluster munitions

Cluster munitions are defined by the 2008 Convention on Cluster munitions (also known as the Oslo Convention) as “a conventional munition that is designed to disperse or release explosive submunitions each weighing less than 20 kilograms, and includes those explosive submunitions”

(<https://www.clusterconvention.org/files/2011/01/Convention-ENG.pdf> page 3. These weapons typically open in mid-air, releasing the submunitions over a wide area, causing widespread and indiscriminate harm, death, and destruction. Submunitions generally explode in the air or on impact. Should they fail to explode, they can remain live on the ground for a long time, also causing harm or death to those for whom the weapon was not necessarily intended.

Anti-personnel mines

Anti-personnel mines are defined by the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (also known as the Ottawa Convention or Ottawa Treaty). These are defined as “a mine designed to be exploded by the presence, proximity or contact of a person and that will incapacitate, injure or kill one or more persons”

([https://www.unog.ch/80256EE600585943/\(httpPages\)/CA826818C8330D2BC1257180004B1B2E?OpenDocument](https://www.unog.ch/80256EE600585943/(httpPages)/CA826818C8330D2BC1257180004B1B2E?OpenDocument) page 3). These weapons are typically placed on or just under the ground and are designed to explode when a person is nearby or steps on the device. As their response is often delayed, these weapons are also considered to be indiscriminate.

Biological and chemical weapons

Biological and chemical weapons were first prohibited by the Geneva Protocol of 1925. Subsequent Conventions strengthened this ban: the Biological Weapons Convention (1975) and the Chemical Weapons Convention (1993) prohibit the use, stockpiling, production and transfer of biological or chemical weapons. These weapons tend to be virus- or microorganism-based weapons and include lethal strains, such as anthrax. Their use is known as “germ-warfare”. Biological weapons are released to spread disease and toxins that contaminate and kill indiscriminately. Chemical weapons, including nerve and choking agents, are also used to spread to kill indiscriminately.

Information sources for the purposes of this policy

Liontrust subscribes to an external, third party research provider for information on controversial weapons involvement. We use this source to understand whether or not a company has involvement with the types of weapons listed above. Decisions made by the third party research provider on whether or not a group has involvement in one or more of the described controversial weapons is upheld by Liontrust. Where Liontrust has questions or differing information regarding a company’s involvement with any controversial weapons covered by this policy, the group will engage with the third party research provider.

Process

Names on the controversial weapons list (as received from the third party research provider) are coded into Liontrust’s trading system for each investment team. For those teams supporting the controversial weapons policy, a block is put in place for purchases of a name associated with our controversial weapons list. Purchases or top ups of any name on the list will not be permitted for those teams choosing to apply this policy to their trades.

Our controversial weapons list is updated quarterly by the third party research provider.

Transparency on our list of controversial weapons companies

Our list contains companies that we have reasonable grounds to believe have involvement with the controversial weapons listed above. We do not release or publish our list of these companies. Where a client or third party has a question regarding our list, then we may engage with them on the status of a particular company in terms of whether or not it is a constituent of our list. For clients with segregated mandates, we discuss bespoke exclusion lists. Agreeing to any bespoke exclusion list is not to be taken as an endorsement of that list in comparison with Liontrust's own list of companies with ties to controversial weapons.

Divestment time frame

In the event that we hold a company in our strategies and/or funds that is managed by a team supporting this policy and which is identified by our third party research provider as being involved in any of the controversial weapons outlined above, we would require the manager(s) to divest promptly or at least within 30 business days.

Policy review and oversight

This policy has been approved by Responsible Capitalism Committee and it is overseen by Responsible Capitalism Team which is reviewed annually.

