

### **Economic Advantage team: Integration of Sustainability Risk**

The management of sustainability risk forms part of the due diligence process implemented by the investment team.

As part of its bottom-up investment process, the investment team will review a potential investment using its risk framework which includes assessing the risk that the value of such investment could be materially negatively impacted by an environmental, social or governance (“ESG”) event or condition (“ESG Event”).

The investment team relies on ESG information of third-party data providers to assist in understanding the sustainability risks of a proposed investment. The investment team may also conduct fundamental analysis on each potential investment to further assess the adequacy of ESG programmes and practices of a company or issuer to manage the sustainability risk it faces. Potential ESG issues associated with an investment are also monitored by the investment team to investigate and assess issues which may include the impact of company or issuer operations, governance practices, and/or products and services that allegedly violate national or international laws, regulations, and/or other commonly accepted global norms.

The information gathered from this analysis will be taken into account in deciding the size of the position that the investment team might take on behalf of a fund in respect of a potential investment. The investment team may grade securities differently to data providers where the investment team believes that their ESG rating does not fully reflect the position of the relevant issuer or company, or has not captured recent positive sustainability-related changes which have been implemented by the relevant issuer or company. Some companies or issuers (for example smaller companies) may not be rated or covered by data providers and may publish little or no information on their ESG policies and sustainability risks, in these cases the investment team’s scope for analysis of sustainability risk will be limited.

In addition, the investment team will monitor sustainability risk on an ongoing basis through reviewing ESG data published by the company or issuer (where relevant) or selected data providers to determine whether the level of sustainability risk has changed since the initial assessment was conducted. Where there is an increase in sustainability risk, the exposure to the relevant security may be reduced, taking into account the best interests of the Shareholders of the fund.

While no guarantee can be made, the investment team expects limited negative impact from the materialisation of sustainability risk on the returns of the fund due to the monitoring and management of sustainability risk as described above.