

For professional investors only

Credit and interest rate risk are the primary drivers of returns from corporate bonds. With more than 25 years' experience managing global credit strategies, we believe that a focus on Environmental, Social and Governance (ESG) issues is important too.

Companies' management of ESG-related issues can have a direct impact on their risk profile and, in turn, the probability of default. An assessment of ESG-related risk has therefore been embedded in our Global Credit investment process for more than 15 years, since we became a signatory to the PRI.

Most importantly, it is possible to orient global credit portfolios towards ESG and sustainability outcomes without foregoing any yield potential from the asset class.

With this in mind and recognising the growing appetite for sustainable products among responsible investors worldwide, we are excited to launch the **First Sentier Global Credit Sustainable Climate Strategy**. The Strategy invests primarily in a diversified portfolio of global credit securities, while additionally seeking to make a positive contribution to climate change.

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*This vehicle aims to provide investors with access to regular income and potential capital appreciation from global credit, while making a positive environmental contribution.*

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The Strategy aims to outperform the ICE Global Corporate Paris-Aligned Index (USD hedged), investing in credit securities that contribute to climate change mitigation, environmental protection, and/or a net zero economy.

Specifically, the Strategy seeks investments that have the potential to contribute to positive climate change outcomes, in accordance with achieving the long-term global warming objectives of the Paris Agreement on Climate Change.

## Risk factors

This is a financial promotion for the First Sentier Global Credit Sustainable Climate Strategy. This information is for professional clients only in the UK and EEA and elsewhere where lawful. Investing involves certain risks including:

**The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**

- **Interest rate risk:** bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- **Credit risk:** the issuers of bonds or similar investments that the Fund buys may get into financial difficulty and may not pay income or repay capital to the Fund when due.
- **Derivative risk:** derivatives are sensitive to changes in the value of the underlying asset(s) and/or the level of the rate(s) from which they derive their value. A small movement in the value of the assets or rates may result in gains or losses that are greater than the amount the Fund has invested in derivative transactions, which may have a significant impact on the value of the Fund.
- **Below investment grade debt securities risk:** below investment grade debt securities are speculative and involve a greater risk of default and price changes than investment grade debt securities. In periods of general economic difficulty, the market prices of these types of securities may decline significantly.

For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document for each Fund. If you are in any doubt as to the suitability of our funds for your investment needs, please seek professional advice.

## Investment universe

Investments are made across three categories:

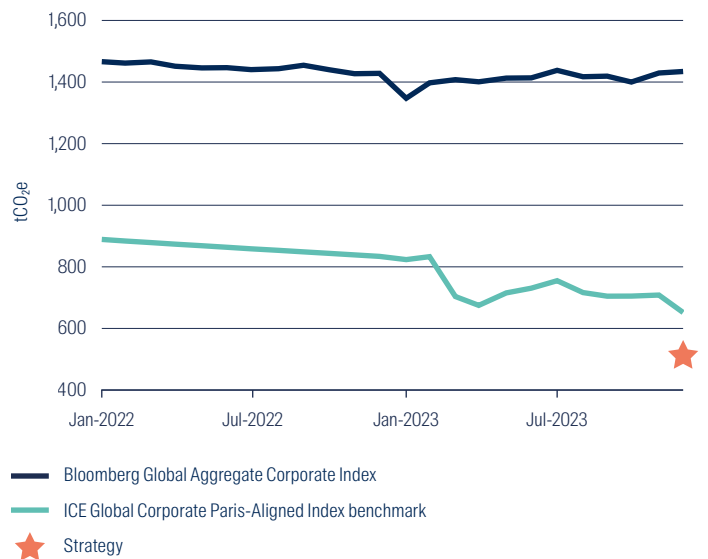
-  Credit securities issued by companies whose emission reduction plans are aligned with the goals of the Paris Agreement on Climate Change.
-  Securities specifically linked to a company's activity or project that is aligned with the goals of the Paris Agreement on Climate Change – e.g. Green Bonds.
-  Securities issued by companies whose activities or products are necessary for society to meet the global warming objectives of the Paris Agreement on Climate Change.

In all cases, we undertake detailed data analysis to ensure all exposures qualify as Sustainable Investments under the EU Sustainable Finance Disclosure Regulation ('SFDR'), including by taking into account Principal Adverse Indicators ('PAIs') to address each company's compliance with Do No Significant Harm ('DNSH') requirements.

With these parameters in place, the Strategy has a clear orientation towards responsible investment and a lighter environmental footprint than traditional credit portfolios. It also meets the most stringent sustainability disclosure requirements of regulatory bodies globally, providing investors with full transparency and additional comfort.

*Companies or credit securities that do not meet the required positive contribution to climate change outcome, in accordance with achieving the long term global warming objectives on the Paris Agreement, are not considered investable for the Strategy.*

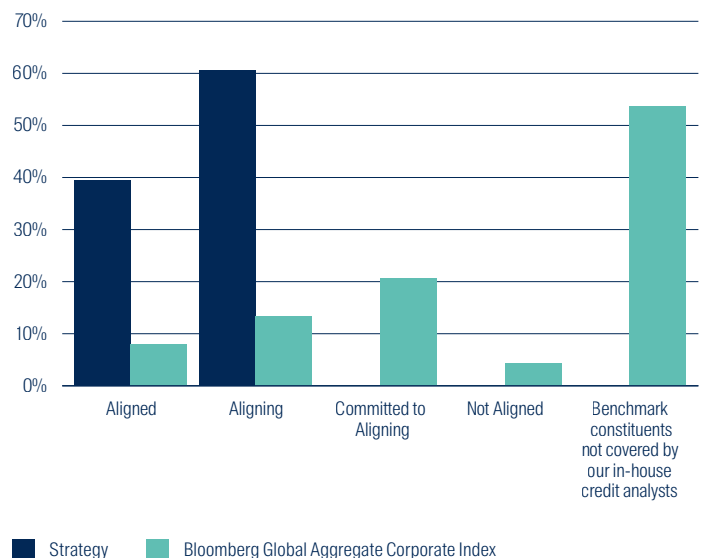
## Scope 1, 2 and 3 carbon emission intensity



Source: First Sentier Investors and ISS

The carbon intensity of the Strategy is below that of the ICE Global Corporate Paris-Aligned Index benchmark and around half that of a traditional credit benchmark<sup>1</sup>.

## Net Zero alignment



Source: First Sentier Investors and ISS

The Strategy is clearly oriented towards companies that are aligning or better with the Paris Agreement on Climate Change, particularly compared to a traditional credit benchmark<sup>2</sup>.

1 As at 31 December 2023. Source: First Sentier Investors and ISS. Scope 1, 2 & 3 carbon intensity is expressed as the issuer's total carbon emissions per million EUR of revenue as a proxy of the carbon efficiency per unit of output.

2 As at 31 December 2023. Source: First Sentier Investors and ISS.

## Negative screening

Companies or credit securities that do not meet the required positive contribution to climate change outcome, in accordance with achieving the long term global warming objectives on the Paris Agreement, are not considered investable for the Strategy.

Further exclusionary screens are applied on companies that directly earn revenue from:



**Tobacco:** Companies involved in the production of tobacco and tobacco products, including e-cigarettes and vaping. The revenue threshold is 0%.



**Gambling:** Companies that own and or operate gambling establishments, or manufacture specialised equipment used exclusively for gambling. The revenue threshold is 0%.



**Adult entertainment:** Companies involved in the production of adult entertainment and/or operate/own adult entertainment establishments. The revenue threshold is 0%.



**Controversial Weapons:** Companies involved in the production of controversial weapons (defined as: anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, nuclear weapons produced in support of the nuclear weapons programs of non-nuclear weapon state parties and non-signatories to the Treaty on the Non-Proliferation of Nuclear Weapons, and white phosphorus). The revenue threshold is 0%.



**Conventional Weapons:** Companies that derive revenue from the manufacture of assault weapons for civilian customers. The revenue threshold is 0%.



**Fossil fuel:**

- **Unconventional oil, coal and gas:** companies involved in Arctic oil and gas, oil sands, and shale energy. The revenue threshold is 0%.
- **Conventional Oil and Gas:** exploration, extraction, and refining. The revenue threshold is 0%. For transportation of oil and gas, a revenue threshold of 5% applies.
- **Coal:** companies involved in the extraction of thermal coal. The revenue threshold is 0%. For transportation of coal and/or companies involved in power generation based on thermal coal, a revenue threshold of 5% applies. The revenue threshold for power generation based on thermal coal falls to 0% from 2030 onwards.

We also exclude companies that are deemed non-compliant with global standards by our external research provider, Sustainalytics. Global Standards refer to UN Global Compact, UN Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

## Key strategy facts

First Sentier Global Credit Sustainable Climate Strategy	
<b>Investment objective</b>	The Strategy aims to achieve an investment return from income and capital appreciation by investing in a diversified portfolio of global credit securities, while making a substantive contribution to positive climate change with respect to the temperature objective of the Paris Agreement on Climate Change.
<b>Benchmark</b>	ICE Global Corporate Paris-Aligned Index (USD hedged)
<b>Sustainable objective</b>	Positively screen the universe for credits that are at least aligning to the Paris Agreement on Climate Change, have climate mitigation and climate adaptation activities, or green bonds that are considered to be substantially contributing to a positive sustainable climate outcome.
<b>Return objective</b>	0.75% p.a. above the benchmark, gross of fees <sup>3</sup>
<b>ESG integration</b>	Each investment is subject to extensive risk assessment and a formal ESG Risk Rating is assigned to all credits. Those with 'High' or 'Very High' ESG Risk Ratings by our internal credit analysts are screened out of the investible universe.
<b>Do no significant harm</b>	Addressed for each potential investment through the internal ESG Risk assessment, Sustainalytics' negative screening, and specific EU Taxonomy environmental DNSH requirements.
<b>Principal adverse indicators</b>	Are monitored, measured and assessed, and form part of the Strategy's formal disclosures.
<b>Greenhouse gas (GHG) limits</b>	The Strategy uses measurement of GHG emissions for each investment as an indicator of how each investment is performing against its sustainable objectives. Strategy level GHG emission output must be less than that of the ICE Global Corporate Paris-Aligned Index.
<b>Lead manager</b>	Craig Morabito, 20+ years' experience
<b>Structure</b>	USD-denominated VCC

<sup>3</sup> Past performance is not indicative of future performance. All investment involves risks and the value of investments and the income from them may go down as well as up and you may not get back your original investment. Actual outcomes or results may differ materially from those discussed. Readers must not place undue reliance on forward-looking statements as there is no certainty that conditions current at the time of publication will continue.

## Why First Sentier Investors?

First Sentier Investors is a global asset manager committed to creating long-term value for clients. Our purpose is to deliver sustainable investment success for the benefit of our clients and society.


We manage assets on behalf of institutions and wholesale investors, government bodies and financial institutions. Our parent company is Mitsubishi UFJ Trust & Banking. Globally located, we are close to the markets we invest in, and close to our clients.

Our vision is to be a provider of world-leading investment expertise and client solutions, led by our responsible investment principles. We believe society must drastically reduce emissions if we are to avoid the worst consequences of the climate crisis. For this reason, as a firm we support the global transition to net zero emissions in line with the goals of the Paris Agreement on Climate Change. As responsible allocators of capital, stewards of our clients' assets, and as active investors in companies on their behalf, the individual and collective decisions we make can help influence the nature and speed of this transition.

Ultimately, we recognise we have a wider responsibility to contribute to a sustainable economy and society through our investment activities and business operations. We therefore have the ambition to reduce greenhouse gas emissions across our investment portfolios, in line with a target of progressing towards net zero emissions by 2050 (or sooner) and across our business operations in line with a target of net zero emissions by 2030 (or sooner).



We are stewards of AUM of GBP 112.9 billion/EUR 130.1 billion<sup>4</sup> on behalf of institutional investors, pension funds, wholesale distributors and platforms, financial advisers and their clients.



We work together across multiple global markets, with over 1000 employees collaborating to achieve our vision.

We've been investing in corporate bond markets for more than 25 years and have a proven ability to manage Global Credit strategies through full market cycles. The over-arching investment philosophy has been largely unchanged during that period and has stood the test of time. Our 'vanilla', long only Global Credit strategies have a favourable performance track record relative to peers and traditional credit benchmarks<sup>5</sup>.

From a sustainability perspective, our commitment to assessing all elements of ESG risk as part of the overall credit investment process has been recognised by independent experts. In the most recent PRI survey<sup>6</sup>, First Sentier Investors was awarded the highest possible rating for our analysis of corporate debt.

Module	Our score	Median score
Fixed Income – Corporate	★★★★★	★★★★

Blending proven portfolio construction expertise with best in class ESG credentials, we believe the **First Sentier Global Credit Sustainable Climate Strategy** is suitable for income-oriented investors who share our commitment to creating a more sustainable future.

### For more information



[www.firstsentierinvestors.com](http://www.firstsentierinvestors.com)



#### B Corporation

We became a globally Certified B Corporation (B Corp) in 2022. B Corp certification provides a framework with which to assess our operations against the highest ESG-related standards.

<sup>4</sup> As at 30 September 2023.

<sup>5</sup> Source: Morningstar, as at 31 October 2023. Past performance is not indicative of future performance. All investment involves risks and the value of investments and the income from them may go down as well as up and you may not get back your original investment. Actual outcomes or results may differ materially from those discussed. Readers must not place undue reliance on forward-looking statements as there is no certainty that conditions current at the time of publication will continue.

<sup>6</sup> First Sentier Investors is a signatory to the PRI. Our score for the Fixed Income – Corporate category is taken from the latest PRI Assessment Report, dated December 2023.

### **Important Information**

This document has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered. It does not purport to be comprehensive or to give advice. The views expressed are the views of the writer at the time of issue and may change over time. This is not an offer document and does not constitute an offer, invitation or investment recommendation to distribute or purchase securities, shares, units or other interests or to enter into an investment agreement. No person should rely on the content and/or act on the basis of any material contained in this document.

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To the extent this material contains any ESG related commitments or targets, such commitments or targets are current as at the date of publication and have been formulated by the relevant investment team in accordance with either internally developed proprietary frameworks or are otherwise based on the Institutional Investors Group on Climate Change (**IIGCC**) Paris Aligned Investment Initiative framework. The commitments and targets are based on information and representations made to the relevant investment teams by portfolio companies (which may ultimately prove not be accurate), together with assumptions made by the relevant investment team in relation to future matters such as government policy implementation in ESG and other climate-related areas, enhanced future technology and the actions of portfolio companies (all of which are subject to change over time). As such, achievement of these commitments and targets depend on the ongoing accuracy of such information and representations as well as the realisation of such future matters. Any commitments and targets set out in this material are continuously reviewed by the relevant investment teams and subject to change without notice.

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If this document relates to an investment strategy which is available for investment via a UK UCITS but not an EU UCITS fund then that strategy will only be available to EU/EEA investors via a segregated mandate account.

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