

Global Franchise Fund

Approach to sustainability

The environmental and social characteristics promoted by the Fund will be set out in its investment policy and in a new section of the Prospectus of the GSF to be called 'Sustainability Disclosures' in Section 33 of Appendix 1: The Specifics of the Sub-Funds of the Fund. For further details, please see the section called 'Revised investment policy and sustainability disclosure' below.

Other changes

We are clarifying the investment objective of the Fund. The Fund aims to provide long-term capital growth (i.e., to grow the value of your investment). While the Fund continues to prioritise capital growth, it will also offer the opportunity for income. We are, therefore, reflecting this in the Fund's investment objective.

We are also making amendments to the investment policy of the Fund to update the current wording to be more in line with current expectations for investment policies. For example, we are enhancing the wording on the types of derivatives the Fund may use. We believe that these changes make the Fund's aims, and the type of investments it may invest in, clearer.

Revised investment policy and sustainability disclosure

The amendments to the investment policy of the Fund are set out in the table below. For ease of reference, we have put the current and new wording side-by-side, crossed through the deletions and underlined the paragraphs that have changed so that it is easier for you to compare.

Global Franchise Fund

Current investment policy	New investment policy
<p>The Sub-Fund aims to achieve long-term capital growth primarily through investment in shares of companies around the world. The Sub-Fund will have a blend of investments and will be unrestricted in its choice of companies either by size or industry, or in terms of the geographical make-up of the portfolio. The Sub-Fund will focus investment on stocks deemed to be of high quality which are typically associated with global brands or franchises.</p>	<p>The Sub-Fund aims to achieve long-term <u>provide capital growth primarily through (i.e., to grow the value of your investment) with the opportunity for income over the long-term.</u></p> <p>The Sub-Fund invests primarily in equities (e.g., shares of companies) around the world.</p> <p>The Sub-Fund will <u>be actively managed</u> have a blend of investments and will be unrestricted.</p> <p><u>The Investment Manager will have full discretion</u> in its choice of companies either by size or industry, or in terms of the geographical make-up of the portfolio.</p> <p><u>Investment opportunities are identified using in-depth analysis and research on individual companies.</u> The Sub-Fund will focus investment on stocks deemed to be of high quality which are typically associated with global brands or franchises.</p> <p><u>The Sub-Fund promotes environmental and social characteristics in line with Article 8 of the SFDR as described in the Sub-Fund's Sustainability Disclosures.</u></p>

The Sub-Fund will not invest in certain sectors or investments. Details of these excluded areas can be found on the website www.ninetyone.com in the section entitled “Sustainability-related Disclosures” pursuant to the Article 10 of the SFDR. Over time, the Investment Manager may, in its discretion and in accordance with this investment policy, elect to apply additional exclusions to be disclosed on the website, as they are implemented.

The Sub-Fund may also invest in other transferable securities, money market instruments, cash and near cash, derivatives and forward transactions, deposits and units in collective investment schemes.

The Sub-Fund may also invest in other transferable securities, money market instruments, cash and near cash, derivatives (financial contracts whose value is linked to the price of an underlying asset) and forward transactions, deposits and units in ~~collective investment schemes~~ or shares in other funds.

The Sub-Fund may use derivatives for the purposes of hedging and/or efficient portfolio management.

The Sub-Fund may use derivatives for the purposes of hedging and/or efficient ~~P~~portfolio ~~M~~management. Derivatives which may be used include, without being exhaustive, exchange traded and over-the-counter futures, options, swaps and forwards. The underlying of a transaction in a derivative may consist of any one or more of transferable securities, indices, foreign exchange rates and currencies.

These changes will not affect the way the Fund is managed or its risk or return profile.

The Fund’s sustainability disclosures can be found below.

Sustainability disclosures

‘The Sub-Fund promotes environmental/social characteristics (within the meaning of Article 8 SFDR) but will not make any sustainable investments within the meaning of Article 2(17) SFDR.

Sustainability characteristics

The Sub-Fund seeks to promote better carbon outcomes (i.e., maintaining a carbon profile lower than the Sub-Fund’s benchmark) by making direct investments in companies that meet the standards of the Investment Manager’s proprietary sustainability assessments and by excluding direct investments in certain sectors or business areas (deemed incompatible with a net zero future).

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

How these characteristics are attained

Investment strategy

As part of the fundamental analysis stage of the investment process, the Investment Manager uses a consistent approach, applied on an ongoing basis, to assess the ESG characteristics of companies using a variety of qualitative information and available data. There will be no mechanistic reliance on external ESG ratings and scores.

Sustainability is fully integrated into the analysis of every company and is assessed according to the following three pillars:

Appendix

1. Business model sustainability. This may include, for example, (i) sustainability of relationships with suppliers, customers, employees; (ii) relationships with regulators, threat from increasing regulatory scrutiny; (iii) sustainability of environmental practices, raw material sourcing, energy efficiency, water usage, carbon footprint; (iv) products and services' impact on society and the environment; and (v) climate resilience of investee companies (including their commitments to achieve 'net zero' targets).
2. Financial model sustainability. This may include, for example, (i) quality of accounting policies; (ii) sustainability of capital structure and working capital cycle; and (iii) cash flow sustainability and tax rate.
3. Sustainability of capital allocation and corporate governance. This may include, for example, (i) alignment of business and capital allocation with long-term stakeholders, including employee relationships; (ii) appropriate executive compensation aligned with long-term value creation; and (iii) assessment of traditional governance issues such as risk management, board balance, independence of key committees (such as audit and remuneration), related party transactions, executive track records and turnover.

Engagement with company management regarding climate focuses on disclosure of carbon data and encouraging the adoption of transition pathways towards 'net zero'.

The Sub-Fund avoids sectors that are deemed incompatible with a 'net zero' future. As a result, the Sub-Fund will not invest in companies that are directly involved in the following business activities:

- thermal coal extraction or power generation; or
- production and generation of fossil fuels.

In addition, the Sub-Fund will not invest in companies that:

- are directly involved in the manufacture and production of controversial weapons (including biological and chemical weapons, cluster munitions, landmines and nuclear weapons); or
- the Investment Manager deems to be in violation of global norms, in particular the United Nations' Global Compact principles.

The Investment Manager applies its sustainability analysis consistently and on an ongoing basis to assess the environmental and social characteristics of the Sub-Fund's investments. In addition, the Sub-Fund will not invest in certain sectors or investments, as described above. Over time, the Investment Manager may, at its discretion and in accordance with this investment policy, elect to apply additional exclusions to be disclosed on the website, as they are implemented.

The Investment Manager will engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

In the securities selection process, the Investment Manager's assessment and application of environmental and/or social characteristics applies in a binding manner to the portfolio of the Sub-Fund. This criterion does not apply to the Sub-Fund's ancillary investments in cash, near cash, deposits, money market instruments, derivatives and/or collective investment schemes and exchange traded funds in which the Investment Manager does not have direct control of the underlying investments. Such ancillary investments will not usually represent a material proportion of the Sub-Fund's portfolio.

The Sub-Fund's holdings will be monitored on an ongoing basis by the Investment Manager. A holding may be sold for a range of reasons but in particular, if it is determined that the investment case for the holding has been weakened or it no longer satisfies the investment objective and policy of the Sub-Fund. Such sales will take place over a time period to be determined by the Investment Manager, taking into account the best interests of the Shareholders of the Sub-Fund.

Good governance

The Investment Manager follows an internal investment framework to analyse any governance issues related to investee companies. This is rooted in widely accepted governance principles which are outlined in the Investment Manager's Ownership policy on its website, www.ninetyone.com. Third-party data complements the governance assessment.

For the Sub-Fund, assessing the good governance practices of companies is part of the in-depth fundamental analysis that the Investment Manager performs on investee companies. The Investment Manager considers, amongst other elements, sound management structures, employee relations, remuneration of staff, and tax compliance.

Where a governance issue is identified, the Investment Manager may engage directly with company management on this issue and/or exercise proxy voting rights in an effort to catalyse change.

Sustainability indicators

The Investment Manager seeks to maintain a carbon profile lower than the Sub-Fund's benchmark.

Currently, this figure is derived by taking the sum of the annual 'financed emissions' based on the percentage held by the Sub-Fund of each assessable investment's enterprise value. This is normalised by dividing by the total amount of dollars invested by the Sub-Fund in the investments to give a comparable footprint.

The Sub-Fund's promotion of better carbon outcomes is intended at the aggregate Sub-Fund level. This means not every investment held will have lower carbon emissions than that of the Sub-Fund's benchmark at any single time.'