

Balanced ESG Strategy SFDR¹ Website Disclosure

Publication Date: 12 July 2024

(a). Summary

The Balanced ESG Strategy (Balanced ESG) promotes environmental or social characteristics (E/S) but does not have as its objective sustainable investment.

Balanced ESG seeks to achieve long-term capital appreciation by investing primarily in equity and fixed income funds with the flexibility to invest globally across sectors and capitalisations, with a preference towards funds that promote environmental, social, and governance (“ESG”) factors in their investment process and/or focus on sustainable themes. The underlying investment strategy associated with Balanced ESG includes: economic analysis, market analysis, portfolio construction, and vehicle selection considerations. Balanced ESG includes investment principles that cover environmental, social, and governance considerations. These principles provide a consistent framework will be utilized throughout the course of implementation of the financial product.

Balanced ESG will maintain at least 80% of its investments in equity and fixed income funds with an SFDR Article 8 or 9 designation. Balanced ESG measures alignment to the promoted E/S characteristics by measuring the proportion of the portfolio invested in funds with an SFDR Article 8 or 9 designation.

Balanced ESG leverages data from third party sources in addition to Manager Solutions and Private Investments Due Diligence teams to identify funds in the investable universe that meet the promoted characteristics and asset allocation of the strategy.

In terms of monitoring environmental or social characteristics, Balanced ESG has controls in place to monitor the proportion of investments with an SFDR Article 8 or 9 designation throughout the lifecycle of the product. In cases where a fund’s SFDR designation is unavailable from third party vendors, the fund may obtain the SFDR designation(s) from other sources.

Due Diligence includes assessing and monitoring underlying instruments, comparing manager performance to traditional market benchmarks, and understanding how managers integrate sustainability risks and environmental and social factors into portfolio management.

While engagement is not part of the environmental or social investment strategy, Balanced ESG leverages Manager Solutions’ engagement with fund managers in order to understand how environmental and social elements are considered when running their strategy, including information about the fund manager’s approaches to engagement with underlying investments.

Lastly, Balanced ESG does not have a designated reference benchmark as defined by SFDR.

(b). No Sustainable Investment Objective

¹ Sustainable Finance Disclosure Regulation

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

(c). Environmental or social characteristics of the product

Balanced ESG invests primarily in funds that promote environmental and/or social characteristics (have an Article 8 designation under SFDR) or have a sustainable investment objective (have an Article 9 designation under SFDR). These underlying funds may promote a variety of environmental and social characteristics that they disclose in line with the requirements under SFDR, as applicable.

Environmental, social, and governance factors promoted by such funds may include:

- Environment: environmental sustainability and innovation including a reduction of carbon emissions and protecting natural capital
- Social: respect for stakeholders including shareholders, employees, customers, suppliers, and communities
- Governance: accountable governance

(d). Investment Strategy

Balanced ESG seeks to achieve long-term capital appreciation by investing primarily in equity and fixed income funds with the flexibility to invest globally across sectors and capitalisations, with a preference towards funds that promote environmental, social, and governance (“ESG”) factors into their investment process and/or focus on sustainable themes. The investment strategy is implemented via the maintenance of at least 80% of the strategy’s investments in funds with an SFDR Article 8 or 9 designation.

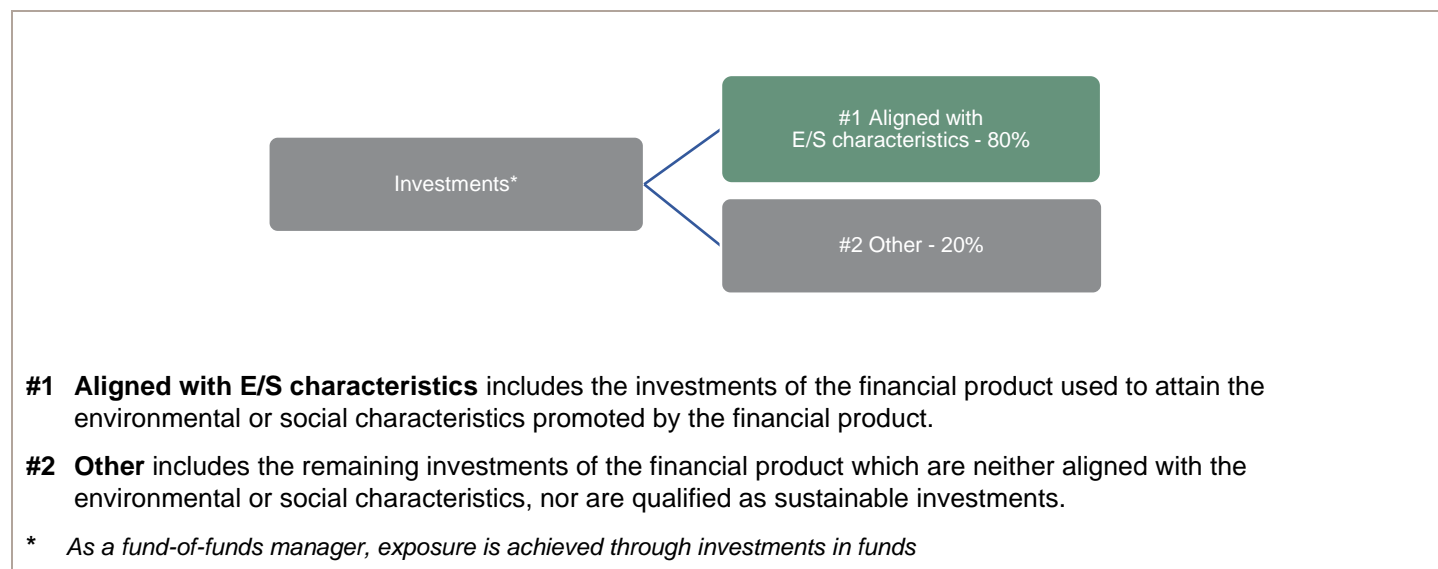
The strategy aims to incorporate ESG analysis into the investment process in the following areas:

- Economic Analysis: The Balanced ESG portfolio management team evaluates the effects of economic cycle and financial conditions on the strategy and its investments.
- Market Analysis: Incorporation of the Balanced ESG portfolio management team’s perspectives on earnings, valuations, secular trends, and market sentiment including ongoing analysis of trends in ESG-related investment and valuation disparities.
- Portfolio Construction: The Balanced ESG portfolio management team flexibly adjusts the strategy’s asset allocation to reflect their views, leveraging financial and ESG data. ESG metrics are utilised to assess e.g., controversial activities associated with investments or carbon intensity of investments. Comparisons are made relative to traditional indices and views on ESG metrics may be considered alongside traditional considerations such as sector, size, region, volatility, etc.
- Vehicle Selection: Balanced ESG seeks to invest in funds that have the people, philosophy, and process in place to deliver financially, while promoting factors consistent with the aforementioned principles.

In terms of governance, Balanced ESG will primarily hold funds with an SFDR Article 8 or 9 designation, and whose underlying investments resultantly follow good governance practices, as required by SFDR.

Our Manager Solutions process includes consideration of third-party provider classifications complemented by our own due diligence on sources of information including the funds own SFDR designation and disclosures.

(e). Proportion of Investments



(f). Monitoring of environmental or social characteristics

Balanced ESG has controls in place to monitor the proportion of investments with an SFDR Article 8 or 9 designation throughout the lifecycle of a product. Among these controls, for instance, the allocation of 80% of the strategy's investments to funds with an SFDR Article 8 or 9 designation is monitored through the portfolio management team's pre-trade check process as well as a post-trade check via a weekly guideline assessment carried out as part of the ongoing monitoring Governance process.

(g). Methodologies for environmental or social characteristics

Balanced ESG primarily invests in equity and fixed income funds with an Article 8 or 9 designation. Balanced ESG measures alignment to the promoted E/S characteristics by measuring the proportion of the portfolio invested in funds with an SFDR Article 8 or 9 designation and requires a minimum of 80% of its investments to be held in such SFDR designated funds.

(h). Data Sources and Processing

Balanced ESG uses fund SFDR designations received from third party data sources in order to determine the proportion of the portfolio invested in funds with an SFDR Article 8 or 9 designation. During the course of data receipt into internal systems from third party vendors, a number of technical and non-technical checks are performed to ensure the quality of the data. In the event that received data is flagged as potentially incorrect, a vendor outreach and remediation process begins. The processing and outreach processes are coordinated centrally through the chief data office. As Article 8 and Article 9

SFDR designated funds are required to comply with the SFDR requirements, the data utilized is not generally expected to be estimated data. The proportion of estimated data should be at or close to 0%. Article 8 and 9 fund designation is data is sourced from Morningstar.

(i). Limitations to methodologies and data

In cases where a fund's SFDR designation is unavailable from third party vendors, Balanced ESG may obtain the SFDR designation(s) from other sources, such as the fund manager and therefore the limitations described do not affect how the environmental or social characteristics promoted by the financial product are met. Article 8 and 9 fund designation data is sourced from Morningstar.

(j). Due Diligence

Balanced ESG leverages assessments carried out by Private Investments Due Diligence and Manager Solutions teams; this due diligence benefits the financial product in the following ways:

- We apply certain criteria to assess and monitor underlying instruments. Managers are reviewed through a "4P" due diligence process answering the question - "Does the strategy have the People, Philosophy, Process, and Performance in place to deliver competitive returns in-line with its investment objectives?" This also includes a review of the investment managers' processes regarding ESG broadly, as cited in their materials and disclosures.
- We assess, measure, and monitor manager performance against traditional market benchmarks.
- We engage with fund managers to understand the ways in which they incorporate sustainability risk, environmental, and social considerations into the management of their portfolios.

(k). Engagement policies

Engagement is not part of the environmental or social investment strategy. Balanced ESG leverages Manager Solutions' engagement with fund managers in order to understand how environmental and social elements are considered when running their strategy, including information about the fund manager's approaches to engagement with underlying investments.

(l). Designated reference benchmark

Balanced ESG does not have a designated reference benchmark as defined by SFDR.