Ninety One

Global Environment Strategy

Quarter ending September 2021

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Contents

At Ninety One we believe in investing for a better tomorrow. We want to assist people around the globe to retire with dignity and meet their financial objectives by offering specialist, active investment expertise. We are a patient, long-term business offering organically-developed investment capabilities through active segregated mandates and mutual funds. Our clients include some of the world's largest private and public-sector pension funds, financial institutions, corporates, foundations, central banks and intermediaries serving individual investors.

It all began in South Africa in 1991. After thirty years, we have grown to become an established global investment management firm. We continue to develop our owner culture and are committed to building a long-term inter-generational business. The founding leadership is still in place, offering stability and a long-term investment outlook for clients.

We are deeply committed to creating a better, sustainable future. We are conscious of our responsibility, both as investors of other people's money and of our broader responsibility to society. Through our core investing activities, our leadership in the industry, our environmental initiatives and our commitment to our local communities, we seek to make a positive impact in all that we do.

Our overriding aim is to manage our investments to the highest standard possible and thereby exceed our clients' investment and service expectations.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Executive summary

We believe there are **three compelling reasons** to allocate to a portfolio of companies that will enable the process of sustainable decarbonisation.

1. To gain exposure to a new structural growth area in an otherwise cyclically elevated market backdrop
2. Correct the structural underexposure to the enablers and beneficiaries of decarbonisation
3. Hedge against systemic carbon risk in portfolios

Achieving such an allocation requires the ability to rigorously screen for and accurately measure the positive carbon impact of a portfolio, alongside absolute investment performance. We only include companies in the universe where we are confident that this is the case and where revenues can be directly associated with the concept of 'carbon avoided'.

The **Global Environment Strategy** employs a bespoke bottom-up investment process designed specifically for this diverse universe of global equities. The process incorporates proprietary models, such as our environmental/carbon avoided screen and our detailed company-level fundamental financial and risk modelling. We provide transparency on positions and company engagement through our annual Impact Report. This process reflects our core beliefs of sustainable long-term investing and active engagement.

We aim to hold companies that we believe will be beneficiaries of sustainable decarbonisation. This is a high conviction concentrated portfolio of best ideas managed to a long-term investment horizon of 5-10 years. Portfolio holdings will exhibit three characteristics:

- Structural Growth
- Sustainable Returns
- Competitive Advantage

We believe Ninety One's Global Environment Strategy is differentiated in the following ways:

- A compelling investment proposition:
  - The flow of capital into sustainable decarbonisation represents a powerful multi-year structural growth driver
  - A high conviction portfolio of quality environmental solutions companies to capture the opportunity
- A differentiated investment approach:
  - Use a proprietary screen to build a universe of ~1200 companies providing environmental solutions that are most likely to benefit from sustainable decarbonisation,
  - incorporating Scope 1, 2 & 3 carbon emissions (risk) and carbon avoided (impact)
- A distinct benchmark agnostic concentrated portfolio with little overlap to many other approaches
  - 99% active share relative to MSCI ACWI, with >15% exposure to China, no exposure to technology mega caps and lower relative US exposure
  - A style neutral portfolio composition
- A complementary return profile;
  - Outperformance potential leverage to the pace of decarbonisation
  - Alpha signature expected to be lowly correlated to traditional peers
- Positive impact
  - Hedges carbon risk, with impact measured and reported annually
  - Positive sustainability and ESG style biases
- Managed by an experienced team: specialist environmental investors supported by a broader multi-asset capability with sustainability at its core

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Ninety One's approach to sustainability

We are a long-term focused business allocating capital on a global basis to meet the future needs of society. Humanity's great challenge is sustainable development. Achieving it requires simultaneous economic growth, social inclusion and environmental sustainability.

Our sustainability activities are organised into three areas of focus:

Integrate
Engage
Impact

Thought leadership
Education
Policy contribution

Our Firm
Diversity
Natural world

In all of these aspects commit authentically and avoid box ticking

Invest

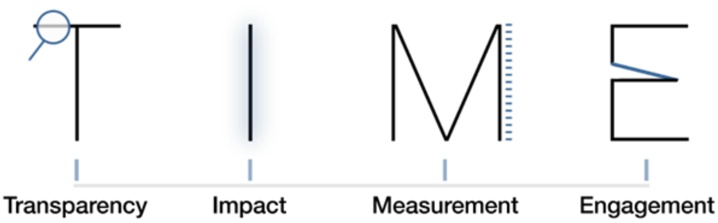
We think about our investments holistically, as entities operating within society, all depending on the natural environment. Only by understanding the connections between these can we consistently make the right decisions to preserve and grow the assets entrusted to us for future generations.

Our focus on sustainable development started with our roots in Africa, particularly our private markets focus (equity, credit and infrastructure), which showed us the role that capital has to play.

We believe that Environmental, Social and Governance (ESG) considerations should be integrated with all investment processes, across all asset classes. Core to our philosophy is the belief that integration of these factors should enhance investment performance over the long-term. Investing in companies and countries with strong sustainability and ESG performance makes long-term investing sense.

Our responsible investing activities fall under the 'Invest' bucket. Our approach to responsible investing is outlined in our Stewardship Policy (February 2019).

In our sustainable portfolios, such as this Global Environment Strategy and our UK Sustainable Equity Strategy, we are also committed to the principles of TIME, which we have developed internally: Transparency, Impact, Measurement and Engagement. This is consistent with our allocation of capital for the long term.



Transparency: We will fully disclose our portfolio holdings. We will also disclose how we intend to identify and measure impact, and how we engage with each of the companies. We will also disclose our decisions not to measure or engage and highlight specifically where we feel impact measurement is not possible.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Impact: Every investment will have a detailed impact assessment that will clearly explain how companies are selected, based on their contributions to the transformational needs. The methods may vary from strategy to strategy.

Measurement: Measuring impact is challenging. Where investment capabilities adopt a thematic investment approach intentionally targeting impact we will carefully consider and report the appropriate impact measures that capture the required transformational change.

We will acknowledge and fully disclose data gaps where we cannot credibly measure impact.

Engagement: Engagement is one of the most powerful tools we have as active investors. We will engage to understand risk, to understand impact, and to improve disclosure and awareness of the transformational needs.

Engagement will not be limited to direct engagement with corporates, but will include participation in advocacy efforts, and collective engagement efforts that we feel present a material contribution to the required transformation.

Advocate: We believe it is important to not only manage our clients' assets in a responsible manner, but also to proactively engage our clients and stakeholders on sustainability. We recognise that we have a responsibility and an opportunity to lead the conversation on sustainable development and encourage our clients on their journey towards more sustainable long-term investing.

Our executive leadership is fully engaged with a series of global organisations committed to the advancement and implementation of sustainable development. Through their work with the Business and Sustainable Development Commission, the Coalition for Inclusive Capitalism, the SDG Centre for Africa, the UN Sustainable Development Solutions Network and PRI, our dialogue with international business, governments, labour and civil society leaders aims to articulate and quantify the case for participation in moving towards sustainable development.

Inhabit: Change starts with us, and we are committed to walking our talk in terms of our own sustainability footprint. We enthusiastically take on the responsibility for 'inhabiting' our ecosystem in a manner that ensures a sustainable future for all. From the Ninety One Green Team at our offices, through to our work in conservation and communities both globally and in our original homeland of Africa, we support the preservation of our natural world, creating a better tomorrow for future generations.

Our corporate sustainability strategy focuses on five areas: energy, waste, water, sustainable travel and responsible procurement. We aim to reduce and mitigate our carbon footprint.

Our investment expertise

The Global Environment strategy is managed by Deirdre Cooper and Graeme Baker. Our team combines Ninety One's long-standing track record led by Graeme Baker and Tom Nelson in investing in environmental businesses within our energy and natural resources funds, with Deirdre Cooper's 15 years of investing in the clean technology and environmental sector.

Deirdre joined the firm in September 2018. She was previously a Partner, Portfolio Manager and Head of Research at Ecofin, where she was also Co-Portfolio Manager for 10 years on a segregated account in the environmental sector for a large European sovereign fund. Deirdre is a thought leader in the sector and sits on the advisory boards of the Climate Finance Centre at Imperial College in London and the Shell Foundation. Graeme joined the natural resources team at Ninety One in 2010 as an energy analyst covering conventional and new energy sources. He has been instrumental in driving the team's work on the energy transition and co-authored the 2016 paper on the subject: "Our energy future: creating a sustainable global energy system". This work has provided the base for the team's investment process and its philosophy around the process of sustainable decarbonisation.

Together, Deirdre and Graeme bring a combined 24 years of experience in this sector. The rest of the Thematic Equity team (see team chart below) have expertise across battery metals, water/agriculture and energy/utilities. The team additionally benefits from being part of the Ninety One Multi-Asset capability. With sustainability at its core, the broader Multi-Asset capability offers the strategy the insights of macro specialists and access to specialist quantitative research. Combined with cross-team collaboration with other Ninety One global equity teams such as 4Factor and Quality, we can view investment ideas from all angles to determine the most attractive investment opportunities.

Sustainability considerations are thoroughly integrated into the investment process with our specialist Sustainability and Engagement & Voting teams working closely on this Strategy from the screening level all the way through to company engagement and impact reporting.

Deirdre Cooper
Co-Portfolio Manager

Graeme Baker
Co-Portfolio Manager

Members of the wider Multi-Asset team

Income

John Stopford
Head of Multi-Asset Income

Jason Borbora-Sheen
Portfolio Manager

Growth

James Elliot
Head of Multi-Asset

Michael Spinks
Co-Head of Multi-Asset Growth

Philip Saunders
Co-Head of Multi-Asset Growth

Iain Cunningham
Portfolio Manager

Alex Holroyd-Jones
Portfolio Manager

Thematic Equity

Tom Nelson
Co-Head of Thematic Equity

Deirdre Cooper
Co-Head of Thematic Equity

Graeme Baker
Portfolio Manager

George Cheveley
Portfolio Manager

Dawid Heyl
Portfolio Manager

Stephanie Niven
Portfolio Manager

Multi-Asset Research Platform

Equities - Team of 16 | Fixed Income & FX - Team of 14 | Macro - Team of 10 | Quantitative Research - Team of 4

Portfolio specialists

Atul Shinh
Ellie Clapton
Jennifer Moynihan

Macro, FI and FX

Russell Silberston
Sahil Mahtani*
Rebecca Phillips

Quant research

Marc Abrahams
Dan Morgan
Yingke Wang
Christos Papathanassiou

Equity research

Miles Hamilton
Arita Sehgal
Eric Opara
Sam Anthony
Yunli Liu

Leveraging off a wider investment platform

Equities | Fixed Income | Sustainability | Risk & Performance | Trading

The investment team is subject to change not necessarily with prior notification. As at 30 September 2021. * Shared resource with the Investment Institute.

The total number of individuals that participate in the Multi-Asset Research Platform is 34. For further information on investment team, please see the Important Information section.

For further information on the investment team, investment process, performance target and indices, please see the Important information section

Investment philosophy

Our investment philosophy is founded on the following beliefs:

	Beliefs
1	Companies benefitting from new structural growth themes offer the potential to compound returns at above average rates over protracted periods of time
2	Market participants systematically underestimate the quantum and persistence of returns in cases where businesses have sustainable long term competitive advantages, resulting in exploitable inefficiencies
3	The developing environmental sector is complex and our specialist knowledge and proprietary research helps us to identify the most attractive opportunities
4	We believe that an unconstrained, focused approach to identifying the best quality companies in the sector, combined with a long-term investment horizon and active engagement, results in superior outcomes

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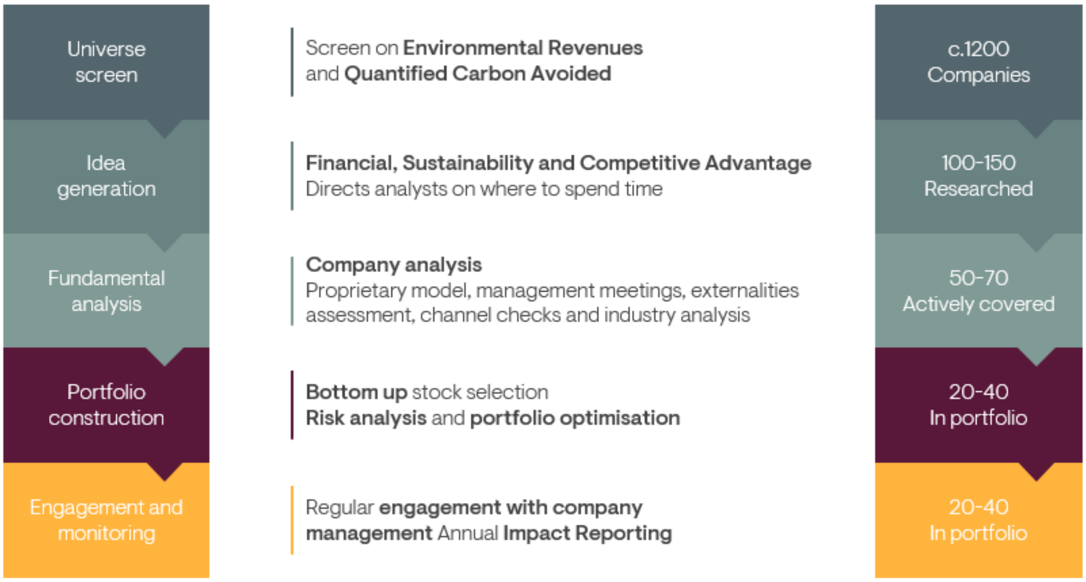
For further information on the investment team, investment process, performance target and indices, please see the Important information section on page 21.

Investment process

The Strategy employs a bespoke bottom-up investment process designed specifically for the relevant diverse universe of global equities. The process incorporates proprietary models, such as our environmental/carbon avoided screen and our detailed company-level fundamental financial and risk modelling, but ultimately relies on our qualitative decisions.

Our process has been developed over many years of investing in global equity markets with a focus on environmental/carbon screening, fundamental growth, returns based investment analysis with a focus on sustainability and bottom up stock selection.

The process includes five clear stages illustrated in the diagram below:



These internal parameters are subject to change without prior notification.

These five clear stages are described in further detail below:

1. Universe Screen

During the initial screening stage, we apply a two-part screening process:

Step one - Environmental Revenues: Initially, we identify those companies that are driving this 'unprecedented shift in energy systems and transport'. It is important to think not just about the direct beneficiaries of decarbonisation, but the entire related supply chain that needs to be built up. The companies which will benefit from the transition to a low carbon economy will likely sit within sectors including industrials, utilities, energy, technology, materials, chemicals and automotive sectors, which represent almost 80% of the GICS.

Our investment framework, created for the transition, encapsulates that there will be winners and losers; for example, as renewable energy grows, fossil electric generation will decline, and we have consequently excluded companies which have revenues that would be significantly eroded by the transition.

Step two – Decarbonisation: Once we've found companies that will enable the process of sustainable decarbonisation, we need to determine which companies' products are genuinely avoiding carbon. We do this through measuring carbon risk and carbon impact as explained below:

– **Carbon Risk:** While the companies in which we invest are by nature low carbon risk because their business models are highly exposed to sustainable decarbonisation, we believe it's still very important to monitor and track their carbon footprints. In our view, this means measuring the carbon footprint of every

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company, including both direct (Scope 1 and 2) and indirect emissions (Scope 3). After having worked with leading carbon data providers including CDP and Urgentem, we use carbon data to estimate all indirect emissions alongside direct emissions, and therefore give a full picture of each company's carbon footprint including its supply chain and the footprint of the products once they are used.

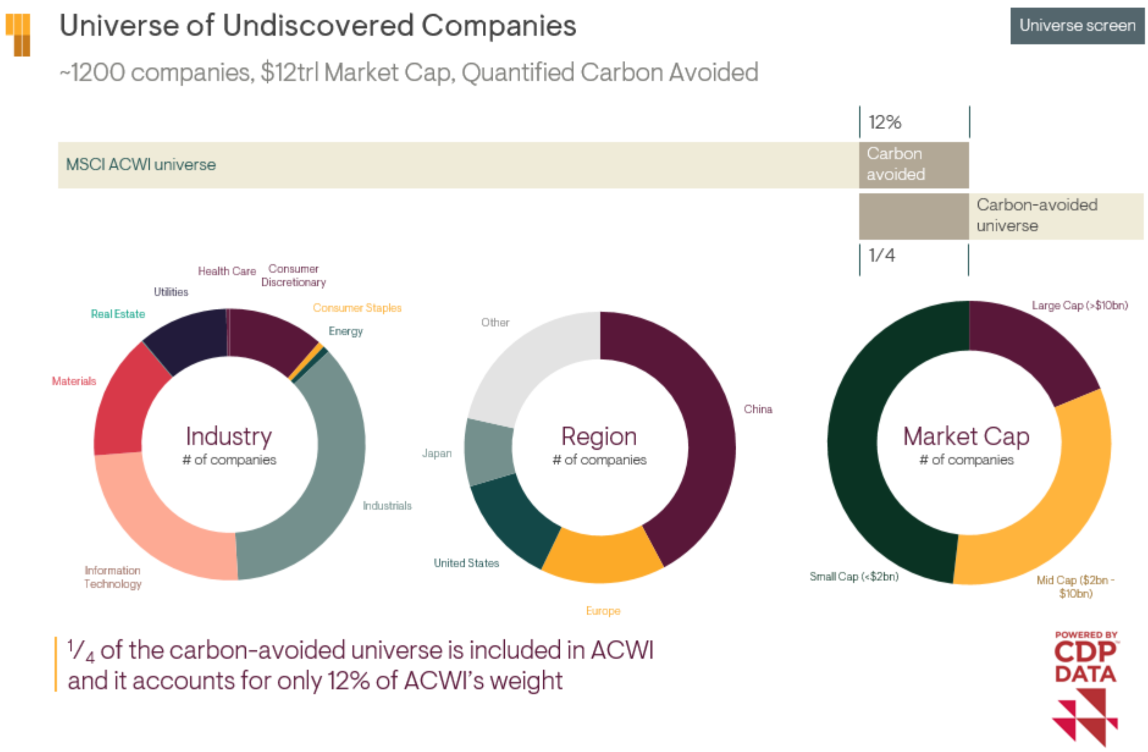
During this screening stage, we see:

- Scope 1 and 2 carbon footprints as a good proxy for how efficiently the company is managing its business
- The upstream part of Scope 3 acts as a proxy for the efficiency of a company's supply chain and
- The downstream part of Scope 3 as representative of the efficiency of a company's products.

– Carbon Impact: To measure this, we use the concept of 'carbon avoided'. This examines whether the company's products or services are better in terms of their carbon footprint than the alternative. From here we undergo further analysis to estimate whether the companies in the universe have products and services that avoid carbon.

Only companies which we believe the products and services avoid carbon and we can quantify that carbon is avoided are included in the universe. The ultimate universe consists of over1,200 companies with a total market cap of US$12 trillion, distributed between the US, China and the rest of the world.

Universe of Undiscovered Companies



Source: Ninety One, June 2021. CDP provided environmental data and technical assistance to Ninety One for the development of the Carbon Avoided Emissions Methodology. Please note, however, that avoided emissions refers to a metric that compares actual emissions against a hypothetical reference scenario. While this is a helpful metric to assess the impact of specific interventions and monitor positive contributions, CDP and Ninety One believes that tracking and reducing overall emissions needs to be the cornerstone of any corporate or investor approach to addressing climate change. For further information on indices and investment process, please see the Important Information section.

It's worth noting that our carbon reporting is still at an early stage, much of the data is estimated by our external carbon data provider CDP and we believe that engagement to encourage better reporting is vital to the Strategy. Please see our thought paper: 'Defining the Global Environment Universe', available here, for further details.

2. Idea Generation

The main source of our idea generation is a screen for companies based on key financial, sustainability and competitive advantage metrics. The metrics chosen derives from decades of investment team and firm-wide experience as well as rigorous back-testing and relevant cross-sector analysis. This screen directs our analyst research which can then lead to further qualitative idea generation.

Structural Growth	Sustainable Returns	Competitive Advantage
Screen for 1 and 5 year revenue growth	Screen for 1 and 5 ROEs and cash returns	Market share
Proprietary global energy market model shows growth potential in a 2 degree world	Proprietary sustainability score	Technology advantage

Given that the universe is rapidly-evolving in a disruptive market, we have analysed several sectors that we believe will share similar characteristics. The key attributes we highlight for relevant cross-sector comparison and analysis include:

- Rapidly improving technology
- Continuously falling costs
- Large capital requirements

This spans many sectors where capital intensity meets technology, with autos, IT and infrastructure/utilities the most relevant. We carried out in depth back-testing on these sectors, and our idea generation screen highlights companies who perform best on metrics most correlated with alpha generation and this is where our analysts focus their attention.

We have also integrated an internal sustainability score into this part of the process. Our proprietary sustainability score is a combination of change in MSCI ESG scores mapped for materiality (50% of the score) and MSCI ESG scores reweighted for materiality (50% of the score). There is also a factor adjustment to account for liquidity and regional biases in MSCI scores. The resulting Thematic Equity sustainability score back-tests better than underlying MSCI data with top quintile scores outperforming over time. Please note that this is the only stage in the process where we use external ESG and sustainability scores. In other words, once a company screens to be included in stage 3 (Fundamental Analysis), we perform our own sustainability analysis of the company and adjust the scores as appropriate. This is an integral part of the investment process as we believe that companies with strong sustainability characteristics and who minimise their negative externalities will outperform over time.

3. Fundamental Analysis

Once a company comes through our idea generation screen, we move it to the next stage of the investment process where the team conducts the fundamental analysis. This diagram summarises our approach to fundamental analysis:

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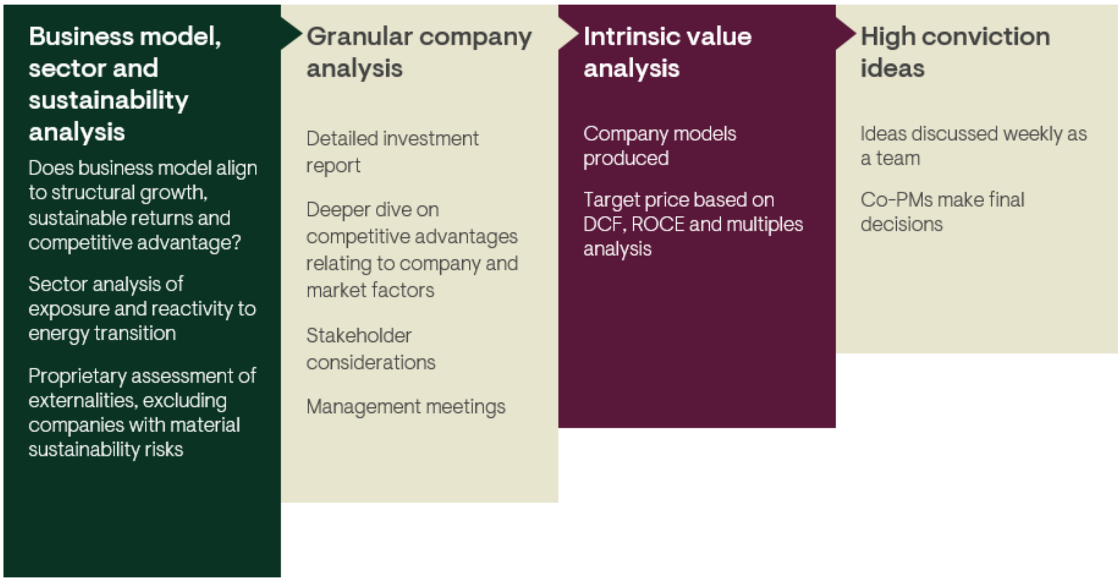
For further information on the investment team, investment process, performance target and indices, please see the Important information section.



The first stage of our fundamental analysis process is focused on the company's business model and whether it fits with our requirement for structural growth, sustainable returns and competitive advantage. At this stage we also carry out our own sustainability analysis by assessing the externalities generated by the company. When we are comfortable that the company fulfils our requirement and there are no material sustainability risks, we take it forward to a second, more detailed stage of fundamental analysis.

We also conduct detailed fundamental analysis of sub-sectors and technologies exposed to the transition to a low carbon economy. We build sector supply and demand models (e.g., our proprietary global 2 degree model) and undertake thematic research which is presented in our thought pieces "Energy 3.0" which can be found on our website and here. This helps us to inform and stress test our company models.

The key areas of our company research are described below:

Company Analysis

The investment team works through a rigorous checklist for each investment idea. We want to find the best companies in our universe which are intrinsically undervalued. Clean balance sheets and clear business models are a competitive advantage in many parts of this volatile sector.

The team conducts fundamental analysis by constructing detailed models. Our technical understanding and experience looking at these industries, combined with access to the best and most granular data, enables us to construct detailed models that allow us to test different assumptions.

We build an investment case for each idea and focus on the following key factors:

Competitive Advantage

Our competitive advantage analysis can be simplified by answering the key questions/topics shown below:

1. **Company factors:** Technology, brand, cost competitiveness, R&D spend, and market share
2. **Market factors:** Market growth, pricing power, barriers to entry, substitutes, and consumer acceptance

We use these factors to determine the long-term sustainability of the business in question. In addition, we believe a strong balance sheet and outstanding management are also a competitive advantage and ensure we cover these factors during our fundamental analysis.

Intrinsic Value

The team conducts full financial and valuation analysis by constructing individual company models to determine the growth, earnings and intrinsic value of the companies under review. Our proprietary equity models are maintained within the team and contain our own forecasts. Research from earlier parts of the process is used and built on here. In undertaking full income statement, cashflow statement and balance sheet analysis we can focus

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on specific financial metrics which we believe to be the drivers of long-term returns. The output of the equity analysis is a target price for the company across different scenarios.

The target price is based on three main components with returns and cash flow being prioritised:

- Free cashflow (DCF)
- Returns analysis (ROCE)
- Multiples analysis (EV/DACF, EV/EBITDA, P/E, P/B)

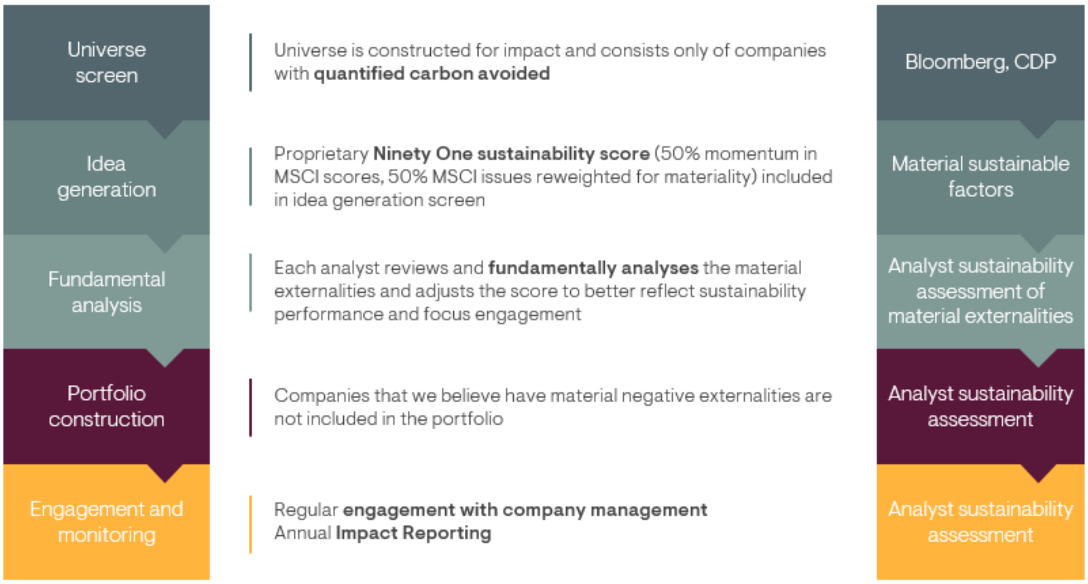
Return profile and growth

It is important to note that profitable growth and efficient use of capital is embedded within each of the above calculations. Structural growth and sustainable returns are two key drivers of our stock selection and analysis. We believe growth and returns are key factors in determining a reasonable fair value for any company. We therefore do not claim to be only growth or only value investors, instead we invest in the leading companies within our universe that we believe are intrinsically undervalued.

Management, sustainability/ESG and engagement

Capital allocation decisions and operational performance are important considerations for us when evaluating management. Much of these considerations feed into our competitive advantage and valuation work. We also place huge significance on sustainability factors as highlighted in our initial screens. Sustainability reports, objectives and net zero emissions targets are important throughout our fundamental analysis as well as topics featuring in team debates.

The integration of ESG characteristics is illustrated as follows:



These internal parameters are subject to change without prior notification.

This fundamental bottom-up research stage of the investment process also includes company meetings and onsite visits where we will focus on all the key factors mentioned above. We will only buy a stock for the portfolio after we have met with company management.

When all factors described above score positively for an investment idea, we will add it to our list of best ideas and compare to the existing holdings.

4. Portfolio Construction

The best ideas generated through stages 1 – 3 of the investment process are used to construct a portfolio in line with the risk constraints. Ideas are presented in weekly investment meetings and are challenged by the investment team. We operate a team-based approach and all team members have input into idea generation and analysis, with the co-portfolio managers having ultimate decision-making responsibility for the portfolio composition. We will compare any new ideas to the current portfolio characteristics across the main inputs of our investment process.

The portfolio is constructed bottom-up in a benchmark-agnostic fashion. Positions are weighted according to our target prices, strength of competitive advantage and the contribution to the portfolio's risk. The portfolio is then reviewed at a sub-sector level with regards to overall risk budget, sub-sector risks, stress tests and style analytics metrics. Weightings may then be adjusted accordingly. We use MSCI Barra One for quantitative portfolio risk analysis and optimisation.

We will only buy a stock which:

- Positively contributes to sustainable decarbonisation
- Exhibits combination of structural growth, sustainable returns and competitive advantage
- Exhibits no material sustainability issues
- Offers upside in company valuation model
- After we have met company management
- When we have completed our fundamental financial, business and sustainability analysis
- When both co-portfolio managers agree

Sell Discipline

We will revisit a stock if:

- There is a change in structural growth, sustainable returns or competitive advantage or our assessments of ESG externalities
- Share price reaches model target price
- More attractive upside from new ideas

Subsequently, stocks are typically sold when:

- Stock has reached a fair value
- More attractive opportunity has emerged
- Investment case is no longer applicable and reason for investment case revisit holds:
    - Change in company fundamentals
    - Change in regulatory/industry environment
    - Adverse change in a company's environmental, social, corporate governance or capital allocation policies

5. Engagement and Monitoring

We meet management and engage with all portfolio companies on a regular basis. Topics of engagement are not only on financial and operational issues, but any material sustainability issues. We have ongoing engagement goals for each company and will report on this engagement and progress in our annual impact report. For example, any company that has sustainability characteristics or externalities which are not best in class, automatically becomes an engagement target. We list the engagement targets for each company, along with the reasons why we believe the company fits in the portfolio and the carbon data in our annual impact report.

In our Annual Impact Report, we provide transparency on positions and company engagement, as well as an explanation of why we believe the companies will see structural growth and have a competitive advantage. This report presents significant developments throughout the year, including all environmental metrics for the portfolio and underlying holding as well as engagement goals and progress towards those goals. A copy of the 2019 Global Environment Impact Report is available on request.

We are not naïve on where we can and can't have influence. There are some engagement goals, for example better carbon disclosure or setting of Science Based Targets for reducing emissions, where we would hope to have significant progress in the coming years; others, for example improved gender diversity in the workforce, will regrettably take more time, but we believe are still worth discussing

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Investment Risk Management and Key Characteristics

We have a comprehensive Governance and Oversight structure in place at Ninety One to manage risk throughout the business and this includes our approach to investment risk.

Managing risks across our investment strategies is an integral part of the portfolio management process and consists of both explicit limits as well as additional measures to ensure that the appropriate level of risk is employed to meet the risk and return objectives of our investors.

The four main areas that are of primary focus to Ninety One from an investment risk perspective are:

(1) **Philosophy and Process**: Ensuring that investment capabilities adhere to investment style and mandate.

(2) **Research and Analysis**: Confirming that suitable research and analysis underpins the investment decision-making process.

(3) **Concentration and Liquidity**: Cognisance of the strategy's concentration and liquidity characteristics.

(4) **Risk Measurement**: Making sure appropriate risk measurement and stress testing is carried out.

For our sustainability funds we have a separate sustainable investment advisory forum which is responsible for ensuring that the Strategy is meeting its impact and sustainability mandate. The forum is chaired by Therese Niklasson who is Global Head of Sustainability at Ninety One.

Global Environment Strategy Risk and Investment Characteristics

Risk management is embedded into the investment process of our Global Environment Strategy and is actively managed and analysed within 3 Pillars:

Pillar 1 – Regulatory and Technology risk

Regulation and technology are important drivers of the move to a decarbonised economy, and therefore important drivers of our performance.

Pillar 2 – Stock specific risk

We focus on companies that demonstrate structural growth, sustainable returns and businesses with a competitive advantage. To further mitigate risk, we have integrated an internal sustainability score into Stage 2 (Idea Generation). We believe there is compelling evidence that shows firms with a strong record on material sustainability issues significantly outperform firms with poor records on these issues.

We further test the investment case by meeting management and conducting site visits. This deepens our knowledge of companies and enables us to identify more subtle risks such as a demotivated workforce or poor management of assets.

Pillar 3 – Portfolio risk

When constructing the final portfolio, the risks discussed above will all directly impact the final target price. Positions are weighted according to this risk-adjusted target price and the contribution to the portfolio's overall risk. The portfolio is then reviewed at a sector level with regards sub-sector risk metrics, factor risks, stress tests and style biases. Weightings may then be adjusted accordingly.

Finally, we believe engagement is essential in order to mitigate risk within the portfolio. Engagement represents a standalone component of Stage 5 of the investment process (Engagement and Monitoring).

For further information on the investment team, investment process, performance target and indices, please see the Important information section on page 21.

The investment characteristics and risk controls of Ninety One's Global Environment Strategy are as follows:

	Investment Parameter
Investment Universe	– Bespoke Ninety One universe based on decarbonisation revenues – Utilising BICS classifications down to level 6 – >50% of revenue from Renewable Energy, Resource Efficiency and Electrification – Exclude companies with >5% revenues from oil, gas and coal*
Universe Size	Approximately 1200 companies
Return Target**	To beat the PCI (gross of fees) over the long term (5+yrs) investment horizon with a quantifiable carbon saving impact
Benchmark	MSCI AC World Index NDR
Tracking error	Max 15% tracking error over a long term (5+yrs) investment horizon
Holdings Range	20–40
Position Sizing	<10% absolute
Max individual stock	10% and total holdings in 5%-10% of NAV range not to exceed 40%
Market Cap	>$100m (position driven by liquidity)
Investment limits	Managed in accordance with UCITS investment limits

Performance targets are subject to change without prior notification. These targets are not guaranteed, and losses may be incurred.
*Specifically, we use the following BICs subsectors for this exclusion: Engines & Parts Manufacturing, Exhausts & Emissions Manufacturing, Oil & Gas, Diesel Locomotives Manufacturing, Oil & Gas Infrastructure Construction, Oilfield Chemicals Manufacturing, and Coal Mining. We do not exclude the Utility sector given the significant potential to contribute materially to decarbonisation.
**These aims may not be achieved. These internal parameters are subject to change without prior notification to shareholders.

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General risks:

The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth.

Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations.

Investment objectives and performance targets are subject to change and may not necessarily be achieved. These targets are not guaranteed and losses may be made. Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

Specific fund risks:

Geographic / Sector: Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.
Derivatives: The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.
Equity investment: The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.
Concentrated portfolio: The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios.
Commodity-related investment: Commodity prices can be extremely volatile and losses may be incurred.
Emerging market (including China): These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.
International investments: International investments may involve risk of capital loss from unfavourable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations.
Non-diversification: the Fund is classified as “non-diversified”, which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent that the Fund invests its assets in a smaller number of issuers, the Fund will be more susceptible to negative events affecting those issuers than a diversified fund
Sustainable Strategies: Sustainable, impact or other sustainability-focused portfolios consider specific factors related to their strategies in assessing and selecting investments. As a result, they will exclude certain industries and companies that do not meet their criteria. This may result in their portfolios being substantially different from broader benchmarks or investment universes, which could in turn result in relative investment performance deviating significantly from the performance of the broader market.
Climate Change Focused Investment Risk: Because the Fund focuses its investments in securities of companies involved in climate change-related industries, the Fund will be more susceptible to events or factors affecting these companies, and the market prices of its portfolio securities may be more volatile than those of funds that are more diversified. Some companies involved in climate change-related industries have more limited operating histories and smaller market capitalizations on average than companies in other sectors. In addition, the Fund is particularly susceptible to changes in global and regional climates, environmental protection regulatory actions, changes in government standards and subsidy levels, changes in taxation and other domestic and international political, regulatory and economic developments.
Sustainable Investment Risk: The Fund follows a sustainable investment approach by investing in companies that relate to certain sustainable development themes and demonstrate adherence to ESG practices. Accordingly, the Fund may have a significant portion of its assets invested in securities of companies conducting similar business or business within the same economic sector. Additionally, due to its sustainability focus, the Fund may not be invested in certain industries or sectors. As a result, the Fund may be overweight or underweight in certain industries or sectors relative to its benchmark index, which may cause the Fund’s performance to be more or less sensitive to developments affecting those sectors.
ESG Criteria Risk: Because the Fund’s ESG criteria excludes securities of certain issuers for nonfinancial reasons, the Fund may forgo some market opportunities available to funds that do not use these criteria. Securities of companies with ESG practices may shift into and out of favor depending on market and economic conditions, and the Fund’s performance may at times be better or worse than the performance of funds that do not use ESG criteria.

For further information on the investment team, investment process, performance target and indices, please see the Important information section.

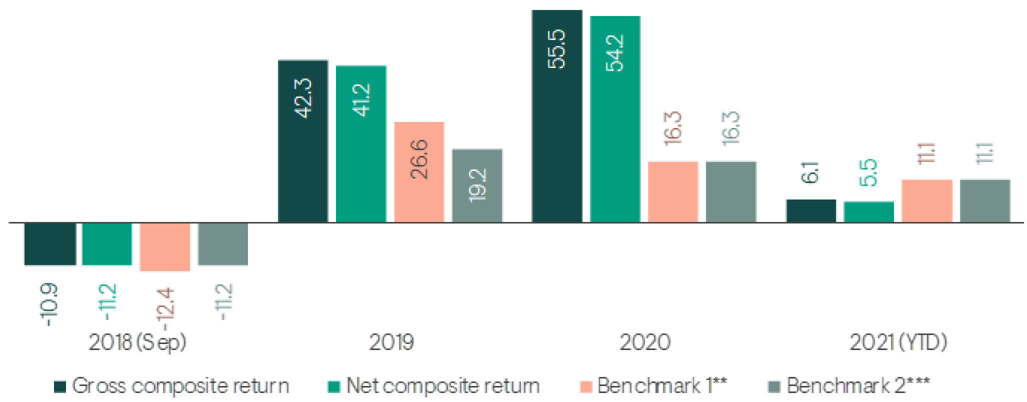
Performance

The Global Environment Strategy combines Deirdre Cooper's 10 years of experience co-managing an environmental mandate for a large European sovereign fund, with the expertise built up within the Thematic Equity team in Ninety One's Multi-Asset capability. The roots of the Strategy can be traced back to the Global Energy Strategy. In January 2015, the Global Energy Strategy under Tom Nelson and Graeme Baker, made an off-benchmark allocation to a small number of Renewable Energy companies, and later that year the team published "Our Energy Future – creating a sustainable global energy system". By the end of 2016, this allocation had grown within the Strategy and had broadened into a diversified portfolio of 20-25 names predominantly in Renewable Energy. Over the course of 2017 the philosophy and universe evolved further, and in 2018 Deirdre Cooper joined the team, bringing tremendous experience and deep sector knowledge, especially around Clean Tech, Electric Vehicles and Utilities. This broadened the universe further and introduced the screens for environmental revenues and carbon avoided.

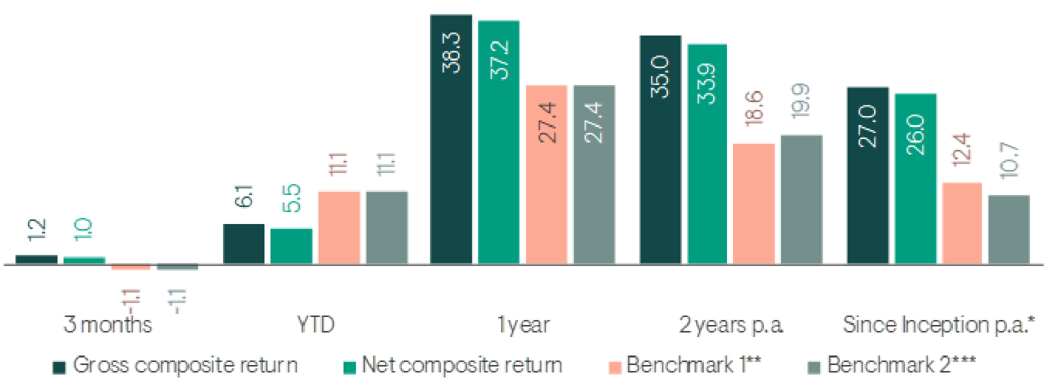
The Strategy was formally launched in September 2018, co-managed by Deirdre Cooper and Graeme Baker, and the Luxembourg SICAV was launched in February 2019.

The performance of the Ninety One Global Environment composite is shown in the following charts:

Annual (Gross & Net) Performance in USD



Annualised (Gross & Net) Performance in USD



Source: Ninety One, 30 September,2021. Gross performance (returns will be reduced by management fees and other expenses incurred). Net Performance (net of highest institutional segregated portfolio management fee). Income is reinvested in USD.

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Composite inception date is 1 September 2018. Returns of less than one year are not annualised.

**Benchmark 1. MSCI AC World Net Total Return Index.

*** Benchmark 2. MSCI AC World (Net Return) (MSCI Global Environment ex Software and Services ex Real Estate ex Mortgage REITs 10/40 Net Total Return Index pre 31 October 2019).

Past performance is not a reliable indicator of future results and losses may be made.

Global Environment Performance Cycles

We have defined our Global Environment Strategy universe based on the rigorous screening methodology in order to create a portfolio of companies that will benefit from the ongoing energy transition and enable sustainable decarbonisation.

Potential Outperformance

The pace of decarbonisation is the primary driver of long-term revenue growth for the companies within the Strategy. Hence, we would expect that the companies within our portfolio should enjoy a tailwind of structural growth, which will drive higher revenues, margins and profitability and ultimately share price performance. For example, within the renewable energy sector, solar and wind has grown from 0.2% of the world's power generation mix in 2000 to 9% in 2020 and this could grow to 80%+ by 2050. Conversely, the Strategy can protect from downside performance for two reasons:

- We have a significant allocation to more defensive regulated utilities
- We actively select companies with sustainable returns and competitive advantage

If we are broadly correct in our assumptions about the pace of decarbonisation, and / or our stock selection is positive, the Strategy has the potential to outperform.

Potential Underperformance

The Strategy has the potential to underperform the comparison index when the pace of decarbonisation slows for extended periods of time and if the direction of equity markets goes against our expectations. The pace of decarbonisation is driven by regulatory and technological changes which will influence the Strategy performance.

However, over the long-term we expect significant decarbonisation and when markets are unduly influenced in the short term, this can create new opportunities for disciplined active managers.

For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Appendix – Biographies

Deirdre Cooper
Co-Head of Thematic Equity
Joined the firm in 2018
Joined the industry in 1997

Deirdre is Co-Head of Thematic Equity within the Multi-Asset team at Ninety One. Deirdre is a leading voice in understanding and committing to sustainable investing, including engagement and integration of ESG into the investment process, in order to address and combat climate change. Ninety One's Global Environment Strategy, which she co-manages, invests in companies enabling the transition to a low-carbon economy to capture the structural growth driven by decarbonization.

Prior to joining Ninety One in 2018, Deirdre was a Partner, Portfolio Manager and Head of Research at Ecofin. Before joining Ecofin, Deirdre was an investment banker at Morgan Stanley where she headed their European Renewable Energy coverage effort and built an investment banking and principal investing franchise.

She has long had a passion for sustainable investing and has worked on a voluntary basis in the microfinance sector both in the US and in Pakistan.

She is a member of the advisory board of Girls Who Invest, a non-profit organisation whose mission is to increase the percentage of the world's investable capital run by women, as well as the advisory board for Imperial College's Centre for Climate Finance and Investment. She was also a member of the advisory board of the Shell Foundation's Energy Company of the Future project. Deirdre earned her MBA from Harvard Business School, where she was a Baker Scholar, and her BA from University College Dublin.

Graeme Baker
Portfolio Manager
Joined the firm in 2009
Joined the industry in 2006

Graeme is a portfolio manager in the Thematic Equity team within the Multi-Asset team at Ninety One. Graeme is co-portfolio manager for the Global Environment and Global Energy strategies.

He joined the team in 2010. During this time, he has been instrumental in driving the team's work on the Energy Transition and co-authored the 2016 paper on the subject; "Our energy future: creating a sustainable global energy system". This work has provided the base for the team's investment process and philosophy around the process of Sustainable Decarbonisation.

Prior to joining the firm, Graeme worked as an investment analyst at Hargreaves Lansdown Asset Management where he focused on Alternatives and Global Equities. Graeme received a BSc in Economics from the University of Bristol and is a CFA® Charterholder, a member of the CFA® Society of the UK and holds the Investment Management Certificate (IMC).

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

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Investment Team

There is no assurance that the persons referenced herein will continue to be involved with investing for this Strategy, or that other persons not identified herein will become involved with investing assets for the Manager or assets of the Strategy at any time without notice. References to specific and periodic team meetings are not guaranteed to be held or fully attended due to reasonable priority driven circumstances and holidays.

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Any description or information regarding investment process or strategies is provided for illustrative purposes only, may not be fully indicative of any present or future investments and may be changed at the discretion of the manager without notice. References to specific investments, strategies or investment vehicles are for illustrative purposes only and should not be relied upon as a recommendation to purchase or sell such investments or to engage in any particular Strategy. Portfolio data is expected to change and there is no assurance that the actual portfolio will remain as described herein. There is no assurance that the investments presented will be available in the future at the levels presented, with the same characteristics or be available at all. Past performance is no guarantee of future results and has no bearing upon the ability of Manager to construct the illustrative portfolio and implement its investment strategy or investment objective.

Performance Target

The target is based on Manager's good faith estimate of the likelihood of the performance of the asset class under current market conditions. There can be no assurances that any Strategy will generate such returns, that any client or investor will achieve comparable results or that the manager will be able to implement its investment strategy. Actual performance of Strategy investments and the Strategy overall may be adversely affected by a variety of factors, beyond the manager's control, such as, political and socio-economic events, adverse changes in the interest rate environment, changes to investment expenses, and a lack of suitable investment opportunities. Accordingly, target returns may be expected to change over time and may differ from previous reports.

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