

THIS DOCUMENT IS IMPORTANT AND
REQUIRES YOUR ATTENTION. IF IN DOUBT,
PLEASE SEEK PROFESSIONAL ADVICE.

31 January 2025

Dear Investor,

Global Sustainable Equity Fund updates – Adoption of SDR Sustainability Impact label

We are writing to provide you with information on updates we are making to the Global Sustainable Equity Fund, a sub-fund of Ninety One Funds Series iii (the 'Fund').

What the Fund invests in is not changing. The updates are to add a sustainability objective and provide enhanced information to investors about the Fund, which will use the UK Sustainability Disclosure Requirements (the 'SDR') 'Sustainability Impact' label from 28 February 2025. A Sustainability Impact label means that the Fund invests in assets that achieve a positive impact for the environment and/or society.

Please take the time to read this letter carefully as it relates to the Fund in which you are invested. However, you do not need to take any action as a result of this letter.

What are the updates to the investment objective and policy?

We are updating the Fund's investment objective and investment policy to add an impact sustainability objective and enhance the information provided about the Fund's approach to sustainability so that this is more detailed and in line with current regulatory expectations, including the SDR. This includes adding further information on the Fund's theory of change and sustainability approach.

In addition, we are making some other clarifications where applicable, which are set out in the Appendix for the Fund.

Details of the updates are set out in the Appendix, which includes a comparison of the current investment objective and policy of the Fund, as described in the Fund's Prospectus, against the new investment and sustainability objective and policy, and the new sections titled 'Theory of Change' and 'Sustainability Approach' for the Fund, which will sit in the Fund's Prospectus below its investment policy.

When will the updates be effective?

28 February 2025.

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What is SDR?

A set of Financial Conduct Authority ('FCA') rules on sustainability disclosures and anti-greenwashing, which includes a new labelling regime, naming and marketing rules. The sustainable investment labels are designed to help investors find products (e.g. funds) that have a specific sustainability goal. You can find out more information on the labels on the FCA's consumer webpage: <https://www.fca.org.uk/consumers/identifying-sustainable-investments>

As part of the labelling regime, funds like these will need to provide clear and simple information on what that sustainability goal of the fund is and the approach to achieving it.



What is the investment objective?

The statement that sets out what we aim to achieve with your investment.

What is the investment policy?

The statement setting out how we plan to deliver the investment objective.

Where can I find the updated Fund documents?

The updates described in this letter will be reflected in the Fund's Prospectus, key investor information documents ('KIIDs') and SDR Consumer-Facing Disclosure documents on or around 28 February 2025. Copies will be available on our website, www.ninetyone.com, and on request at the postal address or email address appearing on the first page of this letter, free of charge.

Is anything else changing?

No, and in particular, there will be no changes to:

- what the Fund invests in;
- the Fund's risk profile;
- the Fund's charges and costs; and
- ISINs or any other fund identification codes.

Costs

The costs and expenses of preparation and implementation of the updates described in this letter, including the costs and expenses of printing this document, will be borne by the General Administration Charge ('GAC'). However, as the GAC is capped annually, there will be no increase or additional charge to the GAC as a result of these changes.



What is the GAC?

A mechanism to simplify the way certain charges and expenses associated with the management of our funds are paid. It groups these together across the entire range of funds into a single equal charge for each fund.

Where can I find more information?

If you would like further information regarding the above, we can be contacted between Monday and Friday from 8:30am to 5:30pm on +44 (0)20 3938 1900 or by email at enquiries@ninetyone.com. However, for the most up-to-date information, please visit our website, www.ninetyone.com, where you can also find our 'help & support' page.

Thank you for your continued investment with us.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Nigel Smith', with a horizontal line underneath.

Nigel Smith

For and on behalf of
Ninety One Fund Managers UK Limited
Authorised Corporate Director of Ninety One Funds Series iii

Please note that if a financial advisor is linked to your investment in the Fund, we have also sent a copy of this letter to them.



Appendix

Global Sustainable Equity Fund

The new investment and sustainability objective and policy, and new sections titled ‘Theory of Change’ and ‘Sustainability Approach’ for the Global Sustainable Equity Fund are set out below.

Current investment objective and policy	New investment objective, sustainability objective and policy
<p>Investment objective:</p> <p>The Fund aims to provide capital growth (to grow the value of the investment) and income over at least 5 years.</p> <p>Investment policy:</p> <p>The Fund invests primarily (at least two-thirds but typically substantially more) in the shares of companies around the world which meet the Investment Manager’s sustainability framework.</p> <p>The Fund takes a positive inclusion approach which means that the Investment Manager focuses on investing in companies it believes to be leaders in their industry sectors and geographies in their approach to sustainability. These companies have policies, operations and/or business models that aim to minimise their harmful effects on society and the environment, or whose products and/or services seek to benefit society and the environment. The Investment Manager believes that the effects a company has on its wider stakeholders (e.g. society, the environment, its employees) will be increasingly recognised by the financial markets.</p> <p>The Investment Manager uses a proprietary sustainability framework to analyse the material harmful and/or beneficial effects that companies may have on society or the environment. The analysis is supported by a variety of quantitative and qualitative information including publicly available sources, third-party data, proprietary models and research reports. When researching individual companies, the Investment Manager focuses on an assessment of:</p> <ul style="list-style-type: none"> – whether the company exhibits the characteristics of a sustainability leader within its industry sector; – company net zero transition plans: the Investment Manager will increasingly look to invest in companies that have, or are striving to have, credible net zero transition plans (i.e. plans to reduce greenhouse gas emissions), such as those companies committing to science-based targets; and – company culture using a proprietary framework (believing this to be a source of persistence as a sustainability leader). <p>The Investment Manager’s sustainability framework also helps to identify business activities in which the Investment Manager will not invest.</p>	<p>Investment objective:</p> <p>The Fund’s investment objective is to provide capital growth (to grow the value of the investment) and income over the long term (at least 5 years).</p> <p>Sustainability objective:</p> <p>The Fund has an impact sustainability objective to invest in and engage with, companies whose products and/or services address environmental and/or social challenges and contribute towards the growth in the provision of such products and/or services over at least 5 years.</p> <p>The themes of the environmental and/or social challenges addressed by the Fund and its investments include:</p> <ul style="list-style-type: none"> – decarbonisation; – climate adaptation, water and pollution management; – financial inclusion; – digital inclusion; – healthcare impact; and/or – access to education. <p>By engaging and investing to promote the growth in the provision of products and/or services that address environmental and/or social challenges, the positive outcomes associated with mitigating these challenges can occur at a greater speed, scale or breadth that would have otherwise been achieved.</p> <p>The Fund prioritises sustainability in its investment strategy while other portfolios – such as those without a sustainability goal – may have a broader range of assets to choose from. Applying the Sustainability Approach (set out below) may result in the Fund performing differently compared to other portfolios or benchmarks, particularly those without a sustainability goal. If the Investment Manager determines that a company has material negative effects on the environment and/or society, it will not be included in the Fund’s portfolio (i.e. its investments).</p> <p>Investment policy:</p> <p>The Fund invests at least 70% (and typically substantially more) of its assets in the shares of companies around the world which meet its sustainability objective.</p>

Current investment objective and policy

Engagement with a company's management team forms an important part of the Investment Manager's process and monitoring. The Investment Manager will consider engagement with a company's management team where it identifies opportunities to effect positive change, such as net zero transition plans.

An investment may be sold for a range of reasons, in particular, if it is determined that the investment case for holding the company has been weakened or it no longer satisfies the Fund's investment objective and policy. Such sales will take place over a time period to be determined by the Investment Manager, taking into account the best interests of the investors of the Fund.

The Fund may at times invest in a relatively small number of companies (i.e. have a concentrated portfolio).

These companies may be of any size, in any industry sector and in any region (including developed and emerging markets), provided that they satisfy the Investment Manager's sustainability framework. The Fund's exposure to emerging markets will not exceed 40%.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives. The Investment Manager's sustainability framework is not applied to these investments. Derivatives may be used, to a limited extent, for investment purposes and/or managing the Fund in a way that is designed to reduce risk or cost and/or generate income or growth with a low level of risk.

Additional information:

The Investment Manager aims for at least 25% of companies in the Fund to have committed to credible net zero emission targets today, at least 50% of companies in the Fund to have credible targets set by 2025 or sooner and 100% of companies in the Fund to have credible targets set by 2030 or sooner.

The Fund will not invest in companies that derive more than 5% of their revenue from the following business activities:

- the manufacture and sale of tobacco products;
- coal extraction or power generation; or
- the exploration, production and refining of oil and gas.

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

- are directly involved in the manufacture and production of controversial weapons including: cluster munitions; antipersonnel landmines; biological weapons and chemical weapons; irrespective of the revenue derived from the activity; or
- the Investment Manager deems to be in violation of the UN Global Compact principles.

More information on the above can be found on the website, www.ninetyone.com, under the section called 'Literature library'.

New investment objective, sustainability objective and policy

The Investment Manager seeks companies whose long-term financial growth is driven by growth of the products and/or services addressing the sustainability challenges explained in the Sustainability Approach.

The Fund will invest a maximum of 40% of its assets in emerging markets.

The Fund may also invest in other transferable securities (e.g. shares and bonds) and up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party), to which the Investment Manager's Sustainability Approach (see below) is applied.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, and derivatives, to which the Sustainability Approach is not applied. These investments are held for short periods of time to manage liquidity and for risk diversification but do not conflict with the Fund's objectives.

Derivatives may be used for managing the Fund in a way that is designed to reduce risk or cost, generating income or growth with a low level of risk and/or, occasionally, investment purposes.

The Fund invests in companies which may be located anywhere in the world, be of any size and operate within any industry sector, provided they align with the Sustainability Approach. The Fund may, at times, invest in a relatively small number of companies (i.e. have a concentrated portfolio). As outlined in the Sustainability Approach, investment opportunities are identified using in-depth analysis and research on individual companies.

New Theory of Change section for the Global Sustainable Equity Fund:

The Investment Manager's overarching theory of change is that:

- investing in companies that provide products and/or services that address environmental and/or social challenges (investment contribution); and
- engaging those companies to measure environment and/or social outcomes and to grow the relevant product and/or service (investor contribution) that enables those outcomes, will lead to greater positive outcomes (impact) than would otherwise have been the case.

The Fund's sustainability objective can be split into the following themes and outcomes:

- a. decarbonisation;
- b. climate adaptation, water and pollution management;
- c. financial inclusion;
- d. digital inclusion;
- e. healthcare impact; and/or
- f. access to education.

The Investment Manager's theory of change is informed by the Impact Management Project (a community of companies and investors that built global consensus on how positive and negative sustainability impacts can be measured, improved and disclosed).

Examples of how the Investment Manager expects the Fund's investments and its investment activities to contribute to achieving positive environmental and/or social outcomes are set out below.

Investment contribution

- a. Decarbonisation

What is the environmental/social challenge addressed?

The Investment Manager seeks to contribute to reducing the carbon emissions that cause global warming, negatively impacting the planet and society.

Who is the underserved group/area?

The planet as a whole benefits from the efforts to reduce the impact of global warming, which particularly impacts people most vulnerable to the impact of rising temperatures.

How does the investment company address this challenge?

The Fund invests in companies which provide products and/or services that enable decarbonisation (reducing greenhouse gas emissions to reduce global warming).

These companies are typically committed to renewable energy, resource efficiency and/or electrification (the process of powering by electricity by switching from other power sources) which enable decarbonisation in different ways. For example:

- **renewable energy** enables decarbonisation by reducing carbon intensity of the power sector. Examples include solar, wind, clean power utilities and equipment, smart grids and networks;
- **resource efficiency** refers to being able to perform the same task or achieve the same outcome using fewer resources. Examples include energy efficient heating and cooling, insulation, technologies that reduce energy use. Resource efficient products and/or services enable decarbonisation by reducing the energy used or required in a process (e.g. a manufacturing process) and their associated emissions;
- **electrification** enables decarbonisation by replacing fossil fuels with electricity as a source of energy. Examples include electric and autonomous vehicles, electric vehicle battery manufacturers, semiconductor designers or manufacturers, industrial electrification and hydrogen economy.

How is real-world positive impact measured?

The Investment Manager measures the carbon avoided (in tonnes CO₂e) for each company in the Fund. 'Carbon avoided' are the carbon emissions avoided by using a product or service that has less carbon emissions than the current level, therefore resulting in decarbonisation.

b. Climate adaptation, water and pollution management

What is the environmental/social challenge addressed?

Climate change, water scarcity and pollution expose communities to increasing physical risks such as extreme weather events (e.g., floods, wildfires, hurricanes) and long-term environmental changes (e.g. rising sea levels, shifting weather patterns) and contamination of natural resources. These risks threaten infrastructure, livelihoods, and overall resilience.

Who is the underserved group/area?

Individuals and communities in areas at high risk of extreme weather events or long-term climate or pollution impacts, particularly those in low and middle-income regions, are disproportionately affected by these challenges.

How does the investment company address this challenge?

The Investment Manager invests in companies providing products and/or services that build resilience against climate-related risks, addressing water scarcity and pollution, including:

- **financial resilience tools** such as insurance products that protect individuals, businesses, and assets from climate impacts;
- **operational resilience services** including engineering and construction services that enhance infrastructure's ability to withstand extreme weather events, such as flood defences and storm-resistant buildings;
- **water management solutions** such as filtration systems, wastewater treatment technologies, and tools for efficient water usage;
- **pollution mitigation technologies** including air quality monitoring systems and industrial solutions to reduce hazardous waste.

How is real-world positive impact measured?

The Investment Manager identifies and measures a key performance indicator (KPI) which represents the number or value of products and/or services provided, volume of resource benefit, or the number of people made more resilient in areas at high risk of extreme weather events or long-term climate or pollution impacts, particularly those in low and middle-income regions, who are disproportionately affected by these challenges. For example, a provider of flood insurance products that enable those at greater risk of flooding to protect the value of their homes may be measured by the number of individuals purchasing the insurance policies or 'Water saved' represents the quantity of water recycled and treated by a company's products to help customers safeguard precious water resources by holistically addressing water safety and scarcity.



'KPI' stands for **Key Performance Indicator**. It's a measurable value that demonstrates how effectively or successfully a certain goal is being met.

c. Financial Inclusion

What is the environmental/social challenge addressed?

Many individuals and businesses lack access to affordable financial services, which limits economic opportunities and exacerbates inequalities.

Who is the underserved group/area?

Underserved groups include individuals and small businesses experiencing financial exclusion or high-income inequality, often in low and middle-income countries or economically disadvantaged regions within higher-income countries.

How does the investment company address this challenge?

The Investment Manager invests in companies providing financial products and/or services tailored to underserved populations, including:

- **priority area lending** for personal, small business, and emergency loans, as well as affordable housing and education financing;
- **insurance services** such as small business protection policies and crop insurance (for agricultural businesses);
- **credit rating providers** that help individuals and businesses build financial credibility, enabling access to loans at fair rates.

How is real-world positive impact measured?

The Investment Manager identifies and measures a KPI, often unique to a company, which represents the number of underserved individuals or businesses reached, or number of financial products and / or services delivered to underserved groups and/or areas. These underserved groups include individuals and small businesses experiencing financial exclusion or high-income inequality, often in low and middle-income countries or economically disadvantaged regions within higher-income countries. For example, growth in number of loans and policies extended likely indicates enhanced financial inclusion in priority areas (e.g. life insurance, education financing, affordable housing) and enhanced financial resilience for the underserved families, communities, and businesses.

d. Digital inclusion

What is the environmental/social challenge addressed?

Exclusion from the digital economy limits opportunities for education, financial inclusion, and access to essential services, particularly for underserved groups and regions. Digital inclusion involves enabling individuals and businesses access to relevant, affordable, and high-quality digital software and services.

Who is the underserved group/area?

The underserved include individuals, communities, and small and medium enterprises (SMEs) lacking access to affordable and quality digital products and/or services. This is most prevalent in low and middle-income countries but also includes underserved groups, such as remote communities, in higher-income nations.

How does the investment company address this challenge?

The Fund invests in companies offering products and/or services that enhance access to the digital economy, enabling equitable participation. These companies typically fall into the following categories:

- **software providers** that create tailored digital solutions for underserved groups, such as e-commerce platforms, education applications, and business management software designed for SMEs;
- **network providers** that improve connectivity by expanding physical access to networks or reducing service costs to make digital products more affordable;
- **digital skills trainers** offering educational programs that equip individuals with the skills needed for digital inclusion and participation in the knowledge economy;
- **cybersecurity providers** that increase trust and confidence in digital systems by ensuring safe and secure access.

How is real-world positive impact measured?

The Investment Manager identifies and measures a KPI which represents the number of underserved individuals or SMEs reached, or number of digital products and/or services delivered in underserved areas and/or groups. The underserved include individuals, communities, and small and medium enterprises lacking access to affordable and quality digital products and/or services. This is most prevalent in low and middle-income countries but also includes underserved groups, such as remote communities, in higher-income nations. For example, growth in the number of SME users for a company delivering software services specifically targeted at SMEs indicates the impact they have to improve the digital positioning and competitiveness of those smaller companies, building broader economic stability.

e. Healthcare impact

What is the environmental/social challenge addressed?

Access to high-quality healthcare remains a significant challenge, especially in low and middle-income regions. This exacerbates health inequalities and reduces quality of life for affected populations.

Who is the underserved group/area?

Underserved groups include individuals and communities in low and middle-income countries lacking access to affordable, high quality healthcare services, as well as those with inadequate treatment options in higher-income countries.

How does the investment company address this challenge?

The Investment Manager invests in companies that improve healthcare access, underperforming healthcare systems and/or patient outcomes including:

- providers of essential medicines to underserved regions and conditions as identified by scientific bodies such as the World Health Organisation;
- diagnostic companies developing affordable and efficient testing equipment for infectious and chronic diseases;
- medical technology innovators improving surgical techniques, recovery times, and overall patient care;
- healthcare insurance companies enabling access to healthcare systems by designing affordable medical insurance coverage.

How is real-world positive impact measured?

The Investment Manager identifies and measures a KPI which represents the number of underserved patients reached, or the number of healthcare products or services delivered to underserved areas and/or groups. The underserved groups include individuals and communities in low and middle-income countries lacking access to affordable, high quality healthcare services, as well as those with inadequate treatment options in higher-income countries. For example, a medical technology company with a heart valve product grows its impact through expanding the number of patients treated.

f. Access to education

What is the environmental/social challenge addressed?

Education is a fundamental driver of social equity and economic development. However, access to quality educational resources remains unequal, particularly in low-income regions.

Who is the underserved group/area?

Underserved groups include individuals and communities with limited access to educational opportunities, predominantly in low and middle-income countries but also underserved groups, such as low income populations, in higher income countries.

How does the investment company address this challenge?

Ninety One invests in companies providing accessible education and training solutions, including:

- open access publishers delivering affordable educational materials and academic resources;
- training providers offering vocational and professional development programs to build skills and increase employability.

How is real-world positive impact measured?

The Investment Manager identifies and measures a KPI which represents the number of underserved individuals reached with training programmes, or number of journals published for underserved areas and/or groups. The underserved groups include individuals and communities with limited access to educational opportunities, predominantly in low and middle-income countries but also underserved groups, such as low income populations, in higher income countries. For example, an investment in a global publisher business with an online journal platform which enables affordable access to educational resources and scientific development, measured by the number of journals published.

New ‘Sustainability Approach’ section:

Investment process

The Investment Manager seeks companies whose financial growth in the long term (over at least 5 years) is driven by the growth of the products and/or services addressing environmental and/or social challenges.

The Investment Manager has its own frameworks to determine the types of company to be included in the Fund’s portfolio. These frameworks have been developed in consultation with the firm’s Sustainability team, Sustainable Investment Advisory Firm, and the Sustainability Committee.

The Sustainability team reviews these frameworks independently of the Fund’s investment team to determine they are an appropriate basis to consider assets to be sustainable.

Screening:

There are two stages of screening:

1. to identify eligible investments; and
2. to identify investments aligned to have impact.

The Fund’s investment universe (i.e. global companies) is screened based on relevant financial metrics (e.g. liquidity and company size (i.e. market capitalisation)), an assessment of positive and harmful effects on the environment and/or society (i.e. to remove companies considered to have such harmful effects) and the additional exclusions described in the section ‘Exclusions’ below.

Stage 1: Identifying eligible sustainable solutions companies:

To identify companies that have the potential to align with the Fund’s objective, the Investment Manager seeks companies which derive more than 50% of their revenue from BICS (Bloomberg Industry Classification Standards) groups which the Investment Manager has identified as most likely to have products and/or services addressing environmental and/or social challenges for an underserved group and/or group. A 50% revenue minimum is used because it represents more than half of the revenue that is generated for the company. For each sustainable solutions theme, non-exhaustive examples of these BICS groups are:

Theme	Examples of the BICS groups
Decarbonisation	renewable energy, semi-conductors, flow control equipment
Climate adaptation, water and pollution management	pollution control equipment, building materials, property and casualty insurance
Financial inclusion	consumer microlending, mortgage finance, life insurance
Digital inclusion	online marketplaces, communications equipment
Healthcare impact	healthcare, healthcare software
Access to education	publishing, education web information

For each BICS group, the Investment Manager has identified a rationale for why the companies in each selected BICS group are likely to have products and/or services addressing environmental and/or social challenges for an underserved group and/or group. For example:

- the BICS group of ‘analog integrated circuits’ (i.e. a group of semiconductors) is likely to have products and/or services that enable decarbonisation because semiconductors are a technology that is essential in powering renewable energy efficient devices and electric vehicles;
- the BICS group of ‘consumer microlending’ is likely to have products and/or services that enable SMEs to access critical finance (e.g. small business and emergency loans); or
- the BICS group of ‘flow control equipment’ is likely to identify companies whose products and/or services help manage physical risk such as flooding and broader climate-related physical disasters (e.g., through valves and pumps).

Stage 2: Identifying sustainable solutions companies aligned to have impact:

From the universe of eligible companies identified in Stage 1, further analysis is undertaken to assess that at least 20% of the company's revenue must be directly related to the products and/or services addressing environmental and/or social challenges for an underserved group and/or area.

This is done by looking at the revenue lines of a company comprised by the product and/or service addressing an environmental and/or social challenge for an underserved group and/or area. For example:

- in the case of a power semiconductor company, the Investment Manager may use only the revenues from a subset of its products because the Investment Manager's analysis of the company showed that these products enable decarbonisation. Examples of a subset of these decarbonisation products for a semiconductor company are industrial drives (systems to control industrial machinery to optimise their performance including improving their energy efficiency), e-mobility (semiconductor technologies that support electric vehicles), solar and wind (semiconductor solutions that enable the efficient management of electrical energy generated by solar panels and wind turbines).
- in the case of a microfinancing bank, the Investment Manager may use only the revenues that are specifically targeted towards underserved groups that are considered priority within financial inclusion.

At 20%, the proportion of revenue derived from products and/or services addressing environmental and/or social challenges is a useful indication that those products and/or services are a significant source of revenue, and of strategic importance and risk to the company. Beyond this 20% minimum threshold, the Investment Manager focuses significant attention on engaging with the company to grow its environmental or social product or service and its identified KPI, as described in the section on 'Engagement' below.

The Fund may have investments in companies whose revenue derived from products and/or services addressing environmental and/or social challenges does not yet meet the minimum 20% requirement of the Stage 2 screening. For these companies, growing the relevant products and/or services (i.e. those addressing sustainability challenges) must be forecasted to exceed 20% within five years.

The Fund's assets invested in these companies are not considered to contribute towards the minimum 70% investment in the shares of companies that meet the Fund's sustainability objective until the minimum revenue contribution surpasses 20% derived from products and/or services addressing environmental and/or social challenges.

The Investment Manager believes in the potential for positive outcomes at scale through investment in public companies. Large companies may not have all their revenue derived from products and/or services addressing environmental and/or social challenges in for underserved groups and/or areas. However, they likely have easier access to funding and the scale of operations to have positive outcomes in the real world through deploying their decarbonisation solutions at scale.

Identifying underserved groups and/or areas:

Underserved groups and/or areas typically includes individuals, communities and/or SMEs in low and middle-income regions, or those underserved in higher-income regions, such as:

- individuals or communities in regions with limited access to clean water or facing high levels of environmental pollution;
- individuals or communities in areas at high risk of extreme weather events or long-term climate impacts;
- economically disadvantaged, low income or remote communities within higher-income countries; or
- individuals or communities with inadequate treatment options in higher-income countries.

The Investment Manager uses publicly available and credible data sources, such as the World Bank Findex Database and OECD Income Equality Database and World Health Organisation to make objective assessments.

Company analysis:

In-depth research and analysis is performed for each company by experienced analysts. This analysis is undertaken using proprietary tools, engagement with company management, reported data and data from analytics firms.

The Investment Manager's company analysis includes:

- assessing positive and harmful effects of the company on the environment and/or society;
- assessing a company's carbon emissions and its potential to improve; and
- determining the most appropriate KPI for the company to measure the provision of the products and/or services that address the environmental and/or social challenge for the identified underserved area.

The Investment Manager integrates this research and analysis into the investment case and focuses on companies with the potential for increased value driven by the products and/or services addressing environmental and/or social challenges for an underserved group and/or groups.

Every company is different and by having deep understanding of each company and the nuances of their business model, the Investment Manager can incorporate the unique characteristics of the company (e.g., the maturity of the company, the company's disclosure standards, management awareness of the positive outcomes of their products and/or services etc.) into the investment case and in setting engagement milestones.

Engagement:

The Investment Manager follows a structured engagement process:

- **set engagement objective and define success:** for each company the Fund invests in, the Investment Managers sets engagement objectives over the long term (over at least 5 years) and defines success in achieving the objectives;
- **progress tracking:** the Investment Manager follows the progress of the company towards these objectives through various milestones;
- **escalation:** the Investment Manager escalates their engagement when progress towards engagement objectives does not meet the Investment Manager's expectations. For more detail, see section on 'Escalation Plan' below; and
- **outcome:** the Investment Manager determines whether the objective has been achieved using the identified KPIs (e.g., carbon avoided, patients reached, diagnostics tests performed, priority customers reached with micro lending products).

Set engagement objective and define success

In line with the Fund's sustainability objective, the Investment Manager engages with a company's management with the objective of growing the products and/or services addressing environmental and/or social challenges for underserved groups/areas over the long term (at least 5 years).

This engagement includes two key topics:

1. **Engaging for growth in the company's products and/or services which address environmental and/or social challenges:**

The Investment Manager engages with the company's management on growing their products and/or services addressing environmental and/or social challenges for underserved groups/areas over the long term (at least 5 years). The Investment Manager's intention is for companies in the Fund to grow their products and/or services addressing environmental and/or social challenges for underserved groups/areas through selling more of those products and/or services therefore the Investment Manager typically expects the growth of products and/or services addressing environmental and/or social challenges for underserved groups/areas to be in line with, or higher than, the company's revenue growth over the long term (at least 5 years).

The Investment Manager engages with company management on their actions needed to grow the products and/or services addressing environmental and/or social challenges to deliver greater impact, such as investing more capital (i.e. money), research and development, allocating more operational resources to their decarbonisation solutions, or strengthening the governance and management systems that support company growth. Success is reflected by the company's identified KPI growing over the long term (at least 5 years).

2. Engaging around reporting the identified KPI:

The Investment Manager engages with companies to report their identified KPI used to measure the Fund's sustainability objective to enable a clear management focus on this outcome. Success of this engagement topic is reflected by the company reporting the identified KPI.

Progress tracking

On at least an annual basis, but typically more frequently, the Investment Manager engages with companies in the Fund to examine their action towards the delivery of the engagement objectives. Progress is reported in the Fund's annual Impact Report available on the website, www.ninetyone.com.

Milestones which indicate company's progress towards engagement objectives include the company's management:

- acknowledging that the engagement topic is an area that should be addressed;
- sharing their plans or strategy to address the engagement topic;
- demonstrating progress towards delivering their plans or strategy related to the engagement topic; or
- demonstrating that the engagement topic has been addressed.

The Investment Manager does not expect every company to proceed sequentially through each milestone or even proceed through every milestone (e.g. a company may share their plans to address a certain engagement objective without explicitly acknowledging the engagement topic is one to be addressed). These milestones do not reflect the engagement outcome. Nonetheless, these milestones indicate to the Investment Manager the steps that a company is taking to demonstrate intention and progress towards the long-term engagement objectives (i.e. over at least 5 years).

The Investment Manager reports (in the Fund's annual Impact Report) on the engagement milestones for each company as well as progress towards those milestones outlining actions taken by the Investment Manager (e.g. meetings with company management, proxy voting), the outcomes of those actions (e.g. subsequent acknowledgements or actions by the company), and whether further engagement is required or not.

Escalation – what will the Investment Manager do if a company does not demonstrate progress against the Fund's objectives or identified KPI?

The Investment Manager aims to have independent, high-quality, constructive engagements with company management and boards. It sets engagement goals, milestones and timelines on a case-by-case basis, taking the regional and sectoral context into account. Its analysts monitor progress against these engagement goals regularly as part of their research reviews and the frequency of follow-up engagements will vary depending on the nature of the issue and the urgency of change needed.

If the Investment Manager does not believe that management and/or boards have adequately responded to its questions within a reasonable timeframe (if the Investment Manager receives no response from a company 3-6 months following an engagement), it may consider escalating its engagement actions.

This may involve collaborating with other shareholders and organisations (such as NGOs, banks and regulators) or external initiatives, voting at shareholder meetings, and proposing its own resolutions. It may also make public statements in the press, although it would not do so until direct engagement with the board and management team had failed.

There is usually a significant time lag between the Investment Manager's engagement with a company and when data becomes available to determine whether the engagement was successful or not because:

- engagement objectives may require a company to change their policies, practices or governance which may take months or even years; and
- the data to determine whether and engagement is successful is produced at infrequent intervals by the company (e.g. reported carbon avoided is published annually).

If the lack of progress on critical issues continues, the sale of the investment by the Fund may be necessary. In particular, if the issue fundamentally alters the investment case or undermines its sustainability objective. The timeframe for such a sale would be determined on a case-by-case basis to be determined by the Investment Manager, taking into account the best interests of the Fund's investors.

Outcome

An example of a successful engagement is one where a company the Fund invests in indicates, during the Investment Manager's regular engagements on at least an annual basis, steps it is taking which demonstrate its intention and progress towards the engagement objectives as described under the 'Progress tracking' milestones. Over the long term (at least 5 years), the defined indicators for success are apparent, for example, the company:

- is reporting Scope 1, 2, 3 and carbon avoided to CDP;
- has reported carbon avoided growing in line with, or higher than, the company's revenue growth over the long term (at least 5 years);
- has reported growth in the identified KPIs associated with addressing an environmental and/or social challenge for an underserved group and/or area (e.g. number of patients treated, number of insurance policies sold in areas of high climate adaptation challenge, and/or number of priority area lending customers).

However, if the company does not demonstrate adequate progress in relation to the engagement objectives over at least 5 years, the investment decision will be revisited. Notwithstanding that the Investment Manager tracks the company's progress on at least an annual basis and would act sooner:

- if it becomes clear that a company is not able to demonstrate adequate progress in relation to the milestones described under 'Progress tracking'; or
- to ensure the Fund complies with its investment policy to invest at least 70% of its assets in the shares of companies around the world that meet its sustainability objective.

In such cases, the Investment Manager would exit (sell) the investment.

The Investment Manager does not take sole credit for achieving the engagement objective. The engagement outcomes are not solely due to the Investment Manager's efforts but are also influenced by other factors such as economic conditions, efforts of other parties (e.g. other shareholders, the company's employees, the company's customers), the legal and regulatory environment or actions of the company's competitors.

Engagement illustration

The following table illustrates two examples of the Investment Manager engaging with companies regarding the Fund's engagement topics.

Example 1: Engaging with Company 1 for the growth in the company's products and/or services which enable decarbonisation

Set engagement objective and define success

The engagement objective for Company 1 is to explicitly link the carbon avoided KPIs to management compensation to encourage the growth in the provision of decarbonisation solutions.

By linking management compensation to carbon avoided, management has explicit incentivisation to grow the portion of their business (i.e., the products or services) that enable decarbonisation, such as recycling and landfill gas capture.

Success to be measured by incorporation of sustainability targets into executive management compensation and growth of carbon avoided KPI.

Engagement activity and progress tracking

The Investment Manager engages at least annually with the company on their action towards delivery of the engagement objective. These engagements are in meetings and in writing.

Discussion was undertaken with the company regarding lack of link between management incentives and decarbonisation growth.

For Company 1, a milestone demonstrating the company's positive progress towards linking management compensation to carbon avoided over the long term (at least 5 years) was to introduce compensation targets which are focused on annual results. This progress (i.e. demonstrating progress towards delivering their plans or strategy related to the engagement topic) was reported in the Fund's Annual Impact report.

Effectiveness of introducing these annual incentives for carbon avoided growth will be monitored by the Investment Manager and considered for further discussion with the company.

Escalation

Since only annual compensation targets had been set, the Investment Manager collaborated with another shareholder of the company, in writing and a meeting, to add weight to further engagement and direct the company towards setting compensation targets over a longer period (at least 3 years).

Outcome

Since carbon avoided has been included in annual compensation targets, the Investment Manager considers partial progress towards the engagement objective has been demonstrated (i.e. demonstrating progress towards delivering their plans or strategy related to the engagement topic). The Investment Manager considers compensation targets linked to carbon avoided over at least 3 years to demonstrate achieving the engagement objective.

However, the progress is insufficient for the Investment Manager to consider it a successful outcome at this stage therefore, engagement with the company on this objective is ongoing, and the Investment Manager continues to engage with the company to progress towards linking management compensation to carbon avoided along with the additional shareholder.

Example 2: Engaging around reporting the identified KPI with Company 2 for healthcare impact

Set Engagement Objective and Define Success

The engagement objective for Company 2, a healthcare company looking to grow their impact, is to disclose the number of patients treated every year.

By focusing on the disclosure of patient treatment metrics, the Investment Manager encourages transparency and management focus on growth from delivering their products to patients suffering from cardiac problems and struggling to access non-invasive treatment options.

Through Company 2 reporting its identified KPI (number of patients treated every year), the Investment Manager has a transparent KPI that is recognised by the company's management to which it can hold the company accountable to grow.

Growth in the identified KPI would highlight Company 2's progress in expanding access to healthcare for patients suffering from cardiac problems and struggling to access non-invasive treatment options.

A successful engagement is indicated by Company 2 disclosing the number of patients treated each year in their sustainability report.

Engagement Activity and Progress Tracking

The Investment Manager engages at least annually with Company 2 on their action towards the delivery of the engagement objective. These engagements are in meeting and/or in writing.

Discussion was undertaken with the company on the importance of reporting patient treatment metrics.

As a milestone, the company disclosed the number of patients treated by region in their annual sustainability report and committed to providing this information annually in future reports, thereby demonstrating progress towards delivering their plans related to the engagement objective.

Escalation

The Investment Manager has been satisfied with the company's progress on this engagement objective and has not been required to escalate.

Outcome

Company 2 has successfully met the engagement objective by disclosing patient treatment data in their annual sustainability report.

More on the engagement process

The Fund's engagement activity is undertaken by investment teams as it is an important element of the investment process, with support as relevant from the Investment Manager's Sustainability team.

More information on the Investment Manager's stewardship practices can be found in its Stewardship Policy and Proxy Voting Guidelines on the website, <http://www.ninetyone.com/>.

More information on the Investment Manager's approach to stewardship, please refer to the beginning of Appendix I of this Prospectus.

Measurement and monitoring

Measuring investment contribution

To measure the progress of the Fund’s **impact** sustainability objective, the Investment Manager identifies a KPI for each company to measure the provision of products and/or services that address environmental and/or social challenges for underserved areas and/or groups. These KPIs are typically related to:



‘KPI’ stands for **Key Performance Indicator**. It’s a measurable value that demonstrates how effectively or successfully a certain goal is being met.

- the number of products and/or services provided to underserved groups or individuals; or
- the number of people or SMEs benefiting from the products and/or services; or
- the positive carbon avoided in tonnes of CO2e (the KPI used for decarbonisation).

As the sustainable solutions may differ from company to company, the identified KPI used to measure the growth of those products and/or services that address environmental and/or social challenges for underserved areas and/or groups is also expected to differ from one company to another. Examples of these KPIs for each theme are:

Theme	Example KPI
Decarbonisation	<p>The KPI used is carbon avoided (in tonnes per CO2e).</p> <p>‘Carbon avoided’ is a measure of carbon emissions avoided by using a product and/or service that has less carbon emissions than the current level. This indicates that emissions are avoided thereby enabling decarbonisation.</p>
Climate adaptation, water and pollution management	<p>The KPI selected represents the number or value of products and/or services provided, volume of resource benefit, or the number of people made more resilient in areas at high risk of extreme weather events or long-term climate or pollution impacts, particularly those in low and middle-income regions, who are disproportionately affected by these challenges.</p> <p>For example, a provider of flood insurance products that enable those at greater risk of flooding to protect the value of their homes may be measured by the number of individuals purchasing the insurance policies, or ‘water saved’ which represents the quantity of water recycled and treated by a company’s products to help customers safeguard precious water resources by holistically addressing water safety and scarcity.</p>
Financial inclusion	<p>The KPI selected represents the number of underserved individuals or businesses reached, or number of financial products and/or services delivered to underserved groups and/or areas. These underserved groups include individuals and small businesses experiencing financial exclusion or high-income inequality, often in low and middle-income countries or economically disadvantaged regions within higher-income countries.</p> <p>For example, growth in number of loans and policies extended likely indicates enhanced financial inclusion in priority areas (e.g. life insurance, education financing, affordable housing) and enhanced financial resilience for the underserved families, communities, and businesses.</p>
Digital inclusion	<p>The KPI selected represents number of underserved individuals or SMEs reached, or number of digital products and/or services delivered in underserved areas and/or groups. The underserved include individuals, communities, and small and medium enterprises (SMEs) lacking access to affordable and quality digital products and/or services. This is most prevalent in low and middle-income countries but also includes underserved groups, such as remote communities, in higher-income nations.</p> <p>For example, the number of SME users for a company delivering software services specifically targeted at SMEs indicates that the has become enabled to compete on a more equal footing with larger multi-national competitors.</p>
Healthcare impact	<p>The KPI selected represents the number of underserved customers reached, or the number of healthcare products or services delivered to underserved areas and/or groups. The underserved groups include individuals and communities in low and middle-income countries lacking access to affordable, high quality healthcare services, as well as those with inadequate treatment options in higher-income countries.</p> <p>For example, a medical technology company with a heart valve product grows it impact through expanding the number of patients treated.</p>

Theme	Example KPI
Access to education	<p>The KPI selected represents the number of underserved individuals reached with training programmes, or number of journals published for underserved areas and/or groups. The underserved groups include individuals and communities with limited access to educational opportunities, predominantly in low and middle-income countries but also underserved groups, such as low income populations, in higher income countries.</p> <p>For example, an investment in a global publisher business with an online journal platform which enables affordable access to educational resources and scientific development, measured by the number of journals published.</p>

As part of developing the investment case for a company, the Investment Manager forecasts the expected growth in products and/or services addressing environmental and/or social challenges, that will lead to growth in the identified KPI.

The Investment Manager doesn't set a minimum threshold by which the provision of sustainable solutions must grow, however the Investment Manager typically expects the growth of the identified KPI to be in line with, or higher than, the company's revenue growth over at least 5 years.

If no increase in the identified KPI is seen at least 5 years, the actions outlined in the 'Escalation plan' below will be followed. If there continues to be lack of progress, the investment in the company will be sold.

Measuring investor contribution

Information on how the Investment Manager measures progress of its own activities towards the sustainability objective is in the section on 'Engagement' above, in particular under the headings of 'Progress tracking' and 'Outcome'.

Additional information

How is the performance of the sustainability objective monitored independently?

As part of the Investment Manager's ongoing efforts to manage emergent sustainability risk and monitor the performance of the Fund's sustainability objective, the Investment Risk function reports various broad sustainability risk metrics to the Investment Risk Committee monthly. If the Fund's exposure to a potential underlying issue (e.g. sustainability risk or adverse impact) is determined to potentially conflict with its sustainability objective, this would be reported to the Investment Risk Committee and discussed with the relevant investment team to determine the appropriate next steps (e.g. to sell the investment).

Carbon emissions targets

The Investment Manager assesses the company emissions reduction plans and how these are evolving.

This is an important indicator of whether a company delivers the products and/or services that avoid carbon in a sustainable way (e.g. by how they manage their own emissions).

The Investment Manager has targets associated with the proportion of companies setting a carbon reduction pathway target. Specifically, the Fund aims for 100% of the companies it invests in to have set credible science-based emissions targets (i.e. SBTi or equivalent approved emissions reduction plans) by 2030 or sooner.

To meet this goal, the Investment Manager engages with companies to report carbon avoided, and Scope 1, 2 and 3 carbon emissions, their plans to reduce those emissions and the progress on those plans (see section on 'Engagement' below).



'Scope 1, 2 and 3 carbon emissions' refers to different types of greenhouse gas emissions. Scope 1 refers to direct emissions from sources that are owned or controlled by a company, (e.g. burning fossil fuels for heating or manufacturing processes, company cars). Scope 2 refers to indirect emissions from purchased energy (e.g. the emissions associated with electricity used by a company). Scope 3 refers indirect emissions from a company's entire value chain, including its suppliers and product use.

Assessing positive and harmful effects of the company on the environment and/or society

To determine whether a company has harmful environmental and/or social effects, the Investment Manager uses its own research framework to analyse the positive and harmful effects that a company has on the environment, society and its workforce.

It takes a forward-looking view based on the relevant policies, operations and/or business models a company has to manage these, whilst capturing opportunities to increase its positive effects. Various relevant aspects are considered to inform the view, for example a company's:

- reliance on natural resources;
- water and waste management practices; and/or
- supply chain sustainability (e.g. how a company manages its carbon emissions).

Examples of harmful effects of a company on the environment and/or society are:

- degradation of the natural world through species and habitat loss in areas the company operates; and/or
- water wastage in areas of acute water scarcity.

The Investment Manager uses quantitative data (where reliable data is available) and evidence-based qualitative information, including publicly available sources, third party data, its own models and research reports in its analysis. To ensure its view stands up to scrutiny, the data and other evidence are assessed on a case-by-case basis (as part of the in-depth analysis and research on an individual company) to account for company-specific context, such as the factors that make a company grow and the quality of its business model as well as the dynamics of the industry it operates in.

The Investment Manager conducts sustainability reviews across industry groups. The purpose of these reviews is to map the most material positive and harmful effects on society and/or the environment that should be assessed for each industry group. When comparing companies within one industry group, we can build a picture of the different sustainability practices used by companies with similar products or services. This in turn allows us to define expected standards at an industry level. The implication of this approach is that the facts assessed, and criteria used differ significantly from one industry group to another.

The Investment Manager believes that companies that run their businesses for the benefit of all stakeholders – society, the environment and its employees – are likely to create greater value for all. The Investment Manager believes that the effects a company has on these stakeholders will be recognised in its value. If the Investment Manager's view is that a company has material negative environmental or social effects on its stakeholders, it will not be included in the Fund's portfolio (i.e. its investments).

Exclusions

In assessing the material negative environmental or social effects a company may have on its stakeholders, the Fund will not invest in companies that derive more than 5% of their revenue from the following business activities:

- the manufacture and sale of tobacco products;
- thermal coal extraction or power generation; or
- the exploration, production and refining of oil and gas.

In addition, the 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 and anti-personnel landmines);
- are directly involved in the manufacture and production of nuclear weapons, conventional or civilian firearms, inert ammunition and armour containing depleted uranium, or any other industrial uranium, and weapons containing white phosphorus;
- increase the production of, or capacity for, thermal coal related products/services or thermal coal-based power generation;
- increase the production of, or capacity for, unconventional oil and gas products/services; or
- the Investment Manager believes to be in violation of the UN Global Compact principles.

Over time, additional exclusions the Investment Manager believes are consistent with the Fund's sustainability and investment objectives and policy will be disclosed on the website, www.ninetyone.com as they are implemented. These will be included in this Prospectus at the next opportunity.

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