2025

American Franchise Fund

Annual Sustainability Disclosure Report

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Fund:	American Franchise ("the Fund")
Sustainability Label:	No label
Fund Identifier:	2138009ZV5LYUQM5A484
Manager:	Ninety One UK Limited
Reporting Period:	2 Dec 2024 to 31 Dec 2025
Publish date:	30 April 2026

Purpose of this document

To provide an update on the Fund's progress against its key sustainability metrics and characteristics over the reporting period.

This is the Fund's first Annual Sustainability Disclosure Report. The reporting period commences on 2 December 2024, being the date on which the Fund became subject to the Financial Conduct Authority (FCA)'s Sustainability Disclosure Requirements (SDR) for non-labelled funds.

Sustainability label

This product does not have a UK sustainable investment label.

This product evaluates the sustainability of the companies it invests in, but it does not have a specific sustainability objective. It does not, therefore, meet the criteria under the FCA's Sustainability Disclosure Requirements (SDR') for a Sustainability label, which helps identify products with specific sustainability goals.

Sustainable investment labels help investors find products that have a specific sustainability goal. For a detailed explanation of each label and its meaning, please refer to the FCA Website.

1. Sustainability Approach

The Investment Manager believes that how a company manages relationships with its internal and external stakeholders, such as employees, suppliers, customers, and regulators, and how it manages its key environmental resources over the long term is critical to understanding whether a company can be a long-term high-quality investment.

To systematically assess this, the Investment Manager has developed its own sustainability-focused research frameworks that form part of its broader in-depth approach to researching companies:

The Stakeholder Framework helps assess how companies manage relationships with various internal and external stakeholders, such as employees, suppliers, customers, and regulators, and how they manage relevant environmental resources over the long term.

The Climate Strategy Assessment evaluates a company's disclosure of its emissions and climate strategy, including the establishment of credible emissions targets and commitment to reach net zero by 2050 (net zero means that total greenhouse gas emissions are equal to the emissions removed from the atmosphere). It also evaluates companies' governance and risk mechanisms related to climate policies (such as board oversight and remuneration). The output of this assessment helps the Investment Manager prioritise which companies to engage with to improve their emissions-related disclosures and alignment with net-zero pathways.

The Transition Plan Assessment is used for certain higher-emitting companies where a more detailed climate assessment is conducted, evaluating additional criteria such as financial planning, lobbying, and a Just Transition (planning for a fair and inclusive shift to a sustainable economy). This helps determine if a company has a credible transition plan in place and helps identify further engagement priorities.

Through this research, the Investment Manager determines if a company's sustainability risks can be categorised as low, medium, or high. The Investment Manager also assesses whether those sustainability risks are trending in a negative direction, are stable or are trending positively. This contributes to the Investment Manager's assessment of a company's risk versus reward of investment, which may influence its inclusion in the portfolio and position size. However, investment decisions are not made solely based on environmental, social and governance (ESG) assessments; rather, they are the result of the Investment Manager's investment process, which includes ESG analysis alongside financial analysis.

1.1 Investment Strategy and Sustainability Characteristics

The Fund will invest in:

Companies that, as part of the overall portfolio, help the Fund maintain a lower carbon footprint than the benchmark.

The Fund won’t invest in:

In the context of a transition towards net zero, the Fund avoids investing in companies from specific high-emitting sectors, including:

— thermal coal extraction or power generation; or

— the production and generation of fossil fuels.

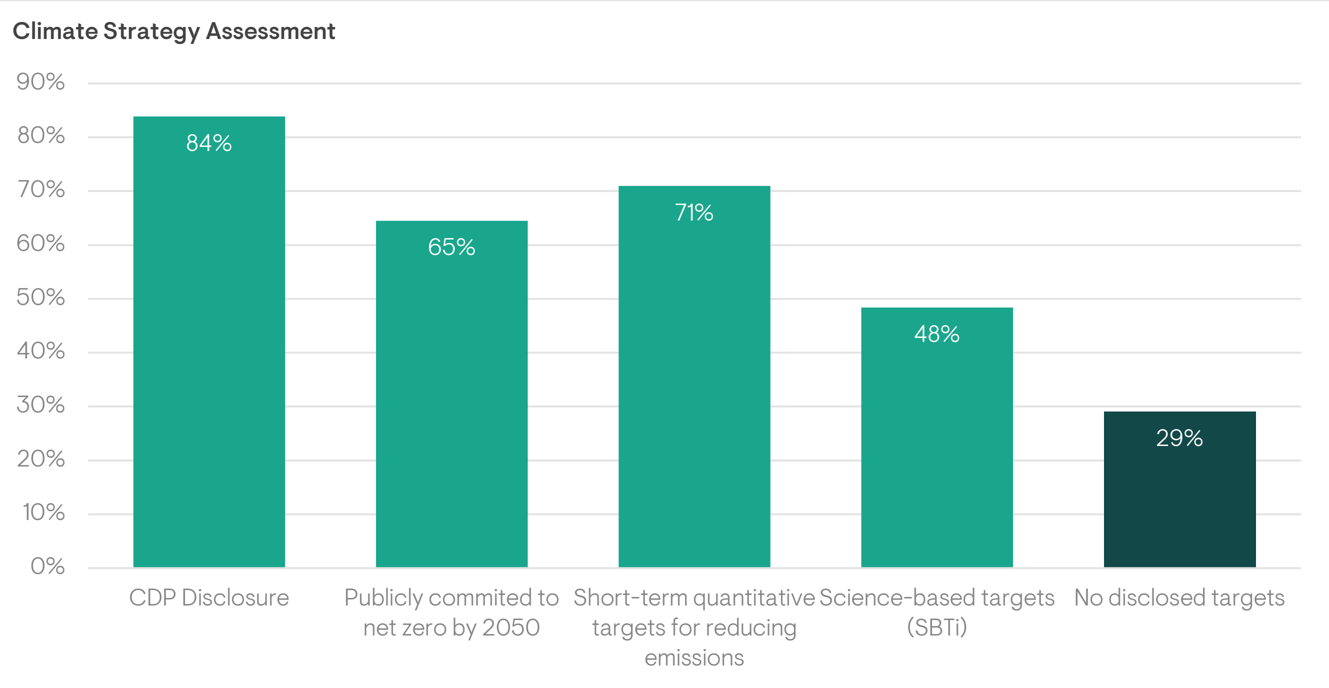
In addition, the Fund does not invest in companies involved in making controversial weapons, such as biological and chemical weapons, cluster munitions, or landmines. It also avoids companies directly involved in the production of nuclear weapons. Furthermore, the Fund excludes businesses that we believe violate the UN's Global Compact principles, which promote responsible practices in areas such as human rights, labour standards, environmental protection, and anticorruption. More exclusions may be added in the future. As they are introduced, they will be disclosed on our website and added to this document at the next opportunity.

2. Sustainability and Climate Metrics

The Fund uses a combination of the Investment Manager's own Climate Strategy Assessment Framework and a comparison of the Fund's carbon footprint against its benchmark to assess progress towards its sustainability approach and to monitor climate-related risks and opportunities.

2.1 Climate Strategy Assessment[1]

The Fund uses the Investment Manager's proprietary Climate Strategy Assessment Framework to evaluate companies' emissions disclosures, climate strategies, net-zero commitments, and climate-related governance. The outputs inform the Investment Manager's engagement priorities, focusing on companies where improvements in emissions disclosures and net-zero alignment are most needed.



The Climate Strategy Assessment indicates meaningful engagement with emissions reduction frameworks across the Fund's underlying issuers. 83% of issuers disclose through CDP, reflecting a high level of emissions transparency within the portfolio. 69% have publicly committed to net-zero by 2050, and 76% have set short-term quantitative targets for reducing emissions, demonstrating that most holdings have taken concrete steps towards decarbonisation.

59% of the Fund's underlying issuers have set net-zero targets approved by the Science Based Targets initiative (SBTi), indicating that the portfolio is well positioned for a net-zero transition. The remaining 24% of issuers have not yet disclosed targets, which the Investment Manager continues to monitor through engagements.

2.2 Carbon Footprint Vs Benchmark

The following compares the Fund's carbon footprint against the benchmark to illustrate whether the Fund has a higher or lower emissions profile than the Benchmark.

Metric	Fund	Benchmark*
-Carbon footprint (tons of CO2e across Scope 1 and 2 emissions/GBP million invested) compared to benchmark	3.2	27.8
-Carbon footprint (tons of CO2e across Scope 3 emissions/GBP million invested) compared to benchmark	25.8	274.0

*S&P 500 Net Return index.

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-The Percentage of portfolio with SBTi represents a Percentage of companies that have set verified-SBTi targets.
-Companies that have committed to setting SBTi targets are not included in this number. This is a change post-FCA Anti-Greenwashing Rule coming into effect and accounts in part for the change between 1H24 and 2H24.

-Also no disclosed targets refer to companies with no disclosed short-term quantitative targets only.

The Fund's carbon footprint is materially lower than its benchmark across both Scope 1 and 2 and Scope 3 emissions. The combined Scope 1 and 2 carbon footprint stands at 3.2 tons of CO_2e per GBP million invested, compared to 27.8 for the benchmark. Similarly, the Scope 3 carbon footprint of 25.8 is significantly below the benchmark figure of 274.0. Both metrics indicate that the Fund's underlying issuers are considerably less carbon-intensive than the S&P 500 Net Return index.

2.3 Supporting climate and transition metrics (TCFD-aligned)

The following climate and transition metrics are calculated in line with the Task Force on Climate-related Financial Disclosures (TCFD)methodologies and are used to monitor the Fund's exposure to climate-related risks and opportunities. These metrics support, but do not replace, the Fund's sustainability outcome KPIs.

The carbon metrics calculated according to the TCFD methodology may be subject to fluctuations in the underlying security weight, enterprise value, revenue, not only by changes to the absolute carbon emissions of companies. Variations in carbon metrics from year to year should therefore be considered with caution.

Climate Metric	2024	2025*
Scope 1 & 2 emissions (tCO2e)	1753.2	1518.1
Scope 3 emissions (tCO2e)**	40192.5	12284.9
Scope 1 & 2 footprint (tCO2e/mGBP invested)	2.8	3.0
Scope 1 & 2 weight average carbon intensity (tCO2e/mGBP revenue)	21.7	21.5
% of corporate emissions data coverage (including estimates):	99.3%	99.8%
of which are estimates	15.0%	11.3%
% Fund with SBTi commitment/approved target	50.0%	48.4%

Data source: Ninety One as at 31 December 2025.

* Some of the above differences could be attributable to changes in portfolio composition, updated estimation methodologies, and shifts in data coverage rather than a deterioration in the underlying sustainability profile of the Fund's investments.

** Scope 3 data is complex, varies widely and is subject to underreporting and estimation errors. It includes supply chain and product usage emissions and should be interpreted cautiously when comparing companies or funds.

The Fund's absolute Scope 1 and 2 emissions declined year on year from 1,753.2 to 1,518.1 tCO_2e, which is a positive development. Scope 3 emissions also declined materially over the same period from 40,192.5 to 12,284.9 tCO_2e, reflecting an improvement in the broader emissions profile of the Fund's investments.

The combined Scope 1 and 2 carbon footprint increased marginally from 2.8 to 3.0 tCO_2e/mGBP invested, while weighted average carbon intensity remained broadly stable, declining from 21.7 to 21.5 tCO_2e/mGBP revenue over the period. The modest increase in carbon footprint is noted, though the footprint metric may reflect changes in portfolio composition or capital deployed rather than a deterioration in the underlying sustainability profile of the Fund's holdings.

Considering forward-looking metrics, SBTi target coverage declined marginally year on year from 50.0% to 48.4%. Emissions data coverage improved from 99.3% to 99.8%, providing a robust basis for the metrics disclosed above.

3. Further Reporting

Full climate-related financial disclosures are provided in the Fund's product-level TCFD report, which complements this SDR disclosure.

For latest copies of the Fund's Key Investor Information Document and Prospectus, please visit ninetyone.com/literature.

For further information on the Fund's sustainability criteria or to view the Impact Report relating to the Fund's investment strategy, please visit ninetyone.com/sustainability.

4. Glossary

Carbon footprint

This figure is derived by taking the sum of the ‘financed emissions’ based on the percentage held of each assessable security’s enterprise value. This is normalised by dividing by the total amount of pounds invested in the securities to give a comparable footprint. Carbon ‘scope’: Scope 1 & 2 emissions are a proxy for how efficiently a company is managing its carbon emissions; the upstream part of Scope 3 provides an indicator of the carbon emissions in a company’s supply chain; and of a company’s products as they are used during their life-cycle.

— Scope 1 relates to the direct emissions from owned or controlled sources, for example fuel burned on site and company owned vehicles.

— Scope 2 relates to the indirect emissions from the generation of purchased energy, steam, heating and cooling for the company’s own use.

— Scope 3: There are 15 separate categories of Scope 3 emissions including eight that relate to the supply chain and seven that relate to the emissions of the products once they are sold/used.

Carbon intensity & Weighted Average Carbon Intensity (‘WACI’)

This measures the carbon emissions of a given entity per GBP£ million of products or services sold (revenue). At the portfolio or index level, the figure takes the weighted average carbon intensity of each assessable security in the portfolio/index to determine an overall carbon intensity.

Carbon avoided

The volume of greenhouse gas emissions avoided due to products, technologies and services that result in fewer emissions than the status quo products, technologies and services.

CDP

The Carbon Disclosure Project (CDP) is a global disclosure system that tracks environmental impacts. It sets a standard for environmental reporting and provides extensive data on company and city actions.

Credible net-zero targets

Short and medium term greenhouse gas (GHG) emissions reduction targets that are science-based and consistent with the reduction pathway required to achieve agreed global climate goals. Net zero refers to reaching the point where total GHG emissions are equal to the emissions removed from the atmosphere.

Credible net-zero transition plans

A published plan that has clear actions and timelines covering the main activities or investments required to achieve an entity’s short and mid term net zero targets.

SBTi

Science Based Targets initiative defines and promotes best practices in emissions reductions and net-zero targets in line with climate science. Provides target setting methods and guidance to companies to set science-based targets in line with the latest climate science.

TCFD - Task Force on Climate-related Financial Disclosures

A global framework for companies to disclose how climate change impacts their financial risks, strategy, and performance.

For additional technical terms, please refer to ninetyone.com/glossary.

Contact us

For more details please visit www.ninetyone.com/contactus

Important information