Ninety One TCFD Report

Emerging Markets Blended Debt Fund

As at 31 December 2023

Climate Related Financial Disclosures

This report discloses the Ninety One Funds' exposure to, and management of, climate risk consistent with the Taskforce for Climate-Related Disclosures (TCFD) framework and recommended disclosures.

These disclosures should be read alongside Ninety One's Integrated Annual Report and Sustainability and Stewardship Report where we explain how Ninety One at a firm-level aligns to the recommended TCFD requirements.

While the firm's approach is broadly consistent with how Ninety One considers climate related risk, each investment team independently analyses climate-related risks and opportunities within the portfolios it manages. The TCFD product related report provides specific information on climate-related metrics and scenario analysis. Different products will have varying degrees of exposure to the effects of climate change and the financial risks of the transition to a lower-carbon economy, depending on their underlying issuers' geographical focus and sector allocation. Exposure to climate risks and opportunities should be considered alongside the underlying issuers' ability to manage those risks and adapt their existing business operations and products to remain competitive and profitable in a lower-carbon economy.

Most significant drivers of climate impact

The Ninety One Emerging Market Debt Funds is a primarily invested in sovereign instruments. The fund therefore takes a different approach to considering climate change risk than funds primarily invested in corporates. We therefore primarily consider country exposure and have created a proprietary index in conjunction with the WWF (World Wildlife Fund") known as the CNSI ("Climate and Nature Sovereign Index") to monitor physical and transition risks within the portfolio.

The CNSI is a tool to help highlight the key climate risks in the countries we invest in. Importantly it includes forward-looking indicators, and novel datasets to help in the assessment of climate and nature risks at country level. This provides a comprehensive assessment of the climate risks across all the emerging markets we invest in. While it is important to understand the risks for each country, and across the universe as a starting point, it requires further synthesising within the context of our knowledge of recent policy developments. For instance, the index can tell us which countries are most at risk from climate change, but this needs to be weighed against the policy actions being undertaken to mitigate these risks, as identified through our qualitative analysis.

The charts reference below show where the allocation of the portfolio and benchmark across different scoring categories (quartiles), considering first the overall index and then focusing on the transition risk and physical risk sub-indices. The transition risk and physical risk sub-indices look at a country's relative vulnerability of a global transition to a lower carbon world and the atmospheric, water and agricultural impact on a country and its output of climate change respectively.

Climate Metrics

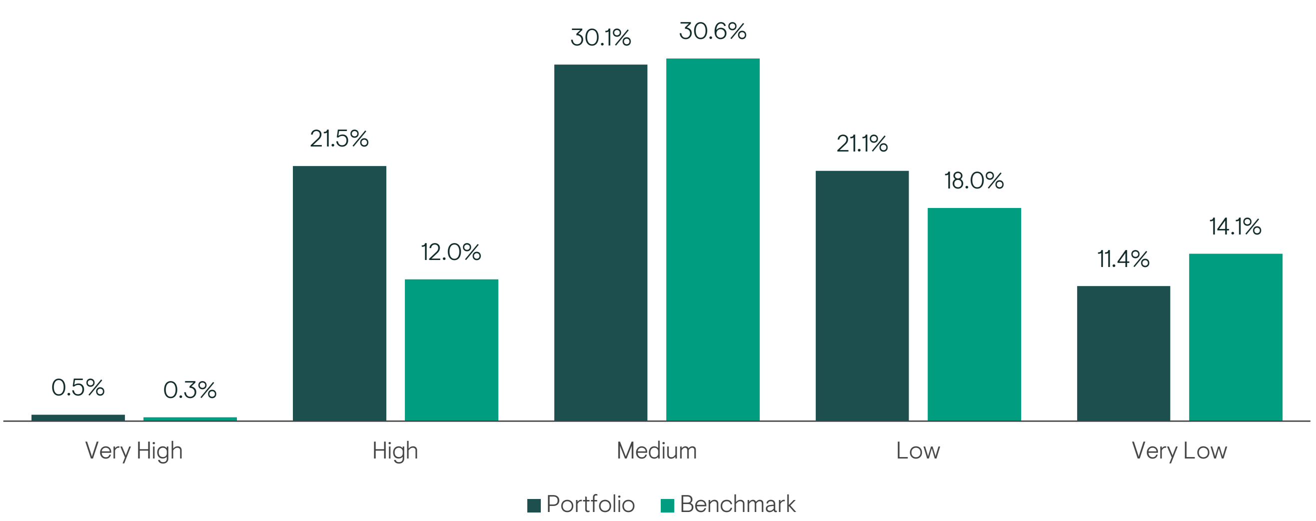
The carbon metrics calculated according to the TCFD methodology may be subject to fluctuations in the underlying security value and country GDP. Variations in carbon metrics from year to year should therefore be considered with caution.

Climate Metric	Fund	Benchmark
Sovereign Carbon Intensity (Tons of CO2e/GBPm GDP) (where applicable)	272.7	242.1

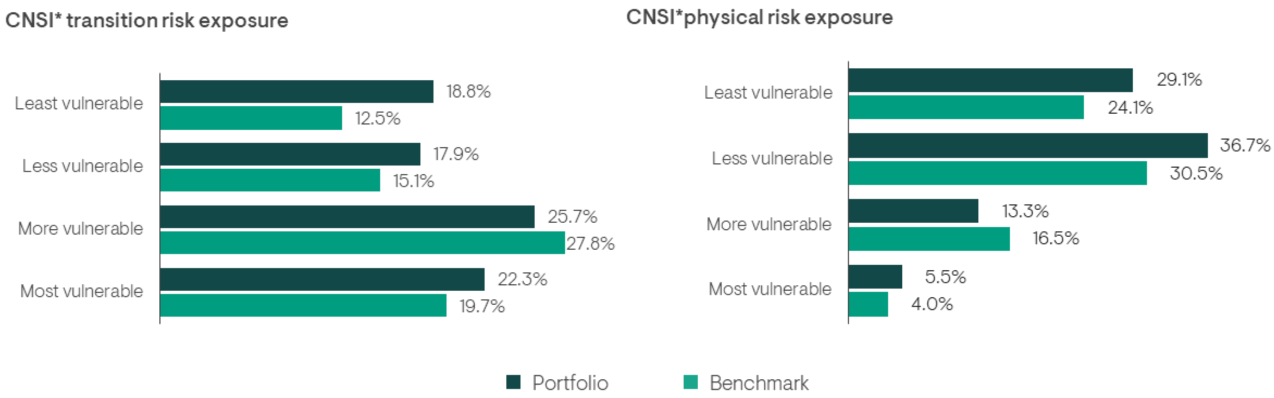
Exposure to Physical and Transition Risk

The Net Zero Sovereign Index was developed to help provide an independent, quantitative assessment of how far a country is from achieving net zero, within the context of a just transition. This was to correct for the fact that many of the climate tools developed only provide partial coverage of emerging markets. This index includes pathway measurements, as well as levels and trends across key indicators such as emissions, energy use and renewables. It is an important metric on its own, but it also forms part of our qualitative assessment where it is synthesized with analysis of a country's policy including nationally determined contributions.

The below chart compares your portfolio's degree of alignment with Ninety One's net-zero pathway with the benchmark. It shows how the portfolio is aligned using quartile rankings across the entire universe (including developed markets):



Countries within the high and medium alignment quartiles are on path for an orderly transition, as these countries have pathways that align with a just transition and are reducing emissions at a rate that will meet climate goals globally through climate policies and innovations.



Across all climate change scenarios, we aim to engage where we can with countries through government and central bank officials. During these discussions, our portfolio managers will voice their concerns or opinions directly to people who have the capacity to make meaningful changes, particularly in relation to unsustainable environmental practices. Overtime we hope to see positive changes through our engagements, and this will be reflected in our ESG trend scores.

Data Reliability

The data coverage for a specific fund determines whether the data can be deemed sufficiently reliable. A lack of coverage is likely due to reported/estimated climate or financial data not being available. Data quality will also generally be lower for Emerging Market and non-corporate instruments. Sovereign Carbon Intensities are based on The Emissions Database for Global Atmospheric Research data from 2021.

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 dollars 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 the downstream part of Scope 3 is representative of the carbon emissions 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

This measures the carbon emissions of a given entity per US$ 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.

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.

IPCC

Intergovernmental Panel on Climate Change climatic pathways.

SSP

The Shared Socio-economic Pathways (SSP) reflect broad narratives about how GDP, population and urbanization could evolve in the future.

Orderly net zero transition scenario

Emissions are reduced in a measured way to meet global climate goals through strict climate policies and via innovation. The outcome includes the impacts of both climate related risk and opportunities. Assumes an average global temperature increase of 1.5°C in 2100. Model is based on Very low emissions' IPCC scenario (SSP1-RCP1.9).

Disorderly transition scenario

Minimal progress is made to reduce emissions by 2030 which results in a delayed knee-jerk reaction from governments, regulators and companies to reduce emissions in the period thereafter. Higher transition risks pervade with policies diverging across countries and sectors creating disorderly characteristics companies will need to deal with. The need for innovation and large capital investments albeit at a later stage could impact the profitability of carbon-intensive companies. Assumes an average global temperature increase of 1.5°C in 2100. Model is based on Very low emissions' IPCC scenario (SSP1-RCP1.9).

Hothouse-world scenario

The hothouse-world scenario will materialise if the world continues on its current path over a long-term trajectory. Extreme weather events are more frequent, weather pattern changes will harm food supply leading to vast human migration. Assumes an average temperature increase of 4.3°C by 2100, high emissions' IPCC scenario (SSP3-RCP7.0).

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Telephone calls may be recorded for training, monitoring and regulatory purposes and to confirm investors' instructions.
For more details please visit www.ninetyone.com/contactus

Important information

All investments carry the risk of capital loss. Past performance is not indicative of future performance.

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Issued by Ninety One