

# LIONTRUST SF MONTHLY INCOME BOND FUND

Fund sustainability report: Q4, 2023

Marketing communication





## Contents

Exposure to positive sustainability investment trends	3–4
Alignment with UN Sustainable Development Goals	5
Assessment of how sustainable companies are: Sustainability Matrix Rating	6
Climate change: portfolio data on carbon, solutions and fossil fuels	7
Weight of holdings owning fossil fuels and potential emissions	8–9
Fund holdings	10–19
Other third party ESG measures	20
Additional ESG metrics	21–23

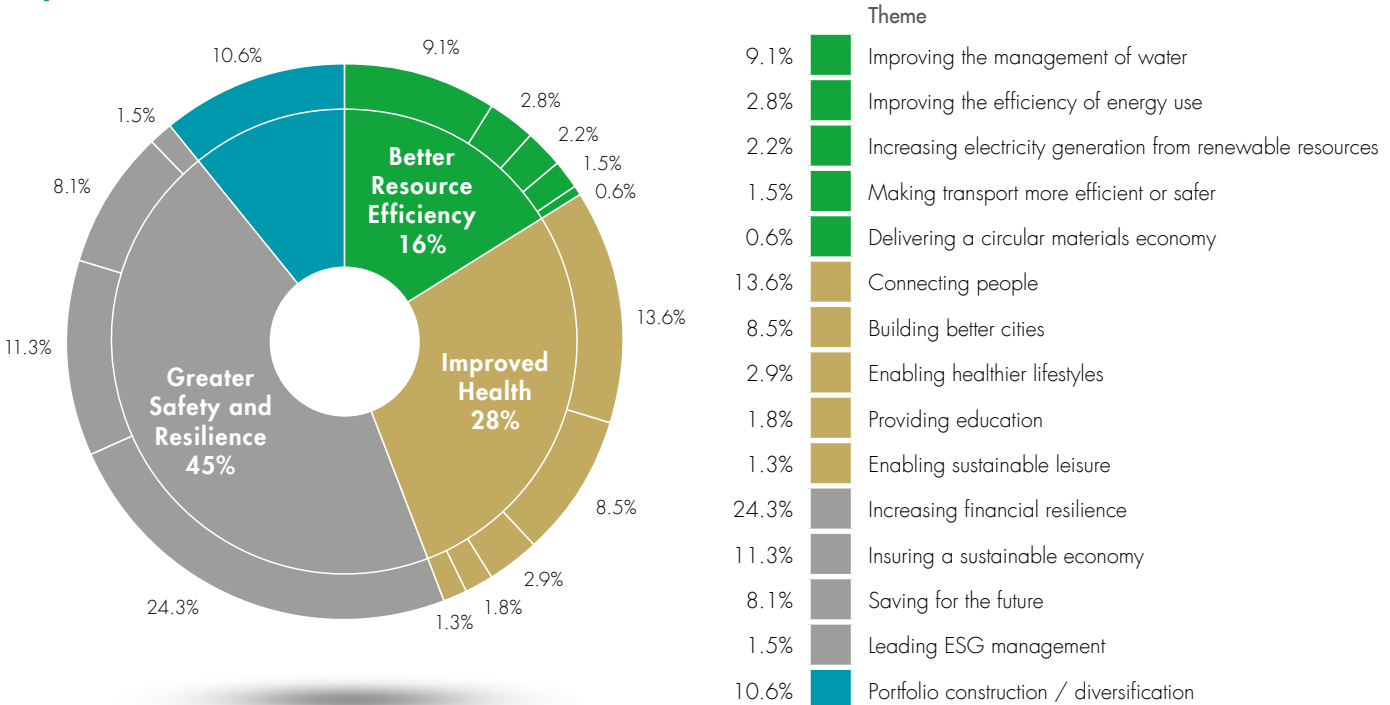
# Exposure to positive sustainability investment trends

Consistent with the available opportunities in investment grade corporate bonds and our approach that seeks to invest in resilient companies, our fixed income funds typically have a high allocation to the Greater safety and resilience mega trend. For more detail on the sustainable themes, see [liontrust.co.uk/sustainable](https://liontrust.co.uk/sustainable)

Within this trend, the two sub themes with the greatest exposure are *Increasing financial resilience* and *Insuring a sustainable economy*. The fund's exposure to Banks and Insurance generally sits within these themes and is a significant component. Typically, the exposure within the *Increasing financial resilience* theme is to banks that are well capitalised and have a focus on retail and SME lending coupled with

resilient and prudent lending practices. We believe that high quality lending and banking activities is important to a resilient economy. Typically, the exposure within the *Insuring a sustainable economy* theme is to insurance companies. Insurance facilitates economic growth by giving people the confidence to invest in themselves, their lives or their businesses. The leading insurance companies expend time and resources researching issues such as climate change in order to make them more efficient when it comes to pricing risk. Through this research they become better underwriters with a greater ability to advise their clients on potential risks, while also fully integrating their analysis in order to make better investments. We believe that these leading companies again create more resilient, sustainable economies.

## Exposure to sustainable themes



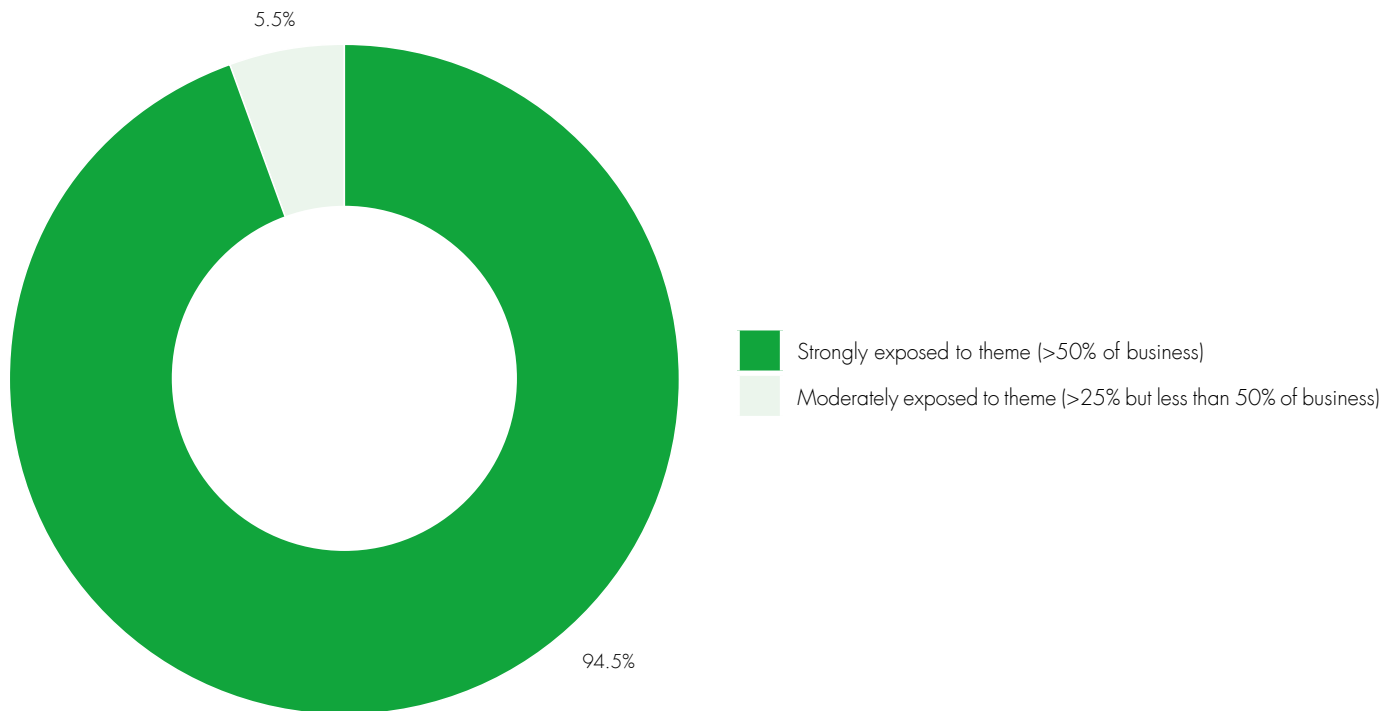
Data as at 31 December 2023. Chart is thematic exposure to corporate bonds only, Government bonds and cash excluded

# Exposure to positive sustainability investment trends

## Sustainable investment themes: how much of business is exposed

This analysis shows what proportion of companies held in the fund is exposed to the Sustainable investment themes: 94.5% of the fund is invested in companies that are strongly exposed to our themes (which

means more than 50% of the business's revenues); a further 5.5% of the fund is invested in companies that are moderately exposed to our themes, which means between 25% and 50% of revenues.



Source: Liontrust / Facstet as at 31 December 2023. Data is representative of corporate bonds only and excludes government bonds and cash

# Alignment with UN Sustainable Development Goals

All of the Sustainable investment themes are linked to SDGs and the underlying Key Performance Indicator they relate to have been identified in the SDG text.

A more detailed discussion on impact and how the Sustainable investment themes are aligned with the SDGs is available in the SF Annual Review: [www.liontrust.co.uk/fund-managers/sustainable-investment/sustainable-documents](http://www.liontrust.co.uk/fund-managers/sustainable-investment/sustainable-documents)

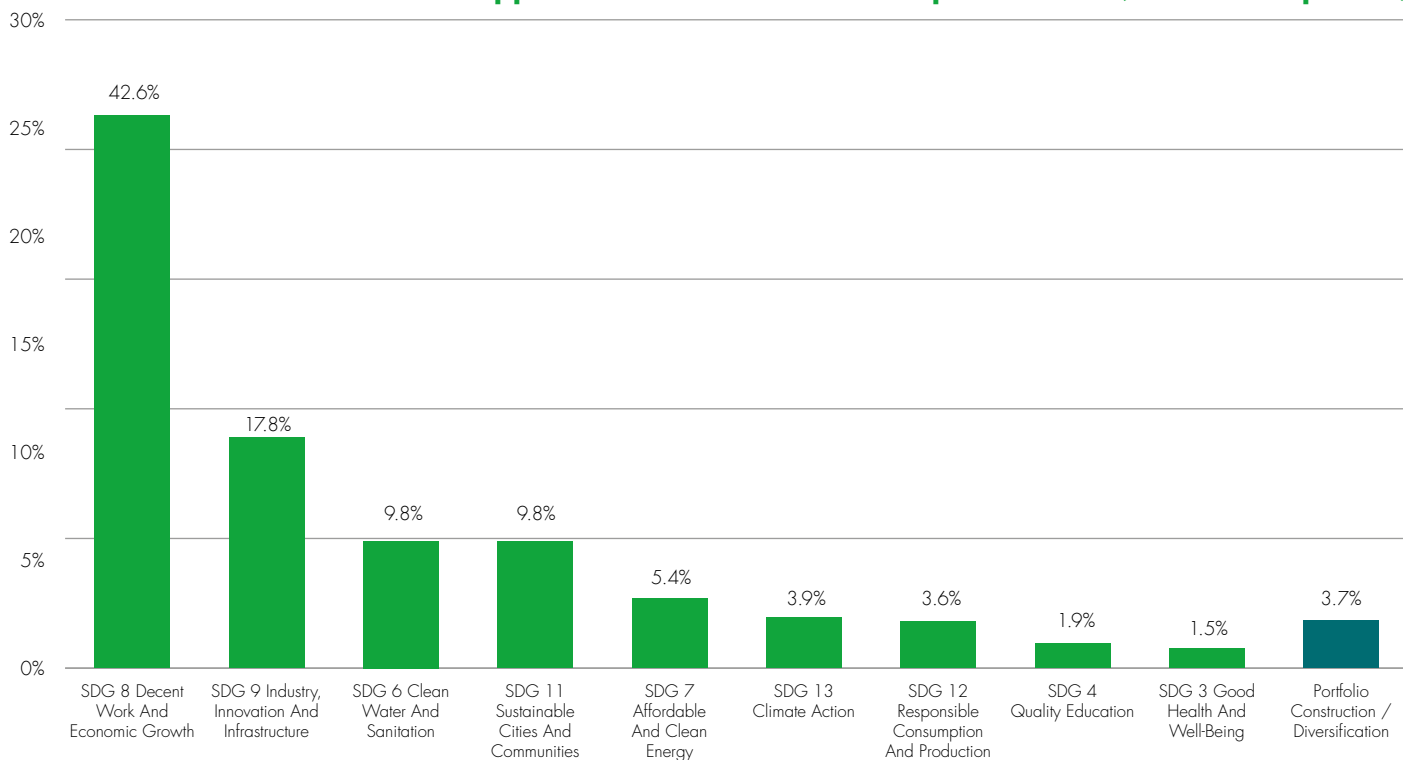
The fund has most exposure to SDG 8: Decent work and economic growth (42.6%); SDG 9: Industry, innovation and infrastructure (17.8%) and SDG 6: Clean Water And Sanitation (9.8%).

While our methodology is to assign what we believe to be the most prevalent SDG or the one on which the company has the most impact, we believe that the companies we have exposure to can have an impact on multiple SDGs.

For example, many holdings in the Banking industry come under SDG 8: Decent work and economic growth as we believe that through the banks' lending practices they facilitate economic growth. However, given several of the banks we own have exposure to retail (mortgage), they could also be classified or have positive impact on SDG 11: Sustainable cities and communities.

The fund has exposure to nine of the 17 UN SDGs.

## Sustainable investment themes mapped to UN Sustainable Development Goals (% of fund exposure)

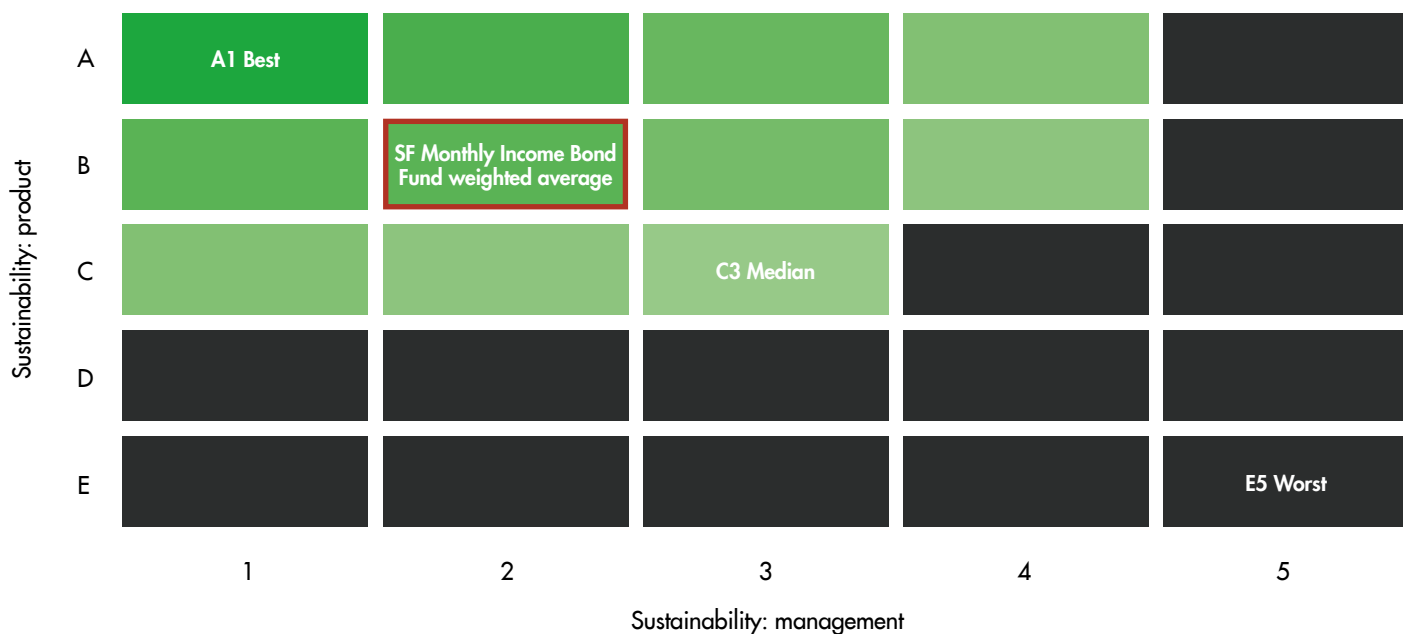


Source: Liontrust / Facstet as at 31 December 2023. Data is representative of corporate bonds only and excludes government bonds and cash [www.un.org/sustainabledevelopment](http://www.un.org/sustainabledevelopment)

# Assessment of how sustainable companies are: Sustainability Matrix Rating

We assess every company using our proprietary Sustainability Matrix Rating, which measures how sustainable its products and services are as well as how well they manage the material environmental, social and governance (ESG) matters related to their business.

The weighted average Sustainability Matrix rating for the fund is B2 (marked in red in the figure below). This shows the fund is invested in companies whose products and services are more sustainable and whose management of ESG aspects of their business is better than the market it invests in. There are no companies in the fund which are rated in the ineligible grey area of the Sustainability matrix.

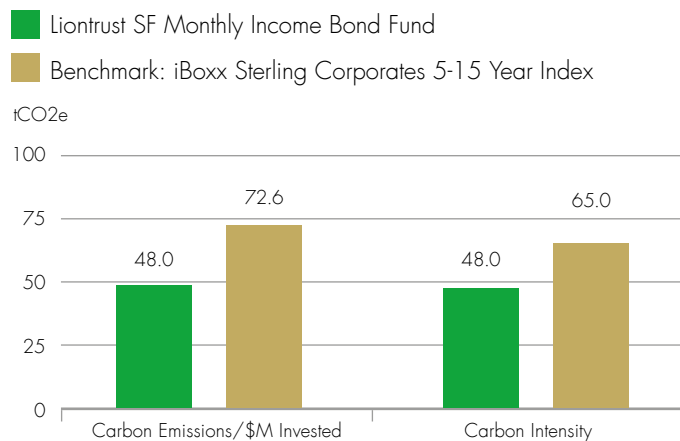


Source: Liontrust / Factset 31 December 2023

# Climate change: portfolio data on carbon, solutions and fossil fuels

## Carbon emissions of fund compared to conventional benchmark

We can see from the chart below that the investments in the fund emit 34% less carbon (tCO<sub>2</sub>e) than the market it invests in. When looking at the carbon intensity of the investments, the fund has a carbon intensity (tCO<sub>2</sub>e / \$M sales) that is 26% lower than the benchmark. This independent analysis includes direct emissions forming scope 1 and scope 2 emissions only\*.

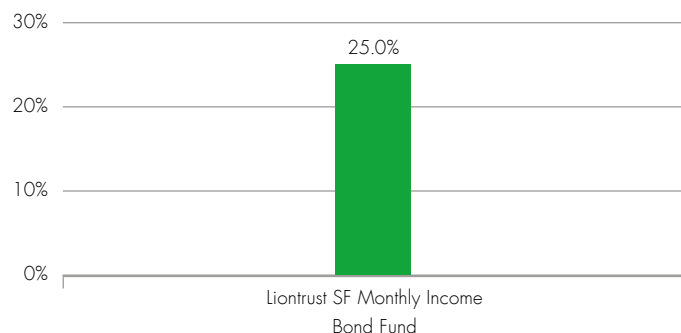


Source: MSCI Carbon Analytics and Liontrust 31 December 2023. The iBoxx Sterling Corporates 5-15 Year Index is the target benchmark for this fund. Carbon emissions data available for 58.8% of the fund and 71.6% of the benchmark. \*Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources controlled or owned by an organisation (associated with fuel combustion in boilers, furnaces, vehicles and so on). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Scope 3 (all indirect emissions, not included in scope 2, that occur in the value chain of the reporting company) is important but not currently available in a consistent data set with enough coverage to be included in this independent analysis.

## Companies offering clean technology solutions

This analysis shows that the fund holds 25.0% of companies that MSCI has determined are providing clean technology solutions.

Owing to the nature of the fixed income asset class, many investments are to more developed stable companies. Therefore, it is difficult to obtain material exposure to companies overly exposed to cleantech solutions. Usually our exposure to cleantech will be as a result of investment within a larger more developed utility.



Source: MSCI Carbon Analytics and Liontrust 31 December 2023

	Carbon Footprint (tCO <sub>2</sub> e / \$m invested)	Carbon Intensity (tCO <sub>2</sub> e/\$m sales)	Weighted Average Carbon Intensity (tCO <sub>2</sub> e/\$m sales)	Carbon Emissions Data Availability (Market value)
Liontrust SF Monthly Income Bond Fund	48.0	48.0	65.8	58.8%
Benchmark: iBoxx Sterling Corporate 5-15 years	72.6	65.0	117.6	71.6%
Fund relative to benchmark	-34%	-26%	-44%	-12.8%

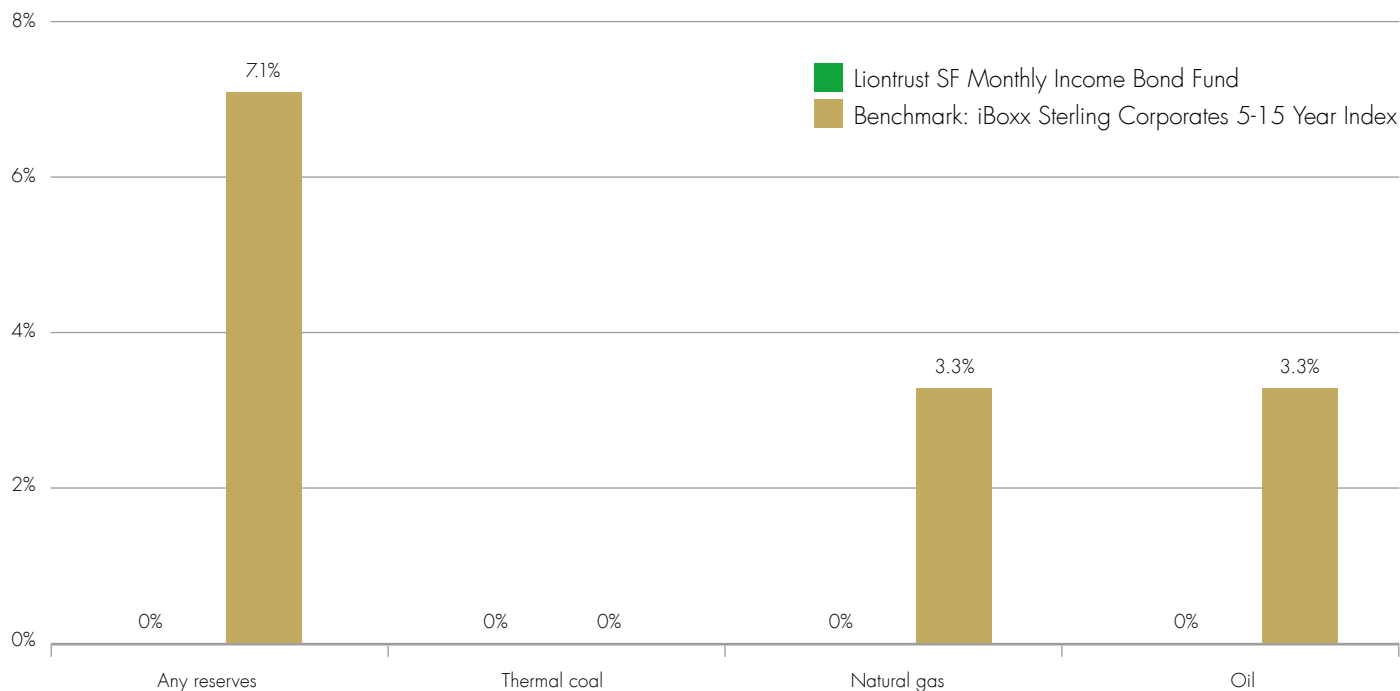
Source: MSCI Carbon Analytics as at 31 December 2023. At the issuer level, Carbon Intensity is the ratio of annual scope 1 and 2 carbon emissions to annual revenue.

# Weight of holdings owning fossil fuels

## Weight of companies owning fossil fuel reserves

Based on the third-party available data (which covers 58.8% of the fund's holdings and 71.6% of the benchmark), the fund holds no exposure to fossil fuel reserves. Our own additional analysis

concludes that we are not holding companies with significant exposure to fossil fuel reserves in any companies not covered by this data set. Fossil fuel reserves include coal, gas, and oil reserves.

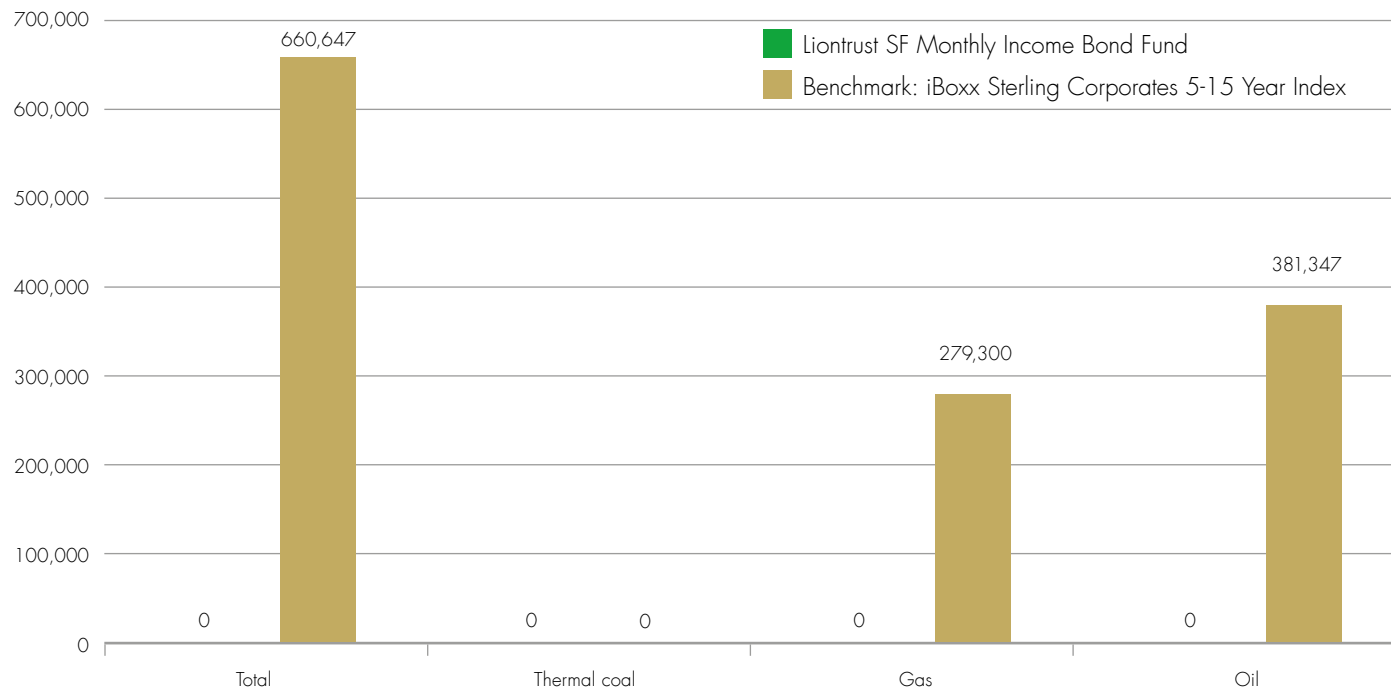


Source: MSCI Carbon Analytics and Liontrust 31 December 2023. The iBoxx Sterling Corporates 5-15 Year Index is the target benchmark for this fund



## Potential emissions from fossil fuel reserves

Tons CO<sub>2</sub>e



Source: MSCI Carbon Analytics and Liontrust 31 December 2023. The iBoxx Sterling Corporates 5-15 Year Index is the target benchmark for this fund.

## All Fund holdings

Alphabetical list showing all holdings in the fund along with their sector, our Sustainability Matrix Rating and Sustainable investment theme.

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
3i Group Plc	Financial Services	C1	Increasing financial resilience	3i is a private equity company that invests predominantly in retail, infrastructure, healthcare, technology and industrial. It has strong responsible investment policies and firm exclusion on no-go areas.
Anglian Water Group Ltd.	Utilities	A2	Improving Management Of Water	Anglian Water is the 4th largest of the 10 water and sewerage companies in England & Wales by regulatory capital value. It provides water and wastewater services to around 6.3m customers in the south east of England.
Annington Funding Plc	Real Estate	A3	Building better cities	Annington is one of the UK's largest private residential landlords, with more than 40,000 homes across the country. The company is hoping to address the UK's housing crisis through the provision of affordable housing at a significant discount to market rents, while also refurbishing and redeveloping around 500 properties per annum for sale or rent at competitive prices.
AT&T Inc	Telecommunications	B3	Connecting people	AT&T engages in the provision of telecommunications, media and technology services, primarily to consumers and businesses in the US, while its Latin America arm provides entertainment and wireless as well. It also operates Warner Media, which produces and distributes films, television and gaming. The company is currently in the process of refocussing its primarily on communications services, which play a pivotal role in the transition to digital infrastructure, promoting digital inclusion and reducing the digital divide across underserved segments of the population.
Aviva Plc	Insurance	B2	Insuring a sustainable economy	Aviva is an international insurance company that provides all classes of general and life assurance, including fire, motor, marine, aviation, and transport insurance. The company also supplies a variety of financial services, including unit trusts, stockbroking, long-term savings, and fund management.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Barclays Bank Plc	Banks	C3	Increasing financial resilience	Barclays is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management, and investment management services. Notwithstanding its investment banking operation, it is supported by strong credit ratings and international diversification that primarily focuses on retail banking and SME lending that is supportive of economic growth.
Blackstone Property Partners Europe Holdings SARL	Real estate	C3	Portfolio Construction/ Diversification	Blackstone Property Partners Europe is an open-ended private equity fund focussed on "core plus" real estate investments, with its €13.3 million portfolio predominantly focussed on logistics assets, as well as the office and residential segments across 14 countries. Logistics real estate landlords play an increasingly pivotal role in global supply chains, particularly given the recent acceleration in the shift to e-commerce which requires 3 times more warehouse and logistics space than traditional brick-and-mortar business models, hence improving the sustainability credentials of these properties is becoming increasingly important. A 2021 study revealed that online shopping and home delivery from urban & core fulfilment centres holds substantial environmental advantages over traditional brick-and-mortar retail including: 36% fewer overall GHG emissions, 50% fewer transport-related emissions, and a 10% reduction in carbon footprint per package.
BNP Paribas	Banks	B4	Increasing financial resilience	BNP Paribas attracts deposits and offers commercial, retail, investment, and private and corporate banking services. The Bank also provides asset management and investment advisory services to institutions and individuals in Europe, the United States, Asia, and the emerging markets. This is a well-diversified financial institution by product, with over 60% of revenues generated from higher-rated revenue streams.
BPCE SA	Banks	B3	Insuring A Sustainable Economy	BPCE operates as a bank. The Bank provides personal banking, insurance, loans, real estate financing, asset management, investment solutions, payments, and other financial services.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Cellnex Telecom Sau	Telecommunications	B2	Connecting people	Cellnex is a leader in telco and broadcasting infrastructure in Europe and enables MNOs to use its infrastructure rather than have its own footprint of passive infrastructure, which can free up MNO balance sheets and increase investment in active investments. 5G will further boost network capacity and density, necessary for the continued exponential growth in data and our reliance on the digital economy.
Circle Anglia Social Housing Plc	Housing Associations	A1	Building Better Cities	The mission of Clarion Housing Group is to provide good quality, affordable homes and neighbourhoods to people failed by the market. With 125,000 properties and more than 350,000 residents, they are the largest housing association in the country. They are a developer as well as a landlord - building thousands of affordable homes every year and invest in residents and their communities through Clarion Futures and their charitable foundation.
Compass Group PLC	Travel & Leisure	C1	Leading ESG Management	Compass Group provides catering services globally; it serves 5.5 billion meals a year and employs 600k people across 55k client locations.
Cooperatieve Rabobank UA	Banks	B1	Increasing Financial Resilience	Cooperatieve Rabobank U.A. operates as a bank, offering personal, wholesale, international, and retail banking services. Cooperatieve Rabobank has historical ties to the food and agriculture sectors, accounting for circa 50% of corporate lending. The organisation has a stated mission of making a significant contribution to welfare and prosperity in the Netherlands as well as aiming to make a substantial contribution to feeding the world sustainably. Moreover, the majority of their corporate lending is to SME, consistent with aim of supporting economic growth in the Netherlands.
Coventry Building Society	Banks	B1	Building better cities	The company is exclusively UK based, with a business model that focuses on high-quality, low LTV (<55%) mortgages to owner-occupied and buy to let customers in the prime residential market. Coventry is an extremely highly capitalised entity that benefits from a not-for-profit mutual ownership that consequently offers significantly higher deposit rates that is consistent with the savings for the future theme.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Deutsche Telekom AG	Telecommunications	B3	Connecting people	DT is the German incumbent telecommunications operator, providing services in Germany, the United States and Europe through its fixed and mobile networks for consumers and businesses. The company plays a pivotal role in the transition to digital infrastructure, with the leading fiberoptic network in nearly all of its markets, which forms a critical part of a sustainable economy.
DWR CYMRU (Financing) UK Plc	Utilities	A1	Improving Management Of Water	Welsh Water is the 6th largest water and sewerage company in England & Wales, providing high quality drinking water and environmental services to 3.1m customers and 110,000 business customers. Welsh Water invests significant amounts of capital expenditure to maintain and improve its network infrastructure, reducing the risk of leakage from the network, which is vitally important given the impact of climate change. Their 2020-25 business plan involves incurring £2.5bn of capital investment in its network. They collect, treat and safely return wastewater to rivers and seas, protecting public health and the environment.
HSBC Holdings Plc	Banks	C1	Increasing financial resilience	HSBC is a global bank that provides a variety of international banking and financial services, including retail and corporate banking, trade, trusteeship, securities, custody, capital markets, treasury, private and investment banking, and insurance. Its diverse business model and high levels of capital and liquidity make this one of most financially resilient banks in the UK.
ING Group NV	Banks	B2	Increasing Financial Resilience	ING Groep is a global financial institution, providing retail and wholesale banking services to private clients, small businesses, large corporations, financial institutions, and governments.
Legal & General Grp Plc	Insurance	B1	Saving for the future	Legal and General manages capital and associated risks in order to provide customers with pension income and long-term savings. It benefits from the rise in defined contribution pensions and the de-risking of workplace institutional pensions. They are a beneficiary of the Saving for the future theme, helping individuals to provide for their retirement in an efficient and cost-effective way.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Liberty Living Finance Plc	Real Estate	A2	Providing Education	Unite is the UK's largest owner, manager and developer of affordable, safe and secure student accommodation, providing beds for over 76,000 students with a develop pipeline to 2023 aiming to add an additional 4,000 beds to its portfolio. Through the provision of affordable accommodation they are enabling the provision of higher education, which in turn drives greater levels of socioeconomic mobility as well as fostering research & development and innovation. Furthermore the company also supports numerous initiatives to support underprivileged students to attain higher education via free accommodation scholarships.
Lloyds Banking Group Plc	Banks	B1	Increasing financial resilience	Lloyds Banking Group, through subsidiaries and associated companies, offers a range of banking and financial services in the UK, including mortgages, pensions, asset management, insurance services, corporate banking, and treasury services. As well as being the leading lender to SME/start-ups in the UK, which is a key driver of long term economic growth, Lloyds also is one of the largest mortgage providers, thus enabling home ownership.
Motability Operations Group Plc	Financial Services	B2	Enabling healthier lifestyles	Motability Operations Group provides transit services, offering finance for the acquisition of vehicles under hire purchase agreement for disabled people.
National Express Group Plc	Travel & Leisure	A2	Making transportation more efficient or safer	The company operates bus, coach and rail services, with an exceptional record on safety and progressive on environmental improvements. It helps to make cities less congested and air cleaner.
National Grid Electricity Distribution Network Holdings Ltd.	Utilities	B2	Improving The Efficiency Of Energy Use	National Grid engages in the transmission and distribution of electricity and gas to millions of customers and communities.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
National Westminster Bank Plc	Banks	B2	Increasing financial resilience	NatWest is a UK-focused bank that operates retail and commercial operations, providing consumer loans, asset and invoice finances, commercial and residential mortgages, credit cards, and financial planning services, as well as life insurance. NatWest's corporate lending is focused on the areas we view as being most beneficial to sustained economic growth, namely SME lending, leasing and factoring and traditional retail banking.
Optivo Finance Plc	Housing Associations	A1	Building Better Cities	Optivo is one of the largest housing providers in the UK and a member of the G15 group of London's largest housing associations.
Orange SA	Telecommunications	B2	Connecting people	Orange is the French incumbent telecommunications provider, operating mobile and fixed network services, but also has a wider global footprint including Africa, the Middle East and other European countries. It invests heavily in R&D, aiming to expand its fiber and mobile networks, accelerating the transition towards digital infrastructure. Digital infrastructure is a critical part of a sustainable economy, promoting digital inclusion and reducing the digital divide across underserved segments of the population.
Pension Insurance Corp Plc	Insurance	B2	Saving for the future	Pension Insurance Corp provides risk management solutions and insurance products. The firm offers pension insurance buyouts, buy-ins, and longevity insurance solutions and it is contributing to a sustainable economy by de-risking clients' pension portfolio and assisting them in saving for their future.
Phoenix Group Holdings Plc	Insurance	B3	Insuring a sustainable economy	Phoenix Group Holdings operates as a holding company. The company, through its subsidiaries, provides life insurance and pension funds services and is contributing to a sustainable economy by de-risking clients' pension portfolio and assisting them saving for their future.
Places For People Homes Ltd	Housing Associations	A2	Building better cities	Places for People provides housing facilities. The Company owns and manages over 209,000 properties, with an average discount to market rent of 40-50%.
Places For People Treasury Plc	Real Estate	A2	Building Better Cities	Places for People provides housing facilities, owning and managing over 240,000 properties.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Prologis International Funding II	Real Estate	C2	Portfolio Construction/ Diversification	Prologis is the world's leading owner, operator and developer of logistics real estate, offering 984 million square feet of lettable space across 19 countries.
Prudential Plc	Financials	B3	Insuring A Sustainable Economy	Prudential has finally restructured itself to be just the Asian life insurer we have long wanted to see. It is focused on providing Health and Protection products to the as yet largely underpenetrated region.
RAC Bond Co. Plc	Consumer Services	B3	Making Transportation More Efficient Or Safer	RAC Plc is a market leading breakdown assistance service providing vehicle repair and recovery, legal cover and claims management services.
Rentokil Initial Plc	Industrials	B2	Enabling Healthier Lifestyles	The company is a global leader in commercial pest control and hygiene services. It provides fully integrated facilities management and essential support services to government and commercial sector. Their purpose is to protect people from pest-borne diseases and from risks of poor hygiene. It utilizes innovative technologies and is invested in finding alternatives to eliminate the harmful effects of pest control chemicals and adapt more sustainable solutions. The company strives to be a world class employer with over 46,000 employees, upholds strict Health & Safety standards and encourages progression and development of its workforce.
Rothesay Life Ltd	Insurance	B2	Saving for the future	Rothesay Life operates as a holding company. The company, through its subsidiaries, provides life insurance and pension funds services. contributing to a sustainable economy by de-risking clients' pension portfolio and assisting them in saving for their future.
Royal London Mutual Insurance Society Ltd	Insurance	B3	Saving for the future	Royal London Mutual Insurance Society offers life assurance, existing policies details, funeral planning, pensions, wealth management, home, and car insurance. It is contributing to a sustainable economy through the reduction of risk and the mitigation of financial impact for the policy holder, producing a safety net for people and business in times of catastrophe.

Source: Liontrust / Factset, 31 December 2023



# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Scottish & Southern Energy Plc	Utilities	B1	Increasing electricity from renewable sources	SSE engages in the generation, transmission, distribution, and supply of electricity. It operates through the following segments: Networks, Retail, and Wholesale.
Severn Trent Plc	Utilities	A1	Improving management of water	Severn Trent engages in the provision of clean water and waste water treatment services and develops renewable energy solutions. It aims to provide clean and safe drinking water to its customers and is committed to invest £6.6bn over the next AMP, on new and existing pipes, treatment works and reservoirs.
South Eastern Power Networks Plc	Utilities	B2	Improving the efficiency of energy use	UK Power Networks is the UK's largest electricity distribution network (DNO), delivering power to 8.3 million homes and businesses via its network in London, the east and south east of England. The business invests significant capital in maintaining and improving its network, to ensure reliability and delivery of electricity in a safe and efficient manner.
Standard Chartered Plc	Banks	C2	Increasing financial resilience	Standard Chartered is an international banking group operating principally in Asia, Africa, and the Middle East offering products and services in the personal, consumer, corporate, institutional and treasury areas. It specialises in facilitating domestic and international trade in over 60 countries, including a number of under-banked emerging market countries, thus contributing to the economic growth profile across the globe.
Suez SA	Utilities	B3	Delivering A Circular Materials Economy	Suez is the largest waste management and the second-largest water treatment company in France.
Thames Water Ltd	Utilities	A3	Improving management of water	Thames Water is the largest water and sewerage companies in England and Wales by both RCV and number of customers served. It provides drinking water to around 9 million customers and sewerage services to around 15 million.
Unite Group Plc	Real Estate	A2	Providing education	Unite is the UK's largest owner, manager and developer of affordable, safe and secure student accommodation. Through the provision of affordable accommodation, it is enabling the provision of higher education, which in turn drives greater levels of socioeconomic mobility as well as fostering research & development and innovation.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Veralto Corporation	Industrials	B4	Improving Management Of Water	"Veralto is a US business which operates in two areas: 60% of the business relates to the management of water including instrumentation to measure water quality, water treatment equipment and membranes. The remainder of the business is involved in specialist printing which helps with supply chain traceability and ensuring product labelling meets regulatory guidelines."
Verizon Communications Inc	Telecommunications	B2	Connecting people	Verizon is one of the world's largest providers of communications products and services to consumers and businesses, providing consumer wireless and wireline communications services, video and data services, and security and managed network services, helping people to stay connected and conduct businesses across the globe. The company plays a pivotal role in the transition towards digital infrastructure, with the leading 5G network in the US, which forms a critical part of a sustainable economy.
Vodafone Plc	Telecommunications	B2	Connecting people	Vodafone is one of the largest telecommunications operators globally. It serves consumers and businesses, providing mobile, fixed line, voice and converged services as well as ICT solutions. The company plays a crucial role in facilitating the transition towards digital infrastructure, an essential component of a more sustainable economy.
Whitbread Plc	Travel & Leisure	C2	Encouraging Sustainable leisure	Whitbread engages in the operation of a chain of hotels, restaurants, and coffee shops. It operates through the Premier Inn segment, which provides services in relation to accommodation and food. Its brands include Premier Inn, Beefeater, Table Table, Brewers Fayre, Cookhouse & Pub, and Thyme.
Yorkshire Building Society	Banks	B1	Building Better Cities	Yorkshire Building Society provides banking services, offering saving accounts, mortgages, savings, insurance, life plans, credit cards, loans, and travel products. Its financial resilience is supported by its not for profit mutual structure that incentivises management to follow a lower-risk culture and de-emphasises profitability measures. The company has developed products specifically to accommodate first time buyers, new build mortgages and Help to Buy mortgages.

Source: Liontrust / Factset, 31 December 2023

# All Fund holdings

Company name	Sector	Sustainability Matrix	Sustainable investment theme	What this company does and how it contributes to a more sustainable economy
Yorkshire Water Finance Plc	Utilities	A2	Improving management of water	Kelda Group provides water and sewerage services to domestic and business customers across Yorkshire. Its main subsidiary is Yorkshire Water, which invests significant amounts of capital expenditure in its network to continue to supply safe drinking water to a growing population, while minimising its impact on the environment.
Zurich Finance	Insurance	B2	Insuring a sustainable economy	Zurich Insurance Group provides insurance-based financial services. The company offers general and life insurance products and services for individuals, small businesses, commercial enterprises, mid-sized and large corporations, and multinational companies, contributing to a sustainable economy through the reduction of risk and the mitigation of financial impact for policyholders.

Source: Liontrust / Factset, 31 December 2023

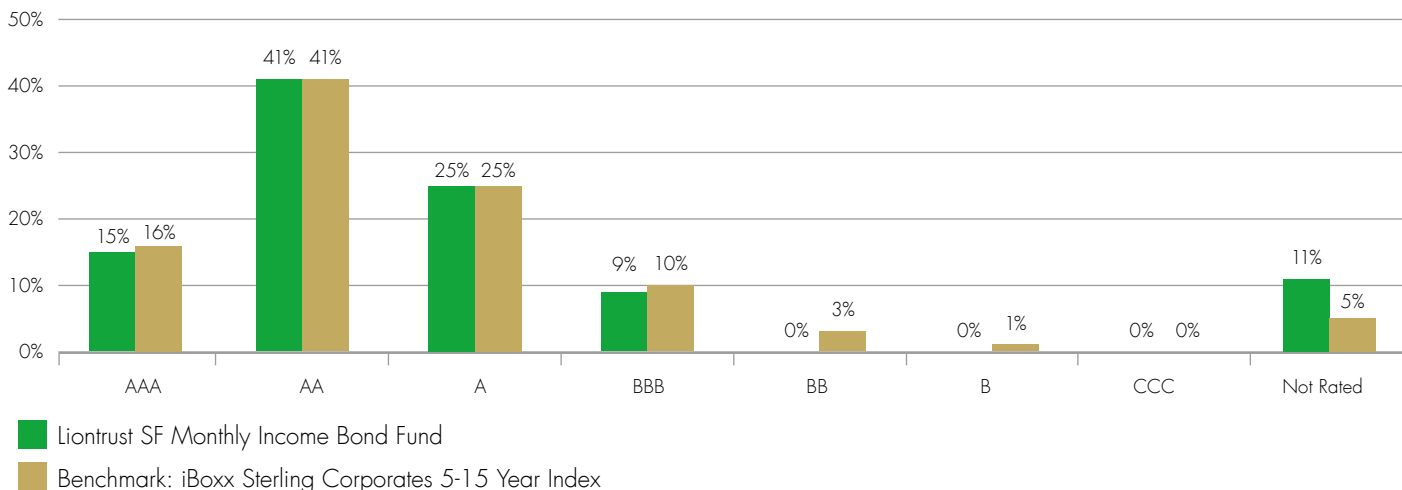
## Other third party ESG measures

We are often asked to provide data on how our Sustainable Future funds are ranked by third party ESG data providers.

When the portfolio is independently analysed by MSCI, we can see the ESG scoring is strong and better than the benchmark, achieving a rating of AA versus the iBoxx Sterling Corporates 5-15 Year Index's average of AA. When we decompose the portfolio score into its constituent E, S and G parts, we can see that the fund outperforms on all fronts.

### MSCI rating distribution

Below is the rating breakout. We can see that the fund has a significantly higher weight towards higher-rated companies and is underweight the lower-rated companies. Ratings in the fund are compared to the benchmark using the third party data provider (MSCI Analytics).



### ESG risk exposure

ESG quality scorecard			
	Portfolio	Benchmark	Active*
ESG Quality Score (0-10)	7.5	7.3	2.4%
Environmental Score	7.1	7.3	-3.4%
Social Score	5.1	5.1	-0.7%
Governance Score	6.7	6.1	9.6%

Source: MSCI Analytics and Liontrust as at 31 December 2023. The iBoxx Sterling Corporates 5-15 Year Index is the target benchmark for this fund. \*The Active column for ESG Quality Scorecard (scores) uses following logic: ((Portfolio Score/Benchmark Score)-1)\* 100.

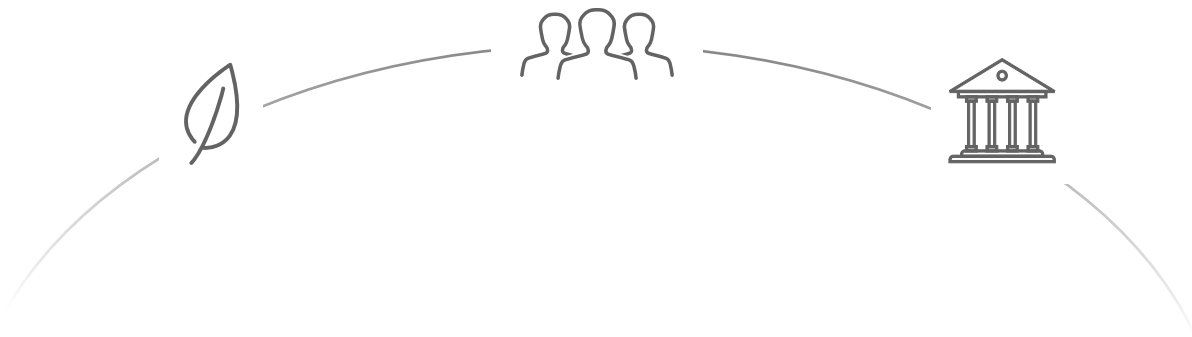
## Additional ESG metrics

We have committed to disclose additional ESG data for investors in the SF Funds. The following data relating to social, governance and human rights metrics has been requested by investors or sustainability labels. We have engagement and voting policies designed to improve the social, governance, environmental and human rights aspects for the companies in which the fund invests.

Data availability is improving. For example, in the case of staff turnover, where data availability was as low as 20-25% when we first started disclosing this in 2019, it has now nearly doubled. Our engagement priority is to encourage companies to participate in the Workforce Disclosure Initiative, which aims to target companies to report more information on how they manage staff and we believe is contributing to this increased disclosure on social metrics.

For human rights, we use data on the United Nations Global Compact as a proxy. The UN Global Compact is a set of principles to minimise unintended negative impacts in terms of harm to the environment and society and includes a significant amount relating to labour rights and human rights.

We have committed to disclose additional data related to the sustainability aspects of the fund, which we will disclose as part of our reporting cycle every six months.



## Additional ESG metrics

### Social: staff turnover

	Social: staff turnover	Data coverage	
		% weight	Number of companies
Liontrust SF Monthly Income Bond Fund	5.7%	55.4%	58.8%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	5.9%	54.4%	50.4%
Fund relative to benchmark	-0.2%		

### Governance: % women on board

	% women on board	Data coverage	
		% weight	By number
Liontrust SF Monthly Income Bond Fund	34.7%	86.8%	92.6%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	35.7%	94.8%	92.5%
Fund relative to benchmark	-1.0%		

### Governance: <30% women on board

	<30% women on board	Data coverage	
		% weight	By number
Liontrust SF Monthly Income Bond Fund	11.3%	86.8%	92.6%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	20.5%	94.8%	92.5%
Fund relative to benchmark	-9.2%		

### Governance: number of women on board

	Number of women on board	Data coverage	
		% weight	By number
Liontrust SF Monthly Income Bond Fund	4.18	86.8%	92.6%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	4.46	94.8%	92.5%
Fund relative to benchmark	-0.28		

Source: MSCI ESG Manager as 31 December 2023. Data coverage includes the % coverage of companies reporting ESG metric and % of fund covered by available data

# Additional ESG metrics

## Governance: board independence

	% Independent board	Data coverage		Proportion with <50% independent board (by weight)
		% weight	By number	
Liontrust SF Monthly Income Bond Fund	66.3%	80.7%	83.8%	1.9%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	0.0%	0.0%	0.0%	0.0%
Fund relative to benchmark	66.3%			1.9%

## Governance: Joint CEO & Chairman

	Joint CEO & Chairman	Data coverage	
		% weight	By number
Liontrust SF Monthly Income Bond Fund	0.0%	3.4%	2.9%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	13.5%	100.0%	100.0%
Fund relative to benchmark	-13.5%		

## Human Rights: UN Global Compact Signatory

	% Signatories to UN Global Compact	Data coverage	
		% weight	By number
Liontrust SF Monthly Income Bond Fund	48.7%	58.1%	57.4%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	55.4%	77.3%	71.3%
Fund relative to benchmark	-6.8%		

## Human Rights: UN Global Compact Status

				Data coverage	
	Pass	Watch List	Fail	% weight	By number
Liontrust SF Monthly Income Bond Fund	100.0%	0.0%	0.0%	88.8%	94.1%
Benchmark: iBoxx Sterling Corporate 5-15 Years Index	91.3%	8.7%	0.0%	96.3%	94.6%
Fund relative to benchmark	8.7%	-8.7%	0.0%		

Source: MSCI ESG Manager as 31 December 2023. Data coverage includes the % coverage of companies reporting ESG metric and % of fund covered by available data

## Key risks

**Past performance does not predict future returns. You may get back less than you originally invested.**

We recommend this fund is held long term (minimum period of 5 years). We recommend that you hold this fund as part of a diversified portfolio of investments.

- All investments will be expected to conform to our social and environmental criteria.
- Bonds are affected by changes in interest rates and their value and the income they generate can rise or fall as a result;
- the creditworthiness of a bond issuer may also affect that bond's value. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts. The value of a bond would be significantly affected if the issuer either refused to pay or was unable to pay.
- Overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.
- The Fund can invest in derivatives. Derivatives are used to protect against currency, credit or interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Fund uses derivative instruments that may result in higher cash levels. Cash may be deposited with several credit counterparties (e.g. international banks) or in short-dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.
- The Fund may encounter liquidity constraints from time to time. Participation rates on advertised volumes could fall reflecting the less liquid nature of the current market conditions.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- The level of targeted income is not guaranteed.



Liontrust uses Carbon Balanced Paper to reduce the carbon impacts of all our printed communications. This reduces Liontrust's carbon footprint and has a positive impact on carbon change. [www.carbonbalancedpaper.com](http://www.carbonbalancedpaper.com)

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

## Disclaimer

This document is issued by Liontrust Fund Partners LLP (2 Savoy Court, London WC2R 0EZ), authorised and regulated in the UK by the Financial Conduct Authority (FRN 518165) to undertake regulated investment business.

It should not be construed as advice for investment in any product or security mentioned, an offer to buy or sell units/shares of Funds mentioned, or a solicitation to purchase securities in any company or investment product. Examples of stocks are provided for general information only to demonstrate our investment philosophy. The investment being promoted is for units in a fund, not directly in the underlying assets.

This information and analysis is believed to be accurate at the time of publication, but is subject to change without notice. Whilst care has been taken in compiling the content, no representation or warranty is given, whether express or implied, by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified.

All the information provided should be treated as confidential, information may constitute material non-public information, the disclosure of which may be prohibited by law, and the legal responsibility for its use is borne solely by the recipient. This information should not be copied, forwarded, reproduced, divulged or otherwise distributed in any form whether by way of fax, email, oral or otherwise, in whole or in part without the express and prior written consent of Liontrust

**This is a marketing communication.** Before making an investment, you should read the relevant Prospectus and the Key Investor Information Document (KIID) and/or PRIIP/KID, which provide full product details including investment charges and risks. These documents can be obtained, free of charge, from [www.liontrust.co.uk](http://www.liontrust.co.uk) or direct from Liontrust. If you are not a professional investor please consult a regulated financial adviser regarding the suitability of such an investment for you and your personal circumstances. 2024.07

