LIONTRUST SUSTAINABLE FUTURE DEFENSIVE MANAGED FUND (“the Fund”)

Taskforce for Climate-Related Financial Disclosures (TCFD) Product Report
Covering 1 January 2023 to 31 December 2023

Purpose of this report

Under the rules of the Financial Conduct Authority (FCA), Liontrust is required to publish information annually on product level (fund) TCFD disclosures so that investors may have a better understanding of the climate-related risks and opportunities associated with this fund and its underlying holdings. This report is published in line with the requirements of the FCA and TCFD. To understand the governance, strategy and risk management that Liontrust has in place to manage the risks and opportunities related to climate change, please refer to the Liontrust Entity TCFD report found at: www.liontrust.co.uk/TCFD/entity-report Where there are any material deviations in this report from the TCFD recommendations, they shall be clearly explained in the entity report.

The following report has been prepared using data from MSCI. In order to ensure that the data provided is representative of the Fund, Liontrust has only reported on data points where there is a minimum data coverage of 60%. Liontrust will review this minimum threshold and will look to increase its disclosures as MSCI data coverage levels improve.

Key Information

Fund Name	Fund Management Team	ISIN	Fund Size*	Fund Base Currency	Benchmark
Liontrust Sustainable Future Defensive Managed Fund	Sustainable Investment ("the Team")	GB00BMN90635	851,487,970	GBP	IA Mixed Investment 20-60% Shares

*as at 31 December 2023

Objective & Policy

- The Fund aims to deliver income and capital growth over the long term (5 years or more) through investment in sustainable securities.
- The Fund is actively managed without reference to any benchmark meaning that the Investment Adviser has full discretion over the composition of the Fund's portfolio, subject to the stated investment objectives and policies.
- The Fund will invest globally. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (liontrust.co.uk).
- The investment objective of the Fund will be achieved through investment in securities that provide or produce sustainable products and services as well as having a progressive approach to the management of environmental, social and governance ("ESG") issues.
- Allocations to equities, fixed income, and cash will vary over time depending on market circumstances. Asset allocation limits will remain in line with the following asset allocation ranges: Equity – 20-50%, Fixed income – 10-60%, Cash – 0-20%
- The Fund may invest in collective investment schemes including other Liontrust Funds (up to 10% of Fund assets), other transferable securities, money market instruments, warrants, and deposits.
- The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Investment Process

The Fund will invest in equities, bonds and cash. For equities, the process starts with a thematic approach in identifying the key structural trends that will shape the global economy of the future. We currently invest in three transformative trends (Better Resource Efficiency, Improved Health and Greater Safety and Resilience) and 20 themes within these. The team then invests in well-run companies whose products and operations capitalise on these transformative changes. While themes are at the heart of idea generation, there are three further criteria all holdings have to satisfy: Broader sustainability: While a company might have significant exposure to a theme, the team has to check how sustainable the rest of its activities are. Business fundamentals: The team assesses a company's ability to generate high returns on equity. Financial modelling and valuation: This information is used to construct financial models detailing the revenue, margin and earnings progression the company is likely to deliver over the next five years. For the fixed income process, macroeconomic analysis determines the managers' top-down view of the world and this helps shape portfolio construction and appetite for risk. After this, the managers aim to focus on high-quality issuers and believe this can reduce bond specific risk. Assessment of quality is a distinctive part of their process, combining traditional credit analysis with a detailed sustainability assessment based on their proprietary model. The managers seek the best-value bonds from high-quality issuers across the capital structure, along the maturity curve and issued in primary credit markets (UK, US and Europe). The Fund's asset allocation is based on long-term risk/return profiles of equities, bonds and cash. The managers then tactically adjust these exposures within predefined ranges to enhance overall investment returns. Tactical positioning is driven by analysis of leading economic indicators and then an assessment of asset class valuations relative to both their own history and to each other.

This document provides you with climate-related information for the Fund. It is not marketing material. The information is required by law.
The greenhouse gas (GHG) emissions and carbon metrics represent an aggregation of issuer level data across the Fund that should not be considered as performance indicators within the Fund and may not be taken into account in the management of the portfolio.

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Fund Information

Climate-related commitments

The Fund is positioned for an aggressive shift towards an ultra-low carbon economy (as the Team believes the companies it invests in will gain a competitive advantage by adopting a progressive strategy and will be more successful as a result). The Team has committed to:

1. avoid investing in high emitting businesses where there are lower carbon alternatives[*], while

2. seeking to invest in solutions providers who reduce emissions for their customers (within the Team's greater resource efficiency sustainable investment themes[**]) as well as

3. engaging with businesses it is invested in to decarbonise in line with the science as it believes this will give them a competitive advantage. This engagement prioritises investments that contribute the most to the fund's direct emissions.

The Fund is part of Liontrust's initial commitment to the Net Zero Asset Managers' (NZAM) Initiative which aims to achieve:

- By 2025: a 25% reduction in the fund's weighted average carbon intensity (WACI) compared to the fund's benchmark WACI as at end December 2019
- By 2030: a 50% reduction in the fund's WACI compared to the fund's benchmark WACI as at end December 2020

[*] see p7, [**] see p5, p17 of Liontrust Sustainable Investment - How we invest https://www.liontrust.co.uk/fund-managers/sustainable-investment/sustainable-documents

Governance of climate-related risks and opportunities

- Liontrust has a strong governance structure in place around its Responsible Capitalism ("RC") platform and approach to ESG integration. For details on this, please see the dedicated TCFD section on Liontrust's website (www.liontrust.co.uk/TCFD)
- The Team is one of Liontrust's seven investment teams. Each of Liontrust's investment teams follows its own, well-documented investment process; each is overseen by the Group's Portfolio Risk Committee (PRC) and is required to demonstrate how it is adhering to its processes. The PRC is responsible for monitoring portfolio risk for each of Liontrust's funds.
- Liontrust Sustainable Future funds make use of their Advisory Committee to guide their knowledge on sustainable trends, including the risks and opportunities arising from the climate crisis. (Liontrust Sustainable Investment - How we invest p12) https://www.liontrust.co.uk/fund-managers/sustainable-investment/sustainable-documents
- Liontrust's Responsible Capitalism (RC) team leads the Group's strategy, policies, and activities for the Group's overall RC approach as well as supports, as needed, the Group's investment teams in their ESG integration and engagement with holdings, particularly on ESG related topics.

Strategy for managing climate-related risks and opportunities

In its thematic analysis, the Team works to better understand the big sustainable trends that are happening and analyse these themes to check which companies will be potential winners or losers from major multi-decade changes in different parts of the economy. The Team looks at the world through the prism of three megatrends, one of which is 'better resource efficiency'. This relates to using resources more efficiently (water, recycling of waste, lower-carbon energy sources and energy efficiency), all of which can result in reduced emissions.

Management of climate-related risks and opportunities

For each business, the Team determines the key ESG factors that are important indicators of future success and assesses how well these are managed via the Team's proprietary Sustainability Matrix. Each company held in the portfolio is given a matrix rating, which analyses product sustainability and management quality. This includes the risks and opportunities for the business in relation to the climate crisis. Only businesses which score better than the market median are eligible for investment in the Fund.

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Climate Metrics				
Metric	**Data coverage (%)**	**2023**	**2024**	**2025**
Scope 1 and 2 greenhouse gas emissions (tCO2e)	61.9%	11,046.5		
Scope 3 greenhouse gas emissions (tCO2e)	61.9%	93,357.2		
Total carbon emissions (1+2+3) (tCO2e)		104,403.7		
Total carbon footprint (tCO2e/$m invested)	61.9%	10.2		
Weighted average carbon intensity ("WACI") (tCO2e/$m sales)*	70.8%	40.0		

* WACI figure provided does not include sovereigns
Data for the climate-related information in this table is from MSCI.
For further information on these metrics, including how they are defined and associated limitations, please refer to the Glossary at the end of this report.

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Climate Metrics (continued)

Exposure to carbon intensive sectors

The Fund is not determined to have high exposure to carbon intensive sectors.

Liontrust defines having 'high exposures to carbon intensive sectors' as those funds which have greater than 60% of investments, by portfolio weight, in the following sectors*: Agriculture, Forestry and Fishing; Mining and Quarrying; Manufacturing; Electricity, Gas, Steam and Air Conditioning Supply; Water Supply: Sewerage, Waste Management and Remediation Activities; Construction; Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; Transportation and Storage; and Real Estate Activities.

Climate Scenarios

Metric	Data coverage (%)	Orderly transition (%)	Disorderly transition (%)	Hothouse World (%)
Policy Climate VaR (Scope 1,2,3)	60.9%	-1.9%	-2.6%	-0.4%
Technology Opportunities Climate VaR	60.9%	0.5%	1.0%	0.1%
Physical Climate VaR**	<60%	-	-	-
Aggregated Climate VaR		-	-	-

****Selected Scenario: Aggressive**

Where MSCI data coverage is less than 60%, metrics have not been reported in line with Liontrust's minimum data coverage threshold.

Data for the climate-related information in this table is from MSCI. For further information on these metrics, including how they are defined and associated limitations, please refer to the Glossary at the end of this report.

Commentary

In both the orderly and disorderly transition scenarios, Policy Climate VaR is the most significant driver of impact. This is due to the anticipated costs borne by holdings to adhere to policy requirements to achieve a 1.5°C world eroding more capital. This trend is more pronounced in the disorderly transition as it is assumed that policy response is delayed and would therefore need to be more aggressive to achieve a 1.5°C world.

Implied Temperature Rise ("ITR")

The ITR for the Fund is 1.6°C. It can therefore be categorised as 2°C aligned with regard to the Paris Agreement.
Data coverage for the Fund is 61.3%

Data for this climate-related information is from MSCI. For further information on these metrics, including how they are defined and associated limitations, please refer to the Glossary at the end of this report.

***NACE codes are one of the commonly used classification systems to categorise the economic activities of firms and have been used to determine whether a holding within the portfolio falls within one of the 'carbon intensive' sectors noted above.**
This document provides you with climate-related information for the Fund. It is not marketing material. The information is required by law.
MSCI Climate VaR and ITR metrics provided in this report may not fully reflect future economic reality and are subject to measurement uncertainties resulting from limitations inherent in nature and should not be construed to represent any belief regarding materiality or financial impact. Climate VaR and ITR are being provided in this report for the purposes of complying with applicable ESG reporting requirements.

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Glossary – Climate-Related Metrics

Term used	Definition	Interpretation	Limitations
Scope 1 greenhouse gas (GHG) emissions*	Scope 1 emissions are direct emissions from owned or controlled sources. Emissions are measured in tonnes of carbon dioxide equivalent (tCO2e)	The higher the emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions.	Data used may include estimates.
Scope 2 greenhouse gas (GHG) emissions*	Scope 2 emissions are indirect emissions from the generation of purchased energy. Emissions are measured in tonnes of carbon dioxide equivalent (tCO2e)	The higher the emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions.	Data used may include estimates.
Scope 3 greenhouse gas (GHG) emissions*	Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Emissions are measured in tonnes of carbon dioxide equivalent (tCO2e)	The higher the emissions of the fund, the greater the extent of the fund's underlying holdings' indirect contribution to GHG emissions.	Data used may be modelled.
Total carbon emissions	Total carbon emissions are the sum of Scope 1, Scope 2 and Scope 3 emissions.	The higher the emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions.	Data used may include estimates or may be modelled.
Total carbon footprint	Total carbon footprint is total Scope 1 and 2 carbon emissions for a portfolio normalized by the market value of the portfolio. Total carbon footprint is measured in tonnes of carbon dioxide equivalent per million USD invested (tCO2e/$m invested)	The higher the carbon footprint, the greater the extent of the fund's underlying holdings' contribution to GHG emissions. Total carbon footprint allows for comparison across funds.	Data used may include estimates or may be modelled. Total carbon footprint does not include Scope 3 GHG emissions.
Weighted average carbon intensity (WACI)	WACI is a measurement of a fund's exposure to the carbon intensity of its holdings. WACI is calculated by multiplying the carbon intensity of each holding by the weight of each holding in a portfolio. It is measured in tonnes of carbon dioxide equivalent per million USD of sales (tCO2e/$m sales) WACI figures provided do not include sovereigns	The larger the WACI, the higher the fund's exposure to the carbon intensity of its holdings. WACI allows for comparison across funds.	Data used may include estimates or may be modelled. WACI does not include Scope 3 GHG emissions.
Climate Value at Risk (CVaR)	CVaR is a forward-looking quantitative model that forecasts the present value of future costs and benefits under different potential climate scenarios. Aggregated CVaR is made up of: **Policy Climate VaR** - The value of underlying holdings at risk of being lost due to climate change policies being enacted by countries. These policies will lead to higher carbon prices, which will then impact the business operations of different sectors. **Technology Opportunities VaR** - The profit opportunity available to underlying holdings who can take advantage of the costs that companies will face from 'policy risk'. MSCI measures companies' profit opportunity by assessing the quality of their low-carbon technology patent library. **Physical Climate VaR** - The costs of damage or loss of productivity to underlying holdings from increased incidence and severity of weather events because of climate change: e.g. wildfires, extreme heat, and flooding.	The more negative the CVaR, the higher the potential negative impact on the value of the fund's underlying holdings.	CVaR values reflect costs out to a horizon of 2100, which is not in line with fund investment horizons. Data used is modelled.
Implied Temperature Rise (ITR)	ITR estimates the global temperature increase contribution from a fund's current GHG trajectory. It can show the estimated temperature alignment of funds with global climate targets.	The ambitions of the Paris Agreement are to keep a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature even further to 1.5°C. In this context, the ITR of the fund can be interpreted according to the following Paris-alignment categories: **1.5°C aligned**- ITR of <= 1.5°C **2°C aligned**- ITR of >1.5°C- 2°C **Misaligned**- ITR of >2.0-3.2°C **Strongly Misaligned**- ITR of >3.2°C	Underlying GHG emissions data used may include estimates.

*The allocation base is Enterprise Value Including Cash (EVIC).
All of the metrics listed above are sourced from MSCI.

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Glossary – Climate-Related Metrics

Scenario used	Definition
Orderly Transition	Climate scenario which assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO2 emissions around 2050 and likely limiting global warming to below 2 degrees Celsius on pre-industrial averages. The figure provided relates to the 1.5°C Regional Model of Investment and Development (REMIND) Network for Greening the Financial System (NGFS) Orderly scenario as provided by MSCI.
Disorderly Transition	Climate scenario which assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on preindustrial averages. The figure provided relates to the 1.5°C REMIND NGFS Disorderly scenario as provided by MSCI.
Hothouse World	Climate scenario which assumes only currently implemented policies are preserved, current commitments are not met, and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise. The figure provided relates to the 3°C REMIND NGFS Nationally Determined Contributions (NDC) scenario as provided by MSCI.
Aggressive Scenario for Physical Climate VaR	A scenario which explores the severe downside risk of costs from weather extremes, using a probabalistic modelling framework from MSCI. This scenario was selected to provide a worst-case scenario view from a physical CVaR perspective.

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

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Important information

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