

Global Equities team: Integration of Sustainability Risk

The management of sustainability risk forms part of the due diligence process implemented by the Investment Adviser, which includes assessing the risk that the value of an investment could be materially negatively impacted by an environmental, social or governance ("ESG") event or condition.

Sustainability risk is identified, monitored and managed by the Investment Adviser by grading each of the potential investments identified using its investment process against sustainability risk and to identify whether it is vulnerable to such risk. The Investment Adviser may also incorporate exclusion policies for certain factors, such as controversial weapons, whereby potential investments are removed from the investment universe.

The Investment Adviser relies on ESG information obtained from third-party data providers to assist in understanding the sustainability risks of a proposed investment. The Investment Adviser may also conduct its own fundamental analysis on each potential investment to further assess the adequacy of the ESG programmes and practices of a company or issuer to manage the sustainability risk it faces. Potential ESG issues associated with an investment, such as company or issuer operations, governance practices or products and services that allegedly violate national or international laws, regulations or other commonly accepted global norms are also monitored by the Investment Adviser to assess the potential impact on the value of the investment.

The information gathered from this analysis will be taken into account by the Investment Adviser in deciding which of the potential long-only investments to acquire and the size of the position to ensure the Fund invests in companies and issuers with strong cash flows that deploy cash prudently whilst minimising the potential impact of sustainability and other risks. The process may, in certain circumstances, result in the Fund holding securities rated below average in respect of ESG criteria assessed by data providers where the Investment Adviser believes that the relevant existing ESG rating, as categorised by the data provider, does not fully reflect the position of the relevant issuer or company, or has not captured recent positive sustainability-related changes which have been implemented by the relevant issuer or company. Some companies or issuers may not be rated or covered by data providers and may publish little or no information on their ESG policies and sustainability risks, and in these cases the Investment Adviser's scope for analysis of sustainability risk may be more limited. Depending on the availability of data, the Investment Adviser may decide to exclude such companies or issuers from their investment universe.

In addition, the Investment Adviser will monitor sustainability risk on an ongoing basis through reviewing ESG data published by the company or issuer (where relevant) or selected data providers to determine whether the level of sustainability risk has changed since the initial assessment was conducted. Where there is an increase in sustainability risk, the exposure to the relevant security may be reduced taking into account the best interests of the Shareholders of the Fund.

While no guarantee can be made, the Investment Adviser expects limited negative impact from the materialisation of sustainability risk on the returns of the Fund due to the monitoring and management of sustainability risk as described above.

Since the Fund does not have as its objective sustainable investment, nor does it promote environmental or social characteristics, it also does not fall within the scope of the Taxonomy Regulation. The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Please refer to "Sustainability Risk" as outlined in the section of the Liontrust Global Funds plc Prospectus entitled "RISK FACTORS" for further information.