Article 10 Sustainability Related Disclosures for Marsham USD Transitional Issuers Fixed Income Fund

1) Summary

The below table summarises the information contained in this 'sustainability-related disclosures' document for the Marsham USD Transitional Issuers Fund (the "Fund"). This document has been produced by Marsham Investment Management LLP ("Marsham IM", or the "Firm") in order to meet the requirements of Regulation (EU) 2019/2088, known as the EU Sustainable Finance Disclosure Regulation, or "SFDR". For full details in relation to any topic listed below, please refer to the relevant section in the remainder of this document.

Topic	Summary
No sustainable investment objective	This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.
Environmental or social characteristics of the financial product	The Fund promotes environmental or social characteristics by investing in companies that have already adopted and implemented best-in-class sustainability practices ("Best-In-Class companies"), and those on the path of transitioning towards and adopting such sustainability practices ("Transitional Issuers").
Investment strategy	The Fund's investment objective is to preserve assets in the long-term and to maximise total return by investing primarily in USD denominated debt securities. This will be achieved by investing primarily in Best-In-Class companies and Transitional Issuers.
Proportion of investments	The Fund shall invest at least 80% of its NAV directly in a combination of Best-In-Class companies and Transitional Issuers.
Monitoring of environmental or social characteristics	The Firm's monitoring of environmental and social characteristics is fundamental in nature and is based on data provided by our specialist supplier, Sevva which is an AI based investment research platform. The Firm also uses other major providers of ESG ratings, including Sustainalytics, MSCI ESG and Bloomberg. Additionally, all investments are subject to annual norm-based monitoring that is used to identify companies allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption.

Methodologies	The Impact Score methodology is based on the UN Sustainable Development Goals ("SDG"). Separate SDG Impact Score methodologies have been developed for companies, funds and ETFs, corporate bond holdings and for the identification of peer groups. The SDG Impact Score for each company ranges from 0-10 with 10 being the highest positive impact. The Score is calculated based on scores for Environmental (8 Impact Factors), Social (9 Impact Factors) and Governance (8 Impact Factors). For each Impact Factor the system determines whether the company meets the threshold level where it is considered to have addressed the particular Impact Factor.
Data sources and processing	The primary source used for ESG data is Sevva, which is an AI based investment research platform. The Firm also uses other major providers of ESG ratings, including Sustainalytics, MSCI ESG and Bloomberg both for data inputs and for cross checking and data validation.
Limitations to methodologies and data	The Firm is reliant upon data provided to it by corporate issuers; third-party data providers such as Sustainalytics, MSCI ESG and Bloomberg; and Sevva, an independent ESG research platform. While efforts are made to ensure the accuracy and integrity of this data, including by cross-referencing data from different sources, the Firm is not able to independently verify the accuracy of all such data relied upon.
Due diligence	The investment due diligence process incorporates both, a bottom-up and top-down analysis when screening for securities. In both instances, we assess the financial profile of the issuer, the corporate governance of the company, geography of its operations and industry dynamics. Once these first filters have returned results, we conduct a detailed fundamental analysis of the issuer as well as the financial instrument based on a range of sources such as company information and forecasts, external broker research, and rating agencies reports. Specific sustainability factors in the areas of environment, social capital, human capital, business model, leadership and governance are incorporated in this process as part of the basic fundamental assessment of any company.
Engagement policies	The Fund holds a minority stake in the companies that it invests in and the Firm is not an activist stakeholder. We do not seek to directly influence the strategy of the companies that we invest in, other than by preferentially allocating capital to companies that we deem to be Best-In Class companies and Transitional Issuers, and disinvesting from companies that do not meet these standards.
Designated reference benchmark	N/A - the Fund does not have a designated reference benchmark.

2) **No sustainable investment objective**

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: %	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** %	☒ It promotes E/S characteristics, but **will not make any sustainable investments.**

3) **Environmental or social characteristics of the financial product**

The Fund promotes environmental or social characteristics by investing in companies that have already adopted and implemented best-in-class sustainability practices ("Best-In-Class companies"), and those on the path of transitioning towards and adopting such sustainability practices ("Transitional Issuers").

A selective approach is taken to industries that are carbon intensive or that have otherwise failed to substantially implement sustainable objectives or practices. Issuers in such industries are screened to ensure that they stand out in their efforts to transform existing business models and have a clear transition strategy in all material respects.

4) **Investment strategy**

The Fund's investment objective is to preserve assets in the long-term and to maximise total return by investing primarily in USD denominated debt securities.

This will be achieved by investing primarily in USD denominated debt securities of companies that have already adopted and implemented best-in-class sustainability practices ("Best-In-Class companies"), and those on the path of transitioning towards and adopting such sustainability practices ("Transitional Issuers").

The Fund may invest in both investment grade and sub-investment grade, with short as well as long duration without restriction. The Fund will mainly invest in developed markets, however, investments may be made in any geography including emerging markets.

The Fund employs a long-only strategy and will not carry out uncovered sales of securities. The Fund may also invest in money market instruments or cash for liquidity purposes.

5) **Proportion of investments**

The Fund shall invest at least 80% of its NAV directly in a combination of companies that have already adopted and implemented best-in-class sustainability practices ("Best-In-Class companies"), and those on the path of transitioning towards and adopting such sustainability practices ("Transitional Issuers").

In practice, the Fund will invest substantially all of its assets in such investments. The purpose of the 20% buffer is to allow for holdings in money market instruments or cash for liquidity management purposes, and to avoid becoming a forced seller of assets where ESG ratings unexpectedly

change, to allow for engagement with issuers or for further work to be undertaken to ascertain the reason for such changes and the prospects for re-rating.

It should however be noted that notwithstanding the above, the Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 (the "Taxonomy Regulation"), and as such, its portfolio alignment with the Taxonomy Regulation is not calculated. On this basis, the Fund is not able to commit to holding any specific minimum proportion of sustainable investments within the meaning of the Taxonomy Regulation.

6) **Monitoring of environmental or social characteristics**

We regularly assess information provided by each company that we invest in on behalf our clients and monitor for any developments in regard to ESG factors.

Our monitoring of environmental and social characteristics is fundamental in nature and is based on data provided by our specialist supplier, Sevva which is an AI based investment research platform. The platform enables Marsham IM to cover all publicly listed companies, SMEs and companies in emerging markets. Our ESG analysis is carried out in the same manner as our credit research, in that we do not focus solely on current ratings as they are often static or even delayed. Instead, we dive into each of the UN SDG factors and look for a company's disclosure and the fundamentals driving each sub-score, which is then weighted into a total score. In some cases we find a lagging score could be driven by the lack of disclosure, while in others there are deep rooted issues that lead to companies screening as uninvestable for us. We also use other major providers of ESG ratings, including Sustainalytics, MSCI ESG and Bloomberg for cross checks.

Additionally, all of our investments are subject to annual norm-based monitoring. The screening is used to identify listed companies allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, we will initiate an internal assessment process of the company and the incident. The norms-based screening also identifies companies that are subject to exclusion based on our exclusion criteria.

7) **Methodologies**

SDG Impact Score Calculation for Companies

The SDG Impact Score for each company ranges from 0-10 with 10 being the highest positive impact. The Score is calculated based on scores for Environmental (8 Impact Factors), Social (9 Impact Factors) and Governance (8 Impact Factors).

For each Impact Factor the system determines whether the company meets the threshold level where it is considered to have addressed the particular Impact Factor.

SDG Impact Score Calculation for Funds and ETFs

The SDG Impact Score for a portfolio, fund or ETF is calculated by multiplying the individual SDG Impact Scores for each company by the portfolio weighting of that company and then adding up the weighted scores.

SDG Impact Score Calculation for Corporate Bond holdings

SDG Impact scores for Corporate Bond holdings are determined according to the following rules:

a) Where the issuer is a publicly listed company, the SDG Impact score will be that of the relevant publicly listed company
b) Where the issuer is a subsidiary of a publicly listed company the SDG Impact score will be that of the publicly listed parent company
c) If neither (1) nor (2) apply, but the issuer is guaranteed by a publicly listed company, the SDG Impact score will be that of the publicly listed guarantor
d) If neither (1) nor (2) nor (3) apply then the relevant issuer will not be considered for rating within the portfolio

Peer Groups

Peer groups are identified for the purposes of score calculation for a particular company as being the total number of companies which are both in the same Business Sector as that company and in the same Market Capitalisation band.

8) **Data sources and processing**

The primary source used for ESG data is Sevva, which is an AI based investment research platform. Marsham IM also uses other major providers of ESG ratings, including Sustainalytics, MSCI ESG and Bloomberg both for data inputs and for cross checking and data validation.

This data is supplemented by fundamental and primary research undertaken by the portfolio managers, including engagement with issuers, review of earnings reports, public disclosures, and other investment research.

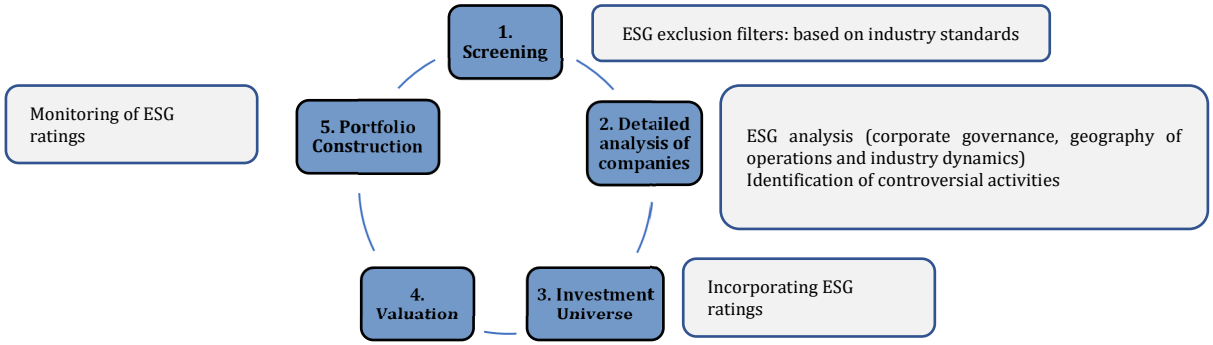
9) **Limitations to methodologies and data**

Marsham IM is reliant upon data provided to it by corporate issuers; third-party data providers such as Sustainalytics, MSCI ESG and Bloomberg; and Sevva, an independent ESG research platform. While efforts are made to ensure the accuracy and integrity of this data, including by cross-referencing data from different sources, Marsham IM is not able to independently verify the accuracy of all such data relied upon.

10) **Due diligence**

The investment due diligence process incorporates both, a bottom-up and top-down analysis when screening for securities. In both instances, we assess the financial profile of the issuer, the corporate governance of the company, geography of its operations and industry dynamics. Once these first filters have returned results, we conduct a detailed fundamental analysis of the issuer as well as the financial instrument based on a range of sources such as company information and forecasts, external broker research, and rating agencies reports. Specific sustainability factors in the areas of environment, social capital, human capital, business model, leadership and governance are incorporated in this process as part of the basic fundamental assessment of any company.

The investment and ESG due diligence process at Marsham IM can be summarised as follows:



11) **Engagement policies**

Marsham IM holds a minority stake in the companies that it invests in and is not an activist stakeholder. We do not seek to directly influence the strategy of the companies that we invest in, other than by preferentially allocating capital to companies that we deem to be Best-In Class companies and Transitional Issuers, and disinvesting from companies that do not meet these standards.

Our stewardship approach is closely aligned with our investment mission and approach to sustainable investments, which is to use research-based, quality driven processes to produce the best possible long-term results for our clients.

12) **Designated reference benchmark**

This section is not applicable, as the Fund does not have a designated reference benchmark for the purposes of measuring its performance, either in relation to its financial performance or to the attainment of its environmental and social objectives.