

Close Sustainable Balanced Portfolio Fund

ISIN: GB00BLPK3Z72

December 2024

Sustainability Approach

The Close Sustainable Balanced Fund aims to provide capital growth and income over the medium term consistent with its risk/return profile. The fund will invest at least 80% of its portfolio in a mixture of equities and fixed interest securities, achieving this exposure primarily through direct investment.

The Fund has a sustainability objective to maintain a Weighted Average Carbon Intensity (tonnes of Scope 1 and 2 CO₂e per US\$m of revenue) below the lower of (i) the relevant ESG benchmark or (ii) 50% below the 2019 baseline level of the relevant non ESG benchmark.

The Fund also has a target of net zero emissions by 2050. For equities, the relevant ESG benchmark is the MSCI Low Carbon Leaders Index and the non-ESG benchmark is the MSCI All Countries World Index. For corporate fixed interest securities, the relevant ESG benchmark is the ICE BofA Global Corporate Green, Social & Sustainable Index and the non ESG benchmark is the ICE BofA Global Corporate Index.

Sustainable investment labels help investors find products that have a specific sustainability goal. This fund does not have a UK sustainable investment label. The fund is currently going through the FCA approval process to obtain a sustainable investment label.

Responsible Investment Process

- 1 Research**
Reviewing ESG factors in our investment research can provide a more holistic view, from which the sustainable case may be considered
- 2 Screening**
Screening allows for the identification and possible exclusion of any companies from investment which may be deemed harmful to society or the environment
- 3 Carbon Emissions**
Evaluating the carbon emissions of companies supports the creation of portfolios which contribute to our lower emissions and net zero objectives
- 4 Engagement**
Using our influence as investors to encourage change and more sustainable practices within companies where appropriate

The Investment Adviser identifies opportunities through detailed analysis to assess both the financial and non-financial sustainability of investments. This is informed by public data, third-party insights, and proprietary models. Decisions consider environmental and social factors such as carbon goals. The focus is on what matters most to each company and its stakeholders, rather than adhering to a sustainability theme. In certain market conditions, the Fund may hold up to 20% in assets such as cash, bonds, money market instruments, and other securities outside its main equity holdings.

Avoiding Environmental and Social Harm

The Sustainable Balanced Fund employs strict inclusion and exclusion criteria to ensure alignment with sustainability objectives. The fund excludes companies that derive more than 10% of their revenues from the following sectors.



Thermal
Coal



Tobacco
Manufacture



Gambling



Adult
Entertainment



Controversial
Weapons



Civilian
Firearms

Additionally, companies in violation of the UN Global Compact principles or responsible for significant environmental harm are excluded. Companies no longer meeting these criteria are divested within 90 days.

Sustainability Metrics and Progress

Sustainability is measured using the carbon intensity compared to the relevant benchmarks. Carbon intensity is the volume of carbon emissions (tons) per million dollars of revenue. Weighted Average Carbon Intensity (WACI) measures a portfolio’s exposure to carbon intensive companies. Calculating a portfolio’s WACI is achieved by calculating the carbon intensity (scope 1 and 2 emissions/\$M Sales) for each portfolio company and calculating the weighted average by portfolio weight. Carbon Intensity of the fund against relevant benchmarks is presented below.

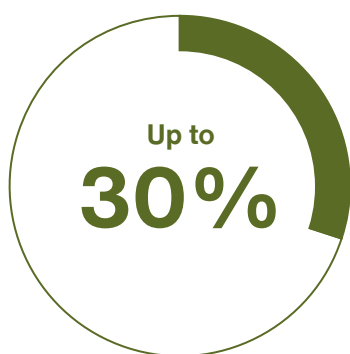
Carbon Intensity against Fixed Income Benchmark

	Fund (Fixed Income Allocation)	ICE BofA Global Corporate Index	ICE BofA Global Corporate Index 2019	ICE Global Corporate Green, Social & Sustainable Bond Index
Intensity*	67.31	214.32	318	288.35

Carbon Intensity against Equity Benchmark

	Fund (Equity Allocation)	MSCI All Countries World Index	MSCI All Countries World Index 2019	MSCI ACWI Low Carbon Leaders Index
Intensity*	62.56	124.36	183	89.41

*Data as at 31/10/2024



of the investments which have an available Carbon Intensity may be above the relevant benchmark but be on course to reduce emissions by 50% from 2019 levels by 2030



of the investments in this fund which have an available Carbon Intensity will be below the relevant benchmarks

Stewardship

Our stewardship approach is focused on four areas:

- Communication of our expectations for Low emitter and Improver securities.
- Holding Improvers to account on the short and medium trajectory of their carbon intensity.
- Strengthening of carbon emission targets for those Improvers whose targets have not been approved by a third-party or are not supported by clear plans.
- Improving disclosure of carbon intensities for those holdings without available carbon intensities.

Engagement with Low Emitters

If a Low Emitter breaches its carbon intensity targets, the Investment Adviser will investigate any potential data issues and engage with the company to confirm accuracy. If the company meets the Improver criteria, it will follow the Improver engagement process. Otherwise, divestment is considered after two years if conditions aren’t satisfied.

Risks

In addition to financially material sustainability risks that can impact any investment, the financial return of the Fund may be affected by the constrained investable universe created by our screens and demanding carbon intensity thresholds for inclusion in the fund.

Useful Links: [Further fund information](#) | [TCFD Product Report](#) | [TCFD Entity Report](#)