

FOR INVESTMENT PROFESSIONALS ONLY

Responsible Investment Forum

May 2022



Agenda



Bringing responsible investment into your CIP



Scott Dakers
Business Development Director
Square Mile Research

What does sustainable investing mean to Square Mile?



Daniel Pereira
Investment Manager
Square Mile Research

Integrating responsible investment into fixed income



Scott Freedman
Credit Analyst & Portfolio
Manager, Fixed Income team
Newton Investment Management
(a BNY Mellon Company)

Integrating responsible investment into equities



Matt Evans
Portfolio Manager
Ninety One

ESG Trends and drivers

ESG Assets projected to hit **\$53** Trillion by 2025 = 1/3 of Global AUM.*

38% of new flows into Responsible funds in 2020 **

75% of New Flows into article 8 & 9 funds in Europe since March 2021. **

AUM of Responsible funds now at **4%** doubled since 2019. **

- MIFID II – Post BREXIT
- Greening Finance paper October 2021
- Sustainability Disclosure Requirements (SDR)
- Implementation 2022



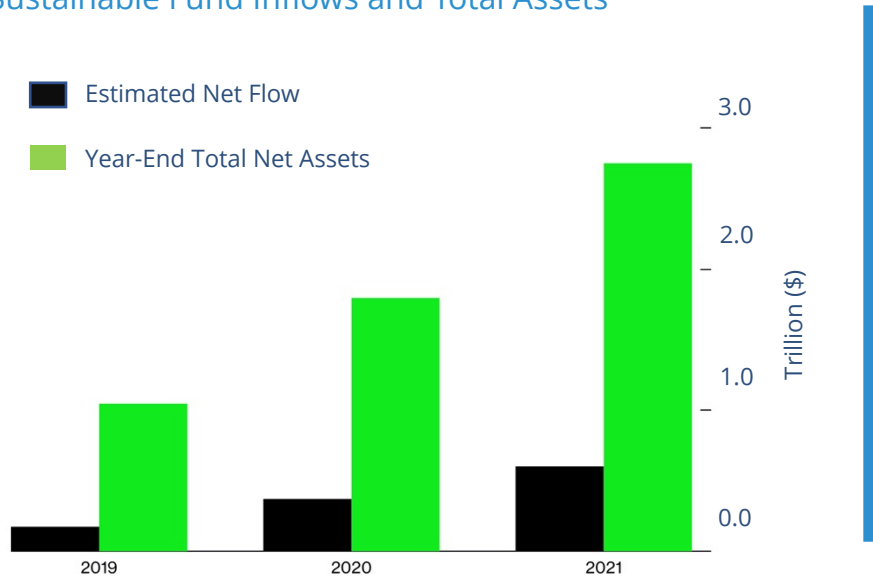
Source: February 2021 Bloomberg Intelligence

*Broadridge Q3 report

** Source: IA Annual 2021 Report

Mutual Fund and ETF Flows

Sustainable Fund Inflows and Total Assets



- ETF flows saw a 53% increase to \$2.7 trillion.
- New classification removed over 1000 Funds from the sustainable universe.

Date as at 3rd February 2022

Source: Morningstar Inc. and Bloomberg: <https://www.bloomberg.com/news/articles/2022-02-03/esg-by-the-numbers-sustainable-investing-set-records-in-2021>

Note: Figures in trillions of dollars

ESG and Responsible drivers



Davos



Shareholder vs
Stakeholder



The rise of social media



Ratings and research
agency focus



The Greta Thunberg
effect



Corporate social
justice



Covid-19



"Group think avoidance"
Diversity/Inclusion



New ages of financing

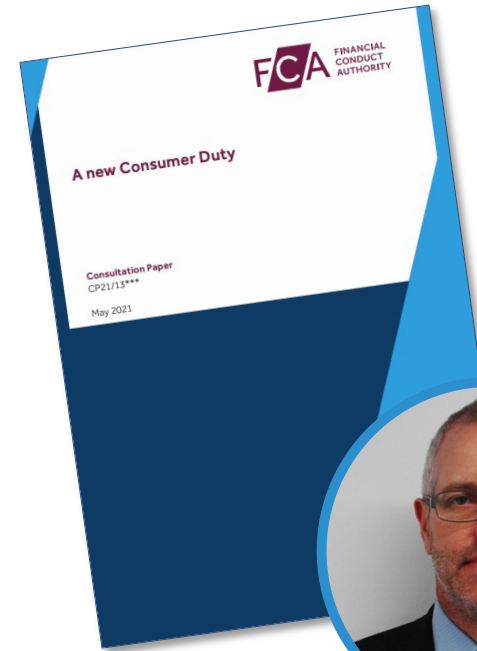


Austerity

FCA – An update

A New Consumer Duty May 2021

"In many respects, ESG is already in scope when advisers give investment advice. Under existing rules, firms have to act in a client's best interest and collect all necessary information to understand the client's investment objectives. In that context, suitability, within our conduct of business rules, already requires the consideration of ESG preferences. The rules set out the objectives that a firm is required to consider but this is not intended to be an exhaustive list.



Mark Manning
FCA, Technical Specialist

What does sustainable investing mean to Square Mile?



Daniel Pereira
Investment Manager,
Square Mile Research

Investor types

RESPONSIBLE INVESTMENT

ETHICAL EXCLUSIONS



RESPONSIBLE PRACTICES



SUSTAINABLE SOLUTIONS



IMPACT INVESTING





A sustainable solutions fund manager seeks to invest in companies that are providing solutions to social and environmental challenges through their core products and services in the belief that this will realise long-term financial benefits.

1. Idea Generation

Square Mile's research analysts make decisions in small groups to allow for better debate and decision making, coupled with in-depth knowledge and experience. Ideas are also generated through referrals, contacts, events and quantitative screens.



2. Analyst Research

Fund research involves looking at the fund objective, the people and their environment, philosophy, process, portfolio construction, risk management, cost and value for money. Analysts are also involved in applying this research, so they know what is important to the client/ user of the research.

3. Qualitative Assessment

Investment and fund research is a combination of art and science - humans and decisions are involved at all stages and therefore qualitative and quantitative assessments are necessary.



4. Analyst Meetings

Once enough in-depth research has been completed, the lead analyst will present to the team, with four possible outcomes:

- i) Agree a rating
- ii) Go back with further questions
- iii) Wait
- iv) Decline a rating



5. Monitoring

Ongoing monitoring including quarterly reviews of the funds and assessing the performance.



6. Reassessment Against Original Outcome

During the monitoring process some funds may need to be reassessed - this may be due to fund manager/ team changes, a change in corporate activity, persistent underperformance that we cannot explain or liquidity concerns.



3D Framework: A 3-Dimensional approach



Do Good

Investment in companies offering solutions to global social and environmental challenges and evidence of impact.



Avoid Harm

Avoidance of investment in companies making a significant negative contribution to society and the environment and those exposed to controversies.



Lead Change

Advocacy and engagement with investee companies both individually and through co-operation with other investors and change activists to encourage best practice and inform opinion.

Our portfolio range

The portfolios will be made up of investments that seek to include companies or entities which aim to have a positive environmental or social impact or mitigate environmental and social harm.

SM Sustainable Cautious

Launch date: December 2020

Investment objective: To provide capital accumulation over the long term from a mixture of income and capital growth by investing in a mix of equities and fixed income/other defensive assets.

Risk level: Primarily defined by the equity exposure which will range between 40% and 55%

SM Sustainable Balanced

Launch date: February 2020

Investment objective: To provide capital accumulation over the long term from a mixture of income and capital growth by investing in a mix of equities and fixed income/other defensive assets.

Risk level: Primarily defined by the equity exposure which will range between 53% and 68%

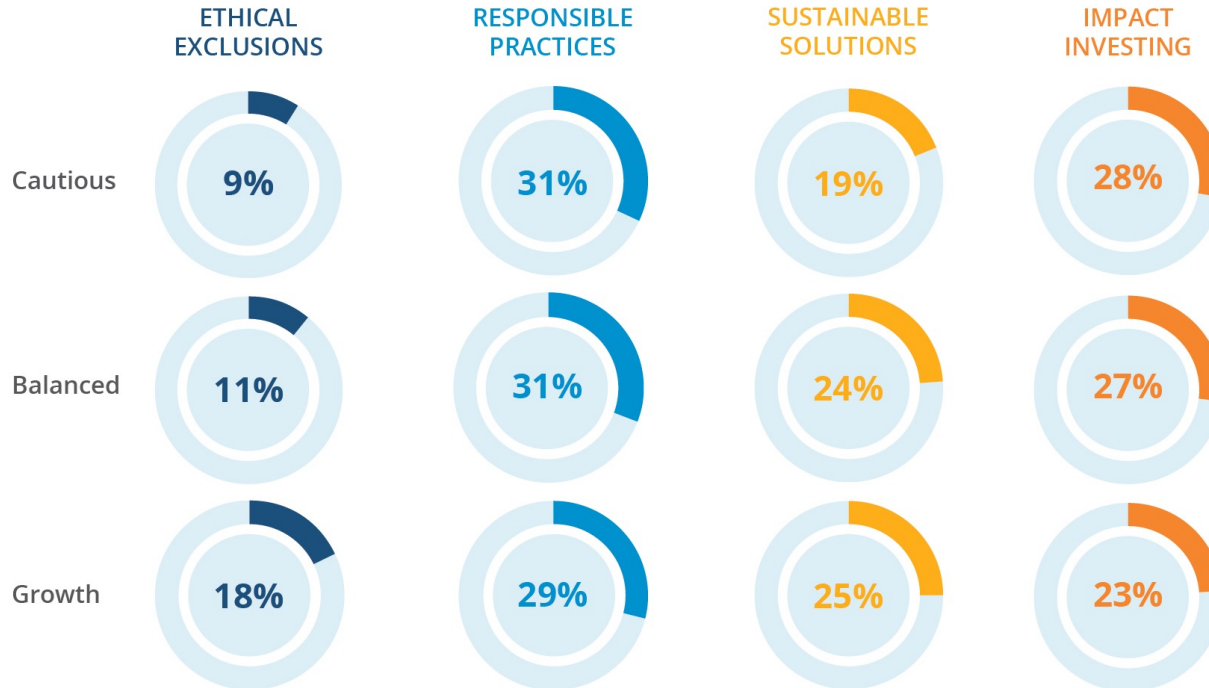
SM Sustainable Growth

Launch date: December 2020

Investment objective: To provide capital accumulation over the long term from a mixture of income and capital growth by investing predominantly in equities, with some exposure to fixed income/other defensive assets.

Risk level: Primarily defined by the equity exposure which will range between 65% and 80%

Portfolio allocation



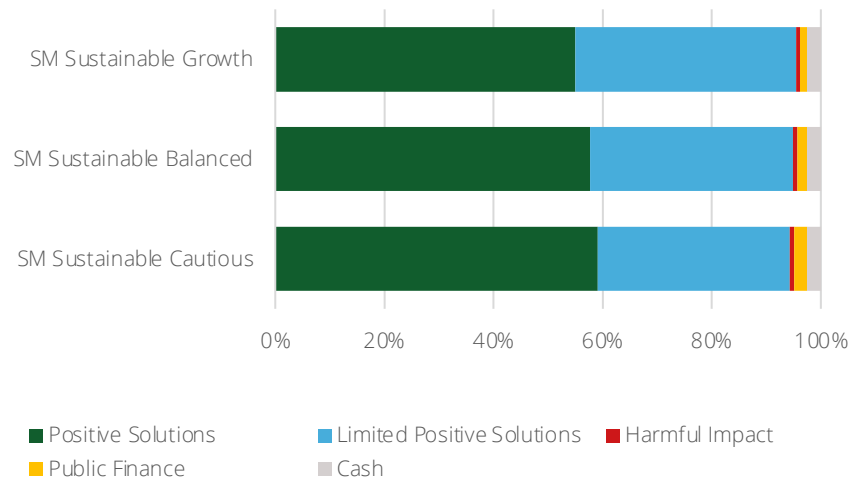
Source: Square Mile. Data as at 31st December 2021.

Note: Figures will not add to 100 as they exclude cash and traditional funds. This slide represents the breakdown of funds across investor type included in Square Mile Sustainable MPS.

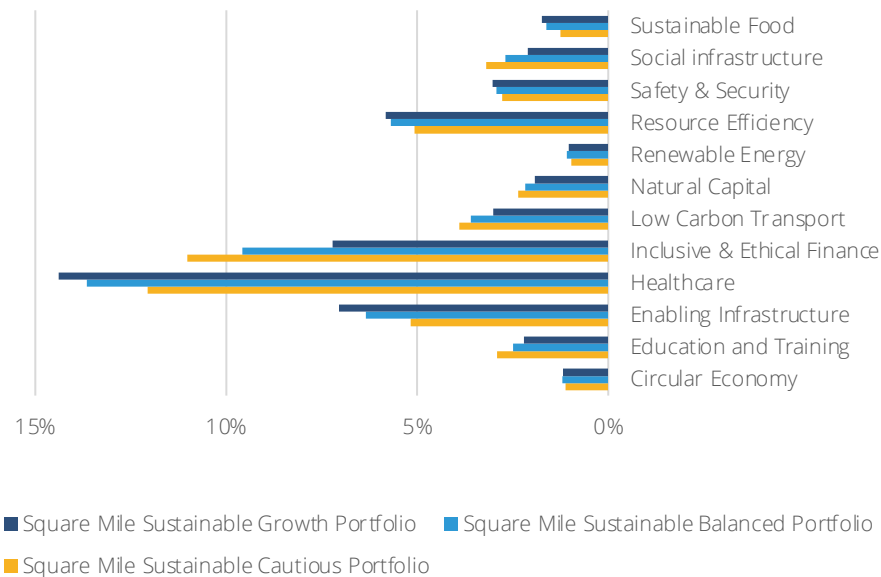
Sustainable output



Sustainable portfolios



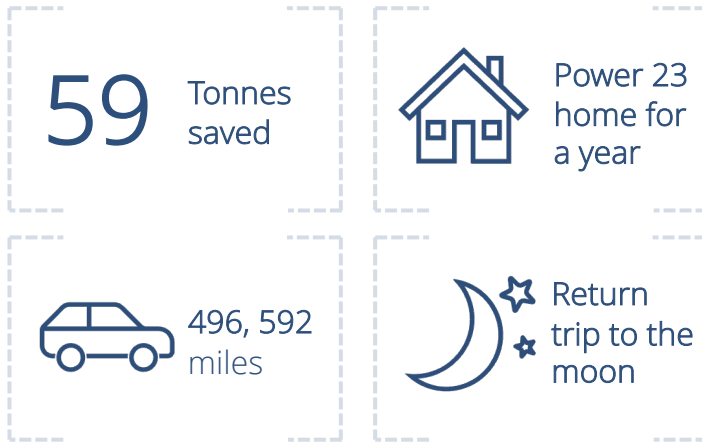
Breakdown by 3D Positive Solution Categorisation



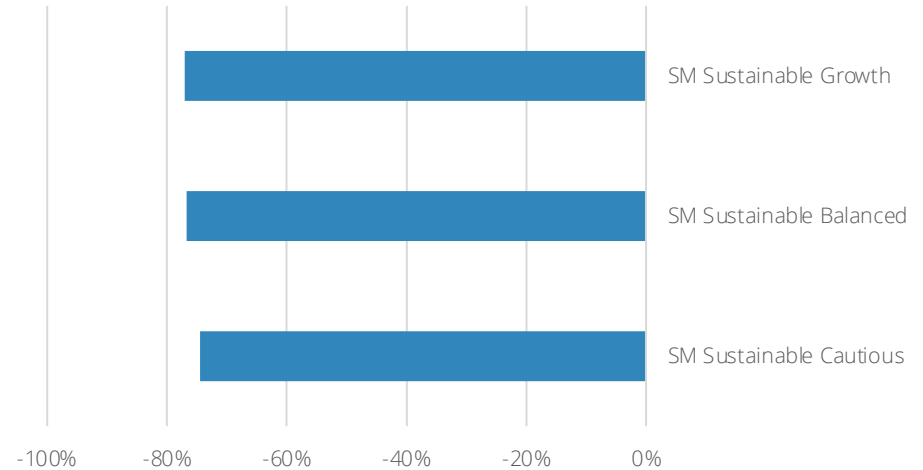
Source: Square Mile Data as at 31st December 2021.

Providing solutions

Tonnes of carbon saved per £1m invested



Emission reductions

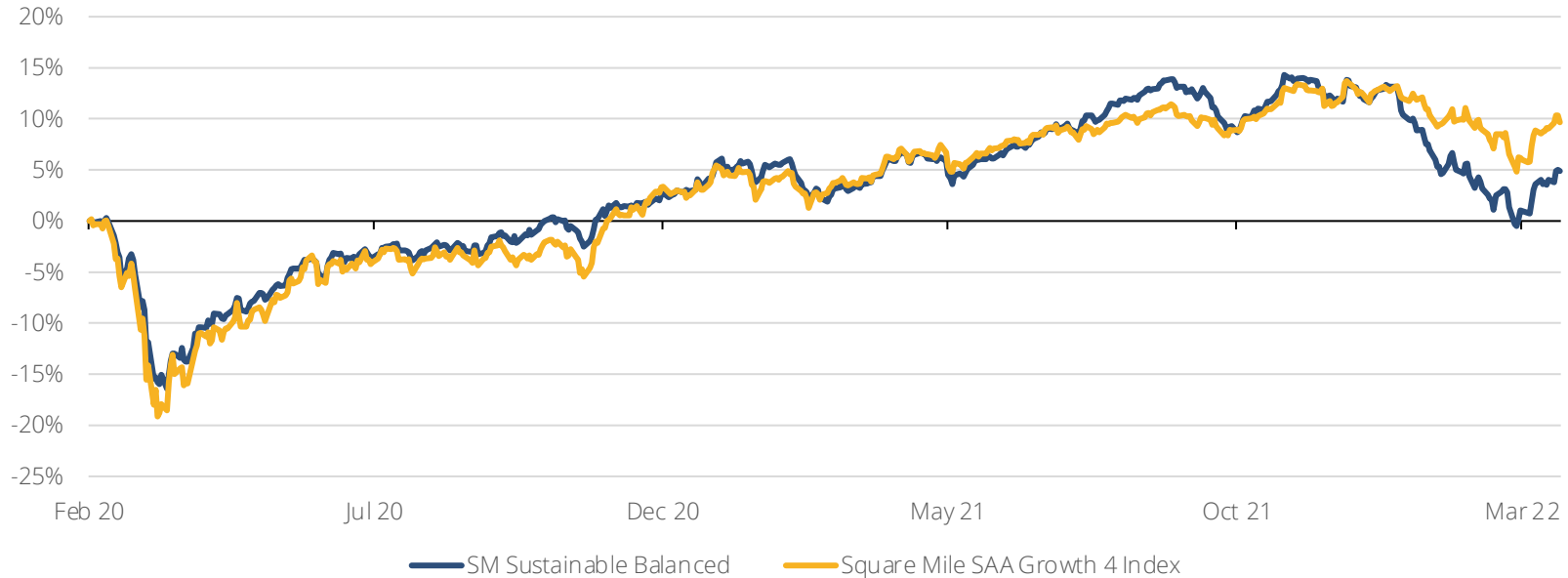


Source: Square Mile/ EPA Gov. Data as at 31st December 2021.

Performance



SM Sustainable Balanced Cumulative Performance Since Inception



Source: FE fundinfo. Data as at 31st March 2022.
Past performance is not a guide to future returns.

Managers within our portfolios



BNY MELLON

Aims to identify positive ESG behaviour in issuers within its broad investment universe.



An investment approach that focuses on positive impact and engagement.



Integrating responsible investment into fixed income



Scott Freedman

Credit Analyst & Portfolio Manager,
Fixed Income team
Newton Investment Management
(a BNY Mellon Company)



Sustainable Fixed Income Perspectives

Responsible Investment Forum 11 & 12 May 2022

Investment manager: Scott Freedman



Introducing BNY Mellon Investment Management

The investment management arm of BNY Mellon, one of the world's largest financial services groups

Our business

With a presence around the world, we look to connect investors with opportunities across every major asset class.

We believe the right results begin by being relevant to every client, whether that is engaging the way they want, offering diversified strategies, or providing advice and quality insights for better informed decisions.

To achieve this, we have built our model around investors' needs. Offering the best of both worlds, we bring together

world-class investment firms, with their best of breed talent and unique cultures, backed by the strength, stability and global presence of BNY Mellon, one of the world's most trusted investment partners.

Our clients include asset managers, banks, broker-dealers, central banks, companies, family offices, financial intermediaries, governments, insurance companies, investment advisers, non-profit organisations, pension funds and sovereign institutions.

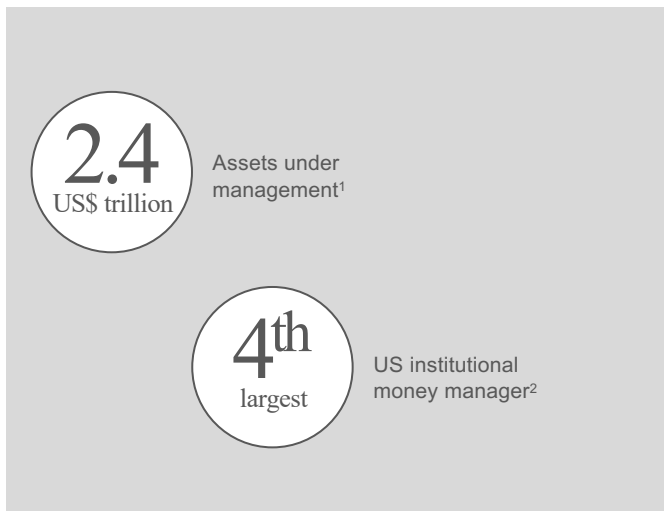


Together we manage and service financial assets...

...for institutions, corporations and individual investors around the world

BNY Mellon Investment Management

Institutional and retail asset management



BNY Mellon Investment Services

Full range of financial operations, cash management and global payments services



Sources: 1. BNY Mellon, 31 December 2021. Assets under management (AUM) includes the asset managers outlined in this file (with the exception of Siguler Guff), as well as BNY Mellon Investment Adviser, Inc, BNY Mellon Wealth Management and external data. 2. Source: Pensions & Investments, May 2021. Ranked by total worldwide institutional assets under management as at 31 December 2020. 3. Ranking based on peer group company filing as at 31 March 2021. Peer group included in ranking analysis: STI, JPM, C, BNP, HSEC, NTRS and RBC.

Our model: The best of both worlds

Providing specialist expertise from our world-class investment firms backed by the strength, proven stewardship and global presence of BNY Mellon

The size, scale and distribution capability of BNY Mellon, with proven financial stewardship in which clients entrust their money



Our investment managers dedicated to delivering solutions their clients need, in today's challenging world

Creative and critical thinkers, strong relationships, collective intelligence, operational excellence, choice of access, better fit of strategy to client need

 Alcentra

 ARX
INVESTIMENTOS

 Dreyfus
Cash Investment Strategies

 Insight
INVESTMENT

 MELLON

 NEWTON
Investment Management

 SIGULER
GUFF

 WALTER SCOTT

Investment Managers are appointed by BNY Mellon Investment Management EMEA Limited (BNYMIM EMEA), BNY Mellon Fund Managers Limited (BNYMFML), BNY Mellon Fund Management (Luxembourg) S.A. (BNY MFML) or affiliated fund operating companies to undertake portfolio management activities in relation to contracts for products and services entered into by clients with BNYMIM EMEA, BNY MFML or the BNY Mellon funds.

Our world-class investment firms

Located across the Americas, EMEA and Asia Pacific; bringing our clients clear, independent thinking from some of the world's sharpest investment minds



Global sub-investment grade debt asset management

AUM:
US\$40.6bn



Brazilian equity; long/short; macro; corporate bonds and fixed income strategies

AUM:
US\$7.2bn



Institutional liquidity solutions

AUM:
US\$372.0bn



Global fixed income, risk management solutions and absolute return investing

AUM:
US\$1.2tn



Global institutional equity and fixed income index management

AUM:
US\$480.9bn



Equity opportunities, income, absolute return, multi-asset solutions, thematic and sustainable strategies

AUM:
US\$142.8bn



Multi-strategy private equity, direct investment and multi-manager funds

AUM:
US\$15.4bn

WALTER SCOTT

Active global equity

AUM:
US\$106.4bn

Total AUM
US\$2.4tn

Investment Managers are appointed by BNY Mellon Investment Management EMEA Limited (BNYMIM EMEA), BNY Mellon Fund Managers Limited (BNYMFML), BNY Mellon Fund Management (Luxembourg) S.A. (BNY MFML) or affiliated fund operating companies to undertake portfolio management activities in relation to contracts for products and services entered into by clients with BNYMIM EMEA, BNY MFML or the BNY Mellon funds.

Total AUM has been provided by BNY Mellon as at 31 December 2021 and includes the asset managers outlined in this file (with the exception of Siguler Guff) as well as BNY Mellon Investment Adviser, Inc, BNY Mellon Wealth Management and external data. Individual AUMs provided by respective investment firms as at 31 December 2021, unless otherwise stated. Siguler Guff AUM as at 30 September 2021. The Bank of New York Mellon Corporation holds a 20% minority interest in Siguler Guff & Company LLC and certain related entities. Dreyfus Cash Investment Strategies is a division of BNY Mellon Investment Adviser, Inc. BNY Mellon owns a majority of Mellon Investments Corporation and the remainder is owned by employees of the firm.

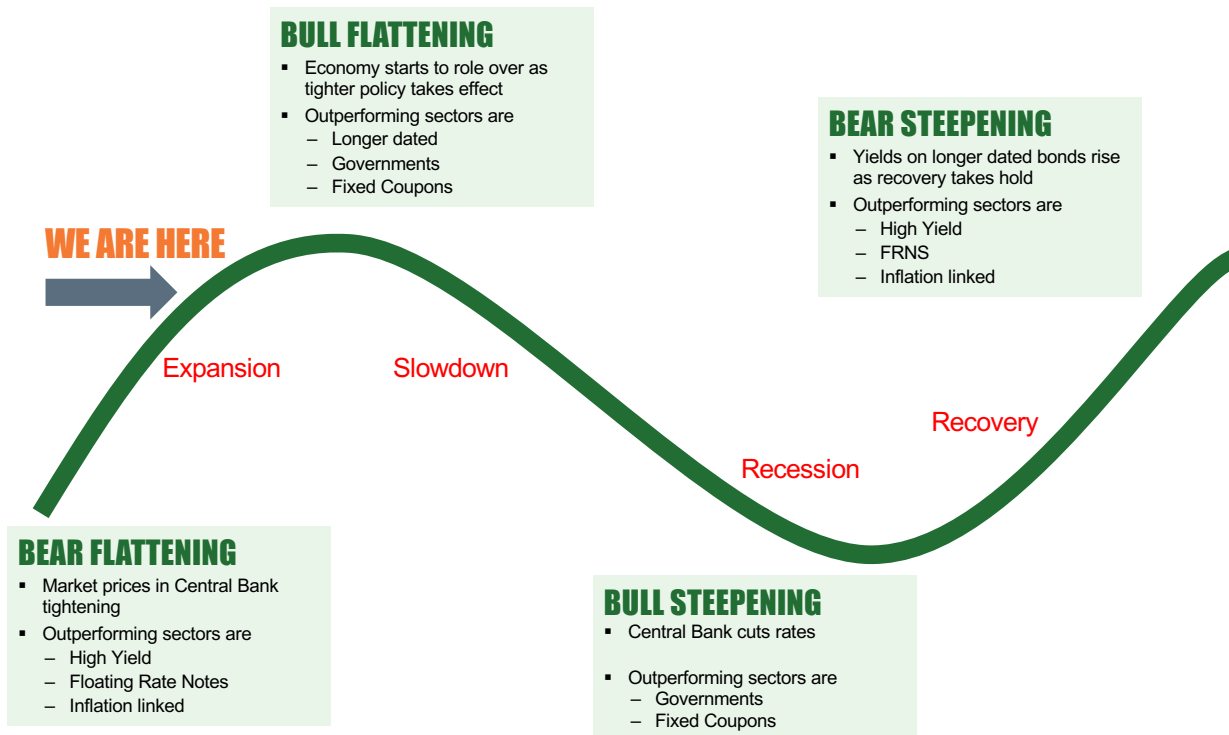
Inflation measures – levels

Developed markets

Country	CPI (Y/Y %)	Core CPI (Y/Y %)	PMI – input prices (lvl)	PMI – supplier's delivery times (lvl)	PPI (Y/Y %)	House prices (Y/Y %)	Rank
Median	6.0	3.2	77.7	32.3	16.4	8.5	
US	7.9	6.4	79	29	10.0	18.9	36
Japan	0.9	-0.9	75	37	9.3	8.2	7
EUR	7.5	3.0	87	26	31.4	8.8	35
Canada	5.5	3.9	79	25	16.4	15.6	32
UK	6.2	5.2	85	33	10.1	10.5	28
France	3.7	2.5	85	25	22.4	7.1	18
Germany	7.2	3.0	87	25	25.9	12.0	39
Switzerland	2.4	1.4	9	23	3.9	8.3	9
Australia	3.5	2.6	83	22	3.7	23.7	21
New Zealand	6.0	6.4	N/A	54	8.1	27.6	17
Belgium	8.3	3.6	N/A	N/A	36.1	8.3	34
Sweden	4.3	3.4	10	22	19.3	16.0	27
Norway	3.7	2.2	12	20	53.2	8.1	20
Italy	6.7	2.0	85	30	32.8	4.1	24
Netherlands	9.7	2.6	88	24	20.7	16.7	41
Finland	4.5	2.6	N/A	N/A	22.4	5.0	15
Greece	7.2	N/A	87	24	33.6	7.9	37
Ireland	6.7	3.8	93	33	2.8	13.9	29
Portugal	4.3	3.2	N/A	N/A	20.7	9.9	20
Spain	9.8	3.0	87	22	40.7	4.2	40
Denmark	4.8	2.7	78	32	31.0	10.3	26

Evolution of the economy and the yield curve

Using different bond markets

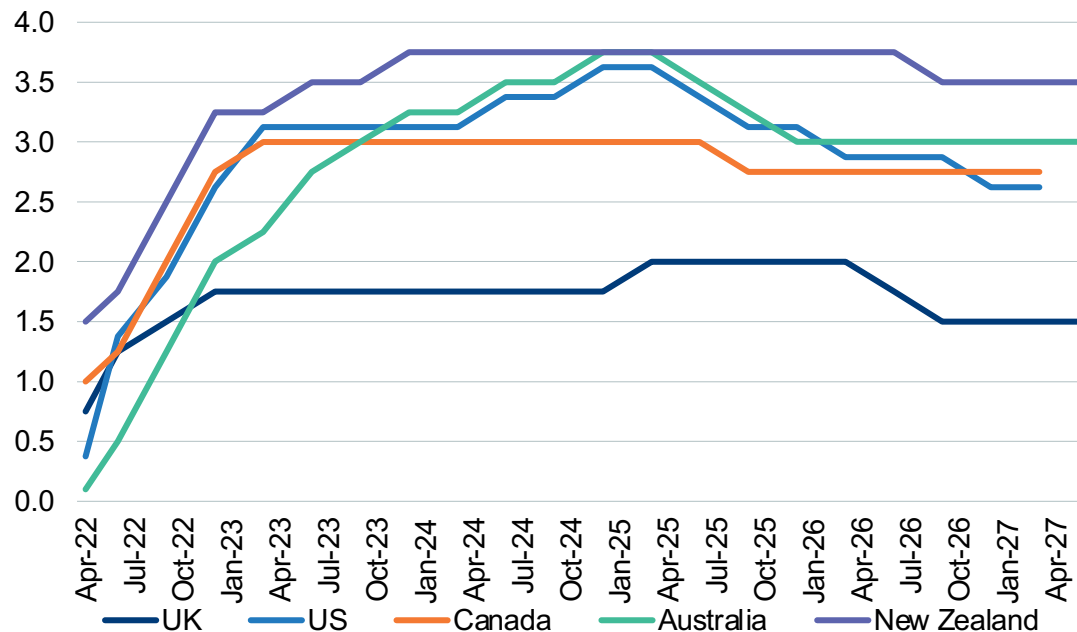


The race to three

New Zealand the leader with the UK in a distant last

Market expected rate paths

Overweight Australia, New Zealand & Canada versus the US and underweight UK on an absolute basis



- Consumer leverage will limit how far the RBNZ, RBA and BoC can raise rates, the Federal Reserve has more capacity
- The UK a clear outlier versus other Anglo Saxon economies but its inflationary pressures are no different

The sustainable finance agenda



Newton manages a variety of investment strategies. Whether and how ESG considerations are assessed or integrated into Newton's strategies depends on the asset classes and/or the particular strategy involved, as well as the research and investment approach of each Newton firm. ESG may not be considered for each individual investment and, where ESG is considered, other attributes of an investment may outweigh ESG considerations when making investment decisions.

The future of bonds

Enhanced toolkit available to achieve better outcomes

USE OF PROCEEDS BONDS

- **Green** – Projects with environmental benefits
- **Social** – Initiatives with positive social outcomes
- **Sustainable** – Focused on a combination of green and social projects

SUSTAINABILITY-LINKED

Structural characteristics can vary based on predefined sustainability/ESG objective

DEVELOPMENT AGENCY

Leverage cross-country partnerships to support economic, environmental and social outcomes

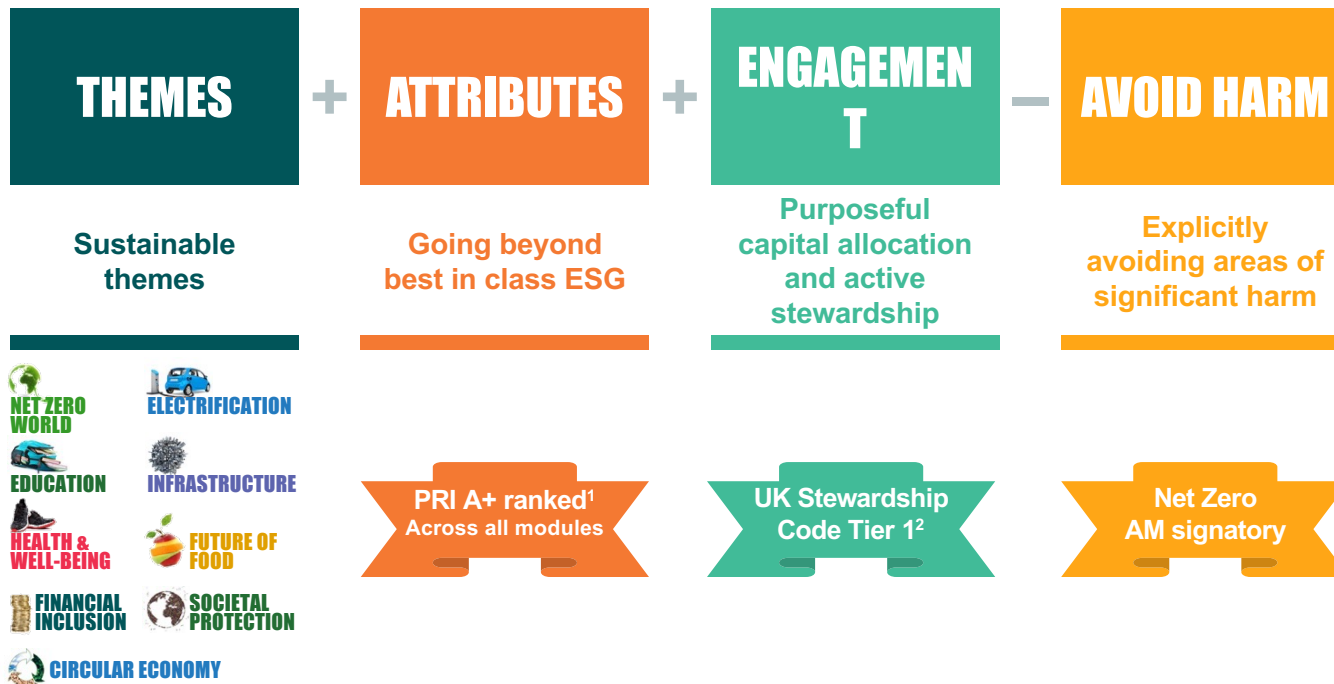
OTHER NOT-FOR-PROFIT

Including housing associations, universities



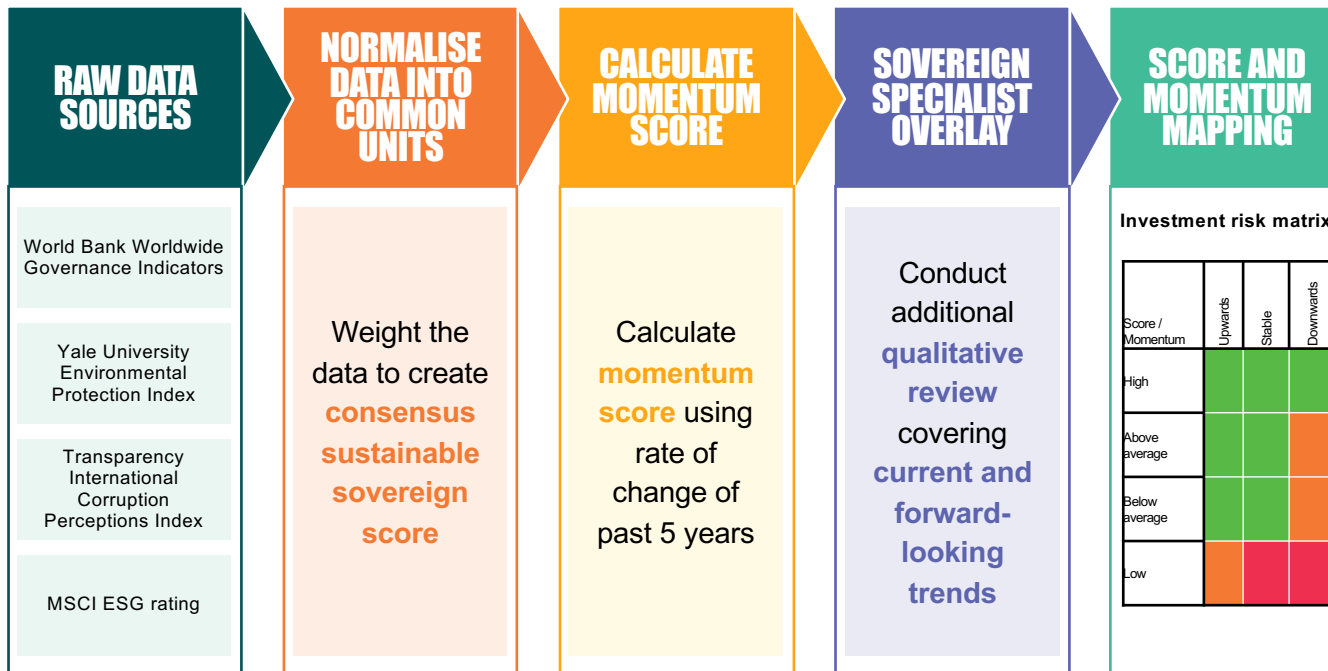
Building sustainable bond portfolios

Framing the offering



Notes: ¹ 2020 Principles for Responsible Investment report. Currently, only NIM is a signatory to the PRI report; ² A signatory of the Financial Reporting Council UK Stewardship Code. Tier 1 under the 2012 UK Stewardship Code is defined as: signatories provide a good quality and transparent description of their approach to stewardship and explanations of an alternative approach where necessary.

Focused on outcomes



For illustrative purposes only. Newton, in its discretion, may utilize any or all of the methods described. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Where material and relevant information exists. Analysis may vary depending on the type of security, investment rationale and investment strategy. Newton does not currently view certain types of investments as presenting ESG risks, opportunities and/or issues, and believes it is not practicable to evaluate such risks, opportunities and/or issues for certain other investments. In addition, Newton will make investment decisions that are not based solely on ESG considerations. In some cases therefore, Newton may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

**Responsible Investment
team veto**

Raw data input – sustainable sovereign process

WORLD BANK WORLDWIDE GOVERNANCE INDICATORS

Voice & accountability, political stability, rule of law, regulatory quality, control of corruption, government effectiveness

YALE UNIVERSITY ENVIRONMENTAL PROTECTION INDEX

Air quality, soil pollution, tree cover loss, species protection, greenhouse-gas emissions



TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTIONS INDEX

Electoral process, access to information, free media, social inclusion, inequality, corruption law strength

MSCI ESG RATING

Energy security risk, resource conservation, education, poverty, health, judicial system, financial management, civil liberties

Drawing on a rich set of data sources

2021 Fixed Income engagement

FIXED INCOME ENGAGEMENTS FOR 2021

76 companies

3 sovereign

8 industry collaborations

ENGAGEMENT EXAMPLES

Examples of engagement with issuers included matters such as:

- Supply chains
- Climate change
- Human capital management
- Corporate culture
- Compensation
- Energy transition
- Board structure

COLLABORATIVE / POLICY ENGAGEMENT

UK Investment Association

We participated in four fixed income working groups. These were in connection with the UK green gilts and fixed income stewardship.

CLARIOS – ENGAGEMENT SUCCESS

Global automotive battery manufacturer

We approached the battery company to engage on a variety of ESG topics, including the setting of environmental goals, lead-acid and lithium recycling, supplier audits, board structure and ESG-focused key performance indicators.

The company then requested a further call with Newton to ask our advice on their ESG reporting and sustainability agenda.

Clarios considered our opinions in forming its ESG strategy, KPI setting and frameworks. It referenced us in their public reporting, “bondholder engagement around materiality assessment of stakeholder expectations and best practices.”

Source: Newton, December 2021.

The securities mentioned are only for illustrating the investment process of Newton Investment Management. These opinions should not be construed as investment or any other advice and are subject to change.

This slide is for information purposes only and does not constitute an offer or solicitation to invest.

BNY Mellon Sustainable Global Dynamic Bond Fund

Key takeaways



Objective: To achieve income and capital growth over the medium term (3-5 years). The Fund is managed to seek a minimum return of cash (SONIA (30-day compounded)) +2% per annum over five years before fees. In doing so, it aims to achieve a positive return on a rolling three year basis (meaning a period of three years, no matter which day you start on). However, a positive return is not guaranteed and a capital loss may occur¹.



Straightforward approach in liquid fixed income markets



Capital preservation is key to driving long-term returns



Sustainability lens with some corporate and sovereign exclusions, but also with a focus on opportunities in ESG² improvers/leaders



Experienced and stable team

Notes: ¹ Please note that on 1 October 2021 the performance benchmark for this fund changed from 1-month GBP LIBOR +2% to SONIA (30-day compounded) +2%.

² Newton will make investment decisions that are not based solely on ESG considerations. Other attributes of an investment may outweigh ESG considerations when making investment decisions. The way that ESG considerations are assessed and the assessment of their suitability for Newton Investment Management's sustainable strategies may vary depending on the asset class and strategy involved. For Newton Investment Management's sustainable strategies, ESG Quality Reviews are performed prior to investment for corporate investments (single name equity and fixed income securities).

Principles-based red lines



Violation of basic standards on environmental, employee and governance practices



Need to survive in a low-carbon world / have a strategy to transition away from high emissions



No safe level of consumption



No issuers with material ESG risks unless they can be improved through engagement



Responsible investment team has final say on what can be included

Where material and relevant information exists. Analysis may vary depending on the type of security, investment rationale and investment strategy. Newton does not currently view certain types of investments as presenting ESG risks, opportunities and/or issues, and believes it is not practicable to evaluate such risks, opportunities and/or issues for certain other investments. In addition, Newton will make investment decisions that are not based solely on ESG considerations. In some cases therefore, Newton may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions

Positioning, as at 31 March 2022

BNY Mellon Sustainable Global Dynamic Bond Fund

MSCI ESG
quality score¹

6.



Weighted average
carbon intensity²

48.6



Risk: historical range vs. current

INTEREST RATE RISK

(years)



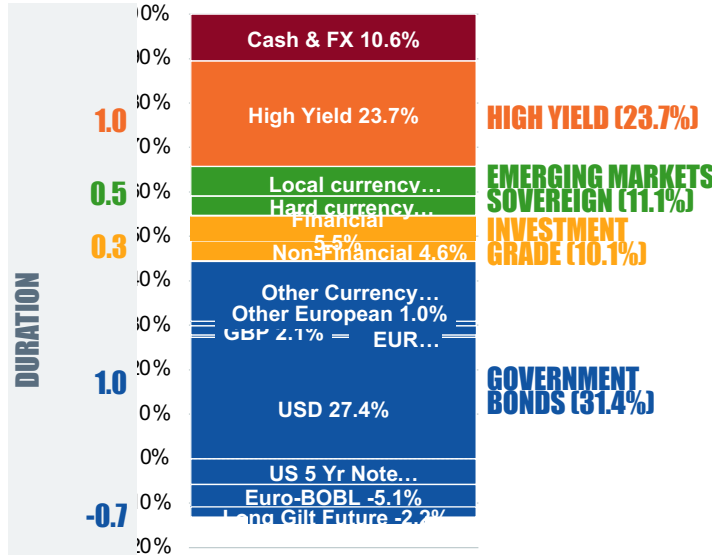
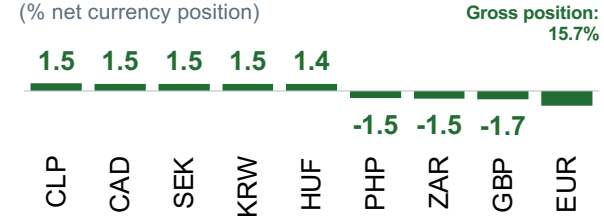
CREDIT RISK

(speculative grade asset %)



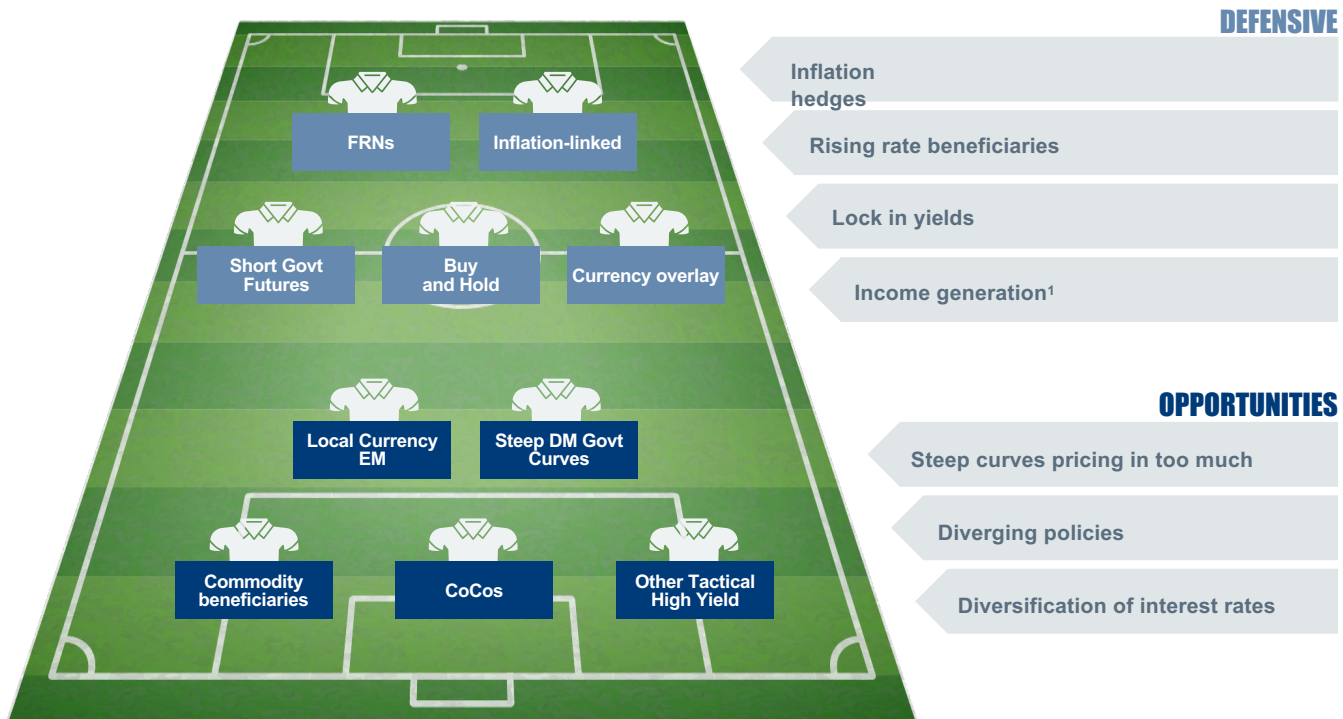
CURRENCY RISK

(% net currency position)



Notes: ¹ Data accessed January 2022. The overall portfolio ESG quality score measures the ability of underlying holdings to manage key medium to long-term risks and opportunities arising from environmental, social, and governance factors. "Leader" defined as score ≥7.1, "Average" 2.9 - <7.1 and "Laggard" <2.9; ² Data accessed January 2022. The weighted average carbon intensity measures a portfolio's exposure to carbon-intensive companies. The figure is the sum of security weight (normalised) multiplied by the security carbon intensity. MSCI calculates weighted average carbon intensity as scope 1+2 emissions (TCO₂e)/\$m sales, weighted by portfolio weight. "Very High" defined as (TCO₂e / \$M sales) ≥525, "High" 250 - <525, "Moderate" 70 < 250, "Low" 15 - <70 and Very Low <15. Source: Newton, MSCI ESG Manager. ©2021 MSCI ESG Research LLC. Reproduced by permission. Data covers corporate bonds only. Source: Newton, 31 March 2022, unless otherwise noted.

Different tactics for this environment



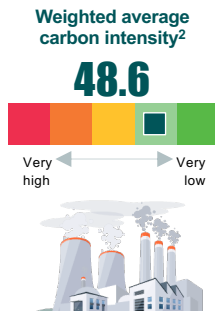
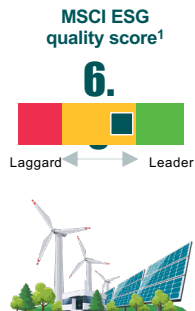
Still opportunities to protect capital and make a positive return

Note: ¹ Investments that pay out dividends or coupons to generate income.
Source: Newton, April 2022.

KEY ESG INFORMATION

NEWTON SUSTAINABLE GLOBAL DYNAMIC BOND (GBP) STRATEGY

ESG SCORE¹ & CARBON INTENSITY²



THEME SCORE³



ENCOURAGING ENVIRONMENTAL IMPROVEMENTS

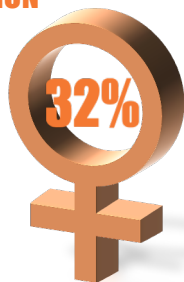
Average water reduction target set by each of the Newton representative portfolio holdings is **19%**



BOARD COMPOSITION

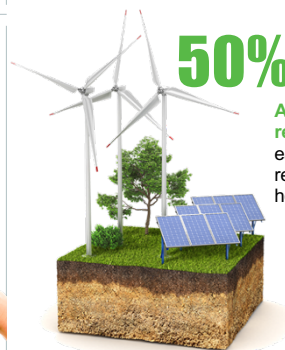
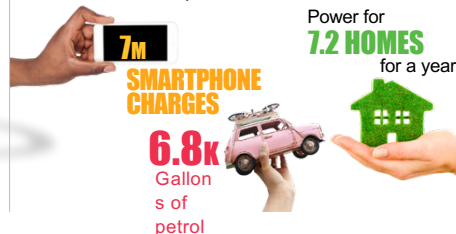
Average of **32% female directors** in holdings in the Newton representative portfolio.

Average **board independence** of holdings in the Newton representative portfolio is **73%**



TACKLING CARBON EMISSIONS⁵

The carbon intensity of the Newton representative portfolio is **78% less than the Global Corporate Bond Index⁴**. The reduction in carbon emissions on absolute terms is equivalent to⁶:



Average emissions reduction target set by each of the Newton representative portfolio holdings is **50%**

Notes: ¹ Data accessed January 2022. The overall portfolio ESG quality score measures the ability of underlying holdings to manage key medium to long-term risks and opportunities arising from environmental, social, and governance factors. ² "Leader" defined as score ≥7.1, "Average" 2.9 - <7.1 and "Laggard" <2.9; ³ Data accessed January 2022. The weighted average carbon intensity measures a portfolio's exposure to carbon-intensive companies. The figure is the sum of security weight (normalised) multiplied by the security carbon intensity. MSCI calculates weighted average carbon intensity as scope 1+2 emissions (tCO₂e/\$m sales, weighted by portfolio weight. "Very High" defined as (tCO₂e/\$m sales) ≥255, "High" 250 - <525, "Moderate" 70 < 250, "Low" 15 < 70 and Very Low <15; ⁴ Theme score of key issues considered by MSCI ESG Manager; ⁵ ICE BofA Global Corporate Index. Comparisons are made to demonstrate correlation only and are for illustrative purposes only; ⁶ This is estimated using ISS DataDesk based on £1 million AuM as at January 2022; ⁶ This is calculated using ISS data and the United States Environmental Protection Agency (EPA) Greenhouse Gas Equivalencies Calculator. The representative portfolio is the BNY Mellon Sustainable Global Dynamic Bond Fund (GBP), which adheres to the same investment approach as the Newton Sustainable Global Dynamic Bond (GBP) Strategy. Source: Newton, MSCI ESG Manager. Data accessed January 2022. ©2022 MSCI ESG Research LLC. Reproduced by permission. Data covers corporate bonds only.

Integrating responsible investment into equities



Matt Evans
Portfolio Manager
Ninety One



—
Investing for a
world of change

UK Sustainable Equity

Ninety One Funds Series iii
March 2022



The macro outlook for Responsible Equity Investing





Narrow UK market driven by commodities

Year-to-date performance

FTSE All Share Returns

	Total Return	Contribution To Return
Energy	25.4	2.1
Basic Resources	24.5	1.7
Health Care	10.2	1.1
Utilities	8.4	0.3
Telecommunications	7.4	0.1
Banks	7.4	0.5
Food, Beverage and Tobacco	2.9	0.2
Media	-2.5	-0.1
Real Estate	-4.3	-0.1
Insurance	-5.2	-0.2
Financial Services	-6.4	-0.7
Travel and Leisure	-9.7	-0.3
Personal Care, Drug and Grocery Stores	-11.0	-0.8
Industrial Goods and Services	-12.3	-1.4
Consumer Products and Services	-15.0	-0.5
Technology	-16.1	-0.3
Construction and Materials	-17.2	-0.3
Chemicals	-19.2	-0.2
Retail	-22.3	-0.5
Automobiles and Parts	-26.2	-0.0
Total		0.49

Only 24% of the FTSE 350 outperformed
the FTSE All Share YTD

Past performance is not an a reliable indicator of future results, losses may be made.

Source: Ninety One, FactSet, 31March 2022.

This is not a buy, sell or hold recommendation for any particular security. The calculation methodology and a full list of the portfolio's holdings and their contribution to overall performance over the period (subject to a reasonable time embargo for commercial reasons) are available on request.

Gross of fees with income reinvested, in GBP. Relative to the FTSE All Share Index. Any stocks marked with an asterisk are not held in the portfolio.

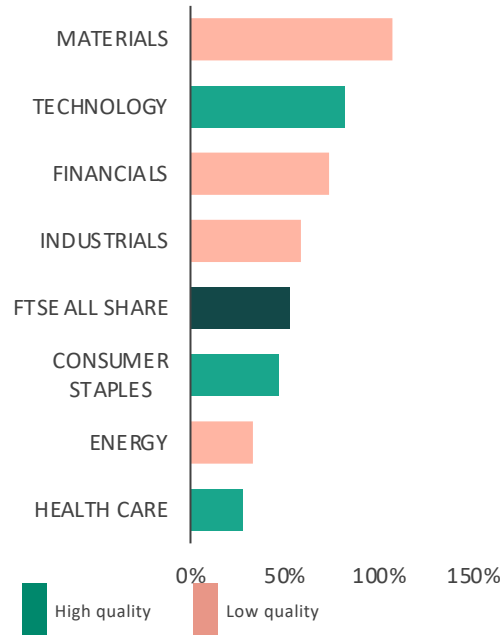
For further information on indices and specific portfolio names, please see the Important Information section.



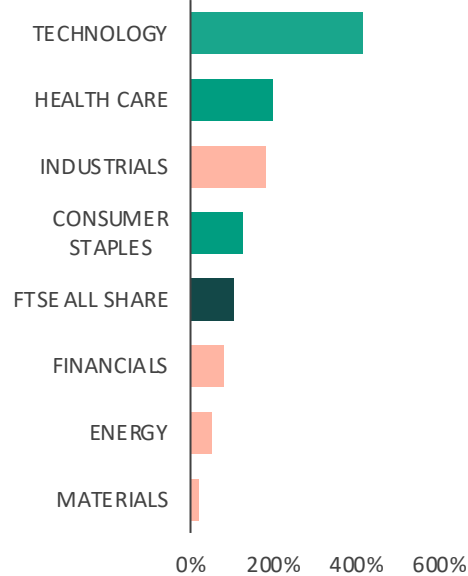
Will early cycle performers continue to perform?

History suggests low quality sectors struggle to sustain early cycle performance longer term

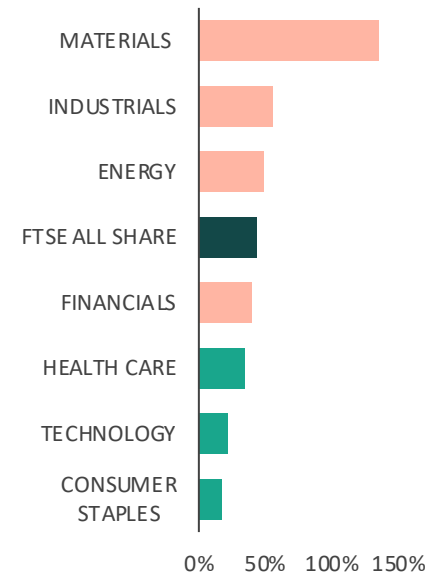
1st year after GFC (Mar-09 to Mar-10)



Rest of cycle (Mar-10 to Dec-19)



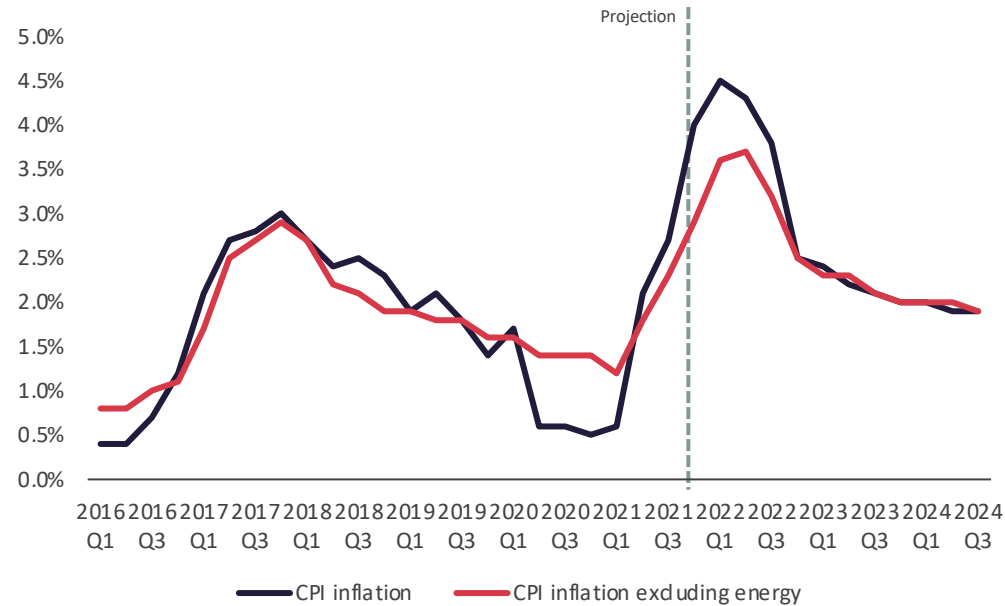
Post-COVID recovery (Mar-20 to Mar-22)





Inflation— transitory?

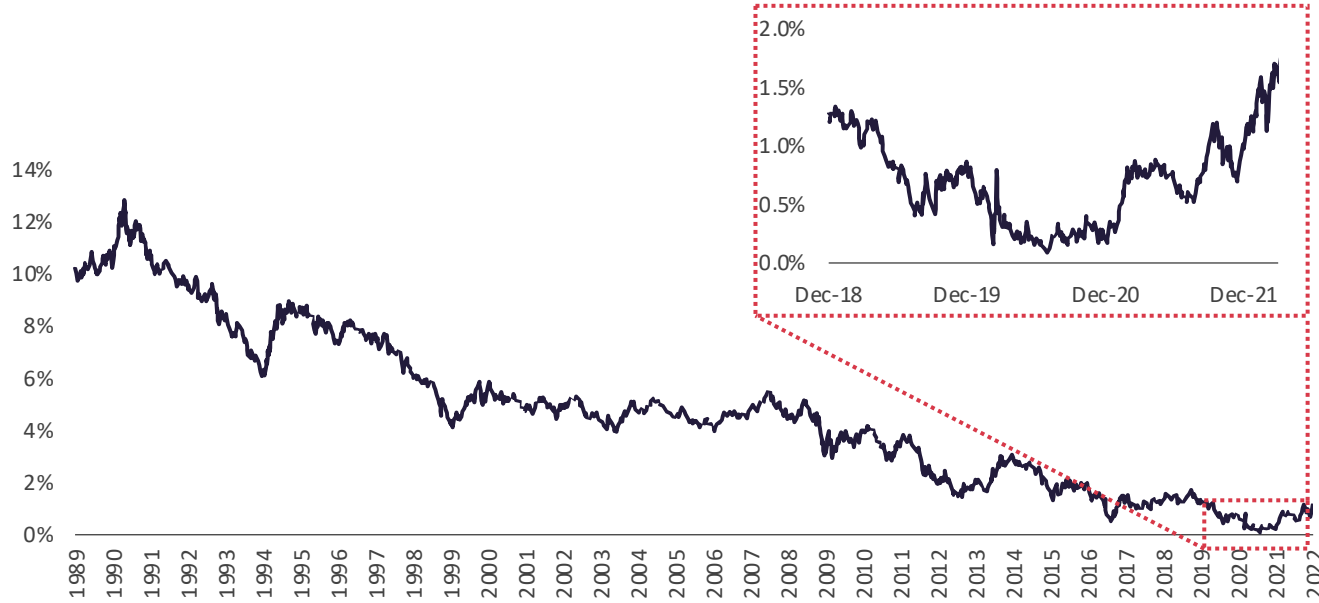
Quarterly CPI Inflation including and excluding energy



1. Source: ONS and Bank Calculations, Bank of England monetary policy report. November 2021. *CPI inflation excluding fuels and lubricants, electricity, gas and other fuels. Data also adjusted to exclude estimates of the direct impact of changes in the rate of VAT. There is uncertainty around the precise size of that adjustment.



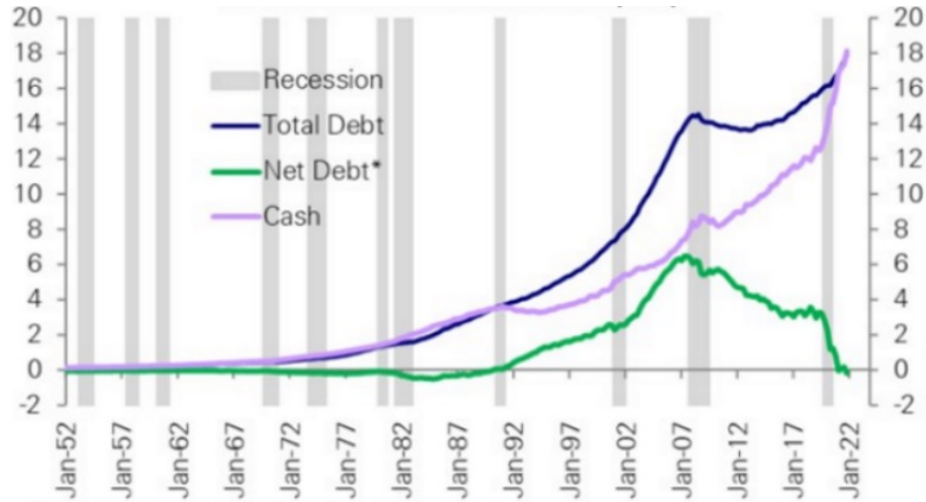
10-year gilt yields – which way from here?





USA – Household Debt & Cash (\$tn)

Household cash exceeds debt for the first time in 30 years

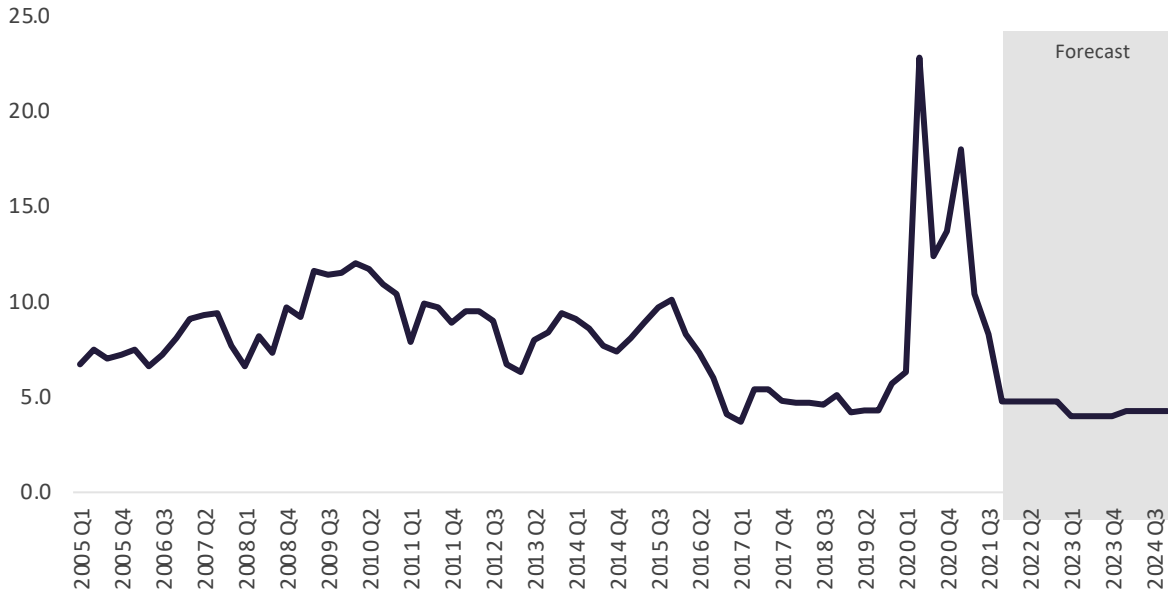




UK Consumer

On average, households saved more during the pandemic

Savings ratio¹

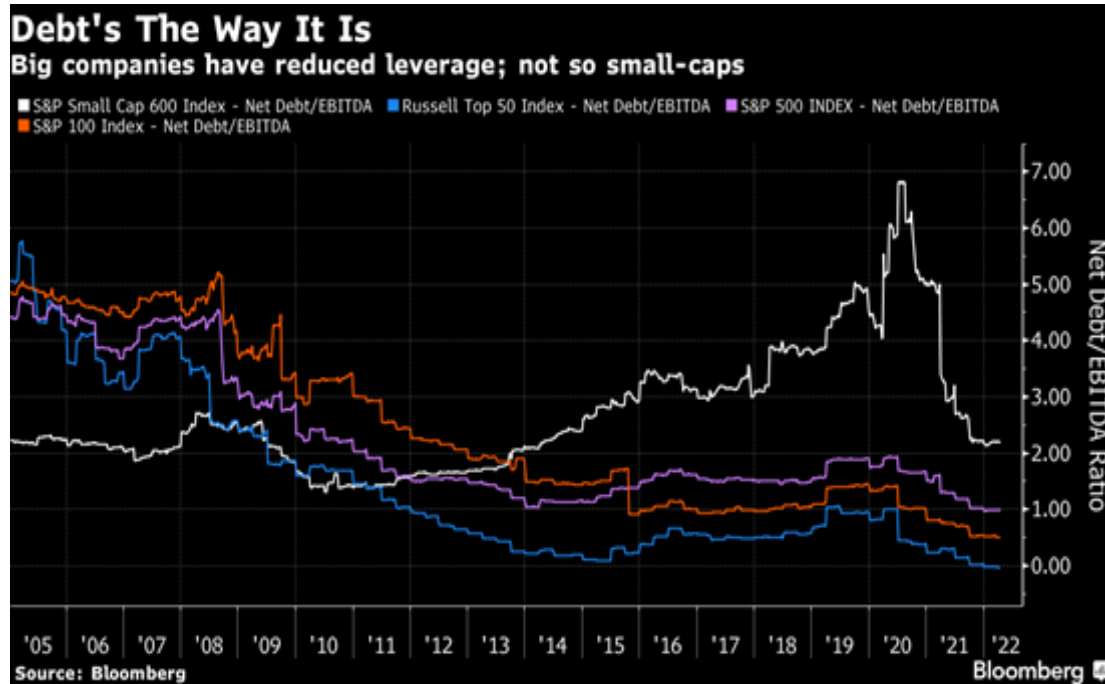


1. Source: Bank of England, 'Bank of England Monetary Policy Report February 2022'. 1 Saving as a percentage of household post-tax income, includes non-profit institutions serving households. Projections from Bank of England, 'Bank of England Monetary Policy Report February 2022'. Percentage change on a year earlier unless otherwise stated.



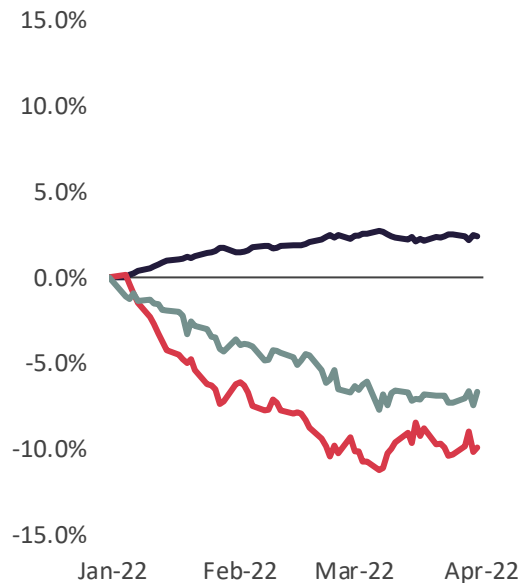
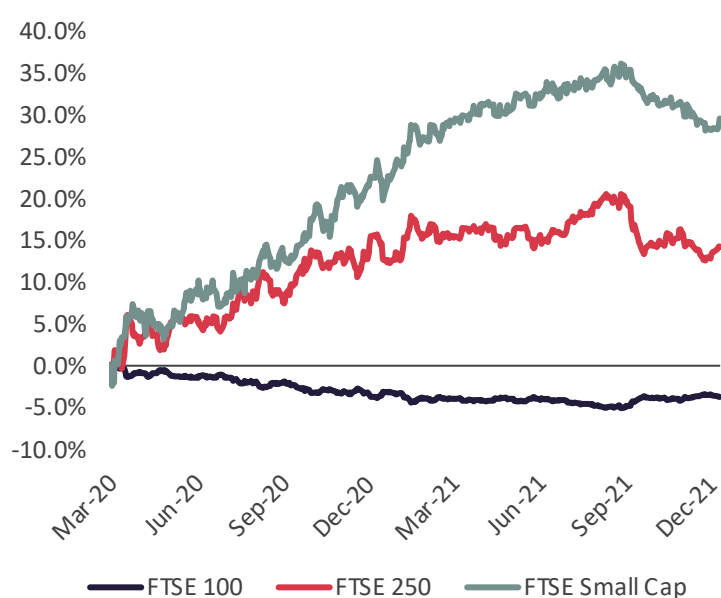
USA – Corporate Debt

The speed with which they've brought leverage under control since the pandemic might help explain why credit investors aren't too concerned:



Size differential in market returns

FTSE index performance vs FTSE All Share



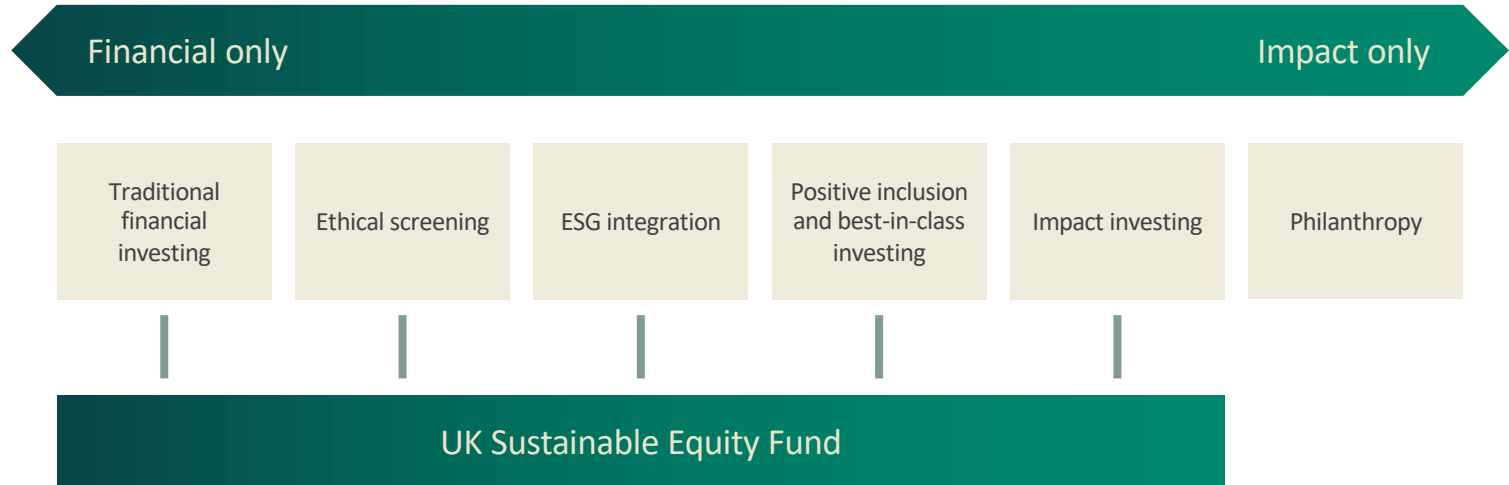
Responsible Investing





Differentiated sustainable UK equity fund

Seeking to contribute positively to a more sustainable future and deliver strong financial returns





Our three pillars of sustainability

Financial Sustainability

Seeking sustainable investment returns from Ninety One's tried and tested Quality approach

Internal Sustainability

Sustainably run businesses aligned with the long-term interests of key stakeholders

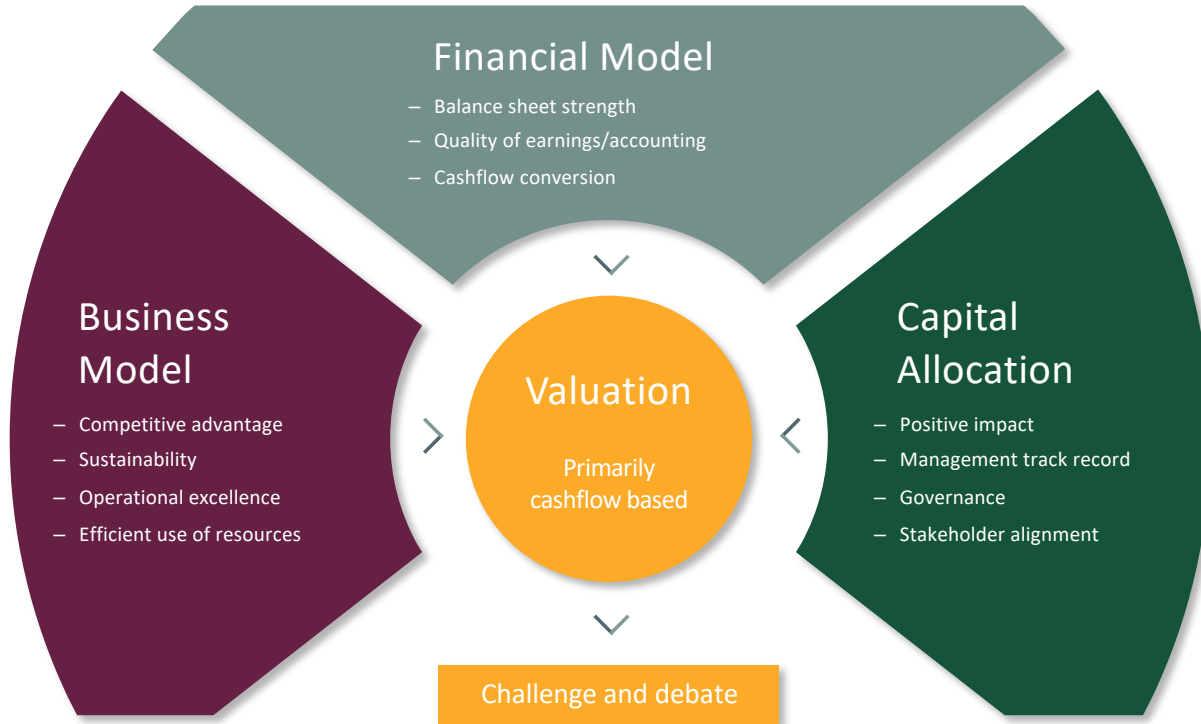
Positive Impact

Products and services that directly contribute to a more sustainable future



Financial Sustainability

The Quality Framework for analysing companies





Internal Sustainability



Focusing on the sustainable use of resources and the long-term interests of key stakeholders:

- Environment**
Carbon intensity, water efficiency and waste management
- Social**
Health & safety, diversity and training
- Supply chain**
Environmental and social standards

Internal Sustainability Assessment:



Environment			
Water policy?	Yes	Waste generated per unit of sales	Not rated
Water Reduction Strategy Score	Not available	Climate Change Policy	Yes
Water Efficacy Production Score	Not available	Absolute Direct Emissions	18,662t CO2e
Waste Reduction Policy	Yes	Carbon Intensity	116t CO2 / mUSD Sales

Social			
Training Policy?	Yes	Health and Safety Policy?	Yes
Training Spend	Not disclosed	Incident Rate	Not rated
Diversity: % Women in Management	25% female board representation	Number of Fatalities	None

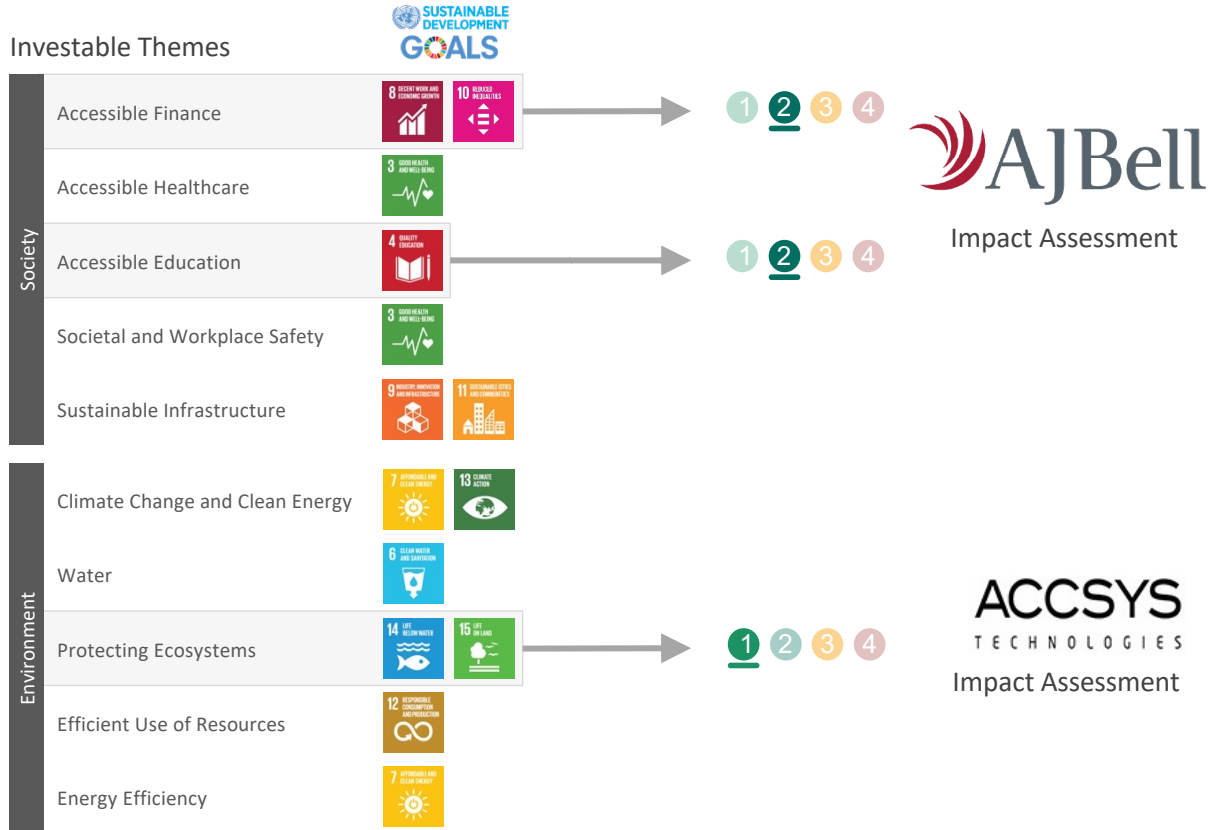
Supply Chain			
E Initiatives in Supply Chain?	Yes	S Initiatives in Supply Chain?	Yes

This is not a buy, sell or hold recommendation for any particular security. For illustrative purposes only.



Positive Impact

Proprietary investable thematic framework, mapped against UN SDGs



BIFFA Impact Assessment

A leading UK waste management company

Biffa

Biffa (BIFB)

Biffa leads the UK waste-management industry, carrying out essential operations and enabling steps towards a circular economy. Its operations include collection & disposal, recycling, waste treatment, surplus redistribution and energy generation. COVID lockdowns were challenging as many commercial venues closed, reducing collections demand. As the economy opens, Biffa has continued to invest and support customers.

+18.61%
Total return:
01/20 - 06/21

Impact rationale

- Biffa's business model aims to support a UK circular economy with sustainable waste-management solutions.
- It reduces waste by redistributing surplus food and household products; recycles waste where possible; recovers energy from waste; and offers the lowest-carbon waste collection service in the UK. This is increasingly important as the UK now needs to manage all its own waste (as other countries increasingly will not accept it).

Positive impact	Sustainability developments	Key engagements
2.0 (2.0)	<ul style="list-style-type: none"> - Biffa launched a trial of electric refuse vehicles in Manchester. It aims to buy no more diesel trucks from 2020. - The 2021 acquisition of Vindor should improve route efficiency, offer scale advantages and enable more investment in clean vehicles. - Biffa's plastics recycling capacity doubled to 120,000t in 2021, with a goal to triple by 2025 and quadruple by 2030. - Two energy-from-waste facilities are in development, which will generate power for 170,000 homes. - In 2021, Biffa acquired Company Shop Group, the UK's largest redistributor of surplus food and household products (e.g., from production overruns, trials, or products incorrectly labelled or packaged, that would otherwise go to waste). 	<ul style="list-style-type: none"> - We engaged on COVID, especially given Biffa provides essential services, and were satisfied with the company's response. The company used farough, though board and leadership teams took pay cuts to share the burden. - We engaged on a fundraiser, deciding to take part and open a new position in Biffa as it invests in new facilities and more M&A. - We discussed Biffa's sustainability strategy, which provided encouraging evidence that it is well integrated into the overall business strategy.
2.0 (2.0)	<ul style="list-style-type: none"> - Biffa's has challenging targets and some clear roadmaps to achieve them, but it is also clear where the required technology or solutions are not yet available. - Its target of net zero by 2050 aims for a 50% emissions reduction by 2030 (following a 65% reduction since 2010), via route efficiency, greener vehicles, purchasing 100% renewable electricity and developing its own renewable-energy capacity. - Other goals include decarbonising heavy plant equipment and using carbon capture and storage. The company has biodiversity targets for its sites. - Biffa launched a women-in-waste group, and has targets on reducing injury and improving training. Employee engagement rose to 59%, 3% above the UK average. 	

Impact risks and development areas

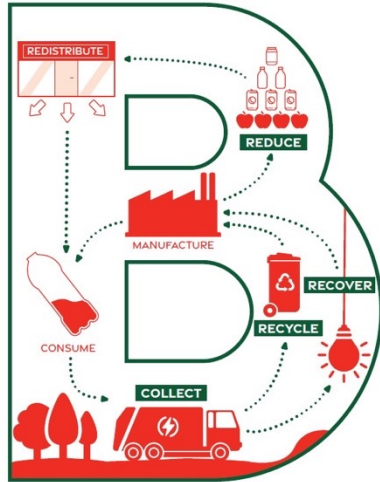
Biffa has a major opportunity to contribute to a more sustainable future, especially as the UK transitions to managing more of its own waste. Biffa's significant investment programme will enable it to increase its impact. However, it will also require strong governance and a commitment to continual improvement, which we will monitor closely. We are encouraged by the establishment of a Board Sustainability Committee, which shows Biffa's understanding of this issue. The quality of sustainability reporting and monitoring progress against Biffa's ambitious targets are other engagement priorities.

Impact highlights

- Offering solutions towards a circular economy
- Collection, recycling, treatment, surplus redistribution and energy generation
- Doubled plastic recycling capacity with goal to quadruple by 2030, two new-energy-from waste facilities
- Ambition to become carbon neutral by 2050 with a roadmap to reduce emissions by 50% by 2030



Stock example – Biffa



Reduce

Recycle

Recover

Collect

Our aims

To pioneer and operate the UK’s leading waste reduction and redistribution services.	£96m committed*
To develop and operate the UK’s leading recycling solutions.	£65m committed*
To invest in energy from waste infrastructure as a lower carbon alternative to landfill for our customer’s waste that can’t be recycled.	£75m committed*
To build the UK’s largest, most efficient, low carbon waste and recycling collections operation.	£189m committed*
£425m Total*	

* Committed investment since Capital Markets Day in September 2019. Includes Viridor transaction (£143m) and acquisition of Green Circle PRF (£10m) agreed in May 2021.

Gym Group Impact Assessment

A low cost, carbon neutral UK gym chain

The screenshot shows a report page for 'the gym.' with the following content:

Gym Group (GYM)

Gym Group provides low-cost fitness facilities, operating in the fastest-growing part of the UK gym market. Even through the pandemic, it increased its sites from 175 to 187. Gym Group offers the most affordable gym membership (as of 2020), with the cheapest headline rate of c.£19/month; its only cheaper peer fell into administration. It has a large membership of 730,000 users, though down from c.800,000 pre-pandemic. As 45% of trading days in 2020 were lost, the decline in users was not surprising, and activity picked up in 2021 as lockdowns were eased.

Impact rationale

- Gym Group's low-cost, flexible membership makes it more affordable for many people to access fitness facilities.
- Its 24/7 model further broadens access.
- Gym Group has commissioned studies to measure its social impact. It estimates the value of its positive impact to be c£1.6bn over the last five years, larger than its market capitalization.

Positive impact

1.0 (2.0)

Sustainability developments

- According to PwC, post-pandemic, 26% of consumers are likely to increase the time they spend exercising, with only 6% expected to exercise less. Gym Group is exposed to a younger and less COVID-sensitive population, partly due to its low-cost membership structure, and is well placed to support a more health-conscious UK population.
- c.20% of new joiners have never been to a gym before. Particularly for the younger demographic, Gym Group supports healthy lifestyle change.
- Over 40% of members fall into the category of 'financially stretched' or 'urban adversity'. 25% of Gym Group's estate is in the 20% most deprived areas of the UK.

Key engagements

- Understandably, Gym Group has been one of the more COVID-impacted businesses in the portfolio. We supported its equity raise at the height of the pandemic. This ensured that it could operate through lockdowns, and also capitalise on a weaker competitive environment to continue opening sites.
- We have been encouraged by the company's support of workers through lockdown, and also of customers, by quickly cancelling direct debits when gyms were closed and continuing to offer online advice and classes.

Internal sustainability

1.5 (2.0)

- Since 2019, Gym Group has bought 100% renewable energy where it controls the buying decision. In 1% of sites, energy purchases are managed centrally and not in its control.
- A carbon-reduction strategy and targets are to be published early in 2022, and the company has opened its first 'low-carbon' gyms. Due to gym closures, carbon data for 2020 is not comparable.
- Despite the additional cleaning and greater use of disposable items in the COVID period, the business managed to divert 90% of waste from landfill.
- Gym Group has signed up to the UK government's Kickstart Programme, providing job placements and training to 16-24 year olds on Universal Credit and at risk of long term unemployment.

Impact risks and development areas

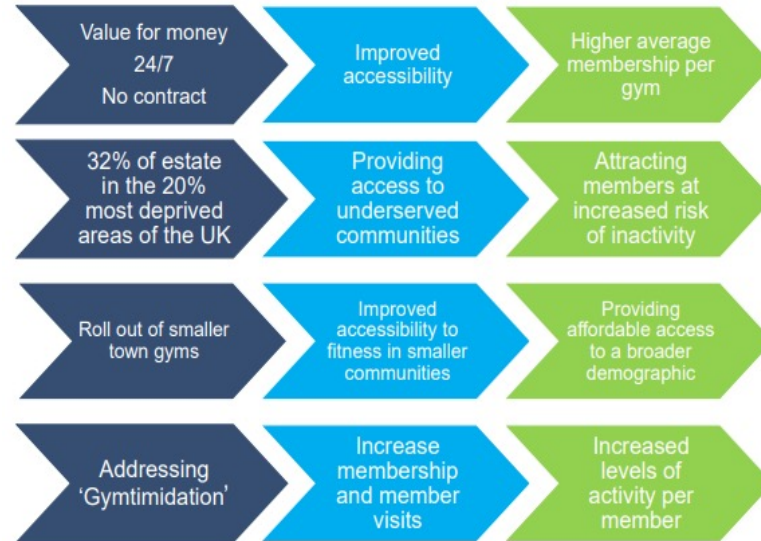
Gym Group's service has a positive impact on society, given the health benefits it brings to people who might otherwise be excluded from gym access for financial or other reasons. As Kerswell, less so in administration, Gym Group is now the cheapest UK discount gym operator. There are opportunities to improve internal reporting, though we acknowledge that Gym Group is a small company and will not provide the detail of a larger, better-resourced organisation. Engagement topics include supply-chain policies, employee terms & conditions, contract terms, and more detail on waste/water/energy consumption. Gym Group has taken steps towards this by setting up a Sustainability Working group and committing to improve disclosure. These are evident in improved disclosure regarding water and waste relative to 2019.

Impact highlights

- Positive social impact through health & mental wellbeing benefits by providing access to wider parts of the UK gym market through it's low-cost, flexible offering
- Growing sustainably with £2.5bn social value delivered since 2017
- Significant investment in new tech platform as part of transitioning towards a more digitalised world
- 95% of waste diverted from landfill in 2021; continue to purchase 100% renewable energy supply
- Ambition to become carbon neutral by 2035 with a roadmap to reduce emissions by 50% by 2030
- UK's first certified carbon neutral gym chain

Stock example – Gym Group

Growing sustainably



Breaking down barriers to fitness for all while increasing social value to society

Gym Group Impact Assessment

A low cost, carbon neutral UK gym chain

The Gym Group logo is at the top left. The main heading is 'Gym Group (GYM)'. Below it, a paragraph describes the company's growth and membership. To the right of this paragraph is a box with a green arrow pointing up and the text '-2.77%' and 'Total return: 01/20 - 04/21'. Below the main text is an 'Impact rationale' section with two bullet points. To the left of the 'Sustainability developments' and 'Key engagements' sections is a 'Positive impact' section with a large '1.0 (2.0)' and an 'Internal sustainability' section with a large '1.5 (2.0)'. At the bottom is an 'Impact risks and development areas' section.

the gym.

Gym Group (GYM)

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-2.77%
Total return: 01/20 - 04/21

Impact rationale

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Positive impact
1.0 (2.0)

Sustainability developments

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- Over 40% of members fall into the category of 'financially stretched' or 'vulnerable'. c.25% of Gym Group's estate is in the 20% most deprived areas of the UK.

Key engagements

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Impact risks and development areas

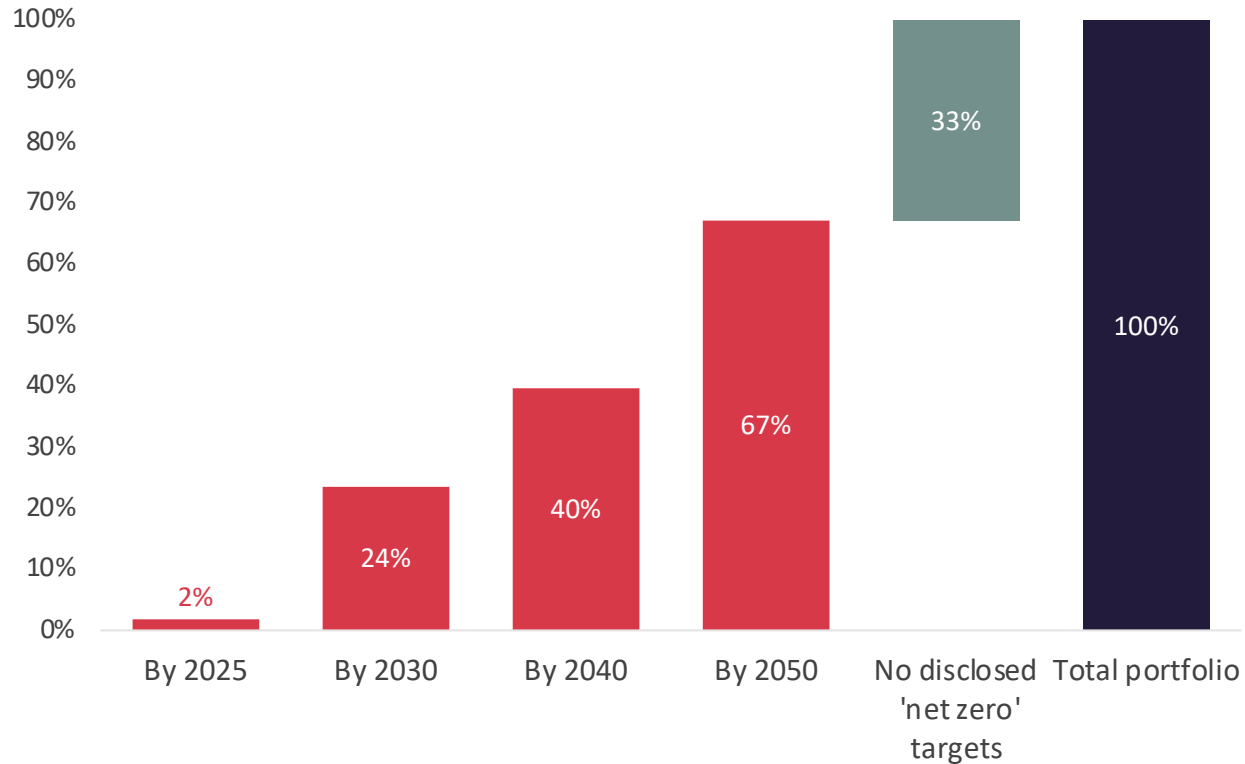
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UK Sustainable Equity net zero transition



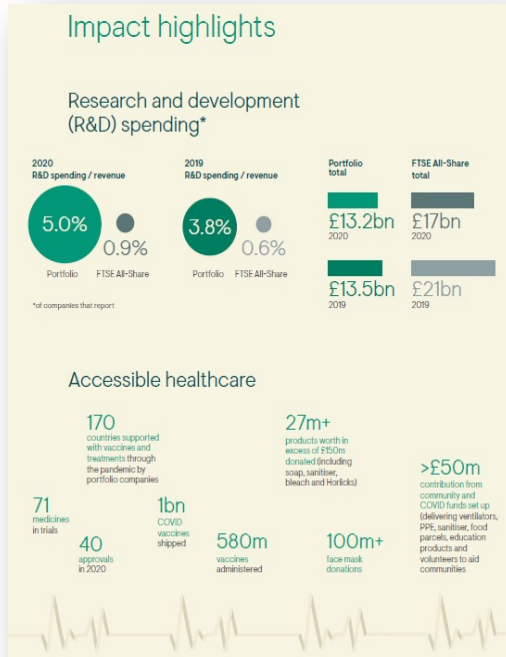


Annual Impact Report





Impact Highlights



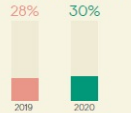


Impact Highlights

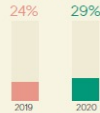
Internal sustainability highlights

Gender diversity

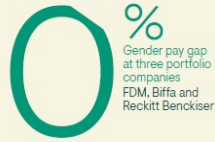
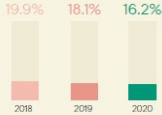
Women on boards
Senior levels (portfolio average)



Women in senior management
(portfolio average)



Gender pay gap
(portfolio average)



Furlough

15 portfolio companies used the UK government's furlough scheme



Waste management

14% of companies report % of waste recycled rather than sent to landfill

82% Average % of waste recycled (of those that report)

Carbon data

Carbon intensity
(t/CO₂e per £1m of sales)



Carbon footprint
(t/CO₂e per £1m invested)



Please note that changes to the methodology used to calculate carbon footprints mean that the portfolio-level data shown here is not comparable to that presented in last year's report, and hence is not shown.

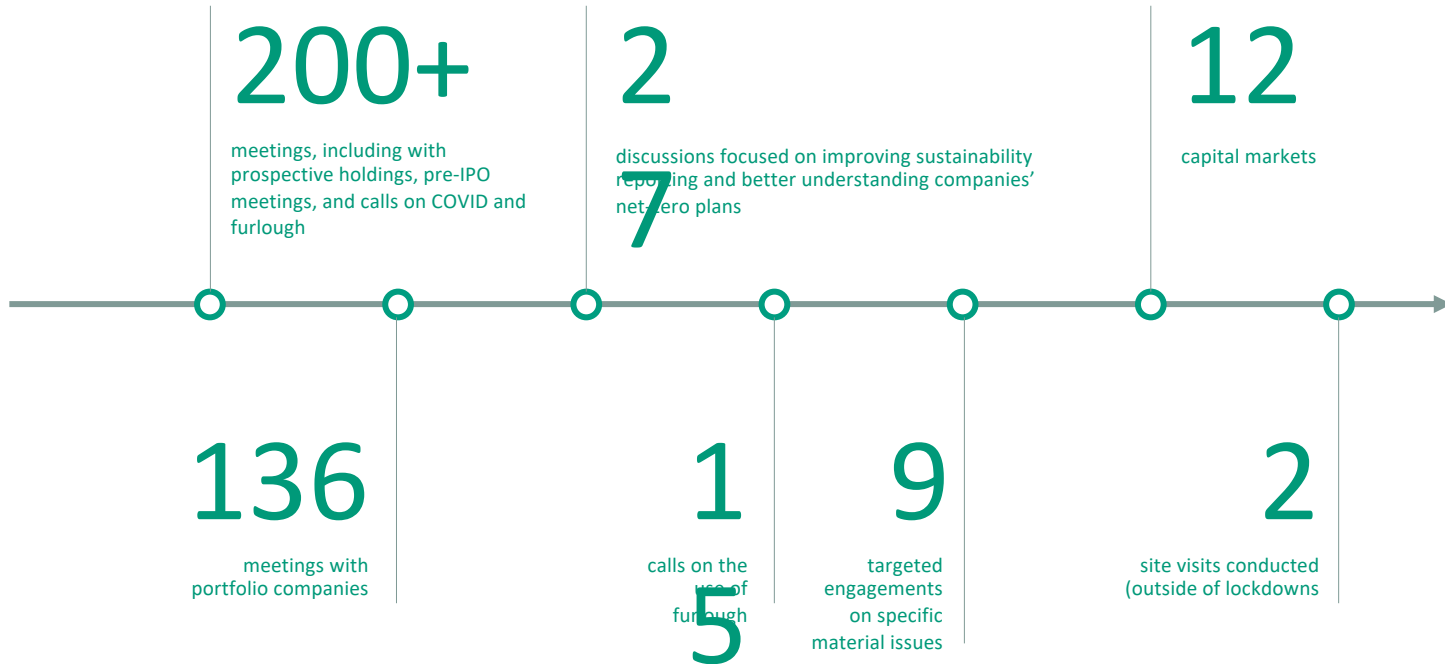
Renewable energy



Companies that currently have and report a...



Real impact of engagements





Target audience

Audience

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Nothing herein should be construed as an offer to enter into any contract, investment advice, a recommendation of any kind, a solicitation of clients, or an offer to invest in any particular fund, product, investment vehicle or derivative.

General risks

The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth.

Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations.

Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

Specific fund risks – UK Sustainable Equity

Derivatives: The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

Equity investment: The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

Sustainable Strategies: Sustainable, impact or other sustainability-focused portfolios consider specific factors related to their strategies in assessing and selecting investments. As a result, they will exclude certain industries and companies that do not meet their criteria. This may result in their portfolios being substantially different from broader benchmarks or investment universes, which could in turn result in relative investment performance deviating significantly from the performance of the broader market.

Questions?



The practical application

An adviser guide to Responsible investment

An independent view from Square Mile:

- Highlights Responsible investment
- Identifies key investor types



Thank you

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