



A sub-fund of Ninety One Funds Series iii managed by Ninety One Fund Managers UK Limited

The Investment Manager for this Fund is Ninety One UK Limited. Throughout this document, any reference to 'Ninety One', 'our' or 'we' refers to the Investment Manager.

What are the Fund's key sustainability characteristics?

The Fund will invest in:

Countries that in aggregate, contribute to more than half of the Fund's country exposure possessing an ESG trend score of neutral or positive according to our Sustainability Approach for countries. That is unless the benchmark in aggregate has an ESG trend score that is worse than neutral, in which case, more than half of the Fund's country investments will have a better ESG trend score than the benchmark.

Companies that in aggregate, contribute to more than half of the Fund's exposure to companies having an ESG score above 51% according to our Sustainability Approach for companies

The Fund won't invest in:

The Fund avoids investing in government borrowers with the worst ESG trend score of -3.

The Fund avoids investing in companies that make more than 5% of their revenue from:

- the manufacture and production of tobacco products; or
- producing or distributing adult entertainment; or
- thermal coal extraction.

The Fund avoids companies that make more than 20% of their revenue from:

- production of crude oil from oil sands;
- thermal coal power generation; or
- production or distribution of unsustainable palm oil

In addition, the Fund does not invest in companies involved in making controversial weapons, such as biological and chemical weapons, cluster munitions, or landmines. It also avoids companies directly involved in the production of nuclear weapons. Furthermore, the Fund excludes businesses that we believe violate the UN's Global Compact principles, which promote responsible practices in areas such as human rights, labour standards, environmental protection, and anti-corruption.

More exclusions may be added in the future. As they are introduced, they will be disclosed on our website and added to this document at the next opportunity.

ninetyone.com/sustainability

Emerging Markets Blended Debt Fund

Date **01 December 2024** | Fund Identifier **213800AAM3KN6QW8DC44**

Sustainability label

This product does not have a UK sustainable investment label.

This product evaluates the sustainability of the companies and countries it invests in but does not have a specific sustainability goal. It does not, therefore, meet the criteria under the Financial Conduct Authority's Sustainability Disclosure Requirements ('SDR') for a Sustainability label, which helps identify products with specific sustainability goals.

Sustainability Approach

Our sustainability approach involves evaluating the sustainability of the countries and companies we invest in, using our own research frameworks. The Fund invests in both government bonds and corporate bonds issued by companies. We apply a tailored approach to each:

For countries we believe that positive environmental, social, and governance (ESG) developments are important factors when making investment decisions. Countries that have strong governance, treat their citizens well, and manage their resources sustainably are expected to perform better economically in the long run.

To find such countries, we use a research framework that includes an ESG trend score. It analyses different aspects such as:

- Environmental policies (like climate action and natural resource management)
- Social policies (like infrastructure development, human capital, and inclusive growth)
- Governance (like civil authority, institutional capacity, and economic policy)

These aspects are compared against the UN Sustainable Development Goals, and a qualitative assessment (i.e. measuring quality rather than quantity) is made to anticipate future trends. Each country receives an ESG trend score from -3 to +3, indicating the expected improvement when positive or deterioration when negative in their ESG practices over time. A score of zero is considered neutral.

Even though a country may have a lower ESG trend score (e.g., of -2), it may still be an attractive investment overall based on other factors, such as growth expectations. The ESG trend score also helps us prioritise sustainability-related engagements.

For companies we assess environmental, social and governance ('ESG') warning signs when analysing potential new investments. These warnings typically indicate weak management structures and a higher chance of problems like poor governance.

After first checking for these warnings, we conduct a detailed ESG analysis focusing on:

- Environmental factors such as carbon footprint and pollution.
- Social factors like employee conditions and community relations.
- Governance issues, including board structure and corruption.

We then give each company an ESG score between 0 and 100, with 100 being the best. At least 51% of the portfolio of corporate borrowers will be invested in companies with a score of 51 or higher. We review and update the scores for investments in the portfolio regularly.

We may also invest in green bonds where proceeds are ringfenced for climate-related or environmental projects.

As part of our investment process, we regularly engage with the companies we invest in to encourage better sustainability practices. These engagements help us understand the companies' strategies and influence their approach to managing ESG risks and opportunities.

Sustainability Metrics

Emerging Markets Blended Debt Fund

These metrics provide a useful overview of the Fund's sustainability characteristics:

Metric

For direct investments in bonds issued by governments

- Proportion of investments held in countries that have an ESG trend score that is either; 1) greater than 0 or 2) greater than the benchmark's* ESG trend score (whichever is lower).

64%

- Proportion of investments in borrowers rated -3 as per Ninety One's ESG trend scores (the lowest score for countries based on our scoring system).

0%

For direct investments in bonds issued by companies

- Proportion of investments in bonds issued by companies with our own industry-sector-specific ESG scores between 51-100 (above average for the industry based on our scoring system).

99%

This data has been applied to the Fund position weightings as at the end of December 2023.

*50% JPMorgan GBI-EM Global Diversified Index, 25% JPMorgan EMBI Global Diversified Hedged GBP Index, 25% JPMorgan CEMBI Broad Diversified Hedged GBP Index.

ESG trend score (countries)

Internally generated qualitative assessment score of ESG (environmental, social, governance) trends for countries, scored on nine sub-categories aligned with the United Nations' 17 Sustainable Development Goals. Scores range from -3 to +3 and impact investment rankings. All other things being equal, markets with improving ESG scores will be higher up the scorecard rankings than those that are deteriorating.

ESG score (companies)

Internally generated qualitative assessment score of ESG (environmental, social, governance) characteristics for companies. Scores range from 0 – 100 and are based on 10 ESG sub-categories which cover carbon emissions, water and land usage and pollution. It also covers a company's relationships with employees and suppliers as well as regulatory risk and how well the company is organised to ensure independent oversight. All other things being equal, companies with higher ESG scores will rank higher within their relevant sector scorecards which ranks potential opportunities for inclusion in the Fund.

Green bonds

Green bonds are bonds issued to finance climate-related or environmental projects. These could include supporting renewable energy projects by financing the construction and maintenance of wind farms, solar parks, or hydroelectric power stations. Green bonds can also include those issued by companies burning fossil fuels to generate energy, where the funds are ringfenced to support the transition to net-zero carbon emissions (the point where total greenhouse gas emissions are equal to the emissions removed from the atmosphere).

UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Contact us

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Telephone calls may be recorded for training, monitoring and regulatory purposes and to confirm investors' instructions.

Links

This document provides you with sustainability-related information about this Fund. Investors must read the Key Investor Information Document and Prospectus prior to investing. For latest copies of these documents as well as the Fund's annual and semi-annual Report & Accounts and Instrument of Incorporation, please visit <https://ninetyone.com/en/united-kingdom/funds-strategies/literature-library>

Important information

All investments carry the risk of capital loss.

This communication is not an invitation to make an investment nor does it constitute an offer for sale.

For an explanation of technical terms not explained in this document, please refer to ninetyone.com/glossary