



ESG Review

Tatton Investment Management Ethical Active

July 2023



For professional advisers only

Tatton Investment Management
Ethical Active
Danny Luggah, CFA

Key facts

- A long-running range of ethical portfolios, with Ethical Balanced launching in July 2014.
- The range uses seven negative screens to limit exposure to an array of controversial environmental and social areas. As a result, exposure to most of our controversial areas is very low.
- There is an Ethical Investment Committee consisting of 12 members from around the business. They meet on a quarterly basis to review existing holdings and any new additions require a 70% approval.

Fund information

Launch Date	26 January 2018
Manager	Team
Domicile	GBR
Assets	Active
Approach	Return Focused
Type	MPS

UN PRI signatory ¹	No
UK Stewardship Code signatory	No
Category	n/a
Defaqto Diamond Rating Type	n/a
Diamond Rating	n/a

¹UN Principles for Responsible Investment (PRI)

ESG policy and alignment

The Tatton Ethical range consists of six actively managed portfolios with increasing levels of risk from Defensive to Global Equity.

There are no set exclusions for the range but the team use screens to limit exposure to the following seven areas: alcohol, animal testing (for cosmetic purposes), armaments, environmental damage, gambling, pornography, and tobacco.

Exclusions: Yes

The portfolios aim to limit direct exposure to these areas. Where there is a conflict, this will be raised with the underlying fund manager and assessed by Tatton's Ethical Committee.

As shown on p4, there is limited exposure to most of our controversial environmental/social areas. The only one of note is an estimated 3.7% exposure to non-pharmaceutical animal testing.

Levels of ESG investing



For full details, please refer to p5

Sustainable Development Goals (SDG) focus



ESG factors

Environmental

Less than 1%	Between 1% and 10%	More than 10%
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Environmental Exposures	Product Involvement
Fossil Fuel	3.2%
GMO	<1%
Nuclear	<1%
Oil Sands Extraction	-
Palm Oil	-
Pesticides	<1%
Thermal Coal	<1%

The only environmental exposure of note is to fossil fuels. It is also worth highlighting that the thermal coal and oil sands extraction exposures are negligible.

Some of the fossil fuel exposure comes from companies that are transitioning to more sustainable forms of energy. For example, a relatively large portion of the fossil fuel exposure comes from the Aegon Global Short Dated Climate Transition Fund, which aims to invest in companies that are transitioning towards Net Zero.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Social

Social Exposures	Product Involvement
Adult Entertainment	-
Alcohol	-
Animal Testing (Pharmaceutical)	9.2%
Animal Testing (Other)	3.7%
Controversial Weapons	-
Fur and Specialty Leather	-
Gambling	-
Military Contracting	-
Small Arms	<1%
Tobacco	-

The portfolio has very limited social exposures, in line with its negative screens.

There is some exposure to animal testing, but most of this is for pharmaceutical uses, where the animal testing will be a legal requirement. We have estimated the non-pharmaceutical exposure by subtracting the portfolio's healthcare exposure from the total amount of animal testing exposure. Part of this comes from holdings such as the L&G MSCI World SRI Index, which at the time of review, held companies such as Colgate-Palmolive and PepsiCo, which have involvement in animal testing for non-pharmaceutical purposes.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Governance

The underlying funds' process of assessing a companies' governance is looked at by the team on a fund-by-fund basis.

There are no specific requirements around governance but the team do look for fund managers that invest in companies with robust frameworks and controls in place for running their businesses.

Levels of ESG investing

Within this section, we look at the various levels of ESG across the portfolio. We use the IA responsible investment framework across three classifications: ESG integration, sustainability focus and impact (exclusions are covered on p3).

The dials represent zero, low, medium, or high exposure relative to Defaqto's ESG Review universe. The exposures are calculated through our internal assessment of the underlying funds or holdings in the portfolio. The exposure boundaries used within each level are non-linear, for example, it is common to see higher levels of ESG integration relative to impact focus, so our threshold for impact focus is lower. The dials are not mutually exclusive.

ESG integration



ESG integration can be seen as a form of risk mitigation, where ESG risks are considered alongside traditional financial analysis.

All funds within the range have an ESG element, with the exception of cash equivalents. For this portfolio, this equates to over 90% of the holdings having some form of ESG integration.

Examples include the Aegon Ethical Corporate Bond fund, which uses a comprehensive negative screening process, covering 21 environmental and social areas; and the Federated Hermes Global Equity ESG Fund, which aims to invest in companies with favourable ESG characteristics.

Sustainability focus



Sustainability focus funds invest in assets with specific sustainability goals and/or themes.

The range has a focus on avoiding harm as opposed to a specific sustainability mandate, however, there is an element of sustainability focused funds within the portfolio.

Examples include the Janus Henderson Global Sustainable Equity fund, which invests in companies

whose products and services are considered to contribute to positive environmental or social change; and the EdenTree Responsible & Sustainable Global Equity fund, which uses a screening model to consider the positive sustainability case in terms of products and solutions, and how companies are referencing the SDGs as part of their business case.

Impact focus



Impact investments are made with the intention of achieving a positive, measurable environmental or social impact.

Currently, there is no impact objective for the range nor are there any funds held that meet our definition of an impact fund.

Top 10 holdings

Name	Classification	% of assets
Vanguard ESG Dev Wld All Cp Eq Idx £ Acc	ESG Integration/Exclusions	10.9
EdenTree Responsible & Sust Gbl Eq B	Sustainability Focus	10.1
L&G MSCI Wld Scly Rspnb Invmt SRI I Acc	ESG Integration/Exclusions	10.0
Janus Henderson Global Sust Eq I Acc	Sustainability Focus	9.9
Schroder ISF QEP Global ESG C Acc GBP	ESG Integration/Exclusions	9.8
Federated Hermes Gbl Eq ESG F GBP Acc	ESG Integration/Exclusions	9.8
Janus Henderson UK Responsible Inc I Inc	ESG Integration/Exclusions	8.0
Fidelity Cash W Acc	Risk Management	6.2
Vontobel Fd II mtX EmMktsSstbyChampANGBP	Sustainability Focus	5.9
BNY Mellon Sust Gbl Dyn Bd Instl W Acc	ESG Integration/Exclusions	5.2

Source: Tatton, April 2023

Sustainable Development Goal (SDG) focus



Source: Morningstar Direct, July 2023

Engagement with corporates and/or funds

Tatton have an Ethical Investment Committee consisting of 12 people from all around the business. The committee meet on a quarterly basis to review all existing holdings and discuss any potential new investments.

As part of this process, the team review the underlying holdings within each of the funds, and any controversial holdings are given one of four colours: green, light orange, dark orange (which means the team are not happy with the holding and this will be raised with the

fund manager), and red (implying the holding is against the fund's mandate). An example provided of this process in practice was when one of the funds held had an exposure to alcohol, this was flagged as dark orange and challenged with the fund manager, as a result of this challenge the alcohol exposure was removed from the fund. So far, there have been no cases where a holding has flagged as red.

Resources

The team use Sustainalytics via Morningstar, however, they do not pay much attention to Morningstar ESG ratings, but instead use the Sustainalytics data as part of their seven negative screens. They also use Bloomberg as it provides them with some additional data points.

There are three members from the Ethical Investment Committee that have access to the negative screens, which are regularly reviewed.

When a fund is being considered for inclusion in the portfolios, it requires a 70% approval from the committee.

Tatton's ESG policy

As well as the Ethical Investment Committee, there is a Tatton Asset Management (TAM) board-level Ethical Committee consisting of senior members from around the business.

The firm are a signatory of the Women in Finance Charter, which aims for gender balance across financial service industries.

There are currently no firm-wide exclusions that apply to all portfolios managed by Tatton.

About Defaqto

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ESG Review

Tatton Investment Management Ethical Aggressive

July 2023



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Tatton Investment Management
Ethical Aggressive
Danny Luggah, CFA

Key facts

- A long-running range of ethical portfolios, with Ethical Balanced launching in July 2014.
- The range uses seven negative screens to limit exposure to an array of controversial environmental and social areas. As a result, exposure to most of our controversial areas is very low.
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Assets	Active
Approach	Return Focused
Type	MPS

UN PRI signatory ¹	No
UK Stewardship Code signatory	No
Category	n/a
Defaqto Diamond Rating Type	n/a
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ESG policy and alignment

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Exclusions: Yes

The portfolios aim to limit direct exposure to these areas. Where there is a conflict, this will be raised with the underlying fund manager and assessed by Tatton's Ethical Committee.

As shown on p4, there is limited exposure to most of our controversial environmental/social areas. The only one of note is an estimated 3.8% exposure to non-pharmaceutical animal testing.

Levels of ESG investing



For full details, please refer to p5

Sustainable Development Goals (SDG) focus



ESG factors

Environmental

Less than 1%	Between 1% and 10%	More than 10%
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Environmental Exposures	Product Involvement
Fossil Fuel	3.2%
GMO	-
Nuclear	<1%
Oil Sands Extraction	-
Palm Oil	-
Pesticides	-
Thermal Coal	-

The only environmental exposure of note is to fossil fuels. It is also worth highlighting that the thermal coal and oil sands extraction exposures are negligible.

Some of the fossil fuel exposure comes from companies that are transitioning to more sustainable forms of energy. For example, a relatively large portion of the fossil fuel exposure comes from the EdenTree Responsible and Sustainable Global Equity Fund, which takes into account a company's impact on the environment as part of its research process.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Social

Social Exposures	Product Involvement
Adult Entertainment	-
Alcohol	-
Animal Testing (Pharmaceutical)	10.3%
Animal Testing (Other)	3.8%
Controversial Weapons	-
Fur and Specialty Leather	-
Gambling	-
Military Contracting	-
Small Arms	<1%
Tobacco	-

The portfolio has very limited social exposures, in line with its negative screens.

There is some exposure to animal testing, but most of this is for pharmaceutical uses, where the animal testing will be a legal requirement. We have estimated the non-pharmaceutical exposure by subtracting the portfolio's healthcare exposure from the total amount of animal testing exposure. Part of this comes from holdings such as the L&G MSCI World SRI Index, which at the time of review, held companies such as Colgate-Palmolive and PepsiCo, which have involvement in animal testing for non-pharmaceutical purposes.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Governance

The underlying funds' process of assessing a company's governance is looked at by the team on a fund-by-fund basis.

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Levels of ESG investing

Within this section, we look at the various levels of ESG across the portfolio. We use the IA responsible investment framework across three classifications: ESG integration, sustainability focus and impact (exclusions are covered on p3).

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ESG integration



ESG integration can be seen as a form of risk mitigation, where ESG risks are considered alongside traditional financial analysis.

All funds within the range have an ESG element, with the exception of cash equivalents. For this portfolio, this equates to over 90% of the holdings having some form of ESG integration.

Examples include the Vanguard ESG Developed World All Cap Equity Index Fund, which is a passive index fund that applies negative exclusions based on the impact of a company's conduct or products on society and/or the environment; and the Federated Hermes Global Equity ESG Fund, which aims to invest in companies with favourable ESG characteristics.

Sustainability focus



Sustainability focus funds invest in assets with specific sustainability goals and/or themes.

The range has a focus on avoiding harm as opposed to a specific sustainability mandate, however, there is an element of sustainability focused funds within the portfolio.

Examples include the Janus Henderson Global Sustainable Equity fund, which invests in companies

whose products and services are considered to contribute to positive environmental or social change; and the EdenTree Responsible & Sustainable Global Equity fund, which uses a screening model to consider the positive sustainability case in terms of products and solutions, and how companies are referencing the SDGs as part of their business case.

Impact focus



Impact investments are made with the intention of achieving a positive, measurable environmental or social impact.

Currently, there is no impact objective for the range nor are there any funds held that meet our definition of an impact fund.

Top 10 holdings

Name	Classification	% of assets
L&G MSCI Wld Scilly Rspnb Invmt SRI I Acc	ESG Integration/Exclusions	12.1
Janus Henderson Global Sust Eq I Acc	Sustainability Focus	12.0
Vanguard ESG Dev Wld All Cp Eq Idx £ Acc	ESG Integration/Exclusions	11.9
EdenTree Responsible & Sust Gbl Eq B	Sustainability Focus	11.1
Schroder ISF QEP Global ESG C Acc GBP	ESG Integration/Exclusions	10.8
Federated Hermes Gbl Eq ESG F GBP Acc	ESG Integration/Exclusions	10.8
Janus Henderson UK Responsible Inc I Inc	ESG Integration/Exclusions	9.0
Vontobel Fd II mtx EmMktsSstbyChampANGBP	Sustainability Focus	6.9
Fidelity Cash W Acc	Risk Management	6.2
BNY Mellon Sust Gbl Dyn Bd Instl W Acc	ESG Integration/Exclusions	3.1

Source: Tatton, April 2023

Sustainable Development Goal (SDG) focus



Source: Morningstar Direct, July 2023

Engagement with corporates and/or funds

Tatton have an Ethical Investment Committee consisting of 12 people from all around the business. The committee meet on a quarterly basis to review all existing holdings and discuss any potential new investments.

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fund manager), and red (implying the holding is against the fund's mandate). An example provided of this process in practice was when one of the funds held had an exposure to alcohol, this was flagged as dark orange and challenged with the fund manager, as a result of this challenge the alcohol exposure was removed from the fund. So far, there have been no cases where a holding has flagged as red.

Resources

The team use Sustainalytics via Morningstar, however, they do not pay much attention to Morningstar ESG ratings, but instead use the Sustainalytics data as part of their seven negative screens. They also use Bloomberg as it provides them with some additional data points.

There are three members from the Ethical Investment Committee that have access to the negative screens, which are regularly reviewed.

When a fund is being considered for inclusion in the portfolios, it requires a 70% approval from the committee.

Tatton's ESG policy

As well as the Ethical Investment Committee, there is a Tatton Asset Management (TAM) board-level Ethical Committee consisting of senior members from around the business.

The firm are a signatory of the Women in Finance Charter, which aims for gender balance across financial service industries.

There are currently no firm-wide exclusions that apply to all portfolios managed by Tatton.

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ESG Review

Tatton Investment Management Ethical Balanced

July 2023



For professional advisers only

Tatton Investment Management
Ethical Balanced
Danny Luggah, CFA

Key facts

- A long-running range of ethical portfolios, with Ethical Balanced launching in July 2014.
- The range uses seven negative screens to limit exposure to an array of controversial environmental and social areas. As a result, exposure to most of our controversial areas is very low.
- There is an Ethical Investment Committee consisting of 12 members from around the business. They meet on a quarterly basis to review existing holdings and any new additions require a 70% approval.

Fund information

Launch Date	29 July 2014
Manager	Team
Domicile	GBR
Assets	Active
Approach	Return Focused
Type	MPS

UN PRI signatory ¹	No
UK Stewardship Code signatory	No
Category	n/a
Defaqto Diamond Rating Type	n/a
Diamond Rating	n/a

¹UN Principles for Responsible Investment (PRI)

ESG policy and alignment

The Tatton Ethical range consists of six actively managed portfolios with increasing levels of risk from Defensive to Global Equity.

There are no set exclusions for the range but the team use screens to limit exposure to the following seven areas: alcohol, animal testing (for cosmetic purposes), armaments, environmental damage, gambling, pornography, and tobacco.

Exclusions: No

The portfolios aim to limit direct exposure to these areas. Where there is a conflict, this will be raised with the underlying fund manager and assessed by Tatton's Ethical Committee.

As shown on p4, there is limited exposure to most of our controversial environmental/social areas. The only one of note is an estimated 2.8% exposure to non-pharmaceutical animal testing.

Levels of ESG investing



For full details, please refer to p5

Sustainable Development Goals (SDG) focus



ESG factors

Environmental

Less than 1%	Between 1% and 10%	More than 10%
--------------	--------------------	---------------

Environmental Exposures	Product Involvement
Fossil Fuel	3.2%
GMO	-
Nuclear	<1%
Oil Sands Extraction	-
Palm Oil	-
Pesticides	<1%
Thermal Coal	<1%

The only environmental exposure of note is to fossil fuels. It is also worth highlighting that the thermal coal and oil sands extraction exposures are negligible.

Some of the fossil fuel exposure comes from companies that are transitioning to more sustainable forms of energy. For example, a relatively large portion of the fossil fuel exposure comes from the Aegon Global Short Dated Climate Transition Fund, which aims to invest in companies that are transitioning towards Net Zero.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Social

Social Exposures	Product Involvement
Adult Entertainment	-
Alcohol	-
Animal Testing (Pharmaceutical)	7.7%
Animal Testing (Other)	2.8%
Controversial Weapons	-
Fur and Specialty Leather	-
Gambling	-
Military Contracting	-
Small Arms	-
Tobacco	-

The portfolio has very limited social exposures, in line with its negative screens.

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Governance

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Levels of ESG investing

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ESG integration



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Top 10 holdings

Name	Classification	% of assets
Vanguard ESG Dev Wld All Cp Eq Idx £ Acc	ESG Integration/Exclusions	8.9
EdenTree Responsible & Sust Gbl Eq B	Sustainability Focus	8.0
Rathbone Ethical Bond I Acc	ESG Integration/Exclusions	8.0
L&G MSCI Wld Scly Rspnb Invmt SRI I Acc	ESG Integration/Exclusions	8.0
Janus Henderson Global Sust Eq I Acc	Sustainability Focus	7.9
Schroder ISF QEP Global ESG C Acc GBP	ESG Integration/Exclusions	7.8
Federated Hermes Gbl Eq ESG F GBP Acc	ESG Integration/Exclusions	7.8
BNY Mellon Sust Gbl Dyn Bd Instl W Acc	ESG Integration/Exclusions	7.2
RLBF II Royal London Ethical Bond M Acc	ESG Integration/Exclusions	7.1
Fidelity Cash W Acc	Risk Management	6.2

Source: Tatton, April 2023

Sustainable Development Goal (SDG) focus



Source: Morningstar Direct, July 2023

Engagement with corporates and/or funds

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Resources

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ESG Review

Tatton Investment Management

Ethical Cautious

July 2023



For professional advisers only

Tatton Investment Management
Ethical Cautious
Danny Luggah, CFA

Key facts

- A long-running range of ethical portfolios, with Ethical Balanced launching in July 2014.
- The range uses seven negative screens to limit exposure to an array of controversial environmental and social areas. As a result, exposure to most of our controversial areas is very low.
- There is an Ethical Investment Committee consisting of 12 members from around the business. They meet on a quarterly basis to review existing holdings and any new additions require a 70% approval.

Fund information

Launch Date	26 January 2018
Manager	Team
Domicile	GBR
Assets	Active
Approach	Return Focused
Type	MPS

UN PRI signatory ¹	No
UK Stewardship Code signatory	No
Category	n/a
Defaqto Diamond Rating Type	n/a
Diamond Rating	n/a

¹UN Principles for Responsible Investment (PRI)

ESG policy and alignment

The Tatton Ethical range consists of six actively managed portfolios with increasing levels of risk from Defensive to Global Equity.

There are no set exclusions for the range but the team use screens to limit exposure to the following seven areas: alcohol, animal testing (for cosmetic purposes), armaments, environmental damage, gambling, pornography, and tobacco.

Exclusions: Yes

The portfolios aim to limit direct exposure to these areas. Where there is a conflict, this will be raised with the underlying fund manager and assessed by Tatton's Ethical Committee.

As shown on p4, there is limited exposure to most of our controversial environmental/social areas. The only one of note is an estimated 3.0% exposure to non-pharmaceutical animal testing.

Levels of ESG investing



For full details, please refer to p5

Sustainable Development Goals (SDG) focus



ESG factors

Environmental

Less than 1%	Between 1% and 10%	More than 10%
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Environmental Exposures	Product Involvement
Fossil Fuel	3.2%
GMO	-
Nuclear	<1%
Oil Sands Extraction	-
Palm Oil	-
Pesticides	-
Thermal Coal	<1%

The only environmental exposure of note is to fossil fuels. It is also worth highlighting that the thermal coal and oil sands extraction exposures are negligible.

Some of the fossil fuel exposure comes from companies that are transitioning to more sustainable forms of energy. For example, a relatively large portion of the fossil fuel exposure comes from the Aegon Global Short Dated Climate Transition Fund, which aims to invest in companies that are transitioning towards Net Zero.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Social

Social Exposures	Product Involvement
Adult Entertainment	-
Alcohol	-
Animal Testing (Pharmaceutical)	5.5%
Animal Testing (Other)	3.0%
Controversial Weapons	-
Fur and Specialty Leather	-
Gambling	-
Military Contracting	-
Small Arms	-
Tobacco	-

The portfolio has very limited social exposures, in line with its negative screens.

There is some exposure to animal testing, but most of this is for pharmaceutical uses, where the animal testing will be a legal requirement. We have estimated the non-pharmaceutical exposure by subtracting the portfolio's healthcare exposure from the total amount of animal testing exposure. Part of this comes from holdings such as the L&G MSCI World SRI Index, which at the time of review, held companies such as Colgate-Palmolive and PepsiCo, which have involvement in animal testing for non-pharmaceutical purposes.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Governance

The underlying funds' process of assessing a companies' governance is looked at by the team on a fund-by-fund basis.

There are no specific requirements around governance but the team do look for fund managers that invest in companies with robust frameworks and controls in place for running their businesses.

Levels of ESG investing

Within this section, we look at the various levels of ESG across the portfolio. We use the IA responsible investment framework across three classifications: ESG integration, sustainability focus and impact (exclusions are covered on p3).

The dials represent zero, low, medium, or high exposure relative to Defaqto's ESG Review universe. The exposures are calculated through our internal assessment of the underlying funds or holdings in the portfolio. The exposure boundaries used within each level are non-linear, for example, it is common to see higher levels of ESG integration relative to impact focus, so our threshold for impact focus is lower. The dials are not mutually exclusive.

ESG integration



ESG integration can be seen as a form of risk mitigation, where ESG risks are considered alongside traditional financial analysis.

All funds within the range have an ESG element, with the exception of cash equivalents. For this portfolio, this equates to over 90% of the holdings having some form of ESG integration.

Examples include the Aegon Ethical Corporate Bond fund, which uses a comprehensive negative screening process, covering 21 environmental and social areas; and the Federated Hermes Global Equity ESG Fund, which aims to invest in companies with favourable ESG characteristics.

Sustainability focus



Sustainability focus funds invest in assets with specific sustainability goals and/or themes.

The range has a focus on avoiding harm as opposed to a specific sustainability mandate, however, there is an element of sustainability focused funds within the portfolio.

Examples include the Janus Henderson Global Sustainable Equity fund, which invests in companies

whose products and services are considered to contribute to positive environmental or social change; and the EdenTree Responsible & Sustainable Global Equity fund, which uses a screening model to consider the positive sustainability case in terms of products and solutions, and how companies are referencing the SDGs as part of their business case.

Impact focus



Impact investments are made with the intention of achieving a positive, measurable environmental or social impact.

Currently, there is no impact objective for the range nor are there any funds held that meet our definition of an impact fund.

Top 10 holdings

Name	Classification	% of assets
Rathbone Ethical Bond I Acc	ESG Integration/Exclusions	12.0
RLBF II Royal London Ethical Bond M Acc	ESG Integration/Exclusions	11.2
BNY Mellon Sust Glb Dyn Bd Instl W Acc	ESG Integration/Exclusions	10.2
Aegon Glb Shrt Dtd Clmt Transition £SAcc	Sustainability Focus	8.2
Aegon Ethical Corporate Bond GBP B Acc	ESG Integration/Exclusions	8.1
Vanguard ESG Dev Wld All Cp Eq Idx £ Acc	ESG Integration/Exclusions	6.9
Fidelity Cash W Acc	Risk Management	6.2
EdenTree Responsible & Sust Gbl Eq B	Sustainability Focus	6.0
L&G MSCI Wld Scly Rspnb Invmnt SRI I Acc	ESG Integration/Exclusions	6.0
Janus Henderson Global Sust Eq I Acc	Sustainability Focus	5.9

Source: Tatton, April 2023

Sustainable Development Goal (SDG) focus



Source: Morningstar Direct, July 2023

Engagement with corporates and/or funds

Tatton have an Ethical Investment Committee consisting of 12 people from all around the business. The committee meet on a quarterly basis to review all existing holdings and discuss any potential new investments.

As part of this process, the team review the underlying holdings within each of the funds, and any controversial holdings are given one of four colours: green, light orange, dark orange (which means the team are not happy with the holding and this will be raised with the

fund manager), and red (implying the holding is against the fund's mandate). An example provided of this process in practice was when one of the funds held had an exposure to alcohol, this was flagged as dark orange and challenged with the fund manager, as a result of this challenge the alcohol exposure was removed from the fund. So far, there have been no cases where a holding has flagged as red.

Resources

The team use Sustainalytics via Morningstar, however, they do not pay much attention to Morningstar ESG ratings, but instead use the Sustainalytics data as part of their seven negative screens. They also use Bloomberg as it provides them with some additional data points.

There are three members from the Ethical Investment Committee that have access to the negative screens, which are regularly reviewed.

When a fund is being considered for inclusion in the portfolios, it requires a 70% approval from the committee.

Tatton's ESG policy

As well as the Ethical Investment Committee, there is a Tatton Asset Management (TAM) board-level Ethical Committee consisting of senior members from around the business.

The firm are a signatory of the Women in Finance Charter, which aims for gender balance across financial service industries.

There are currently no firm-wide exclusions that apply to all portfolios managed by Tatton.

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Maintaining the UK's largest financial product database, Defaqto uses proprietary research methodology to develop independent ratings, reviews, insights, and technology that raises industry standards, powers consumer choice, and helps the industry to meet evolving consumer needs.

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ESG Review

Tatton Investment Management Ethical Defensive

July 2023



For professional advisers only

Tatton Investment Management
Ethical Defensive
Danny Luggah, CFA

Key facts

- A long-running range of ethical portfolios, with Ethical Balanced launching in July 2014.
- The range uses seven negative screens to limit exposure to an array of controversial environmental and social areas. As a result, exposure to most of our controversial areas is very low.
- There is an Ethical Investment Committee consisting of 12 members from around the business. They meet on a quarterly basis to review existing holdings and any new additions require a 70% approval.

Fund information

Launch Date	26 January 2018
Manager	Team
Domicile	GBR
Assets	Active
Approach	Return Focused
Type	MPS

UN PRI signatory ¹	No
UK Stewardship Code signatory	No
Category	n/a
Defaqto Diamond Rating Type	n/a
Diamond Rating	n/a

¹UN Principles for Responsible Investment (PRI)

ESG policy and alignment

The Tatton Ethical range consists of six actively managed portfolios with increasing levels of risk from Defensive to Global Equity.

There are no set exclusions for the range but the team use screens to limit exposure to the following seven areas: alcohol, animal testing (for cosmetic purposes), armaments, environmental damage, gambling, pornography, and tobacco.

Exclusions: Yes

The portfolios aim to limit direct exposure to these areas. Where there is a conflict, this will be raised with the underlying fund manager and assessed by Tatton's Ethical Committee.

As shown on p4, there is limited exposure to most of our controversial environmental/social areas. The only one of note is an estimated 2.5% exposure to non-pharmaceutical animal testing.

Levels of ESG investing



For full details, please refer to p5

Sustainable Development Goals (SDG) focus



ESG factors

Environmental

Less than 1%	Between 1% and 10%	More than 10%
--------------	--------------------	---------------

Environmental Exposures	Product Involvement
Fossil Fuel	3.2%
GMO	-
Nuclear	1.1%
Oil Sands Extraction	-
Palm Oil	-
Pesticides	-
Thermal Coal	<1%

The only environmental exposure of note is to fossil fuels. It is also worth highlighting that the thermal coal and oil sands extraction exposures are negligible.

Some of the fossil fuel exposure comes from companies that are transitioning to more sustainable forms of energy. For example, a relatively large portion of the fossil fuel exposure comes from the Aegon Global Short Dated Climate Transition Fund, which aims to invest in companies that are transitioning towards Net Zero.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Social

Social Exposures	Product Involvement
Adult Entertainment	-
Alcohol	-
Animal Testing (Pharmaceutical)	3.1%
Animal Testing (Other)	2.5%
Controversial Weapons	-
Fur and Specialty Leather	-
Gambling	-
Military Contracting	-
Small Arms	-
Tobacco	-

The portfolio has very limited social exposures, in line with its negative screens.

There is some exposure to animal testing, but most of this is for pharmaceutical uses, where the animal testing will be a legal requirement. We have estimated the non-pharmaceutical exposure by subtracting the portfolio's healthcare exposure from the total amount of animal testing exposure. Part of this comes from holdings such as the L&G MSCI World SRI Index, which at the time of review, held companies such as Colgate-Palmolive and PepsiCo, which have involvement in animal testing for non-pharmaceutical purposes.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Governance

The underlying funds' process of assessing a companies' governance is looked at by the team on a fund-by-fund basis.

There are no specific requirements around governance but the team do look for fund managers that invest in companies with robust frameworks and controls in place for running their businesses.

Levels of ESG investing

Within this section, we look at the various levels of ESG across the portfolio. We use the IA responsible investment framework across three classifications: ESG integration, sustainability focus and impact (exclusions are covered on p3).

The dials represent zero, low, medium, or high exposure relative to Defaqto's ESG Review universe. The exposures are calculated through our internal assessment of the underlying funds or holdings in the portfolio. The exposure boundaries used within each level are non-linear, for example, it is common to see higher levels of ESG integration relative to impact focus, so our threshold for impact focus is lower. The dials are not mutually exclusive.

ESG integration



ESG integration can be seen as a form of risk mitigation, where ESG risks are considered alongside traditional financial analysis.

All funds within the range have an ESG element, with the exception of cash equivalents. For this portfolio, this equates to over 90% of the holdings having some form of ESG integration.

Examples include the Aegon Ethical Corporate Bond fund, which uses a comprehensive negative screening process, covering 21 environmental and social areas; and the Federated Hermes Global Equity ESG Fund, which aims to invest in companies with favourable ESG characteristics.

Sustainability focus



Sustainability focus funds invest in assets with specific sustainability goals and/or themes.

The range has a focus on avoiding harm as opposed to a specific sustainability mandate, however, there is an element of sustainability focused funds within the portfolio.

Examples include the Janus Henderson Global Sustainable Equity fund, which invests in companies

whose products and services are considered to contribute to positive environmental or social change; and the EdenTree Responsible & Sustainable Global Equity fund, which uses a screening model to consider the positive sustainability case in terms of products and solutions, and how companies are referencing the SDGs as part of their business case.

Impact focus



Impact investments are made with the intention of achieving a positive, measurable environmental or social impact.

Currently, there is no impact objective for the range nor are there any funds held that meet our definition of an impact fund.

Top 10 holdings

Name	Classification	% of assets
Rathbone Ethical Bond I Acc	ESG Integration/Exclusions	16.9
RLBF II Royal London Ethical Bond M Acc	ESG Integration/Exclusions	15.1
BNY Mellon Sust Glb Dyn Bd Instl W Acc	ESG Integration/Exclusions	13.2
Aegon Glb Shrt Dtd Clmt Transition £SAcc	Sustainability Focus	12.2
Aegon Ethical Corporate Bond GBP B Acc	ESG Integration/Exclusions	12.0
Fidelity Cash W Acc	Risk Management	6.1
L&G MSCI Wld Scly Rspnb Invmt SRI I Acc	ESG Integration/Exclusions	4.0
Vanguard ESG Dev Wld All Cp Eq Idx £ Acc	ESG Integration/Exclusions	3.9
EdenTree Responsible & Sust Glbl Eq B	Sustainability Focus	3.0
Janus Henderson UK Responsible Inc I Inc	ESG Integration/Exclusions	3.0

Source: Tatton, April 2023

Sustainable Development Goal (SDG) focus



Source: Morningstar Direct, July 2023

Engagement with corporates and/or funds

Tatton have an Ethical Investment Committee consisting of 12 people from all around the business. The committee meet on a quarterly basis to review all existing holdings and discuss any potential new investments.

As part of this process, the team review the underlying holdings within each of the funds, and any controversial holdings are given one of four colours: green, light orange, dark orange (which means the team are not happy with the holding and this will be raised with the

fund manager), and red (implying the holding is against the fund's mandate). An example provided of this process in practice was when one of the funds held had an exposure to alcohol, this was flagged as dark orange and challenged with the fund manager, as a result of this challenge the alcohol exposure was removed from the fund. So far, there have been no cases where a holding has flagged as red.

Resources

The team use Sustainalytics via Morningstar, however, they do not pay much attention to Morningstar ESG ratings, but instead use the Sustainalytics data as part of their seven negative screens. They also use Bloomberg as it provides them with some additional data points.

There are three members from the Ethical Investment Committee that have access to the negative screens, which are regularly reviewed.

When a fund is being considered for inclusion in the portfolios, it requires a 70% approval from the committee.

Tatton's ESG policy

As well as the Ethical Investment Committee, there is a Tatton Asset Management (TAM) board-level Ethical Committee consisting of senior members from around the business.

The firm are a signatory of the Women in Finance Charter, which aims for gender balance across financial service industries.

There are currently no firm-wide exclusions that apply to all portfolios managed by Tatton.

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ESG Review

Tatton Investment Management Ethical Global Equity

July 2023



For professional advisers only

Tatton Investment Management
Ethical Global Equity
Danny Luggah, CFA

Key facts

- A long-running range of ethical portfolios, with Ethical Balanced launching in July 2014.
- The range uses seven negative screens to limit exposure to an array of controversial environmental and social areas. As a result, exposure to most of our controversial areas is very low.
- There is an Ethical Investment Committee consisting of 12 members from around the business. They meet on a quarterly basis to review existing holdings and any new additions require a 70% approval.

Fund information

Launch Date	26 January 2018
Manager	Team
Domicile	GBR
Assets	Active
Approach	Return Focused
Type	MPS

UN PRI signatory ¹	No
UK Stewardship Code signatory	No
Category	n/a
Defaqto Diamond Rating Type	n/a
Diamond Rating	n/a

¹UN Principles for Responsible Investment (PRI)

ESG policy and alignment

The Tatton Ethical range consists of six actively managed portfolios with increasing levels of risk from Defensive to Global Equity.

There are no set exclusions for the range but the team use screens to limit exposure to the following seven areas: alcohol, animal testing (for cosmetic purposes), armaments, environmental damage, gambling, pornography, and tobacco.

Exclusions: Yes

The portfolios aim to limit direct exposure to these areas. Where there is a conflict, this will be raised with the underlying fund manager and assessed by Tatton's Ethical Committee.

As shown on p4, there is limited exposure to most of our controversial environmental/social areas. The only one of note is an estimated 3.4% exposure to non-pharmaceutical animal testing.

Levels of ESG investing



For full details, please refer to p5

Sustainable Development Goals (SDG) focus



ESG factors

Environmental

Less than 1%	Between 1% and 10%	More than 10%
--------------	--------------------	---------------

Environmental Exposures	Product Involvement
Fossil Fuel	3.4%
GMO	-
Nuclear	<1%
Oil Sands Extraction	-
Palm Oil	-
Pesticides	-
Thermal Coal	-

The only environmental exposure of note is to fossil fuels. It is also worth highlighting that the thermal coal and oil sands extraction exposures are negligible.

Some of the fossil fuel exposure comes from companies that are transitioning to more sustainable forms of energy. For example, a relatively large portion of the fossil fuel exposure comes from the EdenTree Responsible and Sustainable Global Equity Fund, which takes into account a company's impact on the environment as part of its research process.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Social

Social Exposures	Product Involvement
Adult Entertainment	-
Alcohol	-
Animal Testing (Pharmaceutical)	12.0%
Animal Testing (Other)	3.4%
Controversial Weapons	-
Fur and Specialty Leather	-
Gambling	-
Military Contracting	-
Small Arms	<1%
Tobacco	-

The portfolio has very limited social exposures, in line with its negative screens.

There is some exposure to animal testing, but most of this is for pharmaceutical uses, where the animal testing will be a legal requirement. We have estimated the non-pharmaceutical exposure by subtracting the portfolio's healthcare exposure from the total amount of animal testing exposure. Part of this comes from holdings such as the L&G MSCI World SRI Index, which at the time of review, held companies such as Colgate-Palmolive and PepsiCo, which have involvement in animal testing for non-pharmaceutical purposes.

Source: Based on availability of Morningstar ESG data as at 30 June 2023

Governance

The underlying funds' process of assessing a company's governance is looked at by the team on a fund-by-fund basis.

There are no specific requirements around governance but the team do look for fund managers that invest in companies with robust frameworks and controls in place for running their businesses.

Levels of ESG investing

Within this section, we look at the various levels of ESG across the portfolio. We use the IA responsible investment framework across three classifications: ESG integration, sustainability focus and impact (exclusions are covered on p3).

The dials represent zero, low, medium, or high exposure relative to Defaqto's ESG Review universe. The exposures are calculated through our internal assessment of the underlying funds or holdings in the portfolio. The exposure boundaries used within each level are non-linear, for example, it is common to see higher levels of ESG integration relative to impact focus, so our threshold for impact focus is lower. The dials are not mutually exclusive.

ESG integration



ESG integration can be seen as a form of risk mitigation, where ESG risks are considered alongside traditional financial analysis.

All funds within the range have an ESG element, with the exception of cash equivalents. For this portfolio, this equates to over 90% of the holdings having some form of ESG integration.

Examples include the Vanguard ESG Developed World All Cap Equity Index Fund, which is a passive index fund that applies negative exclusions based on the impact of a company's conduct or products on society and/or the environment; and the Federated Hermes Global Equity ESG Fund, which aims to invest in companies with favourable ESG characteristics.

Sustainability focus



Sustainability focus funds invest in assets with specific sustainability goals and/or themes.

The range has a focus on avoiding harm as opposed to a specific sustainability mandate, however, there is an element of sustainability focused funds within the portfolio.

Examples include the Janus Henderson Global Sustainable Equity fund, which invests in companies

whose products and services are considered to contribute to positive environmental or social change; and the EdenTree Responsible & Sustainable Global Equity fund, which uses a screening model to consider the positive sustainability case in terms of products and solutions, and how companies are referencing the SDGs as part of their business case.

Impact focus



Impact investments are made with the intention of achieving a positive, measurable environmental or social impact.

Currently, there is no impact objective for the range nor are there any funds held that meet our definition of an impact fund.

Top 10 holdings

Name	Classification	% of assets
Vanguard ESG Dev Wld All Cp Eq Idx £ Acc	ESG Integration/Exclusions	14.0
Schroder ISF QEP Global ESG C Acc GBP	ESG Integration/Exclusions	13.8
EdenTree Responsible & Sust Gbl Eq B	Sustainability Focus	13.2
L&G MSCI Wld Scly Rspnb Invmt SRI I Acc	ESG Integration/Exclusions	13.1
Janus Henderson Global Sust Eq I Acc	Sustainability Focus	13.0
Federated Hermes Gbl Eq ESG F GBP Acc	ESG Integration/Exclusions	12.8
Janus Henderson UK Responsible Inc I Inc	ESG Integration/Exclusions	10.1
Vontobel Fd II mtX EmMktsSstbyChampANGBP	Sustainability Focus	7.9
Fidelity Cash W Acc	Risk Management	2.1

Sustainable Development Goal (SDG) focus



Source: Morningstar Direct, July 2023

Engagement with corporates and/or funds

Tatton have an Ethical Investment Committee consisting of 12 people from all around the business. The committee meet on a quarterly basis to review all existing holdings and discuss any potential new investments.

As part of this process, the team review the underlying holdings within each of the funds, and any controversial holdings are given one of four colours: green, light orange, dark orange (which means the team are not happy with the holding and this will be raised with the

fund manager), and red (implying the holding is against the fund's mandate). An example provided of this process in practice was when one of the funds held had an exposure to alcohol, this was flagged as dark orange and challenged with the fund manager, as a result of this challenge the alcohol exposure was removed from the fund. So far, there have been no cases where a holding has flagged as red.

Resources

The team use Sustainalytics via Morningstar, however, they do not pay much attention to Morningstar ESG ratings, but instead use the Sustainalytics data as part of their seven negative screens. They also use Bloomberg as it provides them with some additional data points.

There are three members from the Ethical Investment Committee that have access to the negative screens, which are regularly reviewed.

When a fund is being considered for inclusion in the portfolios, it requires a 70% approval from the committee.

Tatton's ESG policy

As well as the Ethical Investment Committee, there is a Tatton Asset Management (TAM) board-level Ethical Committee consisting of senior members from around the business.

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