Colchester®
GLOBAL INVESTORS

The Colchester Blend Local & Hard Currency Emerging Markets Bond Fund:

Article 8 Website Disclosures

May 2023

Summary

The Fund promotes a broad range of environmental and social characteristics including raising awareness amongst, and recognising improvements by, national governments and other policymakers in adapting and responding to the decarbonisation of the global economy, and mitigating vulnerabilities to climate change, addressing issues such as social cohesion and prudent economic governance, and building human capital via standards of education and labour market inclusivity. Such characteristics are promoted through the following strands of the Fund's investment approach:

1. Integrating environmental, social and governance ("ESG") factors into the investment decision making process through Colchester Global Investors Limited's (the "Investment Manager") Sovereign ESG Scoring Framework;
2. Excluding sovereign issuers that do not comply with international norms and standards, such as countries subject to a United Nations ('UN') Security Council arms embargo; and
3. Engagement with national governments and other sovereign issuers to inform, promote and potentially drive best practice in delivering social and environmental outcomes.

The Fund does not intend to make any sustainable investments. The Fund promotes environmental and social characteristics, without having as its objective sustainable investment. The Fund will typically be fully or substantially invested in sovereign debt. It is expected that no less than 90% of the assets in the Fund will be aligned with environmental and/or social characteristics promoted by the Fund.

In general, the data used in the Investment Manager's Sovereign ESG Scoring Framework, and the broader financial stability assessment of the countries within the investment universe, is sourced from third party data providers including supranational entities such as the World Bank and the International Monetary Fund ("IMF"), as well as independent think tanks and foundations.

The fundamental investment research, incorporating an assessment of ESG risks, is undertaken before any new sovereign issuer is added to the investment universe of the Fund.

The Investment Manager is a sovereign-only fixed income asset manager and a signatory to the UN Principles for Responsible Investment (PRI). ESG factors are an integral part of the Investment Manager's investment process for developed and emerging economies. The Investment Manager seeks to engage with sovereigns helping to inform, promote and potentially drive best practices delivering better social and economic outcomes. Responsible investing is an integral part of the investment process however ESG factors are not the sole driver of the investment decisions made by the Investment Manager.

Sammendrag

Fonden fremmer en lang række miljømæssige og sociale karakteristika herunder øget kendskab til og anerkendelse af forbedringer hos nationale stater og øvrige beslutningstagere i forhold til tilpasning og reaktion på dekarbonisering i den globale økonomi, afbødning af sårbarheder i forhold til klimaændringer, håndtering af spørgsmål såsom social sammenhængskraft og forsigtig økonomisk forvaltning samt opbygning af menneskelig kapital via standarder for uddannelse og et inklusivt arbejdsmarked. Disse karakteristika fremmes gennem følgende dele af fondens investeringstilgang:

1. Integration af miljømæssige, sociale og ledelsesmæssige ("ESG") faktorer i investeringsbeslutningsprocessen baseret på Colchester Global Investors Limiteds ("investeringsforvalteren") Sovereign ESG Scoring Framework;

2. Ekskludere statslige udstedere, som ikke overholder internationale normer og standarder såsom lande omfattet af våbenembargo fra De Forenede Nationers ('FN') Sikkerhedsråd, og
3. Engagement med nationale stater og øvrige statslige udstedere med henblik på at orientere, fremme og potentielt være drivkraft for den bedste praksis i skabelsen af sociale og miljømæssige resultater.

Fonden planlægger ikke at foretage bæredygtige investeringer. Fonden fremmer miljømæssige og sociale karakteristika uden et mål om bæredygtig investering. Fonden er typisk helt eller i væsentlig grad investeret i statsobligationer. Det forventes, at mindst 90% af aktiverne i fonden afstemmes med de miljømæssige og/eller sociale karakteristika, som fremmes af fonden.

Generelt stammer data, som anvendes i investeringsforvalterens Sovereign ESG Scoring Framework og den generelle vurdering af finansiel stabilitet for lande i investeringsuniverset, fra tredjepartsudbydere samt overnationale enheder såsom Verdensbanken og Den Internationale Valutafond ("IMF") samt uafhængige tænketanke og fonde.

Den grundlæggende investeringsanalyse, som omfatter en vurdering af ESG-risici, udføres inden tilføjelse af en ny statslig udsteder i fondens investeringsunivers.

Investeringsforvalterens formueforvaltning omfatter kun statsobligationer og fastforrentede værdipapirer, og har underskrevet FN's principper for ansvarlige investeringer. ESG-faktorer er integreret i investeringsforvalterens investeringsproces for udviklede og nye markedsøkonomier. Investeringsforvalteren søger at opnå engagement med stater og bidrage til at orientere, fremme og potentielt være drivkraft for den bedste praksis med bedre sociale og økonomiske resultater. Ansvarlig investering er en integreret del af investeringsprocessen, men ESG-faktorer er ikke den eneste drivkraft for investeringsforvalterens investeringsbeslutninger.

No sustainable investment objective

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

Environmental or social characteristics of the financial product

The Fund promotes a broad range of environmental and social characteristics including raising awareness amongst, and recognising improvements by, national governments and other policymakers in adapting and responding to the decarbonisation of the global economy, and mitigating vulnerabilities to climate change, addressing issues such as social cohesion and prudent economic governance, and building human capital via standards of education and labour market inclusivity. Such characteristics are promoted through the following strands of the Fund's investment approach, each of which are described more fully further on in this document:

1. Integrating environmental, social and governance ("ESG") factors into the investment decision making process through the Investment Manager's Sovereign ESG Scoring Framework;
2. Excluding sovereign issuers that do not comply with international norms and standards, such as countries subject to a United Nations ('UN') Security Council arms embargo; and
3. Engagement with national governments and other sovereign issuers to inform, promote and potentially drive best practice in delivering social and environmental outcomes.

Investment strategy

The Fund's investment objective is to achieve favourable income and capital returns from a globally diversified portfolio of primarily sovereign emerging market debt securities and currencies. An associated objective is the preservation and enhancement of principal.

The Investment Manager's investment strategy seeks to invest primarily in sovereign bond markets that offer attractive real yields adjusted for financial stability and sustainability risks. The Investment Manager integrates ESG factors into the investment decision making process on a continuous basis through (1) the systematic and holistic integration of ESG factors into the Investment Manager's investment process through its ESG Scoring Framework, (2) fully excluding sovereign issuers in countries which are on the Fund's exclusion list, and (3) sovereign engagement.

ESG Integration: The Investment Manager employs a value-based investment approach and integrates ESG risks into its valuation framework for sovereign debt. Countries are assigned a proprietary Financial Stability Score (FSS) which combines an assessment of balance sheet and economic strength, with an assessment of ESG risks, and potential opportunities. Each bond and currency market within the Fund's investment universe, is assigned a FSS and this translates into a premium or discount being applied to the market's valuation. Whilst there are strong interlinkages between ESG factors and traditional balance sheet or "credit" metrics, the Investment Manager has developed a sovereign ESG Scoring Framework to measure and compare country exposure specifically to ESG risks, in a systematic and consistent fashion. A series of publicly available metrics are used to assess ESG risks under a variety of categories. For example, environmental metrics consider a country's vulnerability to climate through two lenses, namely physical risk and transition risk. Physical risk relates to a country's sensitivity to the implications of climate change such as extreme weather events, whilst transition risk is concerned with the implications of adjusting to a low-carbon economy. The percentage of electricity generated from renewable sources is one metric the Investment Manager considers to assess transition risk. Social characteristics of a country are assessed via Human Capital i.e. the knowledge, skills and experience of the population, and Social Cohesion i.e. the levels of trust, accountability and equality prevailing in society. Governance standards such as the rule of law, property rights and financial freedom are also measured.

These metrics are distilled into a score for each country, which feeds into the Financial Stability Score and hence the valuation of each bond and currency market. A country with stronger ESG metrics and a more robust balance sheet than its peers will therefore be a more attractive investment *ceteris paribus*.

As a sovereign debt investor, the Investment Manager recognises the inherent dilemma in considering whether or not to exclude countries from its investment universe based on an assessment of sustainability metrics. In many instances such metrics are positively correlated to income per capita, and hence such exclusions run the risk of cutting off access to international capital for lower income countries. Such countries are often highly dependent on foreign capital to develop infrastructure, build human capital and underpin social stability. Hence, the Investment Manager will give careful consideration of the implications on a particular sovereign issuer when assessing whether to include it in the Fund's investment universe. It should be noted that, while ESG integration is a binding element of the investment process for the Fund, the Investment Manager's investment decisions are not based solely on ESG matters.

Exclusion: The Investment Manager maintains an exclusion list of countries in which the Fund will not invest. The country exclusion list is comprised of any countries subject to an arms embargo by the UN Security Council, and may include other countries as determined by the Investment Manager. In determining the exclusion list, the Investment Manager also undertakes ongoing ESG analysis, and has regard to financial sanctions imposed by the UN, the EU, the US, and the UK. The Fund will not invest in debt issued by the government of the countries on the exclusion list, nor in debt issued by

government-related entities based in the relevant country. The exclusion list is available to investors in the Fund on request and is reviewed at least quarterly by the Investment Manager. In the event that the Fund holds exposure to debt issued by the government or government agency of a country which is subsequently added to the exclusion list, the Investment Manager will look to dispose of such debt, if legally and practically possible, in an orderly fashion, within a period of 180 days.

Engagement: The Investment Manager seeks to engage with sovereigns, helping to inform, promote and potentially drive best practices delivering better social, environmental and economic outcomes. Findings during the engagement work feed holistically into the FSS referred to above. The Investment Manager believes that countries with stronger governance, healthier and more educated workforces, and higher environmental standards tend to produce better financial and economic outcomes. The Investment Manager produces an ESG Engagement Report bi-annually, sharing its country engagements in respect of ESG matters. The ESG Engagement Report is available on its website at www.colchesterglobal.com.

The Fund invests in sovereign debt and as such the good governance practices under Article 8 SFDR do not apply.

Proportion of investments

The Fund does not intend to make any sustainable investments. The Fund promotes environmental and social characteristics, without having as its objective sustainable investment. The Fund will typically be fully or substantially invested in sovereign debt. It is expected that no less than 90% of the assets in the Fund will be aligned with environmental and/or social characteristics promoted by the Fund. A minor portion of the Fund (typically less than 5%) may be invested in ancillary assets, for liquidity purposes and to manage collateral in relation to currency forward contracts, that are not aligned with the environmental and/or social characteristics promoted by the Fund.

No minimum safeguards are applied to the investments.

Monitoring of environmental or social characteristics

The following sustainability indicators are used to measure the attainment of the environmental characteristics promoted by the Fund.

1. Sovereign ESG Scoring Framework – the Investment Manager employs a systematic and structured framework to rank each country within its investment universe as regards exposure to ESG risks. The Investment Manager applies this ESG Scoring Framework to all investments in the Fund. The Investment Manager employs a value-based investment approach and integrates ESG factors into its valuation framework for sovereign debt. Whilst the Investment Manager will not make investment decisions based purely on ESG matters, the valuation of all countries within the investment universe will incorporate ESG factors, and these valuations inform the investment decisions of the Investment Manager. The ESG Scoring Framework is more fully set out below, and further in the Investment Manager's ESG Policy, which is available at www.colchesterglobal.com. The ESG analysis and output is reviewed on a continuous basis by the Investment Manager's investment team. Significant changes to a country's ESG risk profile may result in an adjustment to the relevant valuation, and potentially changes to the Fund's investments.
2. Exclusion – the Investment Manager maintains an exclusion list of countries that do not comply with international norms and standards, and is comprised of countries subject to a UN arms embargo, and may include other countries as determined by the Investment Manager. The Fund will not invest in debt issued by governments or government agencies of the countries on the exclusion list. Sovereign issuers on the exclusion list are fully excluded from the investment universe of the Fund. The Fund will be monitored on an ongoing basis for any exposures to countries on the exclusion list. The exclusion list will be reviewed at least quarterly by the Investment Manager.

3. Engagement - the Investment Manager seeks to engage with sovereigns, helping to inform, promote and potentially drive best practices delivering better social, environmental and economic outcomes. The Investment Manager produces an ESG Engagement Report bi-annually, sharing its country engagements in respect of ESG matters. The ESG Engagement Report is available on its website at www.colchesterglobal.com.

Methodologies for environmental or social characteristics

Sovereign ESG Scoring Framework Methodology:

The Investment Manager uses a systematic and structured framework to assess and compare sovereigns' exposure to ESG risks. The indicators and risk factors considered are set out in the below table. These indicators are combined into a composite ESG score for each country on a normalised scale of 1-100.

	Pillar	Risk Factor	Indicator	Source
Environmental	Transition Risk	Decarbonisation	Renewable Energy	Bloomberg NEF
			Coal/Oil rents	World Bank
			CO_2 emissions per capita	EDGAR
			Total CO_2 emissions	EDGAR
			Scenario Analysis	Colchester Global Investors
	Physical Risk	Environmental Damage	Air Quality	YALE Environmental Performance Index
			Sanitation & Drinking Water	YALE Environmental Performance Index
			Biodiversity	YALE Environmental Performance Index
		Vulnerability to Climate Change	Vulnerability Index	Notre Dame Global Adaptation Initiative
			Scenario Analysis	Colchester Global Investors
Social	Social Cohesion	Political Stability/ Representation	Voice and Accountability	Worldwide Governance Indicators
			Political Stability & Absense of Violence	Worldwide Governance Indicators
		Equality	Gini coefficient	World Bank
		Health & Education	Life Expectancy at Birth	World Bank
			Education (Expected/Mean years of schooling)	UN Human Development Report
	Human Capital	Demographics	Old Age Dependency Ratio	World Bank
		Labour Market	Prevalence of Modern Slavery	Global Slavery Index
			Female Labour Force Participation	World Bank
			Youth Unemployment	World Bank
Governance	Government Effectiveness	Government Effectiveness	Government Effectiveness	Worldwide Governance Indicators
			Regulatory Quality	Worldwide Governance Indicators
	Rule of Law	Corruption/Property Rights	Freedom from Corruption	The Heritage Foundation
			Property Rights	The Heritage Foundation
			World Press Freedom	Reporters Without Borders
	Economic Environment	Economic Freedom	Trade Freedom	The Heritage Foundation
			Investment Freedom	The Heritage Foundation
			Financial Freedom	The Heritage Foundation

The Investment Manager's ESG score is a composite one, combining data on 11 risk factors, using 27 different indicators listed above. Each country is scored on each individual indicator, using a 1-100 scale. As each indicator is measured differently, the Investment Manager normalises (or rescales) the underlying data as follows;

$$\text{Indicator Score} = ((100-1)*(X\text{-min value})/(\text{max value} - \text{min value})) + 1$$

where X is the unadjusted indicator value, and the min and max values are the largest and smallest indicator values within the universe of countries.

Indicator scores are aggregated within each Risk Factor into a composite score. For example, under the Risk Factor *Environmental Damage*, the average of the indicator scores of Air Quality, Sanitation & Drinking Water, and Biodiversity is used to create a Risk Factor score on a scale of 1-100. Under the *Vulnerability* to *Climate Change* Risk Factor, as there is only one indicator, the score for the Vulnerability Index is the value for the *Vulnerability* to *Climate Change* Risk Factor. Countries can be compared and assessed on these Risk Factors, whilst the Risk Factor scores are averaged within each Pillar such as Transition Risk, or Physical Risk. The scores for each Pillar are then averaged within each of Environmental, Social and Governance to create E, S and G scores. All of these scores are comparable, being on a 1-100 scale. The separate E, S and G scores are equally weighted to arrive at the final ESG score for each country.

The ESG scores are incorporated into the Financial Stability Scores assigned to each country. Whilst the ESG methodology outlined above is a systematic and structured approach to assessing sovereign ESG risks, the translation of this into the FSS involves an element of judgement by the Investment Manager. This qualitative assessment may include a consideration of a government's policy programme, its' commitment to improving ESG metrics, and/or conclusions derived from the Investment Manager's engagement with sovereign issuers. The Investment Manager believes this qualitative aspect to the investment process is important, as no systematic or model-based approach can be expected to capture all relevant information. The ESG score is combined with an assessment of the country's balance sheet and macro-economic stability by the relevant Investment Officer, and a proprietary Financial Stability Score is recommended to the Investment Management Committee of the Investment Manager.

Exclusion Methodology:

The Investment Manager maintains an exclusion list of countries in which it will not invest. The exclusion list is comprised of any country subject to an arms embargo by the United Nations Security Council, and may include other countries as determined by the Investment Manager In deciding on the exclusion list, the Investment Management Committee undertakes ongoing ESG analysis, and will have regard to financial sanctions imposed by the UN, the EU, the US, and the UK. The Investment Manager will not invest in debt issued by the government of the countries on the exclusion list, nor in debt issued by government-related entities based in the relevant country. Debt issued by supranational institutions, multi-lateral banks and other similar entities is not covered by this policy. The exclusion list is available to clients on request and is reviewed at least quarterly by the Investment Manager.

Engagement Methodology:

The Investment Manager engages with sovereign issuers to inform, promote and potentially drive best practices delivering better social and economic outcomes. Findings during the engagement work feed holistically into the Investment Manager's Financial Stability Score.

Data sources and processing

The integration of ESG factors through the ESG Scoring Framework has been more fully set out above under the section 'Methodologies for environmental or social characteristics'. The below table sets out the sources used for each Risk Factor and Indicator integrated into the ESG Scoring Framework. Data is typically obtained from the primary source or from an appropriate third party. In such instances no estimates are used, however where Colchester Global Investors is referenced as the source in the table below, estimates may be used as a result of challenges regarding availability and reliability of data.

	Pillar	Risk Factor	Indicator	Source
Environmental	Transition Risk	Decarbonisation	Renewable Energy	Bloomberg NEF
			Coal/Oil rents	World Bank
			CO_2 emissions per capita	EDGAR
			Total CO_2 emissions	EDGAR
			Scenario Analysis	Colchester Global Investors
	Physical Risk	Environmental Damage	Air Quality	YALE Environmental Performance Index
			Sanitation & Drinking Water	YALE Environmental Performance Index
			Biodiversity	YALE Environmental Performance Index
		Vulnerability to Climate Change	Vulnerability Index	Notre Dame Global Adaptation Initiative
			Scenario Analysis	Colchester Global Investors
Social	Social Cohesion	Political Stability/ Representation	Voice and Accountability	Worldwide Governance Indicators
			Political Stability & Absense of Violence	Worldwide Governance Indicators
		Equality	Gini coefficient	World Bank
		Health & Education	Life Expectancy at Birth	World Bank
			Education (Expected/Mean years of schooling)	UN Human Development Report
	Human Capital	Demographics	Old Age Dependency Ratio	World Bank
		Labour Market	Prevalence of Modern Slavery	Global Slavery Index
			Female Labour Force Participation	World Bank
			Youth Unemployment	World Bank
Governance	Government Effectiveness	Government Effectiveness	Government Effectiveness	Worldwide Governance Indicators
			Regulatory Quality	Worldwide Governance Indicators
	Rule of Law	Corruption/Property Rights	Freedom from Corruption	The Heritage Foundation
			Property Rights	The Heritage Foundation
			World Press Freedom	Reporters Without Borders
	Economic Environment	Economic Freedom	Trade Freedom	The Heritage Foundation
			Investment Freedom	The Heritage Foundation
			Financial Freedom	The Heritage Foundation

Limitations to methodologies and data

In general, the data used in the Investment Manager's Sovereign ESG Scoring Framework, and the broader financial stability assessment of the countries within the investment universe, is sourced from third party data providers including supranational entities such as the World Bank and the International Monetary Fund ("IMF"), as well as independent think tanks and foundations. Such data sources generally rely in turn on national statistical offices for the raw data. There is a risk that such data is incomplete, unavailable or inaccurate. The Investment Manager seeks to mitigate this risk through oversight of the data received, and also by utilising a broad range of data sources and indicators.

Due diligence

The fundamental investment research, incorporating an assessment of ESG risks, is undertaken before any new sovereign issuer is added to the investment universe of the Fund. This entails assigning an ESG score, and a Financial Stability Score to that sovereign, and these metrics will be considered and approved by the Investment Management Committee of the Investment Manager. The analysis and methodology is detailed above under "Investment Strategy" and "Methodologies for Environmental or Social Characteristics". An automated pre-trade check will be done that a bond being purchased for the Fund is not issued by a country on the exclusion list. Ongoing due diligence will take the form of continuous research and updating of the ESG and Financial Stability Scores as appropriate, as well as engagement as detailed below. The Fund will also be monitored daily for compliance with the exclusion list.

Engagement policies

The Investment Manager produces an ESG Engagement Report bi-annually, sharing its country engagements in respect of ESG matters. The ESG Engagement Report is available on its website at www.colchesterglobal.com.

The Investment Manager is a sovereign-only fixed income asset manager and a signatory to the UN Principles for Responsible Investment (PRI). ESG factors are an integral part of the Investment Manager's investment process for developed and emerging economies. The Investment Manager seeks to engage with sovereigns helping to inform, promote and potentially drive best practices delivering better social and economic outcomes. The Investment Manager believes that sovereign engagement, if done effectively, should be recognised as being mutually beneficial to both issuers and investors. The Investment Manager assigns countries a proprietary Financial Stability Score (FSS) that combines an assessment of their overall balance sheet strength and ESG factors. Findings during this engagement work feed holistically into the FSS. The Investment Manager believes that countries with stronger governance, healthier and more educated workforces, and higher environmental standards tend to produce better economic outcomes. Typically, this leads to more stable debt and currency paths, and ultimately better risk-adjusted returns.