

December 2022

**Sustainability-Related
Disclosures
Davy Global Bond Fund
(The “Fund”)**

Summary

The Fund promotes environmental and social characteristics but does not have as its objective sustainable investment.

The Fund in accordance with Article 8 under Regulation (EU) 2019/2088 (“SFDR”) pursuant to its investment policy seeks to promote environmental and social characteristics (“ESG”) (i) by avoiding investing in fixed income securities of companies which violate humanitarian principles or labour rights by reference to the UN Global Compact (“UNGC”) Principles; and (ii) by excluding the fixed income securities of companies that: (a) manufacture cluster munitions or landmines; (b) derive more than 10% of their revenue from the production of thermal coal; or (c) derive revenues from the production of tobacco products (iii) by avoiding investing in fixed income securities issued in respect of countries ranked in the bottom quartile of countries by a proprietary Sovereign Issuer Ranking (“SIR”) system, based on a relative review by a third-party data provider of key performance indicators across environmental, social and governance factors.

The Investment Manager engages in quantitative and qualitative techniques and methodologies in determining the investable universe of issuers in which to invest and the monitoring of the Fund’s holdings in pursuit of the promotion of the Fund’s ESG characteristics in accordance with Article 8 of SFDR, including consideration of sustainability indicators to achieve the environmental and social characteristics of the Fund. Potential investee and investee issuers are rated for good governance practices using a third-party ratings provider, with ESG data provided to the Investment Manager including details on the company’s corporate governance which is then analysed by the Investment Manager via an in-house research function.

The primary data sources used in the assessment and monitoring of each of the environmental and social characteristics promoted by the Fund are provided by a third-party data provider, (currently MSCI). The Investment Manager may also conduct

its own research as part of its assessment and ongoing monitoring of potential and current investments in pursuit of the promotion of the Fund’s characteristics.

A minimum of 80% of the Fund’s Net Asset Value will be invested directly in fixed income securities that promote ESG. The Fund will primarily invest directly in fixed income securities but may gain some indirect exposure, for example, through the use of FDI from time to time. The Fund does not intend to make sustainable investments and the Investment Manager does not currently commit to a minimum proportion of investments of the Fund that are Taxonomy aligned.

As outlined in the section “Monitoring of environmental or social characteristics”, the Fund uses certain sustainability indicators for fixed income securities to measure the attainment and monitoring of the environmental or social (“E/S”) characteristics promoted by the Fund, being:

- The percentage of revenues derived from the manufacture or sale of cluster munitions or landmines. The Fund will not hold any companies with exposure to this indicator
- The percentage of revenues derived from the production of thermal coal. The Fund will not hold any companies that derive more than 10% of their revenue from this indicator
- The percentage of revenues derived from production of tobacco products. The Fund will not hold any companies with exposure to this indicator
- Violations of UNGC Principles and Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises. A third-party data provider is used to identify a violation; measured by the severity and number of human and labour rights controversial incidents recorded for a company (denoted by a “red flag”). This Fund will not invest in any companies with such violations attaching
- The ranking of countries by a proprietary SIR system. The Fund will not hold fixed income securities issued in respect of countries ranked in the bottom quartile of countries

The above sustainability indicators are included in an exclusionary screen as part of the Investment Manager's detailed monitoring process, and fixed income securities identified as breaching the Fund's environmental or social characteristics and the sustainability indicators are added to an exclusions framework. Further details are set out in the section "Monitoring of environmental or social characteristics".

The Investment Manager will measure how the social and environmental characteristics promoted by the Fund are met by applying screens to measure the sustainability indicators, which narrows the universe to a sub-set of potential investments which comply with the exclusion criteria applicable to the Fund.

The data used to attain the environmental and social characteristics promoted by the Fund is sourced from a third-party data provider (currently MSCI) and collated on an internal database on a monthly basis. MSCI data used to determine whether a fixed income security is in breach of the sustainability indicators is not expected to be estimated. Investments (including proposed investments) of the Fund are reviewed against the sustainability indicators using this MSCI data, coupled with internal research by the Investment Manager. Data quality assessment forms part of the initial and ongoing due diligence processes conducted against the data provider and cross-checks of MSCI data is undertaken. There are no material limitations on the scope of methodologies or data coverage for the sustainability indicators to note.

Due diligence on investee or potential investee companies includes incorporating the sustainability indicators in the investment screening process to narrow the universe to a sub-set of potential investments which comply with the exclusion criteria applied for the Fund. Internal research may include reviewing additional data points, third-party sources, and engagement with investee company management to form a complete view of whether the sustainability indicators are being respected by the investee company.

The Investment Manager may engage with an investee or potential investee company as part of the assessment of sustainability risk. If sufficient understanding and resolution on an ESG issue is not achieved, the ESG risk profile of the company would be raised, which may ultimately lead to a decision to exclude the company from the investable universe or divest of the position.

No sustainable investment objective

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

Environmental or social characteristics of the "financial product"

The Fund avoids investing in fixed income securities of companies which violate humanitarian principles or labour rights by reference to the UNGC Principles. A third-party data provider is used to identify a violation, measured by the severity and number of human and labour rights controversies incidents recorded for a company. The Fund excludes fixed income securities of companies that: (i) manufacture cluster munitions or landmines; (ii) derive more than 10% of their revenue from the production of thermal coal; and (iii) derive revenues from the production of tobacco products.

Additionally, the Fund will not invest in fixed income securities issued in respect of countries ranked in the bottom quartile of countries by a proprietary SIR system, based on a relative review by a third-party data provider of key performance indicators across environmental (20%), social (30%) and governance (50%) factors.

Investment Strategy

The Fund invests in global fixed income securities to provide investors with income and capital appreciation through a combination of interest income, capital appreciation and currency gains. The investment approach utilises a combination of both quantitative and fundamental analysis and quantitative screens including consideration of sustainability indicators such as minimum safeguards to achieve the environmental and social characteristics set out above. This screening process, which utilises third-party data coupled with internal research, narrows the universe to a sub-set of potential investments which comply with the exclusion criteria applied for the Fund.

Prior to investment and on an ongoing basis, the investee companies are rated for good governance practices using a third-party ratings provider. The ESG data that is provided to the Investment Manager in this manner includes, but is not limited to, information in relation to a company's corporate governance, including board diversity and carbon emissions disclosures and targets. If an issue is identified which raises the ESG risk profile of a company, this may ultimately lead to a decision to liquidate the position.

Proportion of investments

The Fund will invest a minimum of 80% of assets in fixed income securities which align with the environmental and social characteristics of the Fund. The Fund will primarily invest directly in fixed income securities, but may gain some indirect exposure, for example, through the use of FDI for efficient portfolio management from time to time.

The Fund may invest a maximum of 20% of Net Asset Value in cash and/or other ancillary liquid assets which are not aligned with the Fund's environmental or social characteristics on the basis that minimum environmental and social safeguards are not applicable due to the nature of the investments.

The Fund does not intend to make sustainable investments and the Investment Manager does not currently commit to a minimum proportion of investments of the Fund that are Taxonomy aligned. Accordingly, the percentage of investments of the Fund aligned with the EU Taxonomy is 0% of the Net Asset Value of the Fund.

Monitoring of environmental or social characteristics

The following sustainability indicators for fixed income securities are used to measure the attainment of the environmental or social characteristics promoted by the Fund:

- The ranking of countries by a proprietary SIR system. The Fund will not hold fixed income securities issued in respect of countries ranked in the bottom quartile of countries
- The percentage of revenues derived from the manufacture or sale of cluster munitions or landmines. The Fund will not hold any companies with exposure to this indicator
- The percentage of revenues derived from the production of thermal coal. The Fund will not hold any companies that derive more than 10% of their revenue from this indicator
- The percentage of revenues derived from production of tobacco products. The Fund will not hold any companies with exposure to this indicator
- Violations of UNGC Principles and OECD Guidelines for Multinational Enterprises. A third-party data provider is used to identify a violation; measured by the severity and number of human and labour rights controversial incidents recorded for a company (denoted by a "red flag". This Fund will not invest in any companies with such violations attaching

The Investment Manager's Investment Risk team conducts pre-trade compliance checks on all potential investments to prevent the purchase of securities of companies which breach the sustainability indicators. Fixed Income securities that are identified as breaching the sustainability indicators are recorded in the Investment

Manager's database and excluded from investment in the Investment Manager's pre-trade approval systems. Additionally, the Fund's portfolio is formally reviewed against the sustainability indicators monthly by the Investment Manager's Investment Risk team.

Methodologies

The Investment Manager will measure how the social and environmental characteristics promoted by the Fund are met by applying screens to measure the sustainability indicators outlined under the section "Monitoring of environmental or social characteristics". This screening process, updated monthly, which utilises third-party data coupled with internal research, narrows the universe to a sub-set of potential investments which comply with the exclusion criteria applicable to the Fund.

Data sources and processing

The data used to attain the environmental and social characteristics promoted by the Fund is sourced from a third-party data provider (currently MSCI) and collated on an internal database on a monthly basis. MSCI data used to determine whether a fixed income security is in breach of the sustainability indicators is not expected to be estimated and MSCI has indicated that the data is collated from third party sources (for example news media services, NGO reports and websites, government data, company websites).

Investments (including proposed investments) of the Fund are reviewed against the sustainability indicators using this MSCI data, coupled with internal research by the Investment Manager. Data quality assessment forms part of the initial and ongoing due diligence processes conducted against the data provider and cross-checks of MSCI data against that of alternative data providers and data provided by prospective and investee companies is regularly undertaken. Should a notable variance be identified, the Investment Manager will engage with the third-

party data provider to understand and request an explanation and, if necessary, correction of any error consequently identified in the data.

Limitations to methodologies and data

There are no material limitations on the scope of methodologies or data coverage for the sustainability indicators to note.

Due diligence

Due diligence includes incorporating the sustainability indicators in the investment screening process, which utilises third-party data coupled with internal research, to narrow the universe to a sub-set of potential investments which comply with the exclusion criteria applied for the Fund. Internal research may include reviewing additional data points, third-party sources, and engagement with investee company management to form a complete view of whether the sustainability indicators are being respected by the investee company.

The sustainability indicators are subject to a formal internal monthly review by the Investment Manager's investment risk team.

Engagement policies

The Investment Manager may engage with an investee or potential investee company as part of the assessment of sustainability risk. If sufficient understanding and resolution on an ESG issue is not achieved, the ESG risk profile of the company would be raised, which may ultimately lead to a decision to exclude the fixed income securities of the company from the investable universe or divest of the position.

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*Information correct as of 6 October 2022

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