STONEHAGE FLEMING

GLOBAL SELECT EQUITY FUND

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Product Report Introduction

Task Force on Climate-Related Financial Disclosures (TCFD) is an international framework aimed at enhancing climate risk management and disclosures.

TCFD product reports are a regulatory requirement for FCA regulated firms with AUM above GBP 5 billion as of 2024. Stonehenge Fleming Investment Management falls under this disclosure requirement. The aim of TCFD product reports is to provide information on product specific climate risks and performance to clients. This document provides our TCFD product report for the Sentinel Enterprise Portfolio.

Definitions for metrics used to capture product climate performance can be found below. We use a mix of absolute and relative CO_2e emissions metrics, as well as an indicator of alignment with international climate targets, to assess climate performance and risks. These are presented for this product and a relevant benchmark. A commentary provides analysis of what the presented figures mean for product climate risks and performance.

TCFD entity report can be found on the SFIM homepage.

METRICS

Absolute performance

Scope 1, 2 and 3 emissions are metrics tracking different sources of CO_2e equivalent emissions emitted by fund constituents. The lower the Scope 1, 2 and 3 emissions, the less emissions are generated by fund constituents.

- Scope 1 emissions: Direct greenhouse gas emissions from sources owned or controlled by the company, such as emissions from gas, oil and company vehicles.
- Scope 2 emissions: Indirect greenhouse gas emissions from sources owned or controlled by the company, such as emissions from consumption of purchased electricity, heat or steam.
- Scope 3 emissions: Indirect greenhouse gas emissions from sources not owned or controlled by the company, such as emissions from business travel or investments.

Relative performance

Carbon Footprint and WACI are metrics tracking the relative emission performance of a fund, relative to amount invested or constituent revenues. The lower the Carbon Footprint and WACI, the better the emissions performance of a fund.

- Carbon Footprint highlights the Fund's emissions relative to activities and market value. It is calculated using the total carbon emissions for a portfolio normalised by the EVIC of the portfolio, expressed in tons CO_2e / $M invested. To calculate an investment's emissions, our third-party provider, Morningstar, have used the EVIC rather than market capitalisation. We believe this gives a better approximation of a company's overall value.
- Weighted Average Carbon Intensity (WACI) measures a portfolio's exposure to carbon-intensive companies. An investment's emissions are allocated based on its weight within the portfolio, which is the current value of the investment relative to the current portfolio value. To calculate an investment's emissions, our third-party provider, Morningstar, have used the EVIC rather than market capitalisation. We believe this gives a better approximation of a company's overall value.

Alignment with international climate targets. The lower the ITR value the better aligned with international climate targets a fund.

- Implied temperature Rise (ITR) is designed to show the temperature alignment of companies, portfolios and funds with global climate targets. The international target for climate change is to be limited to 1.5°C.

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The Fund's Scope 1, 2 & 3 emissions are all lower than that of the benchmark, to varying degrees depending upon scope. GSEF has very little exposure to the energy sector, as our managers do not typically find opportunities within the sector, which aligns with their sustainable objectives. A number of the managers in which we invest are also focussed on investing in companies which are helping the transition to a lower emissions world and we believe this is helping the emissions profile of GSEF in aggregate despite the fact that some of those companies can be high-emitting companies in the short-term, e.g. wind turbine producers. An overweight to the Health Care sector, which is typically a relatively low emitting sector, is also helpful in this regard.

The Carbon Footprint and Weighted Average Carbon Intensity of GSEF are also lower than those of the benchmark, for reasons similar to those mentioned above with respect to absolute emissions.

The overall All Scopes Implied Temperature Rise of GSEF is lower than that of the benchmark although higher than 1.5 degree Celsius, noted in the Paris Agreement as the preferred limit on global surface temperature increases compared to pre-industrial levels. Overall, we therefore see GSEF's emissions performance as generally better than that of the benchmark, although still unaligned with global climate change mitigation ambitions.

The benchmark is made up of 100% Morningstar Global Target Market Exposure Index.

GREENHOUSE GAS EMISSIONS

		Morningstar value		Morningstar coverage	
		Fund	Benchmark	Fund	Benchmark
Absolute Carbon Emissions	Scope 1 Tonne	879.2	2,916.2	89.1	87.3
	Scope 2 Tonnes	399.5	675.0	89.1	87.3
	Scope 3 Tonnes	22,724.8	26,811.6	88.8	87.1
	Scope 1 and 2 and 3 Tonnes	24,003.5	30,400.5	88.8	87.1

CARBON FOOTPRINT

Scope 1 and 2 and 3 Tonnes per £1mn invested

MORNINGSTAR VALUE		MORNINGSTAR COVERAGE	
Fund	Benchmark	Fund	Benchmark
352.3	503.0	88.8	87.1

WEIGHTED AVERAGE CARBON INTENSITY

Scope 1 and 2 and 3 per £1mn of revenue generated

MORNINGSTAR VALUE		MORNINGSTAR COVERAGE	
Fund	Benchmark	Fund	Benchmark
970.5	1,163.5	93.3	94.7

PORTFOLIO IMPLIED TEMPERATURE RISE SCORE ALL SCOPES

Morningstar value		Morningstar coverage (%)	
Fund	Benchmark	Fund	Benchmark
2.3%	2.4%	89.5%	89.7%

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Disclaimers

All figures represent aggregate data for that portion of the portfolio which is eligible (i.e.: excluding cash and a limited number of other assets) and covered (those companies for which data is available). This is particularly relevant for absolute figures, such as scope 1, 2 and 3 emissions figures, as a lower level of coverage decreases the amount of emissions displayed compared to those which would be displayed if the entire portfolio were covered.

Benchmark figures for Scope 1, 2, 3 and 1, 2 & 3 emissions are scaled so as to represent an equivalent amount of assets as the fund's assets.

The above figures can be based on limited coverage, particularly for the alternatives and fixed income holdings within the fund, for which there is typically significantly less data available than for equities.

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