

STONEHAGE FLEMING

GLOBAL BEST IDEAS EQUITY FUND



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. Stonehage 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 Global Best Ideas Equity Fund.

Definitions for metrics used to capture product climate performance can be found below. We use a mix of absolute and relative CO₂e 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 CO₂e 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 CO₂e / \$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.

STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND



Product Report

Scope 3 emissions make up the vast majority of all financed emissions for the Stonehage Fleming Global Best Ideas Equity Fund.

The Fund's Scope 1, 2 & 3 emissions are all significantly lower than that of the benchmark. The fund's carbon footprint and weighted average carbon intensity are also both lower than the benchmark. The fund is underweight energy and materials sectors, which are relatively higher emitting versus broader global equities. The fund is overweight in health care which is relatively lower emitting versus broader global equities.

The overall All Scopes ITR of the Stonehage Fleming Global Best Ideas Equity Fund is higher than that of the benchmark as well as being 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 the Stonehage Fleming Global Best Ideas Equity Fund emissions performance as largely aligned with that of the benchmark, being unaligned with global climate change mitigation ambitions. Considering the sectoral performance and geographic exposure of the Fund, we also see climate risks as largely aligned with those of the benchmark.

GREENHOUSE GAS EMISSIONS



	Morningstar value		Morningstar coverage	
	Fund	Benchmark	Fund	Benchmark
Absolute Carbon Emissions				
Scope 1 Tonne	1,716.6	89,732.7	96.4	90.2
Scope 2 Tonnes	3,394.7	19,171.4	96.4	90.2
Scope 3 Tonnes	68,474.4	758,452.3	96.4	90.1
Scope 1 and 2 and 3 Tonnes	75,585.6	867,358.8	96.4	90.1

CARBON FOOTPRINT



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

MORNINGSTAR VALUE		MORNINGSTAR COVERAGE	
Fund	Benchmark	Fund	Benchmark
41.2	571.4	96.4%	90.1%

WEIGHTED AVERAGE CARBON INTENSITY



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

MORNINGSTAR VALUE		MORNINGSTAR COVERAGE	
Fund	Benchmark	Fund	Benchmark
149.4	694.8	96.4%	98.2%

PORTFOLIO IMPLIED TEMPERATURE RISE SCORE



	Morningstar value		Morningstar coverage (%)	
	Fund	Benchmark	Fund	Benchmark
All Scopes	4.0	3.1		
Scope 1	1.9	2.4		
Scope 2	2.0	1.9		
Scope 3 Upstream	6.8	2.7		
Scope 3 Downstream	1.8	4.2		



STONEHAGE FLEMING GLOBAL BEST IDEAS EQUITY FUND



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.

The benchmark is Morningstar Global Target Market Exposure Index.

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 holdings within the fund and the fixed income holdings within the fund and benchmark, for which there is typically significantly less data available than for equities.

This report includes non-financial metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The analytics are based on data currently available; they are not fixed and are likely to change and evolve over time.

©2024 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. The ESG-related information, methodologies, tools, ratings, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted, and Morningstar accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

The Morningstar Indexes are the exclusive property of Morningstar, Inc. Morningstar, Inc., its affiliates and subsidiaries, its direct and indirect information providers and any other third party involved in, or related to, compiling, computing or creating any Morningstar Index (collectively, "Morningstar Parties") do not guarantee the accuracy, completeness and/or timeliness of the Morningstar Indexes or any data included therein and shall have no liability for any errors, omissions, or interruptions therein. None of the Morningstar Parties make any representation or warranty, express or implied, as to the results to be obtained from the use of the Morningstar Indexes or any data included therein.

This document is not a financial promotion. It been prepared for information only and is not an offer to sell, nor a solicitation to buy, any investment services. Issued by Stonehage Fleming Investment Management Limited (SFIM). Authorised and regulated by the Financial Conduct Authority (FRN 194382).