FOR PROFESSIONAL ADVISERS ONLY

BROOKS MACDONALD

Our Responsible Investment Service

Simple choices for responsible investors

Realising Ambitions. Securing Futures. We are Brooks Macdonald.

Meeting demand for responsible investing

- More investors are looking to use their capital to help support the creation of a sustainable future.
- There is increasing demand from governments, investors and consumers that companies demonstrate a sustainable approach to their business activities.
- Evolving regulations are likely to require greater focus on sustainability factors throughout the advice and portfolio management proces.

There is an increasingly unified approach to addressing global sustainability issues, as the UN Sustainable Development Goals (SDGs) have been adopted, not just by policy makers, but also by businesses and investors as a framework for improvement.

Positively, the industry has responded with an increasing number of responsible investment solution strategies.

But, as with many aspects of investing, the architecture of incorporating responsible investment preferences can be complex for end investors, making the communication of its benefits equally complicated.

The foundations of ESG

Issuers can be exposed to risks arising from how they manage their environmental, social and governance (ESG) impacts and dependencies. On the flipside, there can be opportunities for those that adopt responsible practices and provide solutions to sustainability challenges, in alignment with the aims of the UN SDGs.

Implementing our strategies - the investment fund landscape

There are a wide range of approaches and terms to responsible investing, including Sustainable, Ethical, ESG, Impact and Socially Responsible Investing. These are not mutually exclusive, and some funds will incorporate more than one approach.

When selecting underlying funds for our portfolios, we do not limit our universe to those taking one specific responsible investing approach. We conduct thorough research to understand the processes within each fund, the drivers of these, and their impact on investment selection – our key consideration is the alignment of these funds with the objectives of our responsible investment strategies.

Maintaining this focus on process allows us to look through the terminology considering the broadest possible investment universe and simplifying a complicated landscape.

Our two differentiated responsible investment strategies

Both our Advance and Avoid strategies offer an actively managed, multi-asset investment solution that benefits from our investment expertise and oversight.

Regardless of which strategy is selected, we aim to align to investors' chosen responsible investment style whilst still achieving their long-term financial objectives.

Advance

Available through our Bespoke Portfolio Service with these risk profiles: Low to Medium, Medium, Medium to High, High

Available through our Managed Portfolio Service (Platform and Direct) with these risk profiles: Low, Low to Medium, Medium, Medium to High, High

Avoid

Available through our Bespoke Portfolio Service with these risk profiles: Low to Medium, Medium, Medium to High, High

Advance

Our Advance strategy invests in funds which provide investment exposure to:

- Businesses providing solutions to the sustainability challenges that the world is facing, through the products and services that they provide.
- Businesses that have taken ownership of their environmental and social footprint, aiming to proactively increase the positive impacts and minimise any negative impacts through evolving business policies and practices.

We frame the sustainability landscape in the context of eight core themes when analysing exposure to those businesses providing solutions:

- Cleaner Energy
- Health and Wellbeing
- Resource Efficiency
- Water and Waste Management
- Safety
- Education
- Sustainable Transport
- Financial Inclusion

We believe that through this two-pronged approach:

1. We create a balance through which we aim to deliver meaningful change on behalf of our investors. We can only truly address the world's sustainability issues by supporting businesses across the global economy to become more sustainable, in addition to supporting solution providers.
2. We broaden the universe from which we can select funds to build more diversified portfolios that can match a range of financial objectives.

Comprehensive adviser support provided, including commentary, factsheets, performance updates, and ESG-related insights.

On a biannual basis we assess and report on the product and service alignment of the portfolios against our eight sustainability themes.

Avoid

If the primary objective of your client is to restrict investment into sectors that do not align with their values, our Avoid strategy has exclusionary criteria on the following:

- Pornography
- Armaments
- Gambling
- Tobacco
- Alcohol

We expect the exclusions-based objective to be achieved either through explicit exclusionary screening applied by a fund or as an implicit outcome of a fund's process, thematic focus or asset class characteristics. We monitor to ensure that these five sectors remain excluded.

As the portfolio is primarily implemented through third-party fund managers, it should be noted that complete exclusion cannot be guaranteed. Exclusionary screens are often based on revenue thresholds, meaning some exposure may still arise.

Fund Selection

The selection of funds for inclusion in our portfolios is based on our structured research process:

- We consider the whole of market, identifying funds that may have suitable processes in place to be considered for inclusion in our Advance or Avoid portfolios. This list represents our initial universe.

- We then conduct quantitative fundamental analysis to gain an understanding of the traditional characteristics of the funds. For example, style biases, market cap and sector exposures, and performance and risk metrics. All funds under consideration must then complete our Responsible Investment Questionnaire. The objective of this is to gain an in-depth understanding of investment philosophy and approach, and all relevant inputs into the management of the fund. For example, what data and processes are involved in investment selection, a review of how these processes have worked, and corporate engagement and collaboration.

- Our experienced RIS team will meet with the managers of the fund to review our findings from the questionnaire and our fundamental analysis, and obtain further information if required.

- Once an investment is approved by the Asset Selection Committee, we monitor on an ongoing basis to ensure compatibility with our Advance and Avoid criteria. Internal monitoring of holdings, performance and risk data is combined with regular fund manager meetings.

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Our screening approach summary

A broad universe to consider

While there are many approaches to responsible investing, and terms to describe it, we initially consider the full universe of funds. The key consideration is not the name of the fund, or which specific responsible investing style it aligns to – it is whether it aligns with Advance or Avoid.

Advance approach to screening

In selecting funds which provide exposure to those businesses delivering sustainability solutions, or acting responsibly, our Advance agenda takes a holistic approach to sustainability that can encompass a wide range of responsible investment views and interlinked issues.

Avoid approach to screening

Avoiding exposure to businesses involved in the production of: Armaments, Gambling, Tobacco, Alcohol and Pornography. This demands careful screening prior to investment and ongoing monitoring to ensure our criteria are being adhered to.

Long-term thinking – and action

We are long term investors – accordingly, we recognise the importance of also taking a long-term view when considering sustainability trends.

Building the portfolios

Combining different aspects of our investment approach (screening, asset allocation, portfolio construction) with a broad range of different global assets helps us align to your clients financial objectives.

The chart shows the core mix of assets from which we can select investments for both Advance or Avoid strategies – although the exact constituents will be slightly different for our Bespoke Portfolio Service (BPS) and Managed Portfolio Service (MPS).

How we bring it all together

We follow a repeatable yet adaptable structure to ensure our responsible investment process consistently meets the high standards we have established over decades.

We build the RIS portfolios according to strategy (Advance or Avoid), and financial objectives.

Asset allocation decision:

We decide the proportion of which assets to invest in, depending on various economic and market related data, and insights from our asset allocation committee, research team and sector specialists.

Portfolio construction:

We then select investments that have passed our screening process, and have been approved by the Asset Selection Committee.

Risk control/oversight:

We monitor the risk characteristics of each portfolio and constituents, and regularly engage with fund managers for updates and analysis.

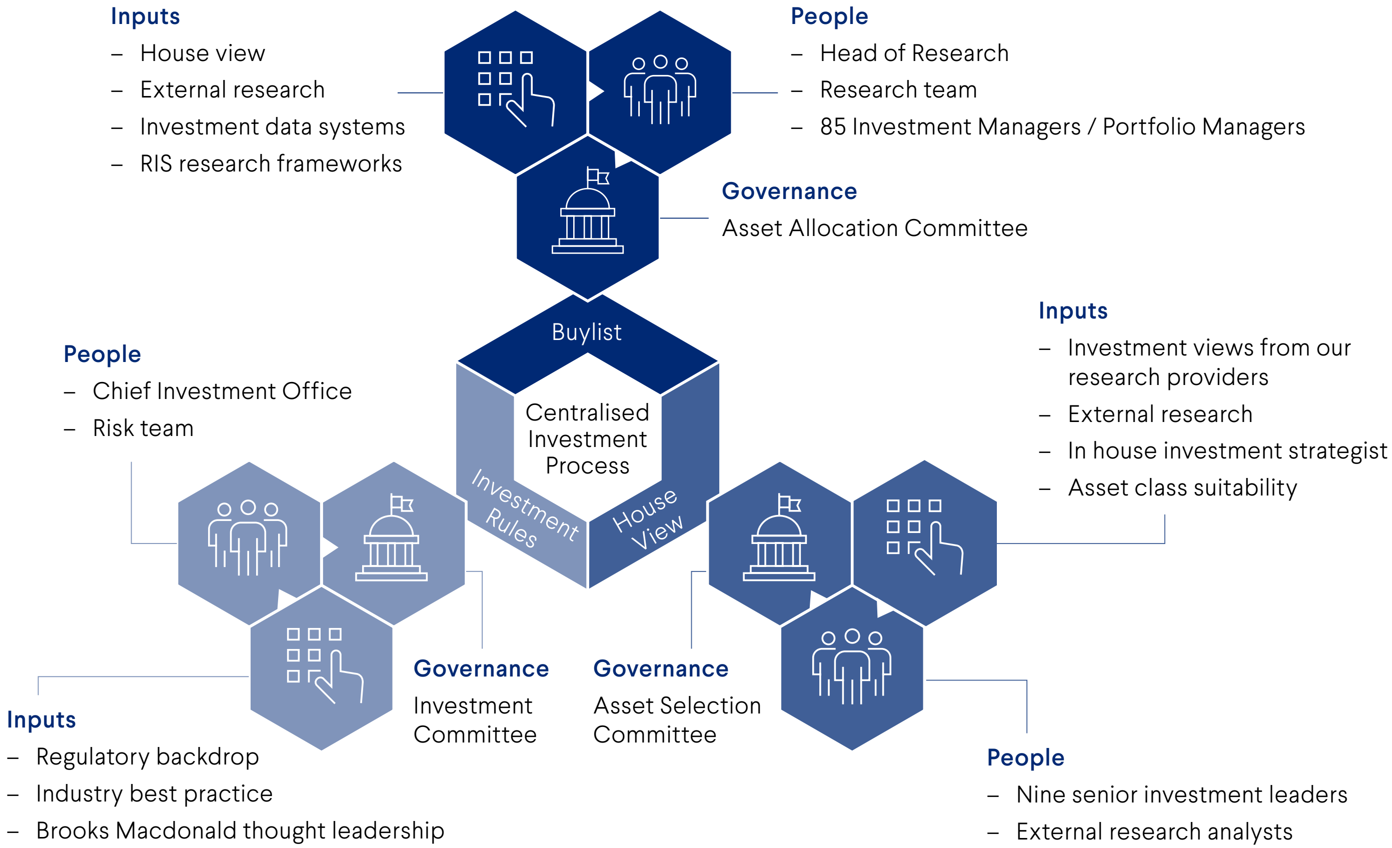
Bringing extensive resource and expertise

We follow a repeatable yet adaptable structure to ensure our responsible investment process consistently meets the high standards we have established over decades.

Throughout our investment process, quality and integrity is never compromised.

The Responsible Investment Service provides a compelling dual offering: it leverages the core investment expertise of Brooks Macdonald in meeting financial objectives, whilst meeting the responsible investing requirements of your clients.

Our Responsible Investment Service is integrated into our Centralised Investment Process, and therefore benefits from the extensive due diligence and monitoring capabilities of Brooks Macdonald.



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Benefits of our service

We provide two simple choices to make responsible investing easier for your clients. If they decide that responsible investing is right for them, we aim to make our offer as compelling and accessible as possible.

- **Two choices -** Advance or Avoid.
- **Different risk levels -** So your clients can aim to achieve their goals while choosing the risk level that is most suitable for them.
- **Two service offers -** Invest responsibly through our Bespoke Portfolio Service (BPS) or through our Managed Portfolio Service (MPS).
- **Easily accessible -** BPS and MPS available to access directly. MPS also available to access on a wide range of third party platforms.
- **A trusted partner -** With 30 years of proven active investing expertise, an experienced responsible investing team backed by considerable resources, clients can be assured they have a partner with the strengths to meet their responsible investing goals.

Comprehensive support

We aim to make your job easier. In addition to regular reporting on performance, risk and portfolio exposures, we provide a wide range of helpful materials, to help keep you and your clients better informed.

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Accessing the service

Bespoke Portfolio Service

RIS Advance and Avoid strategies are available through our Bespoke Portfolio Service for those with at least £250,000 to invest

Low to medium risk

Medium risk

Medium to high risk

High risk

Managed Portfolio Service

The Advance Strategy is also available through our Managed Portfolio Service, which can be accessed either directly (minimum investment £20,000) or on a range of third party platforms (minimum investment dependent on platform)

Low

Low to medium risk

Medium risk

Medium to high risk

High

Why Brooks Macdonald is the ideal partner for responsible investors

Making responsible investing easier for your clients is a priority – our offer to help them achieve their goals makes choosing Brooks Macdonald a responsible decision.

The heritage of a trusted partner

With 30 years' experience of building and actively managing long-term portfolios, we believe in taking a durable approach. This ethos is a perfect fit with our belief that investing responsibly can generate long-term value for our clients.

Enduring values

We set up the company to focus on building trusted personal relationships. This personal emphasis continues with our understanding of responsible investing – and how these approaches can produce better outcomes for clients, society and the wider world.

An experienced team, with extensive resources

The Responsible Investment Service is backed by an experienced team serving the growing demand for responsible investing. It is both integrated with our Centralised Investment Process and can call on the considerable resources of our firm's wider infrastructure and resources.

Valuable support

To help make your job easier and to help keep you and your clients better informed.

Contact us

For more information, please get in touch with us at

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Important information

This document is intended for professional advisers only and should not be relied upon by any persons who do not have professional experience in matters relating to investments.

In our 'Avoid' strategy, while we aim to avoid investment in the industries referenced, we cannot guarantee total exclusion from the portfolio. The value of your investments and the income from them may go down as well as up and neither is guaranteed.

Investors could get back less than they invested. Past performance is not a reliable indicator of future results. Changes in exchange rates may have an adverse effect on the value of an investment. Changes in interest rates may also impact the value of fixed income investments.

The value of your investment may be impacted if the issuers of underlying fixed income holdings default, or market perceptions of their credit risk change. There are additional risks associated with investments in emerging or developing markets.

The information in this document does not constitute advice, nor a recommendation, and investment decisions should not be made on the basis of it. This document is for the information of the recipient only and should not be reproduced, copied nor made available to others.

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More information about the Brooks Macdonald Group can be found at www.brooksmacdonald.com

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