

Notice of Change to SPW Asset Allocator Fund SPW IPS Growth Portfolio Fund SPW IPS Income Portfolio Fund

Adoption of a new Responsible Investment Policy

Adoption of a new Responsible Investment Policy

The ACD has reviewed its approach to responsible investing and on 1st October 2024 we are adopting a new Scottish Widows Schroder Personal Wealth (ACD) Limited - Responsible Investment Policy. The new policy will apply to all the funds.

The SPW Responsible Investment Policy sets out:

Exclusions/Restrictions

The Investment Advisor is expected to broadly consider ESG characteristics in the investment selection process and there are a number of specific asset exclusions in which the Fund will not make an investment. Current exclusions include companies with revenue exposure to controversial weapons (cluster munitions, antipersonnel mines, chemical, and biological weapons) and thermal coal securities (companies that derive more than 20% of their revenues from thermal coal mining). The exclusionary restrictions only apply to direct investment and/or investment in collective investment schemes managed or operated by the ACD.

Funds - ESG Assessment

The ACD will undertake a firm-level assessment of the CIS parent company using a proprietary scoring process developed by the Investment Advisor to grade the investment management manager's ESG profile. The assessment considers five matters split across various categories each with a weighting that contributes towards the firm's overall ESG score. The categories and weightings as at the date of this Prospectus are as follows:

- **Credentials** (15%) – review of how long the firm has been practicing sustainable/responsible investment and its commitment to industry ESG initiatives (for example, UN Principles for Responsible Investment and UK Stewardship Code) .
- **Culture** (20%) – assessment of the culture of the firm as it relates to ESG integration and the proportion of assets that are managed in a 'responsible' manner.

- **Capabilities** (15%) – appraisal of the level of ESG integration and the level of ESG resource (in-house and/or external).
- **Engagement** (20%) – evaluating how the firm engages and tracks progress on ESG issues.
- **Voting** (30%) – assessment of the firm’s voting policy on ESG matters.

The assessment uses a five-point scale (1 to 5, with 5 being the best) with an overall score calculated based on the weighted sum of all categories. The Fund will not invest in any CIS that falls below average (i.e. where it is scored 1 or 2). Assessments will be subject to annual reviews and if a CIS is found to have a below average firm level score, then the Investment Advisor will have three months to divest the Fund, subject to operational constraints.

The ACD will undertake a firm-level assessment of the CIS parent company using a proprietary scoring process developed by the Investment Advisor to grade the investment manager’s ESG profile. The assessment has a broad array of questions split across various categories. Each category has a weighting that contributes towards the firm’s overall ESG score.

The assessment uses a five-point scale (1 to 5, with 5 being the best) with an overall score calculated based on the weighted sum of all categories. The Fund will not invest in any CIS that falls below average (i.e. where it is scored 1 or 2).

Assessments will be subject to annual reviews and if a CIS is found to have a below average firm level score, then the Investment Advisor will have three months to divest the Fund, subject to operational constraints.

Engagement and Stewardship

The Investment Advisor is expected to engage with the companies in which they invest, particularly where ESG factors relating to that company can be improved. The Investment

Advisor will periodically produce an engagement report which will detail the engagement activity which has occurred within the Fund.

Monitoring and Oversight

The ACD expects the Investment Advisor to follow the UK Stewardship Codes to engage with the companies and/or CIS (as appropriate) in which the Fund invests to improve ESG performance. The ACD will monitor the Fund to ensure that the Responsible Investment Policy is implemented appropriately.

The Policy is available on spw.com. The policy will be updated from time to time and will be reviewed at least annually.

What is the impact on the Investment Policy of the funds?

The introduction of the SPW Responsible Investment Policy will result in the removal of detailed ESG related matters from the Investment Policy of the funds. The Prospectus will instead direct investors to the SPW Responsible Investment Policy, in which the new requirements are stated.

The transition from the existing approach to adoption of the new SPW Responsible Investment Policy is expected to have minimal impact on the fund portfolios.

If you have any questions about these changes, please contact your financial adviser or call our Customer Services Centre on +44 (0) 344 822 8910. Please be aware that the Customer Services Centre cannot give investment advice

Please contact us if you'd like this information in an alternative format such as Braille, large print or audio.