Quilter Investors Cirilium Moderate Blend Portfolio

TCFD Report 2023

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This report provides you with information on the impact of the portfolio on climate change and the exposure of the portfolio to climate-related risks consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

For the purpose of comparison we show the same metrics for the MSCI All Country World Index (MSCI ACWI) as we do for the portfolio. The MSCI ACWI is a market index that includes a wide range of global companies, so is an appropriate comparator.

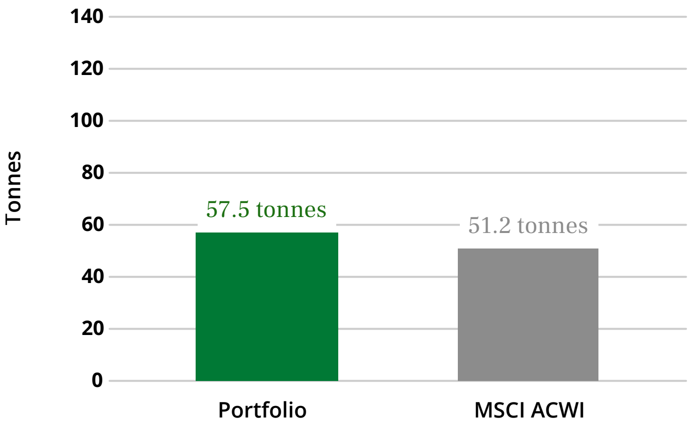
The climate data used in this report is only available for companies, so we can only look at equities (company shares) and corporate bonds (issued by companies). Also, the portion of the portfolio and the MSCI ACWI that we have data for varies from one metric to another, so we show a 'data coverage' percentage under each metric.

The information in this report is based on the available data and then scaled for the rest of the portfolio. If the portfolio has a lower level of data coverage (below 50%) then the validity of the information can become stretched.

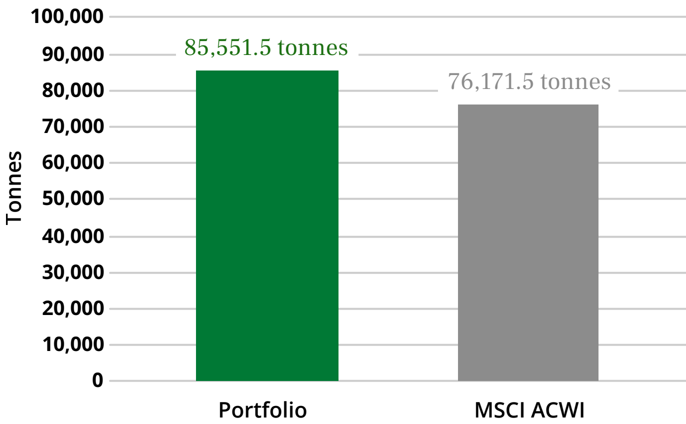
Scope 1 and 2 carbon emissions

The amount of scope 1 and scope 2 emissions that the portfolio is responsible for, measured in tonnes of carbon dioxide equivalent (tCO2e) emissions. 'Carbon dioxide equivalent' is a methodology to convert the emissions of other greenhouse gases, such as methane,into the equivalent carbon dioxide emissions to allow for easier comparisons.

Scope 1 and 2 emissions per $1 million invested



Scope 1 and 2 emissions of the entire portfolio



The portfolio has scope 1 and 2 emissions 12% higher than the MSCI ACWI.

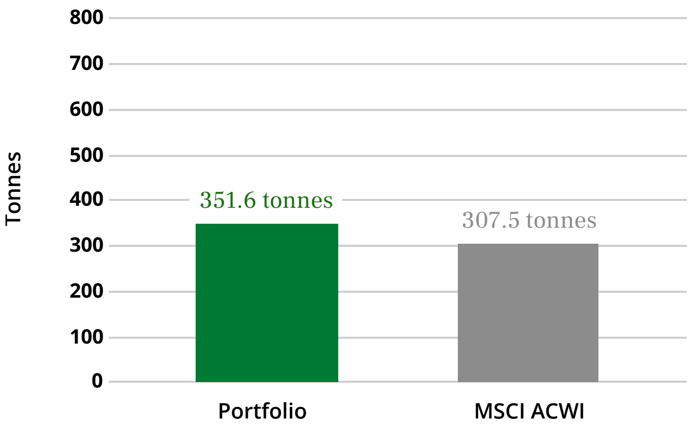
Portfolio data coverage: 73.2%

MSCI ACWI data coverage: 99.8%

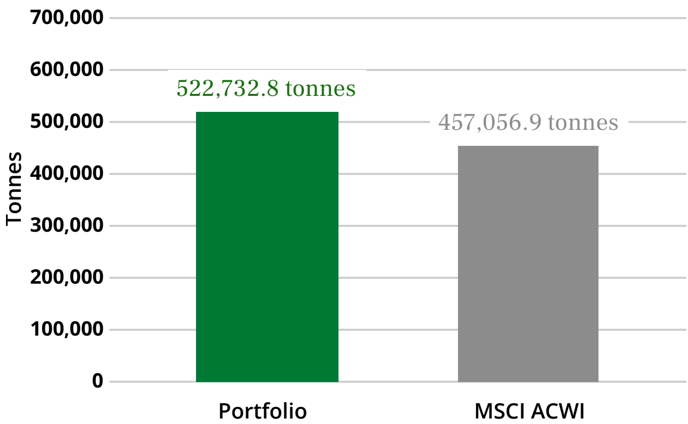
Scope 3 carbon emissions

The amount of scope 3 emissions that the portfolio is responsible for, measured in tonnes of carbon dioxide equivalent (tCO2e) emissions.

Scope 3 emissions per $1 million invested



Scope 3 emissions of the entire portfolio



Portfolio data coverage: 56.6%

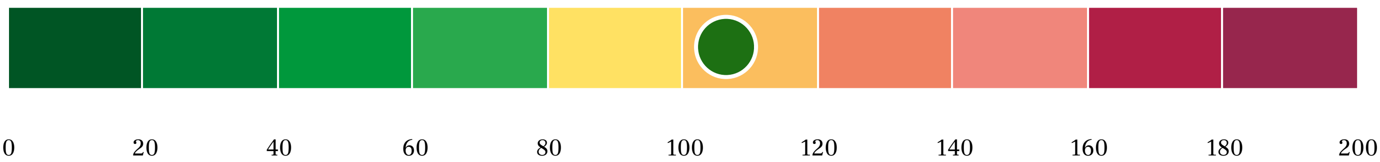
MSCI ACWI data coverage: 79.2%

Weighted average carbon intensity (WACI)

The carbon intensity (tonnes of carbon dioxide equivalent emissions produced for every $1m of revenue) of each company multiplied by their weight in the portfolio, i.e. on a weighted basis, the average company in the portfolio is responsible for 106.4 tonnes of carbon emissions for each $1m it receives in revenue.

Portfolio

106.4



MSCI ACWI

128.8

Portfolio data coverage: 73.0%

MSCI ACWI data coverage: 99.6%

Climate value at risk

Climate value at risk tries to estimate the potential financial loss or gain to the portfolio as a result of climate change. It measures the potential impact of **climate policy** (new regulations at national and international level impacting carbon activities); **technology opportunities** (increased demand for energy-efficient, lower-carbon products and services that disrupt markets); and **physical risks** (such as temperature increases, sea level rise, business interruption, and damage across operations and supply chains).

The portfolio is assessed under four different scenarios:

1. Orderly transition - assumes climate policies are introduced early and become gradually more stringent limiting the global temperature increase to 1.5°C by 2100

2. Disorderly transition - assumes higher transition risks due to policies being delayed or divergent across countries and sectors but still limits the increase to 1.5°C

3. Orderly transition - assumes climate policies limits the global temperature increase to 2.0°C

4. 'Hot house world' - assumes some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming and the global temperature increases to 3.0°C

For example, based on an orderly transition limiting the global temperature increase to 1.5°C, the portfolio is expected to change in value by -14.9%, compared to a change of -13.0% to the MSCI ACWI.

	Orderly transition (1.5°C)		Disorderly transition (1.5°C)		Orderly transition (2.0°C)		'Hot house world' (3.0°C)	
	Portfolio	MSCI ACWI	Portfolio	MSCI ACWI	Portfolio	MSCI ACWI	Portfolio	MSCI ACWI
Climate policy	-15.5%	-12.0%	-17.6%	-13.9%	-3.6%	-3.0%	-3.3%	-2.9%
Technology opportunities	4.7%	2.2%	6.3%	3.0%	1.2%	0.5%	0.9%	0.4%
Physical risks	-4.1%	-3.2%	-4.1%	-3.2%	-5.7%	-4.5%	-6.9%	-5.5%
Total	-14.9%	-13.0%	-15.5%	-14.1%	-8.0%	-7.0%	-9.3%	-8.0%

Portfolio data coverage: 69.1%

MSCI ACWI data coverage: 97.1%

Commentary

The Quilter Investors Cirilium Moderate Blend Portfolio does not have an objective to manage its carbon emissions or weighted average carbon intensity, but these may be used as information points in the decision-making process. The portfolio has scope 1 and 2 carbon emissions metrics which are significantly higher than the MSCI ACWI, whilst the weighted average carbon intensity (WACI) is significantly lower than the MSCI ACWI.

Within the portfolio, there are lower contributions to emissions from emerging market holdings due to lower exposure to emerging markets than the MSCI ACWI. Likewise, there are lower contributions to emissions from North America holding, which is the largest contributor to emissions within the MSCI ACWI. The outsized contribution of North America to index emissions is a result of the region's very significant weighting even though the companies in the region are generally low emitters themselves. However, the portfolio has larger exposures to the United Kingdom and to Europe. Companies in the UK tend to have higher emissions than global stocks. Overall, the higher contributions from the UK and Europe more than offset the lower contributions from North America and emerging markets, leading to increased emissions relative to the benchmark.

Meanwhile, the lower WACI is particularly driven by North America and emerging markets.

When considering the climate value at risk, we see that the portfolio has a climate value at risk that is higher than the MSCI ACWI over the four climate transition scenarios.

The portfolio has significant climate value at risk across all transition scenarios, with the most significant potential impact caused by exposure to climate policy in the disorderly scenario. This is caused by a large impact from policy setting. The portfolio has positive climate value at risk impacts from technology opportunities in all climate scenarios.

Ian Jensen-Humphreys, Sacha Chorley, and CJ Cowan, Portfolio Managers

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Important information

Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments may go down as well as up and investors may not get back the amount originally invested.

There are also other risks shown below of which investors should be aware. For more information on these risks, investors should read the key investor information document (KIID).

The portfolio is denominated in one currency, but may hold assets denominated in other currencies, which means exchange rate changes may cause the value of investments to rise or fall. The portfolio may invest in a range of assets such as bonds, equities (company shares), and other investment funds. This means the portfolio will be subject to the collective risks of those investments and, in the case of other investment funds, the collective risks of those investment funds as well as their underlying investments. The portfolio deducts the charges from the capital of the portfolio, which means there is the potential for capital erosion if insufficient capital growth achieved to cover the charges. The portfolio may use derivatives, which means there may be a higher level of risk. The portfolio may hold investments that may be more difficult to sell, which may affect the ability of investors to withdraw their money. The portfolio invests in emerging markets, which may be more volatile than investments in developed markets.

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