FULCRUM

Responsible Investment Policy

Fulcrum Asset Management LLP

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1. Commitment to Responsible Investment

Fulcrum Asset Management LLP (“**Fulcrum**” or the **“Firm**”) gives careful consideration to the Firm’s involvement in and responsibility to the financial markets and further afield. Fulcrum is conscious of the many challenges facing society and the natural environment, and the role capital markets play in this. We are also aware of the risks originating from unsustainable economic activity that is motivated by mainstream economics’ assumption of unlimited natural resources. We are strong supporters of the initiatives to create a more sustainable world and see that financial services should have an important role to play in this.

Fulcrum engages in responsible investment for two primary reasons. First, it is part of our fiduciary responsibility to consider all factors that affect investment performance. In this regard, it is crucial to consider sustainability risks alongside more traditional risk metrics in our philosophy and processes, to gain a more complete picture. This is especially true at a time of high investor and policymaker focus in this area, which therefore carries implications for asset pricing. It is our firm conclusion that investing in a responsible manner will improve risk-adjusted returns for our clients. Secondly, we are conscious that we do not operate in isolation and that the way we invest or manage our assets might impact, positively or negatively, environmental and social sustainability objectives. We also believe that it is part of our responsibility to our clients to consider the impact their investments might have on society and planet. If we invest in a responsible manner, our partners, colleagues and clients can all be proud of their association with Fulcrum. This is a strong motivation.

The Firm’s leadership, informed by its staff, have a particular concern about the devastating consequences of accelerating climate change, and an awareness of how, left unmitigated, this poses a risk to investments. At the same time, the global response to climate change and the energy transition bring opportunities for the financial sector. Consequently, investing in a climate-aligned manner is important for us and we aim to embed this across the firm.

Overall approach to Responsible Investment

At Fulcrum, we think about responsible investment as the overarching umbrella of a range of activities, which we break into three groups:

- Enabling our investment professionals to consider sustainability considerations in their investment decision-making
- Stewardship, i.e. being active owners by exercising our voting rights and engaging primarily with investee companies, but also with other investors and governments
- Policy-setting, and the communication and interaction with clients on these issues.

Fulcrum acknowledges the complexities inherent in responsible investing, in particular the ongoing evolution of the best practices in the asset management industry, as well as the challenges associated with making ethical judgements on competing arguments inherent in many responsible investment decisions. We also acknowledge that the area of responsible investment is subject to rapid change with extensive innovation and new standards. We aim to integrate our thinking on this across all the asset classes we are invested in but are aware that relevance and application will vary. As far as possible, we aim to apply our thinking on responsible investing, such as the integration of sustainability risks and stewardship, on a firm-wide basis. However, the direct application of sustainability-related considerations will necessarily vary depending on the product. Ultimately, we wish to broaden this as far as possible over time.

Principles for Responsible Investment (PRI)

Fulcrum is committed to the PRI and became a signatory in 2015. We consider being a responsible investor to be part of our role, and define this as acting in the best long-term interest of our clients, where we consider the impact our investments might have on the environment and society.

As a PRI signatory Fulcrum commits to incorporate the consideration of sustainability issues into our investment analysis, decision-making process (see section 4). We also commit to be an active owner, seeking appropriate transparency and disclosure from entities in which we invest (see section 3). We actively promote the acceptance of the Principles through our engagement with external managers (see section 5). Annually we report to the PRI on how we do the above and we are open to engaging with them further on implementing the Principles.

2. Responsible Investment Governance Structure

This Policy is produced and overseen by the Fulcrum Responsible Investment Committee (RIC) and reviewed on a quarterly basis.

Responsible Investment Committee

The Committee reports to the Management Board and is mandated to review and incorporate responsible investing elements into the Fulcrum investment processes and to implement initiatives where we can improve as a sustainable business. It also ensures that our policy activities are aligned with our position on sustainable finance and our commitment to the PRI. The committee comprises members of the Risk, Investment Management and representatives of the Sustainable investment team.

Stewardship Committee

The Stewardship Committee is a sub-committee of the RIC and oversees the Firm’s voting and engagement procedures.

3. Sustainability-related Financial Disclosures Requirement (SFDR)

Pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “SFDR”).

Sustainability Risk Policy

Section 4 addresses the requirements of Article 3 of SFDR to disclose how the firm integrate sustainability risks into the investment decision-making process. The likely impacts of such risks on the returns of each fund are further outlined in the relevant prospectus.

Categorisation of the Funds

The Fulcrum Climate Change Fund (FCC) is considered to fall within the scope of Article 9 as it targets a sustainability objective. Fulcrum Real Assets Optimal Fund falls within the scope of Article 8. The remaining Funds are considered by the Company to fall within the scope of Article 6. Detailed disclosures for these Funds shall be maintained in the relevant prospectus.

Consideration of Principal Adverse Impacts

We are conscious that investments might also have a negative impact and that certain asset classes in which we invest may attract added attention from a responsible investment perspective. We have conducted inhouse research to guide and enhance the rigour of our investment process in these specific markets. Further details on sustainability outcomes can be found in the Principal Adverse Impact Statements available on our website.

Marketing Communications

Fulcrum shall ensure that its marketing communications do not contradict the information disclosed pursuant to the SFDR.

4. Integrating sustainability considerations in our investment approach

We define sustainability risks in a broad sense, encompassing events or considerations relating to how companies are run, their impacts on employees, society and the environment, which could cause an actual or potential material impact on the value of investments. We define *sustainability integration* as the consideration of an investment's sustainability risks and opportunities in the investment decision-making process, by evaluating how likely these are to contribute to or detract from financial returns.

Guidelines on sustainability factors

Fulcrum encourages its portfolio managers and researchers to consider sustainability factors in the identification and assessment of investments. These factors are interpreted as:

Environmental factors: issues relating to the quality and functioning of the natural environment and natural systems. In particular, we regard climate change as one of the largest risks facing investors over the medium- to long-term, and we believe that climate-aligned investing can boost risk-adjusted returns

Social factors: issues relating to the rights, well-being and interests of people and communities.

Governance factors: issues relating to the governance of companies and other investee entities

Capability-specific guidelines

A high-level overview of how sustainability risks are considered across capabilities is outlined below:

Macro: Our flagship macro/multi-asset capability allocates to our other capabilities (listed below) as well as implementing a range of tactical views across a variety of different asset classes and time horizons using derivatives. Sustainability risks can also be an element of overall risk assessment for certain discretionary positions, for certain commodities and countries where they are most relevant. Quantitatively, the use of sustainability data helps define the investment universe and sizing of certain positions (for our climate change strategy, for example), whilst qualitatively, such considerations may be reflected in the choice of investment themes (in the thematic equity portfolio).

Risk Premia: Sustainability risk data from third-party vendors are systematically integrated into our quantitative models for the Trend-following component of our risk premia strategies. This has involved augmenting our risk assumptions across all instruments according to certain sustainability risk metrics and will ultimately have the effect of reducing our maximum position sizes in those assets with higher unmanaged risks.

We use Sustainalytics's country risk ratings to measure the risk to a country's long-term prosperity and economic development by assessing how sustainably it is managing its assets. A country's ability to use and manage these assets in an effective and sustainable manner is determined by three broad groups of metrics, i.e. performance, trends and events. More than 30 indicators that fall into one of these three categories are used to provide a comprehensive sustainability risk rating for each country[1].

Alternative Solutions: Sustainability integration is central to our third-party manager selection process. This involves using both third-party data/analysis as well as forming our own proprietary views on the sustainability characteristics of all investments. Sustainability risks are a formal part of our assessment process. The nature of the due diligence will have some general elements (such as asking third-party managers about the Principles for Responsible Investment) and some specific elements that vary depending on the asset class in question. This might include an assessment of climate transition risk for an equity fund, for example.

Our proprietary scoring system and research process has sustainability as a key consideration. We evaluate the manager, their mandate, the investment process and adjust as necessary for any asset class specific components of an investment opportunity to arrive at an aggregate score for our "Sustainability Policy and Approach" key ingredient for competitive advantage. This process scores potential investments from one to four (one represents a poor score and four represents a leading score) based on specific considerations for each investment.

[1] Details of our methodology are available on request.

Our structured sustainability research also impacts our assumptions for return and volatility, helping us proactively identify and seek out investment opportunities with positive scoring sustainability characteristics. Furthermore, our scoring process also helps with marginal decisions where two or more different implementation routes score similarly on our other three Key Factors.

Climate-Aligned Investing: We regard climate change as one of the largest risks facing investors over the medium- to long-term, and we believe that climate-aligned investing can boost risk-adjusted returns as well as shift financial flows to fund the green transition.

The climate change strategy invests in companies that are taking steps to align their business model to the net zero transition. The strategy invests only in companies that are below 2°C, thereby focusing on a forward-looking metric that incorporates historical, present, and future potential emissions (as opposed to "low-carbon" portfolios that focus on a backward-looking measure of historical emissions). Moreover, the strategy recognises that all sectors must transition to a low-carbon economy, and incorporates engagement with investee companies in support of this objective. As a member of the Net Zero Asset Managers initiative, Fulcrum has made a commitment to net zero emissions across its assets under management by 2050.

Thematic Equities: The relevance of sustainability issues is assessed when new themes are researched and monitored. In the theme idea generation process, the exposure to related risks as well as opportunities is considered (particularly long-term trends such as climate change). We assess the implications within a theme based on external research, company meetings and sell-side analyst meetings. A number of the themes within the strategy are designed to take advantage of sustainability-related tailwinds in our long holdings or positioned to benefit from headwinds in the short exposures.

Climate-related risks and opportunities

Fulcrum have been a supporter to the Task Force for Climate-related Financial Disclosures (TCFD) since 2019. More details and data on how Fulcrum incorporates the TCFD recommendations in our strategies can be found in our Stewardship Report, as well as fund-specific sustainability reports, where appropriate.

5. Stewardship

We are a signatory to the UK Stewardship Code (since 2021) and have published a UK Stewardship Report which is available on our website.

Fulcrum's key stewardship objective is to act as a responsible owner. The firm has chosen to prioritise climate change (linked to Sustainable Development Goal 13: Climate Action) as a sustainability topic, as this is seen as particularly relevant to our investments and has a multiplier effect. This informs how we vote and how we engage (both directly and collectively).

Voting

Where we invest directly in equities, we understand the critical importance of good governance. We have appointed Glass Lewis, a leading independent corporate research house, to provide us with their independent research which is our default election and fulfil our corporate governance obligation with respect to voting through our connection to the Broadridge platform. We have decided to use Glass Lewis' "Climate Policy" to reflect the particular importance of climate change in our process.

Further information about our voting procedures can be found in the Proxy Voting Policy available on our website.

Engagement

We approach engagement in two ways: by directly engaging with companies or external managers and by participating in collective engagement efforts. We primarily engage with companies rather than with governments due to our investment strategies. If we find our engagement strategies do not succeed over time, we will consider escalation options such as votes against individual directors or their pay, support for shareholder proposals and divestment. However, we believe that the best impact can be achieved by acting as responsible owners.

Further information about our engagement procedures can be found in the Engagement Policy available on our website.

Direct engagement

Across our capabilities we particularly focus on climate change as a core engagement topic, encouraging companies to set science-based decarbonisation targets. We believe this is important in galvanising progress across markets. At the same time, companies raising their ambition with regards to sustainability can increase the likelihood of companies becoming or remaining eligible for some of our climate-aligned strategies which explicitly incorporate environmental objectives in fund construction.

In our Alternative Solutions, where we work with external managers, we draw their attention to Fulcrum's position as a signatory to the PRI and encourage them to be signatories and/or explain why not. We examine the level of appreciation of corporate governance that is on display by the external mangers' management team and we seek to determine whether the quality, ethics and decision making is suitable given their role as stewards of assets. Managers are asked for an update annually and we expect to see an improvement in their disclosure.

Collective and collaborative engagement

We aim to collaborate with external sustainability initiatives and have joined several initiatives as signatories or supporters including: the Institutional Investors Group on Climate Change (IIGCC), the Task Force on Climate-Related Financial Disclosures (TCFD), Climate Action 100+, CDP (formerly the Carbon Disclosure Project), the Net Zero Asset Managers Initiative (NZAMI) and the Glasgow Financial Alliance for Net Zero (GFANZ).

6. Exclusions

Fulcrum portfolio managers are excluded from investing in a specific list of sectors across all investment strategies: controversial weapons, tobacco, and predatory lending.

As a result, where we invest in equities, we do not invest in companies that contravene our screening protocol. Note that this does not include indices which might have indirect exposure to any such stocks. In the derivative markets we have an exclusion on trading in Palm Oil futures contracts given the substantial environmental challenges within this industry. The screens are implemented in accordance with set filters that have been agreed by the RIC (further information with respect to how this is implemented can be produced on request).

In the selection of external managers, we adhere to the screening protocol by avoiding any investments in any funds where the particular manager discloses that, in aggregate, more than 5% of that fund invests in securities that a) generate a major part of their revenue from tobacco related activities, b) which are not compatible with the controversial weapon and predatory lending list.

As part of our membership in the Net Zero Asset Managers Initiative, we have begun implementing in select funds restrictions around companies materially involved in activities that are deemed incompatible with the net zero transition (such as the development of new thermal coal mining and oil sands projects).

We provide further detail on our exclusion criteria below:

Controversial Weapons

- Depleted Uranium Manufacturer – SCREENED
- Ownership of the above – SCREENED

- White Phosphorous – SCREENED

- Land Mines any tie – SCREENED
- Ownership of the above – SCREENED

- Cluster munitions any tie – SCREENED
- Ownership of the above – SCREENED

- Bio weapons systems and components – SCREENED
- Ownership of the above – SCREENED

- Blinding laser – SCREENED
- Ownership of the above – SCREENED

- Non-detectable Fragments – SCREENED
- Ownership of the above – SCREENED

Tobacco

- Involvement in tobacco production – SCREENED >0% (revenue)
- Involvement in tobacco suppliers – SCREENED >5%
- Involvement in tobacco licensor – SCREEENED >5%
- Involvement in tobacco distributor– SCREEENED >5%
- Involvement in tobacco retailer – SCREEENED >5%

Payday Lending

- Involvement in predatory lending through its operations – SCREENED

Client Values

Should clients have values of their own in the context of their investment decision-making, we will do our best to accommodate these. For example, recreational cannabis forms the basis of a client-specific or bespoke fund exclusion as opposed to a firmwide exclusion. In these cases we will work to establish an appropriate materiality threshold. An example is provided below:

- Involvement in the production or retail of recreational cannabis – SCREEENED >5% (revenue)
- Significant ownership in the production or retail of recreational cannabis – SCREEENED >5%

Sanctioned Counties and Entities

Fulcrum excludes portfolio managers from making any new investments in sovereign assets under sanction by the US, UK, EU, Australia and Luxembourg. Additionally, Fulcrum will not make any new investments in Russian sovereign or corporate entities. Please refer to Appendix A for Fulcrum's Sanctions Policy.

7. Reporting

Internal reporting and verification

We periodically calculate and review, where possible, certain sustainability metrics for our portfolios that include direct equity investments.

External reporting

Fulcrum reports on responsible investment issues to clients on request, as well as publicly, in firm-wide stewardship reports, and strategy-specific sustainability updates.

8. Conflicts of Interests

For information about how Fulcrum handles conflicts of interests related to responsible investments, please see our dedicated Conflicts of Interest Policy.

9. Conclusion

Fulcrum is committed to this Responsible Investment Policy and to the continued collaboration with industry networks focused on responsible investment. We recognise and aim to address, wherever possible, the challenges of implementation for a macro manager, in line with our ambition to be innovative, as expectations of best practice – as well as the investment universe – evolve.

Appendix A – Sanctions Policy

1. Introduction

Fulcrum Asset Management LLP (the "**Firm**") is authorised and regulated by the UK Financial Conduct Authority as an alternative investment fund manager and collective portfolio investment management firm.

It has established this Sanctions Policy in accordance with the UK Sanctions and Anti-Money Laundering Act 2018; and it should be read in conjunction to its Global Anti Money Laundering Policy.]

2. Purpose

This policy sets out Fulcrum's approach to financial and trade sanctions (collectively referred to as, "Sanctions"). Sanctions are political trade restrictions put in place by individual countries, international or regional organisations against target countries or individuals with the aim of maintaining or restoring international peace and security. Typically, these target countries are either involved or suspected to be involved in aggression, terrorism, criminal behaviour or violations of human rights to its or other countries citizens. Sanctions are established measures designed to motivate a change in behaviour by the individual, regime or jurisdiction concerned or to deprive terrorists and criminals of access to funds.

Fulcrum must not provide funds or financial services to those subject to Sanctions. A failure to comply with these obligations can carry serious consequences, including criminal penalties against the Firm and its staff.

2. Scope

The Firm's parent company, Fulcrum Asset Management Limited **("FAML")** is a limited liability company incorporated and having its principal place of business in the Cayman Islands, registered as a Securities Investment Business Excluded Persons with the Cayman CIMA.

The Firm, FAML and other affiliates (together referred to as "**Fulcrum**") have established a common standard of Sanctions policies and procedures for its staff to follow. If it is observed that a Fulcrum affiliate's country/jurisdiction has any particular requirements, that affiliate entity is required to implement such standards and applicable Sanctions Policy/procedures supplemental to this policy. Where this is the case, such Sanctions Policy/procedures shall be an addendum to this Fulcrum group AML Policy and will be applicable only to the respective affiliate entity.

4. Sanctions Screening

4.1 Sanctions Screening Lists

Incorporated and domiciled in the UK, the Firm follows the UK's sanction list that is established and maintained by the Office of Financial Sanctions Implementation ("**OFSI**") which is part of HM Treasury. HM Treasury is the competent authority for the implementation of financial sanctions in the UK. The OFSI sanctions list can be viewed here: https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets.

By virtue of the Firm's business presence and the jurisdiction of its parent company and affiliate(s), it also adheres to other sanctions lists established by the following:

- The United Nations (UN) Security Council consolidated sanctions list;
- The EU's consolidated list of persons, Companies and entities;
- The US Department of the Treasury, Office of Foreign Assets Control (OFAC) sanctions list:
- The Australian Department of Foreign Affairs and Trade ("DFAT"); and
- any other sanctions lists as established by the competent authorities in the above countries.

The next section sets out Fulcrum's policy to sanctions screenings in its day to day business operations.

4.2 Sanctions Screening Implementation

The table below summaries the business areas that Fulcrum implements sanctions screening. Note that where applicable, sanctions screening is performed on an initial onboarding and ongoing basis using a risk-based approach.

Business operation	**Description**
Client onboarding	Fulcrum's clients are the third-parties that delegate investment management of their funds. Fulcrum has established a risk-based onboarding process; and, clients deemed as medium or high risk are screened against the Sanctions Lists.
Investment Management Activities	On behalf of its clients, Fulcrum screens the underlying direct or indirectly held equity investments held by the funds that it manages on a discretionary basis.
Investors of funds	As product Sponsor/co-product manufacturer of certain funds it manages, Fulcrum periodically reviews the policies and procedures of the transfer agents of the funds to ensure that appropriate AML onboarding and sanction screening is followed.

4.3 Governance

Fulcrum's Management Board is ultimately responsible for overseeing and establishing controls for staff compliance to this policy. The Management Board has delegated the day to day implementation and supervision to the Chief Compliance Officer and the Chief Risk Officer who are supported by Fulcrum's Compliance and Risk Management teams.