



Impact Report Sustainability Outcomes

AB Sustainable Cautious Balanced

Quarter End: 31 December 2023

Holdings Breakdown

AB Sustainable Cautious Balanced

Baillie Gifford High Yield Bond	5.72
Baillie Gifford Sustainable Growth	1.42
BNY Mellon Sustainable Global Dynamic Bond	7.03
Brown Advisory US Sustainable Growth.....	1.28
CT Responsible Sterling Corporate Bond	5.78
CT Responsible UK Equity	7.39
EdenTree Responsible & Sustainable Short Dated Bond	4.50
EdenTree Responsible & Sustainable Sterling Bond	9.26
FP Foresight Global Real Infrastructure	6.14
Impax Asian Environmental Markets.....	3.18
iShares Japan Equity ESG Index.....	13.07
L&G Cash Trust.....	5.00
Liontrust Sustainable Future European Growth.....	1.80
Liontrust Sustainable Future Global Growth.....	1.47
Pictet-Clean Energy Transition	0.33
Rathbone Ethical Bond	4.45
Royal London Ethical Bond.....	5.93
Royal London Short Duration Gilts	3.28
Stewart Investors Worldwide Sustainability.....	1.31
Vanguard ESG Emerging Markets All Cap Equity Index	3.75
Vanguard UK Government Bond Index.....	5.93
Cash	1.98

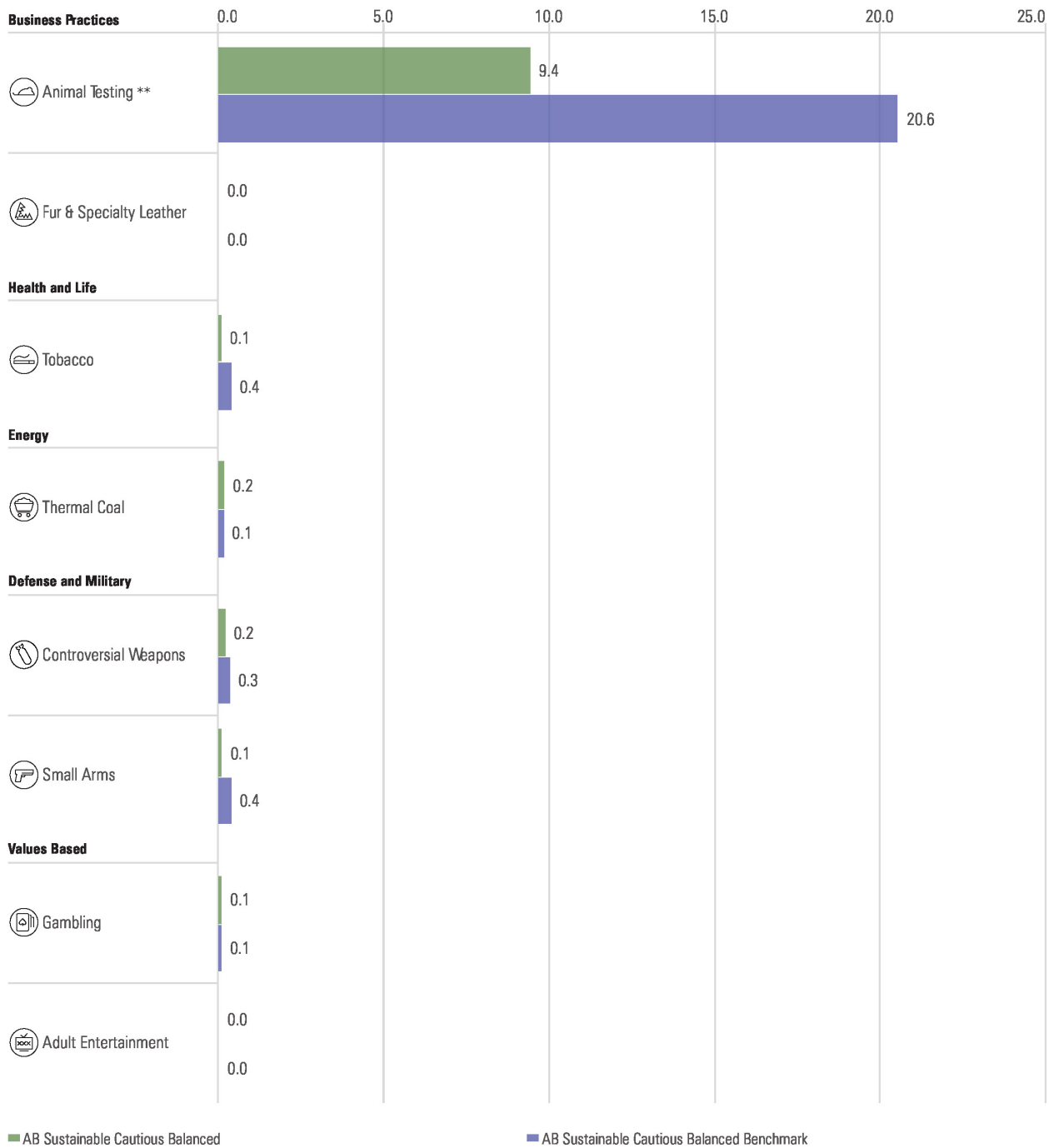
Data as at 30 November 2023.

Sustainable labels under SDR for each holding to be confirmed.

Harmful Exposure Metrics

Morningstar Portfolio Product Involvement

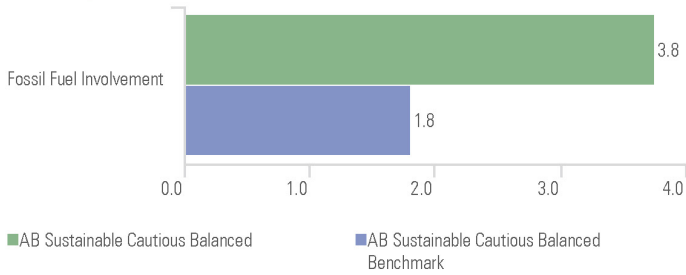
Portfolio Date: 30/11/2023



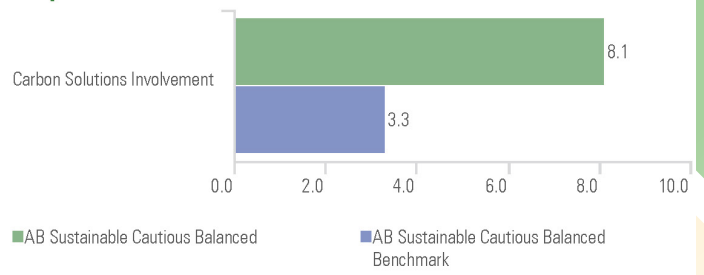
Data as at 30 November 2023.

** Our negative exclusions include animal testing, but we distinguish between testing for cosmetic purposes and testing for medical purposes. We therefore exclude for cosmetic purposes only, and our rationale for this is that research that enables us to find treatments for major life shortening illnesses and for the treatment and care of animals is part of the journey in achieving certain sustainable development goals. These goals, in particular being goal 3, good health and wellbeing, that aims to prevent needless suffering from preventable diseases and premature death, and goal 15, which is about conserving life on land. The portfolio animal testing exposure is therefore subject to further scrutiny and stock specific research to establish the purpose of testing, and that appropriate animal welfare policies are in place, which include work to develop effective future alternative testing methods / procedures that will not require the use of animals at all.

Morningstar® Portfolio Fossil Fuel Involvement™



Corporate Carbon Solutions Involvement



Morningstar® Portfolio Carbon Metrics

No Designation

Morningstar carbon metrics are asset-weighted portfolio calculations based on Sustainalytics' company Carbon Risk Rating. To receive the Morningstar® Low Carbon Designation™, a fund must have a 12-month average Portfolio Carbon Risk Score below 10 and a 12-month average Fossil Fuel Involvement of less than 7% of assets. This signal helps investors easily identify funds that are well-positioned to transition to a low-carbon economy.

Historical Carbon Risk Score



Historical Fossil Fuel Involvement



● AB Sustainable Cautious Balanced

◆ AB Sustainable Cautious Balanced Benchmark

Data as at 30 November 2023.

When it comes to evidencing our portfolio exclusion criteria and carbon / fossil fuel exposure, we have used customised Alpha Beta sustainable benchmarks as a comparison. This is for the purpose of measuring / comparing sustainable outcomes only, rather than performance.

Performance comparisons can be found relative to the IA sectors on the portfolio fact sheets. These sustainable benchmarks are composed of static equity / bond allocation. Equity allocation is based on MSCI ACWI weighting using ESG or SRI labelled ETFs. The bond allocation of the benchmark is made of green bond index funds.

UN Global Compact

The Ten Principles of the UN Global Compact

Corporate sustainability begins with a value system and a principles-based approach to doing business. This means operating in ways that comply with responsibilities in the areas of human rights, labour, environment and anti-corruption.

Human Rights:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour:

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment:

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption:

- Principle 10: Businesses should work against corruption in all its forms, incl extortion and bribery.

Principal Adverse Impact (PAI) Metrics

Portfolio Date:12/15/2023

EU SFDR PAI | CORPORATE

UNGC Principles/OECD Guidelines Violations Involvement

The percentage of the covered long portfolio holdings invested in corporate securities that are exposed to corporations that have violations of the United Nations Global Compact (UNGC) principles or Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

% of Covered Portfolio Involved

■ Inv ■ Bmk

0.0

0.0

0.0

+/- Benchmark

Coverage



● Covered 49.7%
● Not Covered 14.3%
● Not Eligible 36.1%

Benchmark: AB Sustainable Cautious Balanced Benchmark | As of 12/1/2023

Positive Screening

United Nations Sustainable Development Goals (UN SDGs)

The UN Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

- **GOAL 1:** No Poverty
- **GOAL 2:** Zero Hunger
- **GOAL 3:** Good Health and Well-being
- **GOAL 4:** Quality Education
- **GOAL 5:** Gender Equality
- **GOAL 6:** Clean Water and Sanitation
- **GOAL 7:** Affordable and Clean Energy
- **GOAL 8:** Decent Work and Economic Growth
- **GOAL 9:** Industry, Innovation and Infrastructure
- **GOAL 10:** Reduced Inequality
- **GOAL 11:** Sustainable Cities and Communities
- **GOAL 12:** Responsible Consumption and Production
- **GOAL 13:** Climate Action
- **GOAL 14:** Life Below Water
- **GOAL 15:** Life on Land
- **GOAL 16:** Peace and Justice Strong Institutions
- **GOAL 17:** Partnerships to achieve the Goal



The UNSDGs are used as part of our qualitative research / analysis, and assist us in evidencing sustainable outcomes.

Thematic Review

Climate Change

Climate change refers to long-term shifts in temperatures and weather patterns. Rising temperatures are fuelling environmental degradation, natural disasters, weather extremes, food and water insecurity, economic disruption, and conflict. Sea levels are rising, the Arctic is melting, coral reefs are dying, oceans are acidifying, and forests are burning. The Paris Agreement recognised the key role of finance in tackling Climate Change (Article 2.1c – make finance flows consistent with a pathway towards low greenhouse gas emissions and climate - resilient development).

Relevant UNSDG: 7, 9, 13, 15.

Stock Solution / Outcome Examples:

The EdenTree Responsible & Sustainable Sterling Bond holds a Green Gilt within its top holdings. As set out in the government's Green Financing Framework, the money raised by the Green Gilt will be used to finance expenditures in clean transportation, energy efficiency, renewable energy, pollution prevention and control, living and natural resources, and climate change adaptation.

The Pictet Clean Energy Transition fund strategy supports the structural change towards a sustainable and low-carbon economy. The fund invests in Nextera Energy who are one of America's largest capital investors in infrastructure, who have built the best skills and capabilities in the industry to help solve America's energy challenges sustainably. Nextera helps organisations follow their path to decarbonisation, by customising solutions. Years before many Fortune 500 companies considered transitioning away from fossil fuels to renewable energy, they were building solar and wind projects, and closing oil - and coal-fired power plants. Now they are poised to build on decades of innovation, to fulfil their long-standing goal to be the largest and cleanest energy provider in the world.

The FP Foresight Global Real Infrastructure Fund invests in Innergex Renewable Energy, a developer, owner and operator of run-of-river hydroelectric facilities, wind energy, and solar farms in North America, France and South America.

Rapid Urbanisation and Sustainable Cities

According to the World Bank, currently 56% of the world's population (4.4 billion inhabitants) live in cities. Urbanisation is expected to continue, with the urban population more than doubling its current size by 2050, at which point nearly 7 of 10 people will live in cities.

Relevant UNSDG: 6, 7, 8, 9, 11.

Stock Solution / Outcomes Examples:

Stewart Investors Asia Pacific Sustainability fund invests in Tube Investments who benefit from rapid urbanisation and a growing focus / need for healthy lifestyles, by being part of the bicycle industry and emerging electric vehicle business, contributing and benefiting from India's increasing focus on sustainable transport.

The FP Foresight Global Real Infrastructure Fund invests in Easterly Government Properties, a REIT focused on serving both investors and the community. They provided leased facilities for the use of the United States Federal Government and continuously work to improve initiatives, efforts, programs and policies, all of which are designed to benefit their tenants, shareholders, employees and the community. This includes minimising the portfolio's impact on its surrounding environment through the use of sustainable building materials and energy efficient upgrades.



Biodiversity, Resource Scarcity, and Nutrition

Humans depend upon ecosystem products and services (such as fresh water, food and fuel sources). Biodiversity loss can have significant impacts when ecosystems can no longer meet basic human needs. Indirectly, changes in ecosystem services affect livelihoods, income, local migration and, on occasion, may even cause or exacerbate political conflict. The biological diversity of microorganisms, flora and fauna provides extensive benefits for biological, health, and pharmacological sciences. Significant medical and pharmacological discoveries are made through greater understanding of the earth's biodiversity. Loss in biodiversity may limit discovery of potential treatments for many diseases and health problems.

Relevant UNSDG: 2, 3, 6, 7, 12, 14, 15.

Stock Solution / Outcomes Examples:

Stewart Investors Worldwide Sustainability Fund invests in Natura, which protects forests by sourcing natural ingredients from 30 Amazonian smallholder communities, protecting 1.8m hectares of forest.

The Rathbone Ethical Bond fund invests in The Nature Conservancy (TNC) which has grown to become an effective and wide-reaching environmental organisation globally. With diverse staff and over 400 scientists, they impact conservation in 79 countries and territories. Part of their work includes supporting the ambitions and rights of communities and Indigenous Peoples and the contributions their voices, choices and actions make to conserving the diversity of life on Earth.

The BNY Mellon Sustainable Global Dynamic Bond Fund invests in the Asian Development Bank (ADB). ADB is assigned to achieving a prosperous, inclusive, resilient, and sustainable Asia and Pacific, while continuing to work on eradicating extreme poverty. ADB assists research that increases agricultural productivity, incomes, and livelihoods. This includes research regarding reducing yield gaps, increasing crop yield potential and ways to reduce crop losses during harvest, storage, or processing. ADB also works with international agricultural research groups on topics such as stress tolerant varieties and better crop management.

The Vanguard ESG Emerging Markets All Cap Equity Index Fund invests in the Industrial & Commercial Bank of China who are an active advocate and practitioner of green finance standards and responsible investment principles. As at the end of December 2022, the Bank recorded 3,978,458 million ¥ of green loans for green industries such as energy conservation and environmental protection, clean production, clean energy, ecological conservation, green infrastructure upgrading and green services in accordance with the China Banking and Insurance Regulatory Commission (CBIRC) standard.

Water

Water covers 70% of our planet, however, freshwater, (what we drink, wash in, and irrigate our fields with) is very rare. According to the WWF, only 3% of the world's water is fresh water, and two-thirds of that is tucked away in frozen glaciers or unavailable for use. Consequently, around 1.1 billion people globally do not have access to water, and a total of 2.7 billion experience water scarcity for at least one month of the year (WWF). Additionally 2.4 billion people suffer with inadequate sanitation, thus exposing them to diseases, such as cholera and typhoid fever, and other water-borne illnesses. Tragically, two million people, mostly children, die each year from diarrheal diseases alone.

Relevant UNSDG: 6, 9, 11, 14, 15.

Stock Solution / Outcomes Examples:

Impax Asian Environmental Markets fund has a number of environmental themes including water, and in this strategy, \$10 million of investment results in 26 million gallons of water being either treated, saved or provided, which is the equivalent of 770 households' annual water consumption.

The Rathbone Ethical Bond fund invests in Severn Trent, who have launched #GetRiverPositive, which is their plans to improve the quality of rivers in their region by 2030. This includes bringing wildlife back to the wetlands and putting a stop to river pollution.



Health & Well being

Health and Well being are a complex combination of a person's physical, mental, emotional and social health factors. Higher levels of well-being are associated with decreased risk of disease, illness, and injury; better immune functioning; speedier recovery; and increased longevity. Individuals with high levels of well-being are more productive at work and are more likely to contribute to their communities. Global Health Initiatives have contributed to enormous progress in protecting lives and improving the health of people globally, including significant progress against individual diseases like polio, malaria, tuberculosis and HIV, and increasing coverage of specific interventions like vaccines.

Relevant UNSDG: 1, 2, 3, 4, 8, 10.

Stock Solution / Outcomes Examples:

Brown Advisory US Sustainable Growth Fund invests in United Health Group who are committed to building a simple, more consumer oriented health system to help ensure everyone has access to high quality, affordable health care. Through their foundations and businesses, they combine knowledge, and experience to improve health quality and outcomes in the communities where they live and work.

Another holding is Danaher, global science and technology innovators who transform the fields of diagnostics, life sciences, and environmental and applied solutions by, improving patient health through powerful tools that increase diagnostic confidence and advancing scientific research to illuminate the causes of disease and pave the way to new, life-saving treatments.



Growing & Aging Population

According to the World Health Organisation, by 2050, the world's population of people aged 60 years and older will double to 2.1 billion. The number of persons aged 80 years or older is expected to triple between 2020 and 2050 to reach 426 million. Societal aging can impact on economic growth, work patterns and retirement, family functioning, governments and communities ability to provide sufficient resources for older adults, and the prevalence of chronic disease and disability.

Relevant UNSDG: 1, 3, 10.

Stock Solution / Outcomes Examples:

Brown Advisory US Sustainable Growth Fund invests in United Health Group who have created a HouseCalls program that is designed to support older adults in their homes by assessing and addressing their medical, social and behavioural needs in a wellness visit with a nurse practitioner.

The CT Responsible UK Equity fund invests in AstraZeneca, a global, innovation-driven biopharmaceutical business that focuses on the finding, development and commercialisation of prescription medicines. Their work is predominantly for the treatment of cardiovascular, metabolic, respiratory, inflammation, autoimmune, oncology, infection and neuroscience diseases. AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide.

The Vanguard ESG Emerging Markets All Cap Equity Index Fund invests in the China Construction Bank Corporation, who practice finance activities in a people-centred manner. The bank fosters key areas of national economy and people's livelihood, including rural revitalisation, green development, and elderly care and healthcare.

Circular Economy

The circular economy is a model of production and consumption, which consists of sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products for as long as possible. With this model, the life cycle of products is extended and thus it tackles climate change and other global challenges like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources.

Relevant UNSDG: 9, 11, 12, 13, 14, 15.

Stock Solution / Outcomes Examples:

The Impax Environmental Markets fund invests in Brambles, who are a pioneer of the sharing economy, and therefore a sustainable logistics business. Its circular business model perpetuates the share and reuse of the world's largest pool of reusable pallets and containers.

CT Responsible UK Equity Fund invests in Smurfit Kappa, who as one of the largest paper-based packaging companies in the world, is providing a sustainable alternative to plastics. Using 75% recycled raw materials, and then producing recyclable products, it contributes to a circular economy.



Social & Climate Justice

Oxfam's Extreme Carbon Inequality Report (2015) outlined that the wealthiest 10% of the global population are responsible for approximately 51% of greenhouse gas emissions, where as the poorest and most threatened by extreme weather events and other impacts of climate change are only responsible for 10% of emissions.

Relevant UNSDG: 1, 7, 8, 9, 10, 13.

Stock Solution / Outcomes Examples:

Stewart Investors have invested in micro-insurance, who provide inclusive protection to reduce poverty in emerging Markets. Micro-insurance programmes protect vulnerable populations from climatic shock and stimulates investment in more resilient livelihoods.

The BNY Mellon Sustainable Global Dynamic Bond Fund invests in the Asian Development Bank (ADB). Countries impacted by climate change must effectively mitigate the effects of climate-related disasters on agriculture. ADB builds climate change resilience and adaptation into its agriculture projects.



Social Equality

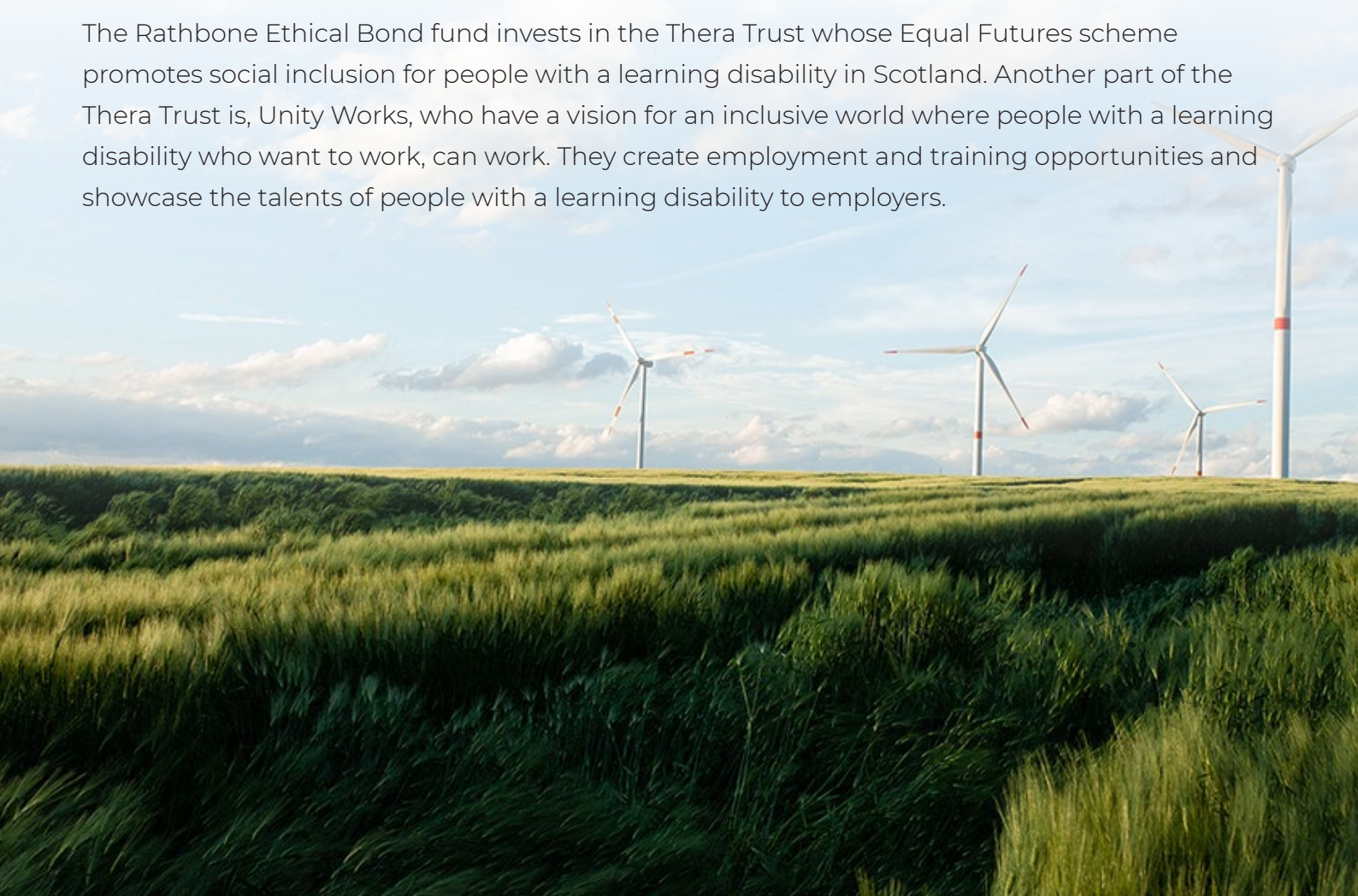
Social equality means every individual or group of people is given the same resources or opportunities. Different kinds of inequalities exist in society with the three main dimensions of equality being, political, social and economic. Social equality is very important as research consistently shows that in more unequal societies, life expectancy is much shorter.

Relevant UNSDG: 1, 4, 5, 8, 16.

Stock Solution / Outcomes Examples:

Brown Advisory US Sustainable Growth fund invests in ServiceNow, a software company who aim to commit the power of their employees and their platform to create equitable opportunity. To achieve this they have Launched RiseUp for ServiceNow, a mission to skill 1 million people on the ServiceNow Platform by 2024, for equitable careers for all and caused meaningful increases of underrepresented groups to participate in their early-in-career and manager development programs.

The Rathbone Ethical Bond fund invests in the Thera Trust whose Equal Futures scheme promotes social inclusion for people with a learning disability in Scotland. Another part of the Thera Trust is, Unity Works, who have a vision for an inclusive world where people with a learning disability who want to work, can work. They create employment and training opportunities and showcase the talents of people with a learning disability to employers.



Diversity & Inclusion

Diversity distinguishes that, though people have things in common with each other, they are also different in many ways, such as differences in race, ethnicity, gender, age and more. Inclusion is where those differences are seen as a benefit, and where perspectives, experiences and differences are shared, leading to enhanced outcomes.

Relevant UNSDG: 1, 2, 3, 4, 5, 8, 10, 16.

Stock Solution / Outcomes Examples:

CT Responsible UK Equity Fund's strategy has both executive pay and board diversity fully integrated into the voting policy. They vote against management where companies fail to meet their standards, and regularly engage to achieve improvements in practice.

The Royal London Ethical Bond fund invests in the Co-operative, whose values and principles are at the heart of their approach to addressing the challenges that Co-op and society as a whole face today, underpinned by a commitment to delivering a diverse and inclusive culture throughout everything that they do. This commitment to Diversity and Inclusion continues to be one of the key drivers in achieving their vision of 'Co-operating for a Fairer World'. The progress over the last few years has meant they have been able to embed diversity and inclusion into how they operate, resulting in a deeper understanding of inclusive practices. In 2022, they developed a new D&I Strategy focusing on colleague diversity & culture, brand & members, products & services, suppliers and community.



Engagement

Fund Manager Meetings / Presentations held during the Quarter:

FP WHEB Sustainability Fund	18/10/2023
Aegon AM	05/12/2023
Impax Listed Infrastructure Fund	12/12/2023

Key Points:

- FP WHEB Sustainability Fund Associate Fund Manager, Claire Jervis presented a performance update covering the third quarter of 2023. This was then followed by Seb Beloe, Head of Research, sharing thoughts on 'big pharma' and the latest in UK climate policy.
- Aegon provided an update following the Kames Ethical Funds held in the Ethical and SRI models, becoming rebranded as Aegon. Despite the name change, key fund managers Audrey Ryan and Iain Buckle continue to manage the funds held. They also provided an updated ESG policy and screening criteria, and some companywide updates on other responsible and sustainable funds in their range.
- Impax have a proprietary sustainable infrastructure taxonomy, which seeks to identify infrastructure solutions that advance environmental and societal well-being. This includes investing in resource infrastructure, which they define as assets related to the sustainable provision or processing of energy, water, waste & materials, and food & agriculture.

Key Engagement undertaken by Fund Managers

In WHEB's investment strategies there has been a noticeable increase in exposure to 'Big Pharma' stocks such as CSL, Astra Zeneca and Genmab in the main strategy and Novo Nordisk additionally in their European Fund. However, previously, WHEB had only minimal exposure to pharmaceuticals. Big pharma used to be characterised by its aggressive promotion of drugs to doctors through sales reps and remuneration largely revolving around the number of prescriptions those drugs recorded within their assigned area.

Blockbuster drugs have patent protection, so they can price gouge, however when this patent comes to an end, the opportunity arises for substantially cheaper generic equivalents to be created.

This has resulted in pharma companies creating small variations of their existing drugs, to enable them to receive a patent extension, allowing them to maintain exclusivity for longer and continue price gouging. The Inflation Reduction Act (IRA) legislation is the first material progress in the US to give the government's national health insurance program Medicare the power to agree / determine prices for 10 of the 50 drugs that represent the highest cost to the programme from 2026 onwards.

Another development was a change of focus in therapeutic areas towards typical biotech specialities: oncology, immunology, rare diseases, and this was triggered partially by the regulatory changes. Price gouging in the form of unreasonable annual price increases has mostly stopped, but there is a new risk of a perversely high initial drug price at launch, and for that reason, WHEB has developed its own drug pricing checklist which they use before a potential investment.

Impax has been engaging with Xinyi Solar Holdings, one of the largest solar glass producers globally, specialising in research and development, manufacturing, and sales of solar photovoltaic glass. Through engagement, they have raised awareness of the benefits of improved board diversity to long-term value creation. They have engaged the company in relation to it having no female representation on the board and improving board diversity, resulting in the first female director being appointed in 2022.



Contact: **Andrew Thompson**
T: 07968 934127
E: at@alphabetapartners.co.uk

Contact: **Clive Redding**
T: 07771 776696
E: cr@alphabetapartners.co.uk

Alpha Beta Partners.
Northgate House, Upper Borough Walls, Bath BA1 1RG
T: 020 8152 5120
E: info@alphabetapartners.co.uk

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5 March 2024