

Annual Sustainability Report Setanta Active Multi- Asset Fund 3



Introduction

Product Name: Setanta Active Multi-Asset 3

Legal Entity Identifier: YYV6S3OE6EWZYI2FFW31

Status under the EU Sustainable Finance Disclosure Regulation (SFDR)

There are new rules which require any fund which promotes environmental and/or social characteristics to provide detailed sustainability related disclosures to prospective customers.

As this Fund has been categorised as meeting the provisions set out in Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR), this report provides further detail on what the sustainability related ambitions of the Fund are and how the sustainability related ambitions of the Fund are met.

Investment Objective

The SAMA 3 Fund offers diversified exposure, including equities, bonds, property, alternatives and cash, with a bias towards bond investments. This fund seeks to provide a lower level of risk and return when compared to the other funds in the Setanta Active Multi-Asset Fund Range.



Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

- | | |
|---|--|
| <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%</p> | <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> It promotes Environmental/Social (E/S) Characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p> |
|---|--|

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities.

Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Reduce the impact of the fund on climate change
(relative to the appropriate broad market benchmark)

Reduce negative impact on society

The indicators used to measure the outcomes of this approach are:

Reduce the impact of the fund on climate change
(relative to the appropriate broad market benchmark)

- > Reduction in Greenhouse gas Intensity broken down by Scope 1 and 2 emissions versus the appropriate broad market benchmark.
- > Reduction in fossil fuel involvement of the portfolio versus the appropriate broad market benchmark.

Reduce the negative impact on society

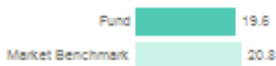
- > Excludes companies who have not committed to the United Nations Global Company principles.
- > Excludes companies who are in breach of any of United Nations Global Company principles.

How did the sustainability indicators perform?

Overall ESG Risk Rating

The Environmental, Social & Governance (ESG) Risk Rating measures the degree to which a company's economic value is at risk due to not considering ESG factors using a calculation of the company's unmanaged ESG risks.

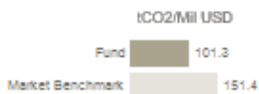
Overall ESG Risk Rating Score*



*A lower score indicates a lower level of unmanaged ESG risk and potential risk to the economic value.

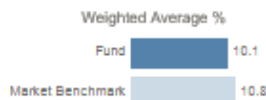
Carbon Intensity

Carbon intensity is a metric used to compare company emissions across industries. The absolute emissions is divided by total earnings with the figure expressed in tonnes of carbon dioxide equivalent per million USD of total revenue.



Fossil Fuel

Fossil Fuel Involvement measures the percentage of earnings that companies get from thermal coal extraction, coal-based power generation, oil and gas production, oil and gas based power generation, and oil and gas related products and services.



Note: ESG risk scores and carbon metrics are currently calculated for equity and corporate bond only which represent 52.7% of the portfolio.

...and compared to previous periods?

As 2022 is the first year of reporting, there are no comparative periods to report. A comparison between the 2022 periodic report sustainable metrics will be provided in the 2023 periodic report.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What were the objectives of the sustainable investments that the financial product partially made and how does the sustainable investment contribute to such objectives?

This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

While this Fund is designed to consider and contribute to the sustainability of our environment and society within the provisions of Article 8 of the SFDR, it is not specifically designed to make "sustainable investments" as defined under SFDR or to make investments which qualify as "environmentally sustainable" under the EU Taxonomy.

How do the sustainable investments that the financial product partially made, not cause significant harm to any environmental or social sustainable investment objective?

N/A - This Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A - The Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A - The Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable financial product that take into account the EU criteria for environmentally sustainable product do not take into account the EU criteria for environmentally sustainable economic Activities. Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund aims to reduce negative impacts to the environment and society. These negative impacts are also called adverse impacts, whereby the most significant adverse impacts are referred to as principal adverse impacts (PAI).

Where possible and feasible and in line with the nature of the investments, a number of adverse impacts are structurally and systematically considered as part of this Fund's investment decision making. This consideration occurs before making investment decisions and thereafter as part of our ongoing monitoring and management of that investment, where an investment is made.

We consider the following key PAIs* in our decision making:

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Impact on climate change:

- > Greenhouse gas Intensity Broken down by Scope 1 and 2 emissions



Impact on society:

- > Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- > Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

Investment decisions result in more capital allocation to companies with improved PAI indicators as a result of the ESG data integration. Setanta does not consider adverse impacts of its investment decisions on sustainability factors at an entity level. While Setanta assesses financially material ESG issues for all companies, we do not look for companies to achieve sustainability outcomes, in their own right, across all SFDR defined principal adverse impacts. Moreover, the consideration of the full list of principal adverse impacts (PAI) indicators is not consistent with our client mandates in all instances.

However, for this SAMA 3 fund which pursues a reduction of negative externalities caused by the investment underlying the product, Setanta considers the impacts of its investment decisions on sustainability factors by reference to a subset of PAI indicators listed in Table 1 of Annex I. Prior to making any investment decision, our investment professionals are required to conduct investment due diligence on the proposed investment position. This investment due diligence will evaluate a variety of factors including an assessment of how the proposed investment position is assessed against the three sustainability indicators which are specified below. The indicators used are: (i) GHG Intensity Emissions, broken down by Scope 1 and 2 emissions; (ii) Signatory to the UN Global Compact; (iii) Severe controversies / breaches of the UN Global Compact. In some cases, a financial product may contain a fund of funds, the PAI's listed above have been defined by Setanta based on the investment strategy of the financial product. Setanta has published its statement on Principle Adverse Indicator on its website. The policy can be found here: <https://setanta-asset.com/sustainable-finance-disclosure-regulation/>.

*Global Equity Fund



What were the top investments of this financial product?

Average, 01 January 2022 to 31 December 2022

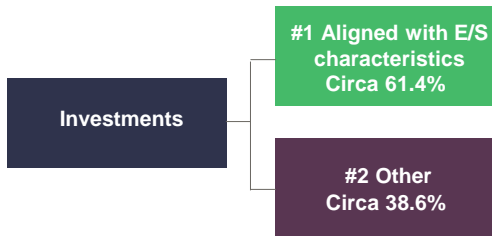
Largest Investments	Sector	% Assets	
		% Assets	Country
MICROSOFT CORP	Information Technology	2.5%	United States
BERKSHIRE HATHAWAY INC	Financials	2.1%	United States
MCDONALD'S CORP	Consumer Discretionary	1.9%	United States
ORACLE CORP	Information Technology	1.6%	United States
COSTCO WHOLESALE CORP	Consumer Staples	1.6%	United States
ALPHABET INC	Communication Services	1.6%	United States
SAMSUNG ELECTRONICS CO LTD	Information Technology	1.5%	South Korea
JOHNSON & JOHNSON	Health Care	1.5%	United States
JOHNSON CONTROLS INTERNATIONAL PLC	Industrials	1.3%	Ireland
KEYSIGHT TECHNOLOGIES INC	Information Technology	1.3%	United States
BOOKING HOLDINGS INC	Consumer Discretionary	1.2%	United States
NIKE INC	Consumer Discretionary	1.2%	United States
SEI INVESTMENTS CO	Financials	1.2%	United States
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD	Information Technology	1.1%	Taiwan
DCC PLC	Industrials	1.1%	Ireland

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period.



What was the proportion of sustainability-related investments?

What was the asset allocation?



Asset allocation describes the share of investments in specific assets.

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product (31/12/2022)

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. (31/12/2022)

The Fund invests in a mix of assets such as cash, government bonds and corporate bonds, equities, property, alternative strategies, and externally managed specialist funds. The promotion of environmental or social characteristics were applied across the majority of below assets classes and the majority of the Funds associated with the below listed asset classes are classified as Article 8 under SFDR regulation.

i). Equity; ii). Corporate Fixed Income; iii). Property

In which economic sectors were the investments made?

Investments by sector*	
Financials	23.7%
Information Technology	10.1%
Consumer Discretionary	8.5%
Health Care	10.1%
Consumer Staples	4.5%
Communication Services	4.1%
Industrials	3.8%
Utilities	3.5%
Energy	3.4%
Other	28.2%

While the product seeks to achieve a reduction in exposures to the fossil fuel industry Through the promotion of environmental characteristics, companies with revenue involvement to the below fossil fuel activities remain:

- exploration of fossil fuels
- mining of fossil fuels
- extraction of fossil fuels
- production of fossil fuels
- processing of fossil fuels
- storage, refining, distribution (including transportation and storage and trade of fossil fuels)

The Fund's exposure to companies with involvement to the above sectors is estimated to be 10.1%. This compares favourably to the broad market benchmark which has 10.8% exposure.

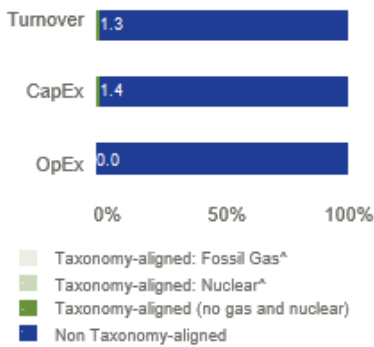


To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

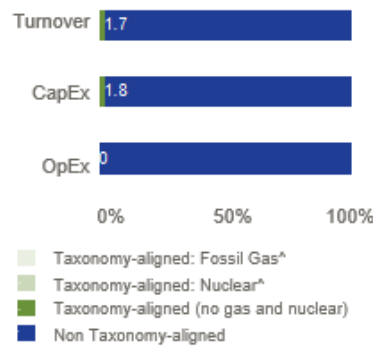
Although the Fund promoted environmental and social characteristics (Article 8 under the Sustainable Finance Disclosure Regulation) the Fund Investment Strategy does not explicitly target sustainable investments that are aligned with the EU Taxonomy criteria.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investment including sovereign bonds*



2. Taxonomy-alignment of investment excluding sovereign bonds*



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

What was the share of investments made in transitional and enabling activities?

The proportion of investments made by the Fund in transitional and enabling activities was 0% during the reference period.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods

As 2022 is the first year of reporting, there are no comparative periods to report comparison between the 2022 periodic report sustainable metrics will be provided in the 2023 periodic report.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.



What was the share of socially sustainable investments?

N/A - The Fund does not intend to make any investments in sustainable investments with social objective.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with EU Taxonomy?

Yes: In fossil gas In nuclear energy
 No

Taxonomy-aligned activities are expressed as a share of:

> **turnover** reflects the "greenness" of investee companies today.

> **capital expenditure** (CapEx) shows the green investments made by investee companies relevant for a transition to a green economy.

> **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transactional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.



What investments were included under “#2 Other”, what was their purpose and were there any minimum environmental or social safeguards?

This product may invest in assets such as bonds, equities, property and alternative strategies Investments classified as "Other" include:

- Cash
- Developed Sovereign Fixed Income
- REITS, Private Equity and Alternatives

The investments classified as “#2 Other” forms part of the multi-asset portfolio strategy and are vital parts of the risk/return framework of the strategy as well as meeting the liquidity needs of the product, i.e. to service inflows (outflows) to (from) the product. Specifically “#2 Other” represents the Fund’s investment in the following

- Infrastructure Equity
- Indexed 1-5 Year EMU Gov Bonds
- Euro 5-10 Year Fixed Interest Fund
- Indexed Global High Yield Bonds
- Global REIT
- Private Equity Fund



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The actions that we take to ensure that the Fund attains the environmental or social characteristics promoted by the Fund differ by asset class. This financial product is an actively managed multi asset portfolio. The E/S characteristics of the Global Equity portfolio are achieved through minimum exclusions.

The Global Equity portfolio is screened against the following criteria to identify any securities not acceptable to hold.

- No armaments > 10%
- No outlawed weapons 0%
- No tobacco production > 5%
- No coal > 30%
- No serious violations of UN Global Compact

Irish Life Investment Managers (ILIM) manage a number of sub funds in the product including the emerging market equity and investment grade corporate bonds, where the following approach is taken:

I). excludes the securities of companies which exhibit poor behaviour (UN Global Compact Violators) and those involved in activities such as the manufacturing of Controversial Weapons and Tobacco

II). integrate security level ESG risk ratings and principal adverse impact (PAI) indicators within our Equity and Corporate Bond investments to ensure a material improvement in these aggregate characteristics compared to broad market benchmarks. These enhancements are achieved by overweighting securities that rank favourably across these metrics and underweighting laggards. While the desire to maintain high levels of diversification within the Fund means that laggards are not eliminated entirely, ILIM engages with companies to encourage them to embrace sustainable practices.

III). adopts an active ownership approach across its equity holdings by using its voting rights and constructively engaging (either directly or collaboratively with other like-minded investors) with the companies in which it invests. It does this to support and encourage the adoption of positive sustainable behaviours within these companies

We manage sustainability risk appropriately across other asset classes into which the Fund invests such as Direct Property. In relation to direct property, we explicitly consider sustainability characteristics in relation to purchasing new properties and with the ongoing management of the properties we own.



How did this financial product perform compared to the reference benchmark?

How did the reference benchmark differ from a broad market index?

N/A - The Fund follows a multi-asset strategy and does not have a reference benchmark

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted

N/A - The Fund follows a multi-asset strategy and does not have a reference benchmark.

How did this financial product perform compared with the reference benchmark?

N/A - The Fund follows a multi-asset strategy and does not have a reference benchmark or a designated index.

How did this financial product perform compared with the broad market index

N/A - The Fund does not have a broad market benchmark.

The Fund is a multi-asset strategy consisting of allocations to a number of investment funds in specified asset classes. These investment funds which are classified as Article 8 have individual benchmarks.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

This website disclosure document is required under Article 10 of SFDR. This document does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person and does not take account of the specific needs or circumstances of any person.

You should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

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