

# RESPONSIBLE INVESTING INFORMATION DOCUMENT

## PERSONAL PORTFOLIO DEFENSIVE FUND (PRN: 979737)

As at 17<sup>th</sup> November 2024

This document provides you with a summary of the Fund's approach to sustainability, as required by law, and you should review it prior to investment

### Introduction

Coutts job as an asset manager is to help protect and grow your money by making investment choices on your behalf. To do this, we look at different investment options whilst managing the Fund's overall level of risk and reward. To do this well, we believe it's important to consider sustainability in our investment decisions. From an investment perspective, this means including environmental, social, and governance (ESG) factors. For example, considering climate change, human rights and board diversity.

We think ESG factors are important because they could affect how stable and profitable an investment might be over time. For example, climate change is causing more bad weather like heavy rain. This can lead to flooding and damage to buildings, resulting in closures for repairs. This could impact a company that owns those buildings by disrupting staff (stability) and creating unexpected cost of repairs (profitability). We call our approach to sustainability, or ESG, 'Responsible Investing' (RI). This RI Information Document summarises our approach, how it works in practice and what metrics we use to show progress over time. You can find our full RI policy [here](#).

The UK regulator has defined four labels for sustainable investment, designed to help investors find funds which have a specific sustainability goal. Each label has specific criteria labelled funds must align to. This Fund does not have a UK sustainable investment label because our RI approach does not align to these criteria; in particular, it does not amount to a sustainability 'objective' or 'goal' of the Fund. For more information on labels, please see this [link](#).

### Our Sustainability Approach – Responsible Investing

#### 1. Investment selection – Choosing the right investments

We assess a range of factors to check the assets in which we invest meet the strategy and goals of this Fund whilst managing the Fund's overall risk and reward. This includes assessing a range of ESG factors, with a particular focus on climate change.

To assess ESG factors, we have built a responsible investing and net zero assessment. We ask fund managers a range of questions about how they manage ESG related risks and opportunities. For example, 'How do ESG factors impact investment decision making and performance?'. The answers generate a score that helps feed into our investment decision making and measure the fund against our portfolio alignment metric.

Please see the metrics section below for further detail. After investing, we monitor funds for material changes and through ongoing engagement on important topics.

#### 2. Voting and engagement – Taking care of the Fund's investments

Once we have invested, we need to ensure that funds and companies are managing risks and rewards as we expect. We do this by voting and engaging on changes we want to see to deliver long-term value for you as the investor. Examples of voting and engagement goals include ensuring companies treat workers fairly or are taking steps to reduce their impact on the climate.

We have three ways of voting and engaging: directly with companies through EOS at Federated Hermes; with fund managers on important topics, for example, if their sustainability approach materially changes; and finally, with other asset managers by joining industry initiatives. We think industry initiatives are important because this means companies can better understand what investors want, making our individual efforts more powerful. You can see the industry initiatives that we are part of linked [here](#).

Voting and engagement activity with companies varies over time based on how we hold the investments and our ability to vote. If you want to learn more about this and what we do, you see our policy, records and annual reporting [here](#).

#### 3. Exclusions – Limiting certain activities

If we don't believe voting and engagement will be effective in managing ESG risks, we may restrict investment. This is called exclusion. We have four exclusion categories, as shown in the table on the second page which are implemented in two ways.

Firstly, through revenue thresholds which work by setting limits on the amount of money a company can generate from specific activities that are considered high risk. For example, up to 10% of revenue. Exclusions will have different revenue thresholds depending on the activity. Secondly, companies are assessed on a pass or fail basis against defined criteria in our exclusions policy.

The impact of exclusions varies over time based on how we hold the investments and will generally reduce, rather than remove the exposure. As a result, this Fund may still have exposure to companies who breach our thresholds or criteria.

To understand more about our exclusions, revenue thresholds, criteria and reasons behind them, please see our exclusions policy linked [here](#).

Exclusion Theme	Related Exclusions	Exclusion Approach
Fossil Fuel-Related	Thermal Coal, Tar Sands, Arctic and Unconventional Oil and Gas Production	Revenue Threshold
Other Societal Based	Adult Entertainment, Civilian Firearms, Gambling, Predatory Lending, Tobacco	Revenue Threshold
Weapons	Controversial Weapons, Nuclear Weapons	Criteria
Global Norm Violations	United Nations Global Compact, Human Rights, International Labour Standards	Criteria

## Sustainability Metrics - Portfolio Alignment

We consider climate change to be a risk to our goals of protecting and growing the value of your investments over time. To act on this, we have set an overall goal to achieve net zero across all assets under management by 2050. This aligns with the UK Government's legally binding target to reach net zero by 2050 across the UK economy. To ensure progress in the near term, we have also set short-term 2030 portfolio alignment ambitions.

Portfolio alignment measures the percentage of the Fund that is invested in underlying funds and direct government bonds that are on a net zero pathway.

The aim of portfolio alignment is to invest in funds that are setting strategies and making investment decisions which align with a net zero pathway over time, and direct government bonds whose government has a net zero target in policy or law. This should mean the investments are more likely to be managing the risks and opportunities from climate change and lead to carbon emissions reductions over time.

This Fund has a minimum portfolio alignment requirement of 50%. This means at least 50% of the Fund must be classed as on a net zero pathway. The pie chart illustrates the current portfolio alignment of this Fund. For further information on our overall climate ambitions and how we categorise funds and direct government bonds, please see our Responsible Investing Policy [here](#).

## Important RI Information

Further information on our approach to Responsible Investing can be found in the Fund Prospectus [www.coutts.com/ppf](http://www.coutts.com/ppf) and in our Responsible Investing Policies <https://www.coutts.com/responsible-investing-policies>. In addition, you may also find it useful to read our glossary of key terms linked [here](#) and the following:

**Product level climate-related disclosures report** - The aim of this report is to give you more insight into the impact of the funds we manage and in which you invest have on climate change and could be impacted by climate change. The latest report can be found on our disclosures and policies page linked [here](#).

**Entity level climate-related disclosures report** - This report outlines our climate strategy, risk management practices, governance and metrics. It also provides an update on the risks and dependencies involved in achieving our climate ambitions. The latest report can be found on our disclosures and policies page linked [here](#).

**Stewardship Code Report** - This report outlines our approach to voting and engagement (stewardship) and compliance with the 2021 UK Stewardship Code, which is overseen by the Financial Reporting Council (FRC). The latest report can be found on our disclosures and policies page linked [here](#).

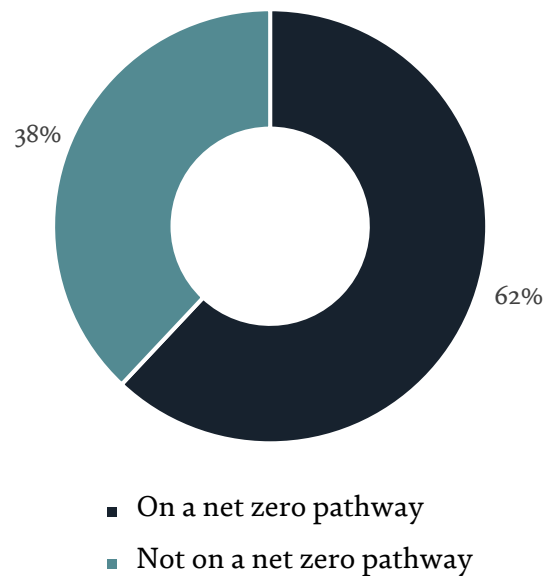
**Investment Manager's cautionary note on climate data** - This can be found on our disclosures and policies page linked [here](#).

**Other Fund information** - Individual Fund ongoing fees are listed within the Fund Prospectus. The Fund Factsheets and Fund Prospectus are located here: [www.coutts.com/ppf](http://www.coutts.com/ppf).

**RBS Collective Investment Funds Limited (CIFL)** - CIFL is the Authorised Corporate Director (Manager) of the Fund and a subsidiary of Coutts & Co. Coutts operates as the Investment Manager for CIFL and is the Centre of Excellence to provide investments to NatWest Group customers.

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## Portfolio Alignment



Graph description: The pie chart illustrates the portfolio alignment of this Fund  
Data: as of June 30<sup>th</sup> 2024  
Source: Coutts