



EMERGING MARKETS GOVERNMENT BOND SUSTAINABILITY DISCLOSURE

SUMMARY

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

This Fund aims to provide an improvement in the environmental, social, governance (“ESG”) and overall ESG scores. The Fund is passively managed and its objective is to reflect the performance of 50% J.P. Morgan ESG Government Bond Index Emerging Markets Global Diversified EUR Unhedged and 50% JP Morgan ESG EMBI Global Diversified Index (the “Index”). This Index is an environmental, social and corporate governance (“ESG”) version of the JP Morgan Government Bond Index-Emerging Markets Global Diversified Index (“GBI-EM”). The administrator of the Index, J.P. Morgan Securities LLC, uses ESG data provided by Sustainalytics and RepRisk to apply an ESG scoring and screening methodology to score each constituent of the GBI-EM, to tilt toward issuers ranked higher on ESG criteria and green bond issues and to underweight and remove issuers that rank lower.

The estimated proportion of assets which promote environment and social (E/S) characteristics is circa 95%. At least 95% of investments are expected to be allocated to assets which promote E/S characteristics and up to 5% may be allocated to “other” investments which may comprise of a small cash balance for liquidity purposes or fixed income derivatives. However, in normal market conditions, the Investment Manager expects the investments used to meet the environmental and/or social characteristics is equal to circa 100%. ILIM relies on third party ESG data from Sustainalytics. Sustainalytics have developed methodologies to assess sovereign issuers’ ESG credentials. ILIM utilises the ESG data from Sustainalytics to monitor the E/S characteristics of the Fund. The E/S characteristics of the Fund are reported periodically to internal executive committees. ESG data is provided for the underlying holdings with each security having a series of ESG indicators. The indicators used to measure the promotion of the E/S characteristics of the Fund are carbon intensity, fossil fuel involvement and ESG risk score.

There are limitations regarding ESG data and some available ESG data is based off estimated data due to the lack of publicly disclosed information. ILIM utilises ESG data to take into account sustainability factors including a number of principle adverse impact (“PAI”) indicators. The E/S characteristics promoted by the Fund are monitored to assess if these E/S characteristics have been attained. ILIM currently do not engage with credit investments, such as Sovereign Bonds. This is something ILIM is currently investigating.

NO SUSTAINABLE INVESTMENT OBJECTIVE

This Fund promotes environmental and/or social characteristics but does not have a sustainable investment objective.

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.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

This Fund aims to provide an improvement in the environmental, social, governance (“ESG”) and overall ESG scores. The Fund is passively managed and its objective is to reflect the performance of 50% J.P. Morgan ESG Government Bond Index Emerging Markets Global Diversified EUR Unhedged and 50% JP Morgan ESG EMBI Global Diversified Index (the “Index”). This Index is an environmental, social and corporate governance (“ESG”) version of the respective parent benchmarks. The administrator of the Index, J.P. Morgan Securities LLC, uses ESG data provided by Sustainalytics and RepRisk to apply an ESG scoring and screening methodology to score each constituent of the GBI-EM, to tilt toward issuers ranked higher on ESG criteria and green bond issues and to underweight and remove issuers that rank lower.

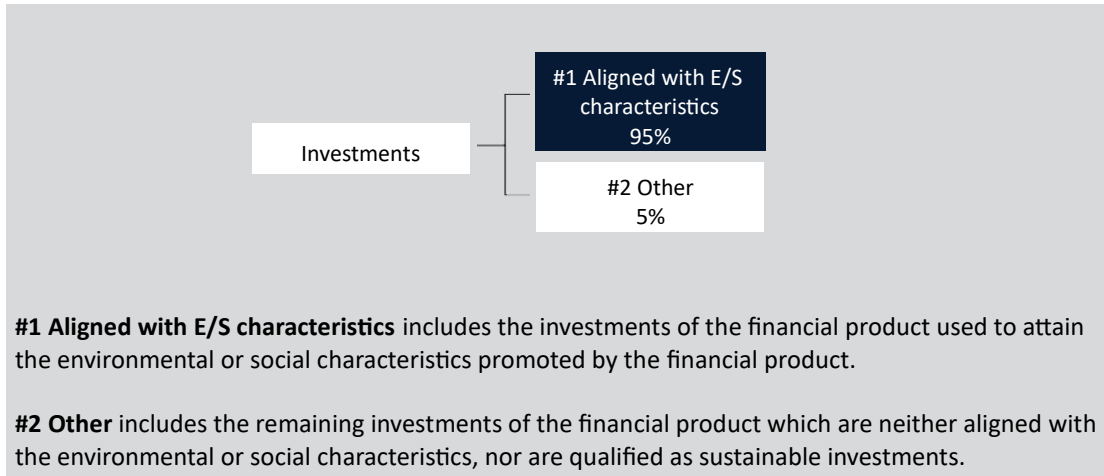
INVESTMENT STRATEGY

This Fund is passively managed and invests in emerging market sovereign and quasi-sovereign bonds and is a medium risk fund. The Fund aims to perform in line with the Index. Qualifying bonds must have a maturity of greater than six months, a fixed coupon schedule and a minimum amount outstanding of USD 250 million. The Fund follows a benchmark index designed by JP Morgan to enhance exposure to positive ESG factors and improved exposure to green bonds.

PROPORTION OF INVESTMENTS

The fund invests in 50% emerging market local currency sovereign bonds and 50% emerging market hard currency sovereign and quasi-sovereign bonds. It may also hold cash for liquidity purposes.

At least 95% of investments are expected to be allocated to assets which promote E/S characteristics and up to 5% may be allocated to “other” investments which may comprise of a small cash balance for liquidity purposes or fixed income derivatives. However, in normal market conditions, the Investment Manager expects the investments used to meet the environmental and/or social characteristics is equal to circa 100%.



MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Fund Manager relies on third party ESG data from Sustainalytics. Sustainalytics have developed methodologies to assess sovereign issuers' ESG credentials. Sovereign issuers are assigned sustainability related scores based on their activities and ESG credentials.

The Fund Manager utilises the ESG data from Sustainalytics to monitor the E/S characteristics of the Fund. The agreed environmental and social indicators used to measure the attainment of the characteristics promoted by the product are independently monitored by the Fund Managers Investment Risk team at a Fund level. The E/S characteristics of the Fund are reported periodically by the Fund Manager's Investment Risk team to the Fund Managers Responsible Investing Governance Committee and board. Exceptions are highlighted and addressed where appropriate

METHODOLOGIES

The extent to which environmental and social characteristics promoted by the Fund are met, these are measured using a series of aggregated metrics using data from our third party data provider Sustainalytics.

The Fund is a passive product which promotes E/S characteristics. ESG data for the underlying holdings is available through our third-party ESG data provider Sustainalytics with each security having a series of ESG indicators.

A weighted average score of the underlying holdings is calculated for each of the E/S characteristics promoted by the Fund. The weighted average scores are used to demonstrate how environmental and social characteristics promoted by the Fund are met.

DATA SOURCES AND PROCESSING

ILIM, as fund manager, obtains the data and evaluates each of the E/S characteristic promoted from our chosen ESG data provider, Sustainalytics (<https://www.sustainalytics.com>).

Sustainalytics is a market leader in the provision of ESG data.

Sustainalytics provide ESG data on the environmental and social characteristics promoted by the Fund. ESG data is sourced from Sustainalytics for the individual sovereign issuer holdings of the Fund for each of the indicators which monitor the environmental and social characteristics.

ILIM, as Fund manager of the Fund, monitor the quality of data received.

For the Fund's investments, each indicator to assess the impact of the environmental and social characteristic promoted by the Fund is calculated for each individual security using a weighted average of the Sustainalytics data score for the individual metrics, and these are then aggregated to determine the overall product score.

A formulaic expression of the calculation is below:

Individual sovereign score = Weight of security in portfolio * Sustainalytics score for the individual sustainable metric
Fund score for sustainable metric = Sum of individual sovereign scores held in the Fund.

ESG data and metrics attributed to the environmental and social characteristics promoted by the Fund will contain estimated data due to a lack of public disclosure by individual sovereign states. As the requirements to report ESG data differ between jurisdictions, and as many sovereign states are only starting to produce ESG measurements themselves, a significant portion of the data is estimated by our ESG data provider Sustainalytics. Gaps in sovereign disclosure are partially filled with the help of Sustainalytics' estimation models to provide a fuller picture of the portfolio's impacts. Disclosure of ESG data is improving over time with more sovereign states publicly disclosing ESG related data.



LIMITATIONS TO METHODOLOGIES AND DATA

As mentioned, there are limitations regarding both methodologies and data. For some exposures ESG data is unavailable due to the lack of publicly disclosed information. In these instances gaps in sovereign issuer disclosure are partly filled with the help of Sustainalytics' estimation models to provide a more complete picture of the portfolio's impacts. For exposures where ESG data is not directly available, these are not included in the calculation. Disclosure of ESG data is improving year and year with more companies publicly disclosing data to support the environmental and social characteristics promoted by the Fund

DUE DILIGENCE

ILIM relies upon independent third-party ESG data from Sustainalytics and RepRisk to take into account sustainability factors. JP Morgan, as the index provider, integrates the ESG data from Sustainalytics and RepRisk into the index creation process to reduce the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and governance matters. The E/S characteristics promoted by the Fund are monitored to assess if these E/S characteristics have been attained.

When assessing the environmental and social characteristics of the underlying assets of the financial products, the Index incorporates ESG data into the investment decision making process.

For Article 8 designated funds, this includes assessing the underlying securities from an environmental and social characteristics viewpoint to ensure E/S characteristics are promoted by the product. The E/S characteristics promoted by Article 8 funds are monitored to assess if these E/S characteristics have been attained.

ENGAGEMENT POLICIES

ILIM currently do not engage with credit investments, such as Government Bonds. This is something ILIM is currently investigating.

DESIGNATED REFERENCE BENCHMARK

The Index has been designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes. The Fund follows a passive management strategy and aims to deliver returns in line with the Index. The Index is created by the benchmark provider, JP Morgan, and is designed to promote environmental and/or social characteristics.