

Impact reporting

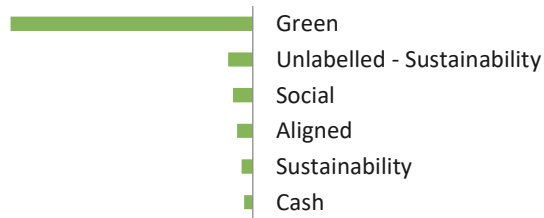
At MIM, in accordance with issuers annual reporting cycles, we produce our comprehensive [annual Impact Reports](#) which detail the environmental and social impacts of our portfolios based on project level data collected by our engagement with issuers. The following quarterly update is a forward-looking snapshot showing selected expected impacts of the portfolio based on the information provided at issuance.

MIM TCFD report

At the end of 2023, we published [AIM's second TCFD report](#), which provided details on the impacts of the SPECTRUM portfolios based on the four recommended pillars. Accordingly, this TCFD report addresses our governance and management, investment strategy and risk management, and metrics and targets. This was the last TCFD report for the AIM entity, as we have now fully integrated at MIM. The 2023 TCFD report showcased our various workstreams, engagements and impact achieved over the 2022 period, and included the TCFD recommended AUM metrics, rather than the fund-specific metrics included in the annual impact report.

Distribution by bond type

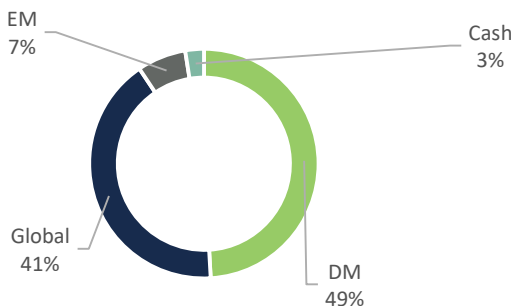
(% of portfolio holdings YTD 31 December 2023)



Expected project

Geographic distribution

(% of portfolio holdings YTD 31 December 2023)



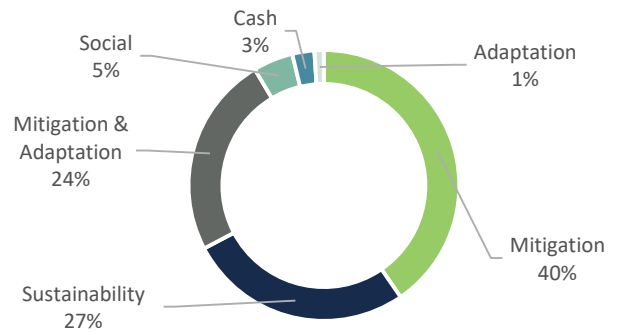
The fund is invested in impact bonds across geographically diverse areas, including developed market focussed issuers such as NWB Bank Green Bond, the Dutch sustainable water bank, and Asian Development Bank Green Bond, which invests in emerging markets across Asia.

LO-Funds – Global Climate Bond

Quarterly portfolio impact update Q3 2023

Expected project Impact goal distribution

(% of portfolio holdings YTD 31 December 2023)



Reflecting the heavy concentration of the portfolio in green bonds (75%), the majority of the portfolio supports climate change mitigation and adaptation, most closely related to SDG 7 - affordable and clean energy, SDG 9 - industry, innovation and infrastructure, SDG 11 - sustainable cities and communities and SDG 13 - climate action.



Impact bond highlight

Islamic Development Bank
Framework Excluded from our universe

Moody's: Aaa
 Fitch: AAA

Verification process overview

The SPECTRUM process uses positive selection, a judgement based and forward-looking approach. It involves a detailed assessment to understand the investment's environmental, social and governance performance alongside the impacts – desired and undesired, direct and indirect – that could be associated with that investment. While we do apply exclusions on tobacco, gambling, thermal coal mining or production and the manufacture or sale of weapons and/or ammunition for corporate issuers and we review sanctions lists and ESG performance for non-corporates, we primarily focus on positive selection, rather than negative screening, to ensure all issues and issuers meet the highest standard.

A framework can be excluded from our investable universe during our initial screening process, as an outcome of our full verification review or verification rescore process. Typically, when a deal is announced, both the sustainability and credit teams undertake a first high-level review of the issuer and framework to identify any red flags highlighting clear misalignment with our SPECTRUM process that would trigger an immediate exclusion. If no such red flags are identified, both teams proceed with conducting a full verification review. If the outcome of the review indicates that the issuer or the framework fails to meet our evaluation criteria from either a sustainability or credit perspective (or both), the framework is excluded from the SPECTRUM Bond® universe. If the sustainability and credit verification reviews lead to a framework being included in our investable universe, the framework is regularly rescored to capture updated research/developments and determine whether the framework's position within the investable universe is still valid. If a framework is shifted from included to excluded in our investable universe, then the Portfolio Management team have 30 days to sell all held securities, in line with the divestment timeframe outlined in our Responsible Investment Policy.

Issuer Description

Islamic Development Bank (IDB) is a multilateral development bank that promotes economic and social development in both Islamic countries, and for Muslim populations within non-Islamic countries. The discussion here is related to their sustainability sukuk.

Example expenditure

Both green and social project categories are eligible under the sustainability framework. Green project categories include renewable energy, clean transportation, energy efficiency, pollution prevention and control, environmentally sustainable land management and sustainable water and wastewater management. Eligible social project categories include SME financing, affordable housing, affordable basic infrastructure, access to essential services and socioeconomic advancement and empowerment. The lack of impact reporting however means that the actual allocation of the use of proceeds is unknown.

Islamic Development Bank Sustainability Sukuk Transaction Details

Issue date	Size	Maturity date	ISIN
June 2020	USD 1.5b	June 2025	XS2194282195
March 2021	USD 2.5b	March 2026	XS2318745937

Purchase date	Sold date	ISIN
March 2021	December 2023	XS2318745937

MIM verification summary

The sustainability sukuk issued by IDB were downgraded to an exclude by the sustainability team in December. This decision was driven by the issuer's failure to provide allocation or impact reporting for the two sustainability sukuk that had previously been issued. The issuer provided an impact report for the green sukuk issued in 2019, but the sustainability sukuk, issued in 2020 and 2021 respectively are yet to have any reporting of this data.

Impact reports are an extremely important element of the labelled bond process, as they evidence the impact of their use of proceeds. We have engaged with the Islamic development bank on several occasions to request data of this nature.

We previously decided to not exclude these sukuk, as the issuer had provided high-quality impact reporting for the green sukuk and the issuer noted that it was developing its reporting for the sustainability sukuk and that it would be made available in the near future. We were also cognisant of the fact that the issuer is smaller and not as well-resourced as many of the development banks in the SPECTRUM universe.

However, considering the significant time elapsing without any impact or allocation data, and the issuer not replying to our latest attempt to engage, we reached the decision to exclude the two sustainability sukuk from the SPECTRUM universe. The issuer has been unable to meet the level of transparency we require.

IDB passes our responsible issuer assessment, however as this framework has been excluded, the existing sustainability sukuk, and any future issues, cannot be held or purchased.

From the credit perspective, The IDB provides financing within the scope of Shari'ah law to its member countries to promote economic and social development. The bank also plays an important role in the development of the Islamic finance market. IDB's standalone credit profile is robust, reflecting strong capitalisation and solid liquidity. Its asset quality is supported by its strong risk management framework and preferred creditor status, resulting in low NPA levels. In spite of the weaker credit quality of its members than major MDBs, the member support is robust, evident from continued capital increases.

Impact Bond Highlight

Allied Irish Banks

Included in our universe

S&P: BBB-
Fitch: BBB
Moody's: A3

Issuer Description

Allied Irish Banks (AIB) provides various banking products and services to retail, business and corporate customers in the Republic of Ireland primarily, but also in the UK and internationally.

Green bond framework

AIB first released a green bond framework in 2019, and this was most recently updated in August 2023. The framework includes the following eligible categories: green commercial buildings, green residential buildings, renewable energy and clean transportation. These remain predominantly unchanged, with the only new addition being power storage facilities.

The green bond framework is fully aligned with the issuer's strategy to increase the share of green lending in their portfolio.

Example of expenditure

Examples of eligible green projects include:

- Refurbished buildings with at least a 30% improvement in energy efficiency.
- Offshore and onshore wind energy generation facilities.
- Zero emissions vehicles for passenger transportation and related infrastructure including EV charging and hydrogen fuelling stations.

Thus far, green buildings have received the largest allocation of the proceeds, followed by renewable energy and clean transportation

Allied Irish Bank Transaction Details

Issue date	Size	Maturity date	ISIN
Oct 2023	EUR 750m	Oct 2031	XS2707169111

MIM verification summary

From a sustainability perspective, AIB has a strong responsible issuer profile, with environmental ambition increasing year-on-year. AIB's financed emissions targets were validated by the Science-based Targets Initiative (SBTi) which accompanies the bank's specific decarbonisation pathways for the key sectors they invest in. AIB engages in social programmes across three key themes: social housing, financial literacy and digital inclusion. Governance relating to sustainability is transparent, with AIB providing clear.

The issuer's green bond framework is in line with their sustainability strategy and targets, and they provide regular allocation and impact reporting. We have therefore passed both the Responsible Issuer and Use of Proceeds for include.

From a credit perspective, AIB is the 2nd-largest banking group in Ireland and the #1 mortgage provider. It operates predominantly in Ireland and the UK. The Irish government is a major stakeholder (46.9%) and although it has been gradually divesting, AIB remains important to the country and is likely to benefit from a degree of government support. While income diversity is low and exposes the bank to interest rate volatility, the high interest rate environment is favourable to the bank's earnings. About 50% of the bank's loan book consist of mortgages. AIB's performance recovered strongly from the COVID-19 pandemic and performed well in 2022 and 1H23. Asset quality was back to 2019 levels in 2021 and improved further in 1H23, Capitalisation is strong, with MDA buffer of more than 500bps at 1H23.

The above bond was purchased for this fund at issuance, in October 2023.

Important Information

This document has been prepared by Affirmative Investment Management Partners Limited ("Affirmative") solely for the purpose of providing background information to the person to whom it has been delivered. The information contained herein is strictly confidential and is only for the use of the person to whom it is sent and/or who attends any associated presentation. The information contained herein may not be reproduced, distributed or published, in whole or in part, by any recipient to any third parties without the prior written consent of Affirmative. Notwithstanding the foregoing, such person (and each employee, representative or other agent of such person) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the proposed investment program and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the recipient relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of the parties to a transaction.

The summary description included herein and any other materials provided to you are intended only for information purposes and convenient reference and are not intended to be complete. This information is not intended to provide and should not be relied upon for accounting, legal or tax advice or investment recommendations. You should consult your tax, legal, accounting, financial or other advisors about the issues discussed herein. This document is not intended as an offer or solicitation with respect to the purchase or sale of any security. No offer or solicitation may be made prior to the delivery of a definitive private placement offering memorandum or equivalent document (the "Memorandum"). PROSPECTIVE INVESTORS SHOULD REVIEW THE MEMORANDUM, INCLUDING THE RISK FACTORS AND CONFLICTS OF INTEREST IN THE MEMORANDUM, BEFORE MAKING A DECISION TO INVEST. In addition, prospective investors should rely only on the Memorandum in making a decision to invest, although certain descriptions contained herein may be more detailed than those contained in the Memorandum.

Investments in the investment program are speculative and involve a high degree of risk. The investment program may utilise leverage, which can make performance volatile. There is no secondary market for shares in the investment program and none is expected to develop. There are also restrictions on transferring interests and redeeming from the investment program. No guarantee or representation is made that the investment program, including, without limitation, the investment objectives, diversification strategies, or risk monitoring goals, will be successful, and investment results may vary substantially over time. Investment losses may occur from time to time. Nothing herein is intended to imply that the investment methodology may be considered "conservative", "safe", "risk free" or "risk averse".

The information provided in this document should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein remain in the investment program's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent the investment program's entire portfolio and in the aggregate may represent only a small percentage of the investment program's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Past performance information contained in this document is not an indication of future performance. It has not been audited or verified by an independent party and should not be seen as any indication of returns which might be received by investors in the investment program. Similarly, where projections, forecasts, targeted or illustrative returns or related statements or expressions of opinion are given ("Forward Looking Information") they should not be regarded by any recipient of this document as a guarantee, prediction or definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. A number of factors, in addition to any risk factors stated in this document, could cause actual results to differ materially from those in any Forward Looking Information. PAST PERFORMANCE IS NOT INDICATIVE NOR A GUARANTEE OF FUTURE RESULTS. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

[Any financial indicators or benchmarks shown are for illustrative and/or comparative purposes only, may not be available for direct investment, are unmanaged, assume reinvestment of income, and have limitations when used for comparison or other purposes because they may have volatility, credit, or other material characteristics (such as number and types of securities or instruments) that are different from the investment program. A number of indices (each an "Index") are referenced herein. Each Index is presented because Affirmative feels that it serves as a useful point of comparison with aspects of the investment program's portfolio management and composition. The investment program's portfolio will not replicate the Index and no guarantee is given that performance will match the Index; it is not possible to invest in any index. There are significant differences between the investment program's investments and the Index. For instance, the investment program may use leverage and may invest in securities that have a greater degree of risk and volatility, as well as less liquidity, than those securities contained in the Index. Moreover, the Index is not subject to any of the management fees or expenses that the investment program must pay. It should not be assumed that the investment program will invest in any specific securities that comprise the Index, nor should it be understood to mean that there is a correlation between the investment program's returns and the Index's performance. [Bloomberg Global Aggregate AUD hedged]

The distribution of this document may be restricted in certain jurisdictions. This document is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation, and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, this document is not intended as marketing of any fund in the United Kingdom or any member state of the European Economic Area within the meaning of the Directive 2011/61/EU on Alternative Investment Fund Managers.

This document is not intended for distribution in the United States or for the account of US persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the "Securities Act")) except to persons who are "qualified purchasers" (as defined in the US Investment Company Act of 1940, as amended (the "Company Act")) and "accredited investors" (as defined in Rule 501(a) under the Securities Act). Affirmative is registered with the US Securities and Exchange Commission as an investment adviser. Registration as an investment adviser does not imply any level of skill or training. The investment program is not, and will not be, registered under the Securities Act, the Company Act or the securities laws of any of the states of the United States and interests therein may not be offered, sold or delivered directly or indirectly into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of such securities laws.

This document is not intended for distribution in the United Kingdom or for the account of UK persons and is only aimed at overseas recipients within the meaning of Article 12 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FP Order"). The investment program has not been authorised or recognised by the Financial Conduct Authority and investors will not have the benefit of the Financial Services Compensation Scheme or other protections available under the UK regulatory system. Recipients should also be aware that Affirmative is not acting for, or advising, them and is not responsible for providing them with the protections available under the UK regulatory system.

The information contained in this document has not been verified independently. No reliance may be placed for any purpose on the information and opinions contained in this document or their accuracy or completeness. Affirmative believes the information or opinions contained in this document to be reliable but does not warrant its accuracy or completeness. The estimates, investment strategies, and views expressed in this document are based upon current market conditions and/or data and information provided by unaffiliated third parties and is subject to change without notice.

All rights reserved, Affirmative Investment Management Partners Limited (2022)

Authorised and Regulated by the Financial Conduct Authority FRN 658030, the SEC CRD Number 282138

Registered in England & Wales no. 09077671

Registered Office 55 Baker Street, London W1U 7EU

Morningstar disclaimer

©2022 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

Source: The Morningstar ESG Commitment Level - May 2021