

Responsible and Sustainable Investing

Our investment team always strives to promote, where applicable and appropriate, the promotion of awareness and understanding of ESG considerations and integrate the same into our investment decision making process and engagement efforts. As a result, and where appropriate, information on ESG factors and the related ESG risks are incorporated into our processes at an asset selection stage when undertaking due diligence on such asset class. Furthermore, and whenever possible, an assessment is also carried out in terms of the potential financial impact in the long-term.

When undertaking the ESG analysis, we will seek to obtain information from a variety of sources, including, but not limited to:

- the target company itself;
- third party specialist data providers;
- brokers; and
- academics.

We have adopted various approaches to integrate the consideration of environmental, social, and governance (ESG) factors into our investment decision-making process and our investment advisory process:

Integration

We conduct proprietary, detailed research to understand the long-term sustainability of earnings and the risk profile of an asset class. We also adopt a pragmatic approach whereby information on ESG factors is integrated into established investment assessment processes. We do not have separate ESG focused processes and do not automatically exclude investments in a particular asset class purely on ESG grounds if we feel that such ESG risks do not necessarily pose a financial risk in the long term.

Negative and Positive Screening

We will actively engage with our clients to understand whether they have concerns about specific activities and / or industries in order to maintain such exclusions on an on-going basis.

We also screen target companies/ products that promote and provide solutions that are consistent with ESG Factors and aims at including such products in the portfolios that we manage and positively recommend such products on an on-going basis.

Exclusions

We will not knowingly invest in companies involved in the following activities:

- arms manufacturing;
- manufacture of tobacco;
- hard spirits;

- gambling; and
- genetically modified organisms.

We will assess these types of investments on a case-by-case basis and any potential for indirect exposure is carefully considered and factored into investment selection.

Principle Adverse Impacts

We undertake an assessment of the Principal Adverse Impacts (“PAIs”) of our decisions on ESG Factors. PAIs are those impacts arising from a particular decision taken which we take that will eventually have a negative effect on ESG Factors.

Where the PAI cannot possibly be determined due to insufficient disclosure or lack of tangible data, we will actively engage with the target company in question and should no commitment be made by the latter to mitigate the PAI, this matter will be factored into the decision-making process.

Kindly contact info@fcs-am.com for a full copy of our ESG Policy.

Alignment of Remuneration Policy with sustainability investments

In line with our Remuneration Policy, no variable remuneration is paid to our staff unless it is determined to be justified following a performance assessment based on quantitative (financial) as well as qualitative (non-financial) criteria.

Due to this very limited impact on the risk-profile of our clients, as well as the nature of our business, we deem that there is no risk of misalignment with the integration of the sustainability risks in our investment decision making process with respect to our clients.

As such, we believe that our existing structures are sufficient to prevent excessive risk taking in respect of sustainability risks.