BORDER TO COAST UK LISTED EQUITY ALPHA FUND

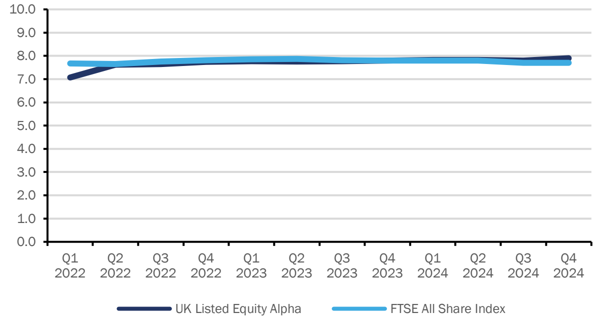
ESG & CARBON REPORT

Q4 2024

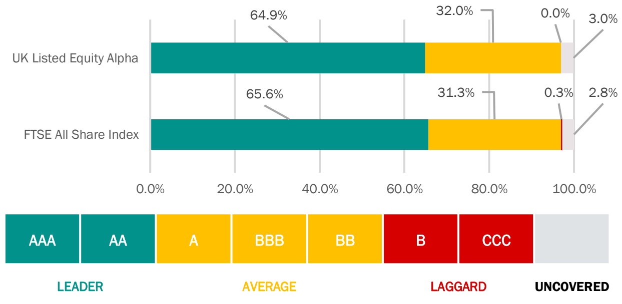
MSCI ESG RATING **AA**

	End of Quarter Position[1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
UK Listed Equity Alpha	AA [1]	7.9 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
FTSE All Share Index	AA [1]	7.7 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers[1]				Lowest ESG Rated Issuers[1]			
	% Portfolio Weight	% Relative Weight	MSCI Rating		% Portfolio Weight	% Relative Weight	MSCI Rating
Diageo	3.5%	+1.1%	AAA [1]	Young & Cos Brewery	0.1%	+0.1%	B [1]
Sage Group	2.6%	+2.1%	AAA [1]	Fevertree Drinks	1.5%	+1.5%	BB [1]
Relx	2.5%	-0.4%	AAA [1]	CLS Holdings	0.1%	+0.1%	BB [1]
Unilever	2.4%	-2.3%	AAA [1]	FD Technologies	0.8%	+0.8%	BBB [1]
Autotrader Group	2.3%	+2.0%	AAA [1]	Hikma Pharmaceuticals	0.6%	+0.5%	BBB [1]

Quarterly ESG Commentary

- The Fund's ESG Score improved marginally to 7.9 increasing the differential to benchmark.
- The Fund's exit from Learning Technologies saw Hikma Pharmaceuticals enter the bottom 5 ESG-rated companies in the Fund. The Fund has a high proportion of ESG leaders and low proportion of ESG laggards. Diageo is the Fund's largest highest rated position. Diageo is this quarter's feature stock.

Feature Stock: Diageo

Diageo owns Johnnie Walker, the world's leading international spirit brand, and holds a 40% global market share in Scotch whisky. It is represented by valuable, venerable brands, with high barriers to entry, backed by rich history, provenance, and ageing stocks of liquor. Financially, Diageo boasts a multi-decade history of profitability. Whilst concerns persist that alcohol consumption in the West is in structural decline, critically Diageo is not reliant on volume growth in alcohol consumption to prosper, but it does rely on consumers trading up into better quality, higher value products.

A key consideration is that the top 10% of drinkers consume over half of all alcohol in the US, creating a significant public health challenge due to excessive, harmful consumption. However, it poses less risk to premium beverage companies like Diageo. Such consumption often involves low-cost, commoditised alcohol with little brand value, products that premium brands actively avoid. Given the scale of this issue, shifts in regulation should be taken seriously. Leading beverage companies, including Diageo, are proactively addressing these concerns, aligning their strategies with responsible consumption and sustainable growth.

MSCI rates Diageo as a 'AAA' rated company. Diageo is seen to lead global peers in governance, The company is also noted to be making progress in minimising water consumption and MSCI report that Diageo's freshwater consumption intensity is significantly lower than the industry average. The majority of the company's emissions lie within its supply chain. Focus on the supply chains has seen Diageo commit to an SBTi-approved target to reduce Scope 3 emissions by 50% by 2030 and a target to expand to regenerative agriculture programmes for their key ingredients. Some lack of progress against the scope 3 targets reflect the challenges in managing of supply chain emissions.

[1]Source: MSCI ESG Research 31/12/2024

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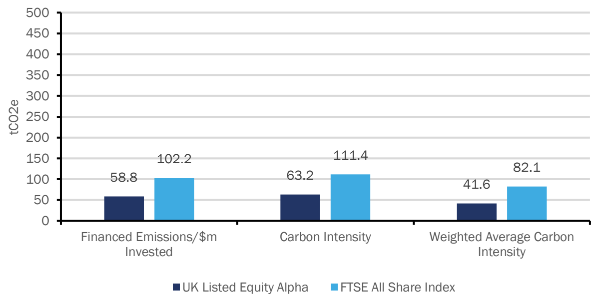
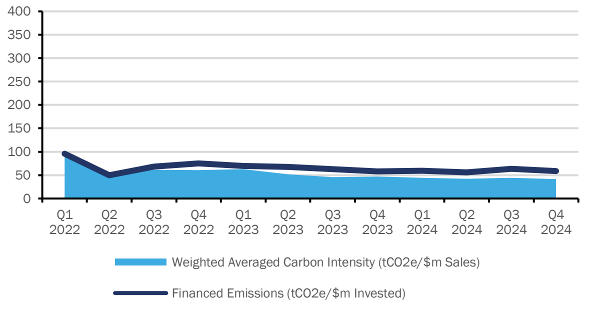
AA

PENSIONS PARTNERSHIP

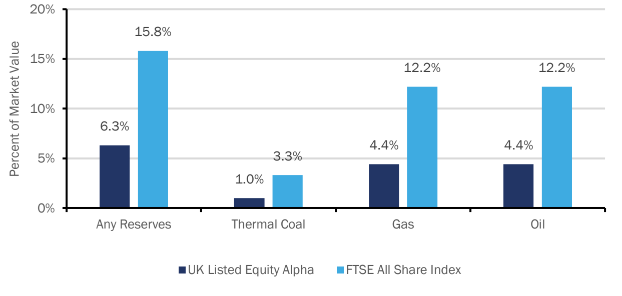
Carbon Emissions and Intensity[1]



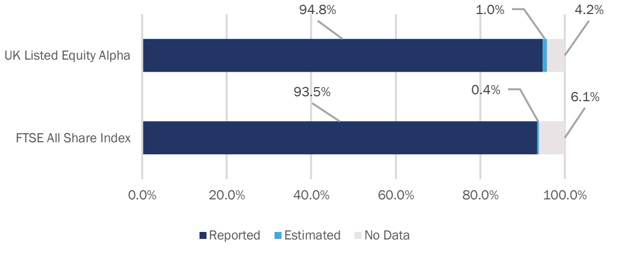
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Financed Emissions[1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
International Consolidated Airlines Group	0.9%	+0.5%	19.0%[1]	No	4*
easyJet	0.7%	+0.5%	17.4% [1]	No	4
Shell	1.6%	-4.9%	13.8% [1]	Yes	4
BP	1.3%	-1.3%	10.2% [1]	Yes	4*
Rio Tinto	0.8%	-1.3%	6.1% [1]	Yes	4

Quarterly Carbon Commentary

- The Fund saw reductions across all emissions metrics increasing the relative gap to benchmark. The Fund continues to remain significantly below benchmark across all metrics.
- Last quarter, Wizz Air was the most carbon intensive position by revenue. The Fund's exit from this position was the major contributor to the 14% reduction in the Fund's carbon intensity. The exit had similar impacts on the Fund's reduction in financed emissions and weighted average carbon intensity.

Feature Stock: Shell

Shell is one of the world's largest energy companies and has a large footprint in liquefied natural gas (LNG). It has an A+ rated balance sheet, with net debt of $43bn and a gearing level of 19% at the end of 2023. It offers a dividend yield of 4% and is trading on less than 9 times 2025 expected earnings. The company has a free cash flow yield in excess of 12%, allowing the company to top up shareholder returns through share buybacks, reducing the share count by c. 13% over 2023 and 2024. The strong financial position allows the company to deliver generous shareholder returns, while investing in the business, including significant investments in low carbon energy.

Shell's large position in oil and gas upstream assets, and its downstream exposure to refining, trading, and marketing, makes carbon and transition risk one of the principal considerations for investors. As the global economy transitions the company will also be subject to regulatory and legals risks due to its involvement in the oil and gas industry.

Shell was one of the first of the oil majors to develop a comprehensive climate transition strategy. It has identified transition pathways for its biggest customer sectors, transport and industry, and is evolving its business to support the transition of these customers and to transition Shell's own business. It has set ambitious scope 1 and scope 2 emission reduction targets, however it is lacking an absolute scope 3 target, those emissions that arise from the combustion of oil and gas.

[1]Source: MSCI ESG Research 31/12/2024

Issuers Not Covered [1]		
Reason	ESG (%)[1]	Carbon (%)[1]
Company not covered	2.3%	2.2%
Investment Trust/ Funds	0.7%	2.0%

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[1]Source: MSCI ESG Research 31/12/2024