

## Summary

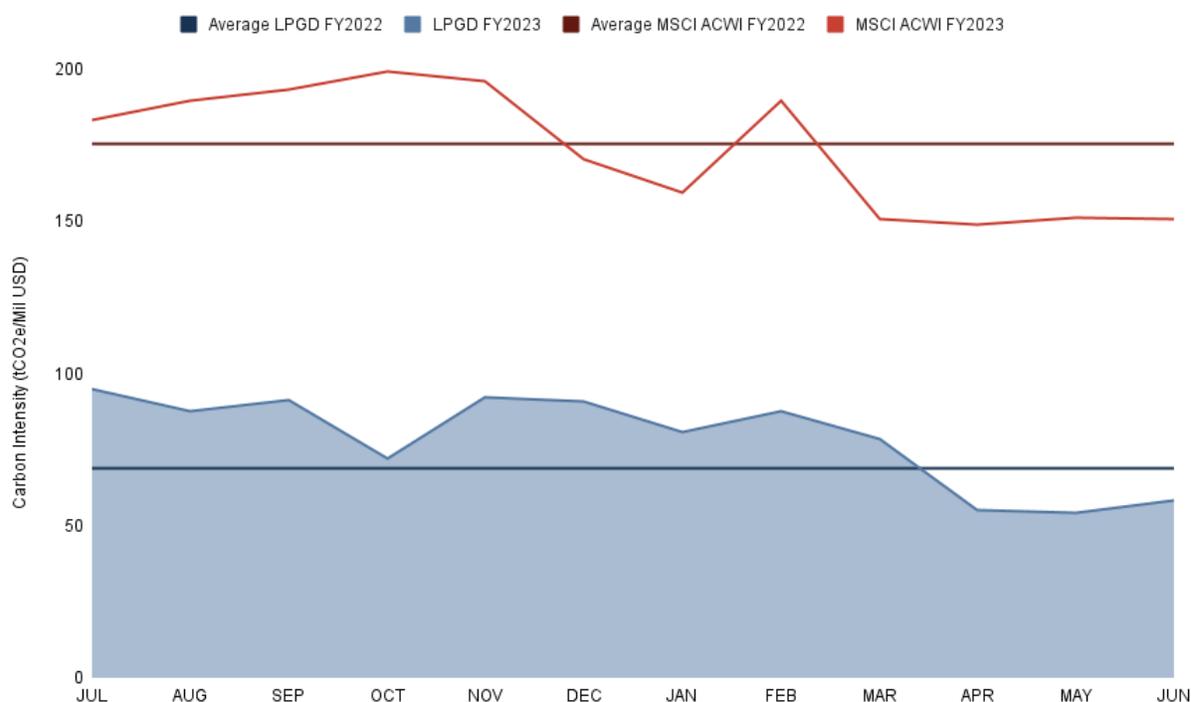
This report highlights the key sustainability features of the Loftus Peak Global Disruption Fund and the Loftus Peak Global Disruption Fund (Hedged) (“Loftus Peak Funds” or “Funds”). Both Funds:

- exhibited a declining weighted average carbon intensity during the year to stand around half the intensity of the MSCI All Countries World Index (“Index”), and
- increased their exposure to the United Nations' Sustainable Development Goals (SDGs) during the year to 30 June 2023

## Carbon Intensity

The carbon intensity of the Loftus Peak Funds and the Index declined over the year to 30 June 2023. The following illustration shows the movement across the year to June 2023 for the Funds and the Index, and for comparison shows the average for the prior year. Carbon intensity is shown as the sum of Scope 1 and Scope 2 emissions.

*Illustration 1: Comparison of Carbon Intensity – Loftus Peak Funds and Index*



The weight of energy companies in the Index increased with the disruption of global supply chains in 2022 that followed the Russian invasion of Ukraine and the re-opening of economies following COVID-19 lockdowns. This has had the result of elevating the carbon intensity of the Index for the first half of the financial year, before companies

that might benefit from an expected peak in interest rates (many with low carbon intensities) began their share price recovery, and increased weight in the Index, in the second half of the year.

The Loftus Peak Funds' carbon intensity was higher than last year's average for the first nine months of the year to June 2023. The Funds exited Linde, their most carbon intensive company holding (based on Scope 1 and 2 emissions), causing the intensity to fall below last year's average for the final three months. The most carbon intensive holdings of the Funds during the year were Linde, Wolfspeed, ON Semiconductor, Taiwan Semiconductor Manufacturing and Micron Technology. It is noted that while these companies carried high scope 1 and 2 emissions to varying degrees they also contribute as carbon solutions by providing companies that use their products more energy efficient outcomes.

The Carbon Risk rating for the Loftus Peak Funds, as determined by Sustainalytics, remained low across the year. The Funds' only high risk holding, Volkswagen, was rerated as medium risk from high risk during the year. The Fund's percentage revenue generated from fossil fuels remained at 0% across the year.

### Sustainable Development Goals (SDGs)

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The Funds include holdings that Loftus Peak identified as supporting several of the 17 UN Sustainable Development Goals.

The relevant Goals and the associated holdings by weight in the Funds are shown below.

*Illustration 2: UN Sustainable Development Goals Supported by Loftus Peak Funds*



**Zero Hunger (SDG 2) (DE.US):**



Deere & Co is the world's leading manufacturer of agricultural machinery products. The company is a leader in precision agriculture which leverages predictive models with agricultural machinery to optimise agricultural inputs.

John Deere tractors enable farmers to better manage their agricultural inputs, including fertilisers and water, allowing these finite resources to be better conserved while improving overall crop yield.

**Good Health and Well-Being (SDG 3) (HALO.US):**



Halozyme is a biotech company that seeks to partner with other drug companies to make their medicine easier to administer. Halozyme has pioneered a recombinant human hyaluronidase enzyme that allows for the subcutaneous administration of large molecule treatments.

Previously, these large molecules were only administered through intravenous fluids, which restricted patients to medical facilities where such treatment is possible. Halozyme enables these treatments to minimise administration costs and for the treatment to occur anywhere making medicine both financially and geographically more available.

**Affordable and Clean Energy (SDG 7) (ON.US) (IFX.DE) (WOLF.US) (LIN.US):**



ON Semiconductor, Infineon, Wolfspeed and Linde all underpin the transition away from oil and coal. ON Semiconductor, Infineon and Wolfspeed sit along the power semiconductor value chain. These companies produce the components necessary to make electric devices efficient enough to produce functional electric cars, machinery and more.

Linde is a chemical manufacturer that produces natural gas as well as Hydrofluorocarbons alternatives to the Hydrochlorofluorocarbons. Linde has been the Fund's most carbon intensive holding for the past year based on scope 1 and 2 emissions<sup>1</sup>. However, it is one of the only Funds' holding that can claim to be a net negative emitter

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<sup>1</sup> Scope 1 represents emissions generated from assets directly owned by a company. Scope 2 represents emissions generated from the indirect assets of a company. Scope 3 represents the total emissions generated from the consumer's use of the goods or services provided by the company.

when taking account of scope 3 emissions. The company releases an annual estimate of how much tCO<sub>2</sub>e it emits as well as how much tCO<sub>2</sub>e it avoids for customers who use Linde's product instead of traditional fossil fuels.

**Peace, Justice and Strong Institutions (SDG 16) (CRWD.US) (PANW.US):**



CrowdStrike and Palo Alto Networks are both Cybersecurity service providers who help companies and institutions protect their data.

As society digitises, the volume of data and information digitises faster than ever before. Protecting this data is critical for the welfare of companies and the institutions which manage the data of individuals.

**Industry, Innovation and Infrastructure (SDG 9) (IOT.US):**



**samsara**

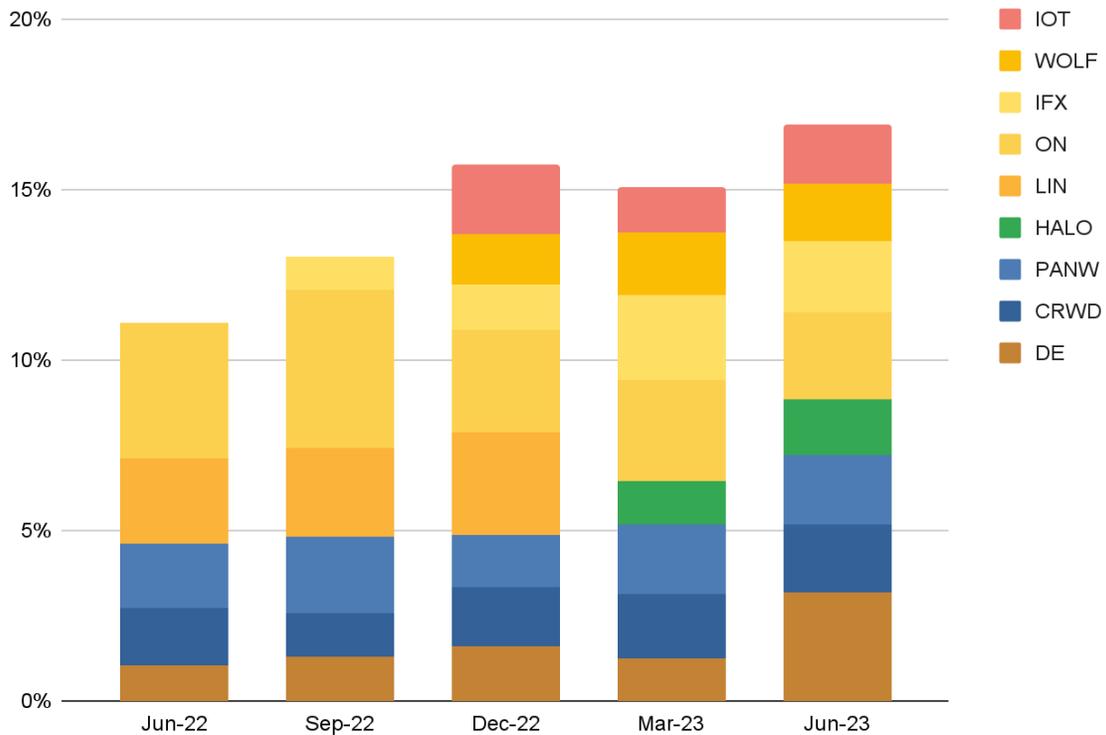
Samsara is a logistics management company which provides hardware solutions as a service to clients with large fleets of machinery. Software is then deployed on top of the hardware to bring further efficiencies to these fleets.

To meet the needs of the world, whether it be ensuring that food can be transported to where it is needed or helping companies use less energy on their production line for the same output - the outcomes for this innovation need to be trackable. Samsara tracking outcomes in a digital form, so they can be optimised, supports improving the efficiency of the world's supply chains while decreasing their input of labour, machinery and energy.

Over the year to June 2023, the Funds' exposure to companies that Loftus Peak identifies as SDG contributors expanded both in number of companies and weight in the portfolio. The Funds' SDG contributors are typically non-core positions; the mean SDG contributor had a weight of 2.2% across the year whereas the Funds' mean holding weight was 3.6%.

From June 2022 to the end of June 2023, the Funds' SDG exposure increased from 11% of the portfolio to 17%.

*Illustration 3: Fund Holdings by Average Weight in Portfolio Supporting UN Sustainable Development Goals in Year to June 2023*



**Important Note:** Loftus Peak’s identification of SDG alignment is determined by internal research and is underpinned by the firm’s investment thesis for each company. SDG alignment is not determined quantitatively by such methods as screening for percentage revenue going to specific end markets deemed to align with a particular SDG. This means that there may be revenue in these companies that does not support a specific SDG, there may be revenue that supports a different SDG and there are companies held in the Fund that support SDGs that are not listed as SDG aligned due to the SDG(s) lack of connection to Loftus Peak’s underlying investment thesis.

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