

Regnan Sustainable Water and Waste Fund

Global | Perpetual | Sustainable

Regnan

Brought to you by J O Hambro Capital Management

20th December 2024

Authorised corporate director (ACD) JOHCM Funds (UK) Limited. Delegated investment manager: J O Hambro Investment Management Limited.
Fund identifier: LEI: 213800QAY5SZXEZQP194. ISIN codes are available in the Fund's factsheet.

The Fund uses a **Sustainability Focus** label which is designed to help investors identify products with a specific sustainability goal.



Sustainability labels are designed to ensure that investors are in a position to make more informed decisions about which products meet their sustainability objectives. The **Sustainability Focus** label indicates that a fund invests mainly in assets that focus on sustainability for people and/or the planet.

SDR – sustainability-related disclosure for consumers

Sustainability Goal

The aim of the Fund is to generate capital growth over rolling 5-year periods, whilst contributing to positive sustainability outcomes, by investing in at least 70% of its assets in companies which provide solutions to global water- and waste-related challenges, and related services or industries.



Water

Water challenges include: access, water scarcity, contamination, infrastructure pressure and replacement, leakage, inefficiency, and pollution.



Waste

Waste management challenges include: inadequate infrastructure, pollution, recycling, improvements in sanitation, waste collection and disposal, and resource recovery from waste.

Sustainable economies cannot function without access to clean water and efficient waste management; they are critical enablers for sustainable development as populations grow and become more urbanised. The Fund invests across the water and waste value chains including in new technologies to meet the ever-growing demand for solutions to these challenges.

Note: certain investments may have a material negative environmental and/or social outcome over which we have no control; they may include:

- energy intensity: production, treatment, transportation of water and wastewater and collection, sorting, treatment and transportation of waste are energy intensive operations
- health and safety: workers involved in industrial operations in the production of water equipment and water infrastructure construction, and waste operations in collection and recycling, could be exposed to elevated risks.

Sustainability Approach



What the Fund invests in

The Fund will invest at least 70% of its assets in companies which have a material business involvement in one of the following themes as assessed against the EU Taxonomy, a regulatory classification system designed to identify environmentally sustainable economic activities and requiring evidence of meaningful contribution.

We define material business involvement as where a company's products or services generating the water or waste solutions are at least 40% of a company's activities measured by revenue (or profitability where revenue breakdown is not available).

Assets which align with the EU Taxonomy and satisfy the 40% materiality threshold are deemed to meet our 'Sustainability Standard'.

We also assess a company's sustainability attributes using a proprietary sustainability framework (Regnan Rating) to ensure that those companies not only meet our Sustainability Standard but also operate in a sustainable manner.

Water solution providers spread across the water value chain and related services or industries including but not limited to companies involved in water production; water conditioning and desalination; water suppliers; water treatment, transport, and dispatching; treatment of wastewater, water infrastructure equipment and services; water related construction and consulting and engineering services.

The remaining assets of the Fund, beyond the 70% threshold, will not conflict with its sustainability goal.

Waste solution providers spread across the waste value chain and related services or industries including but not limited to companies involved in waste collection, transporting, sorting, and recycling; sewage treatment plants; hazardous waste management; air filtering and cleaning; sanitisation; site remediation; pollution prevention and control; sustainable packaging; environment planning; and related consulting and engineering services.

Risk and return

By pursuing a sustainable investment objective, the Fund's focus carries concentration risk. The focus on water and waste themes may lead to a higher concentration in specific industries or sectors compared to a broader market index. This can increase the impact of positive or negative developments, potentially leading to greater volatility compared to strategies without a thematic focus.

✗ What the Fund does not invest in

We exclude certain companies on the basis that they have failed to conduct their business in accordance with accepted international norms, for example as set out in the United Nations Global Compact (including human rights, labour rights, environment, and anti-corruption) and/or they derive a percentage of their revenue above a specified threshold from certain activities such as Coal; Conventional Oil & Gas; Unconventional Oil & Gas; Nuclear Power; Tobacco; Weapons & Armaments; Adult Entertainment; and Gambling.

In addition, companies involved in the generation of power/heat from non-renewable sources or providing dedicated equipment or services to businesses which do so, are excluded unless the company is increasing its absolute production of, or capacity for, activities which clearly contribute to any of the EU environmental objectives as set out in the EU Taxonomy or to the United Nations Sustainable Development Goals, and certain additional conditions are met.

More detail on the Fund's sustainability approach can be found in the Fund's Sustainability Framework [here](#).

Our approach to stewardship

We are a signatory to the Stewardship Code 2020 and actively engage with the companies in which the Fund invests to ensure that they are maintaining or, where necessary, improving their sustainability attributes while delivering water or waste solutions. This active stewardship approach includes voting, dialogue, engagement and advocacy.

Where we see the potential to support material sustainability opportunities, or reduce the harm from material sustainability risks, an engagement plan detailing the key parameters through which to address those outcomes is developed.

Each engagement is specifically undertaken in order to accomplish one or more of the following objectives:

- enhancing the company's sustainability contribution (see 'Sustainability Metrics' below);
- delivering improvements in the quality of the company's operations that support the delivery of its sustainability contribution;
- limiting any material negative social or environmental outcomes;
- fostering the reinvestment of earnings in activities likely to enhance the company's sustainability contribution; and
- supporting the company's management team in ways that strengthen its ability to deliver a meaningful sustainability contribution and drive long-term success.

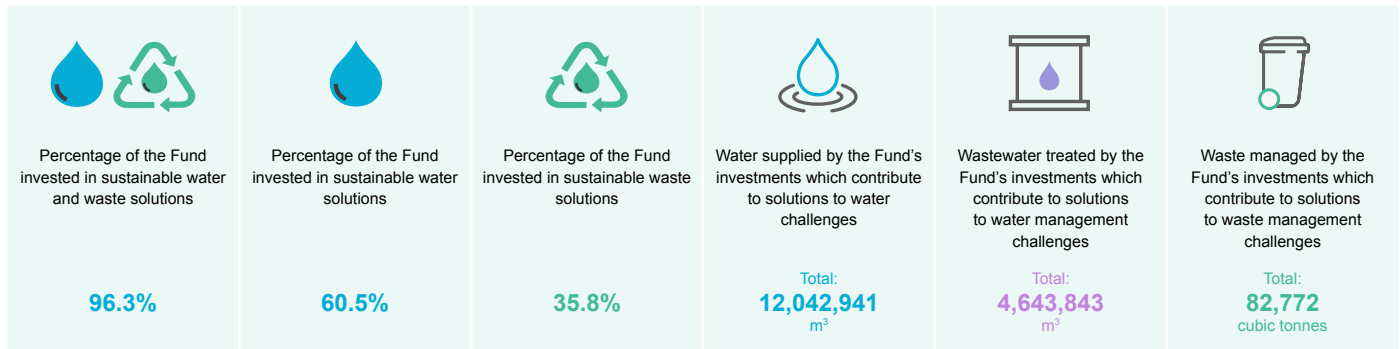
We will ultimately divest from investments which we no longer believe are delivering a meaningful, positive contribution towards the Fund's sustainability goal.

Stewardship activity and engagement progress are regularly monitored and, with the inclusion of voting records, are reported on via an Annual Sustainability Report, available [here](#).

Sustainability Metrics

We evaluate the Fund's ongoing adherence to its sustainability goal through the use of specific key performance indicators (KPIs), which are assessed on a regular basis through a process of quarterly review.

These KPIs are set out in the table below:



Source: Data collected internally for companies which report a direct or equivalent metric, as at 18 December 2024. 'Percentage of the Fund' data are measured by reference to the Fund's net asset value. We collect data manually for all portfolio companies that disclose relevant data. Given the manual data collection process, the data for the Fund's benchmark – MSCI AC World – have not been collected.

Further information

The Fund's Prospectus and key investor information document (KIID) are available [here](#).

For more information on the Financial Conduct Authority's sustainability disclosure and labelling regime, please see: <https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-and-labelling-regime>

The EU Taxonomy is a regulatory classification system to identify environmentally sustainable economic activities and is a robust standard of sustainability requiring evidence of positive and substantial contribution to a specified environmental objective as tested against activity-specific detailed technical screening criteria, evidence of no significant harm to the other EU Taxonomy environment objectives, and compliance with operational minimum safeguards. More information about the EU Taxonomy and its requirements, including the specific technical screening criteria for each business activity, is available at EU Taxonomy Compass (<https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>).

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