

Strategy Overview

The Fusion ESG strategy has a clearly defined model that covers key Environmental, Social and Governance factors as summarised in this guide. For the purposes of definition, ESG means Environmental, Social and Governance factors as outlined by the OECD*.

Capital International have been managing discretionary ethical portfolios for a decade. Our wider investment team has experience within the ethical investment sector and Capital International Group understands the value and importance of ESG investing. Fusion ESG consists entirely of ESG funds with a focus on positive impact strategies, resource sustainability and biodiversity.

The Fusion ESG portfolio selects global equity, bond and alternative managers that have established track records in managing ESG mandates. Fusion ESG has four key themes that invest in sectors with sustainable growth characteristics:



These themes are interlinked and are reflected throughout the equity, bond and alternative allocations. We select ESG managers who recognise that consumer, corporate and government behaviours are shifting towards a more sustainable economic future.

ESG is becoming a core economic consideration and a driver of the decision-making that is shaping consumption habits. There is also a strong underlying theme of technological innovation particularly within the agriculture, energy and water investments.

Environmental: We are conscious of the importance of mitigating climate change, protecting biodiversity and the sustainable use of resources to ensure a positive future for the global economy.

Social: Positive societal impact investments are prevalent throughout Fusion ESG, with a particular focus on social inclusion, education, healthcare and quality of life.

Governance: The fund managers to whom we allocate to are tasked with holding company boards to account through active engagement.

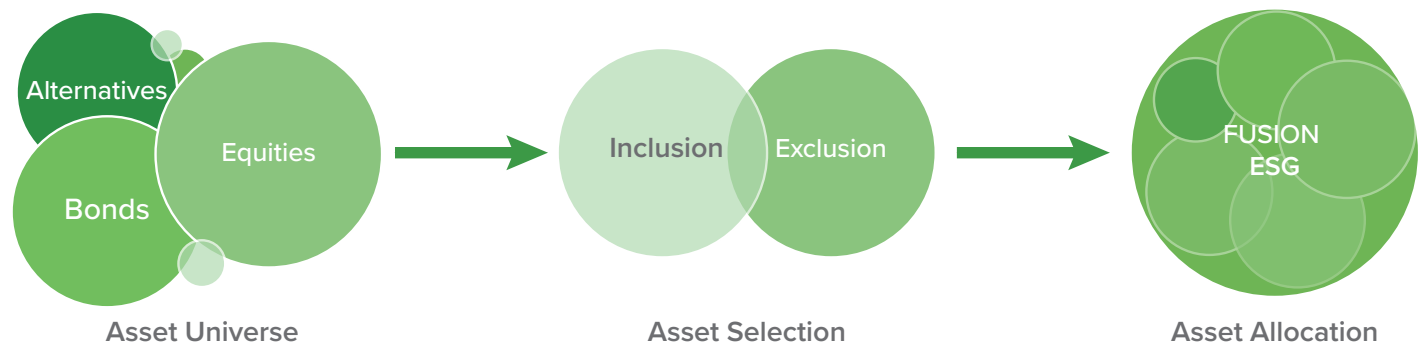
Asset Allocation Summary

As discretionary managers of Fusion ESG, we determine the asset allocation and select the underlying investments. The objective of Fusion ESG is to generate sustainable capital growth over a 5 year investment horizon; the Fusion ESG strategy is globally diversified and is suitable for investors that have a tolerance for a moderate level of risk.

*OECD (2017), *Investment governance and the integration of environmental, social and governance factors*.

Fusion ESG Fund Selection Process

We select ESG funds through an active management process. ESG inclusion and exclusion criteria can vary depending on subjective factors, preferences and views; however, there are clearly definable themes that form the basis of Fusion ESG. Our fund selection process starts with assessing the wider traditional asset universe, filtering for inclusion *and* exclusion funds and determining an asset allocation that is entirely populated by ESG assets.



Setting ESG Objectives

For some clients, ESG has been a primary consideration for decades; for others, it has been a gradual transition towards investment portfolios that are aligned to a sustainable ESG strategy. For new entrants, this can be a fresh and purposeful approach to sustainably protecting and growing capital.

ESG investing and asset selection remains a subjective matter. Private clients, trustees and institutional clients may have different views. Capital International can assist you with assessing and establishing ESG objectives within the following focus areas:

- Determining ESG Values – Do you have a natural bias toward E, S or G?
- Will your ESG strategy sit alongside traditional investment portfolios?
- If you are investing as a trustee, are multi-generational beneficiaries aligned in their ESG values?
- Are your ESG objectives in line with your wider investment objectives and risk profile?

Every asset within an ESG portfolio should be able to stand up to the established ESG objectives. Fusion ESG delivers a solution that is 100% invested in ESG funds that have clearly defined inclusion or exclusion criteria. Capital International are committed to providing a robust long-term solution for clients that want to contribute to and benefit from a sustainable global economy.

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Ref: FESAv5

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Start Today.**

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