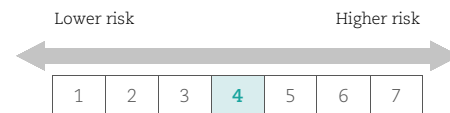


**KEY DIFFERENTIATORS**

- Quality comes first, we seek growth that can endure
- Team-based approach, rather than star-manager fund, which we believe leads to greater consistency
- ESG integrated into the investment process leveraging proprietary ESG research
- Culture matters. Comgest's broad partnership structure incentivises long-term thinking, an ESG mindset, teamwork and low employee turnover

**INVESTMENT TEAM**

Alistair Wittet, Franz Weis, James Hanford  
Team may include advisors from affiliates within the Comgest Group.

**RISK PROFILE**

The indicator represents the risk profile presented in the PRIIPs Key Information Document. The indicator assumes you keep the product for 5 years otherwise the actual risk can vary significantly. UK investors should refer to the UCITS KIID which is available on the fund pages at [www.comgest.com](http://www.comgest.com).

**INVESTMENT POLICY**

The objective of the Sub-Fund ("the Fund") is to increase the value of the Fund (capital appreciation) over the long term. The Fund intends to achieve this objective through investment in a portfolio of high-quality, long-term growth companies. The Fund will invest at least two-thirds of its assets in shares and preferred shares issued by companies that have their headquarters in, or principally carry out their activities in any European country with the exception of the United Kingdom or which are guaranteed by any European government with the exception of the United Kingdom government. The Fund is actively managed. The index is provided for comparative purposes only. The Fund is aimed at investors with a long-term investment horizon (typically 5 years or more).

**CUMULATIVE PAST PERFORMANCE (REBASED TO 100)****ROLLING PERFORMANCE (%)**

	Annualised							Since Incep.
	1 Month	QTD	YTD	1 Year	3 Years	5 Years	10 Years	
Fund	5.4	11.6	21.4	21.4	8.2	14.0	--	13.2
Index	4.4	7.6	14.8	14.8	7.4	9.8	--	9.8
Fund Volatility	--	--	--	17.1	17.3	17.7	--	16.4
Index Volatility	--	--	--	14.8	15.2	17.8	--	16.4

**CALENDAR YEAR PAST PERFORMANCE (%)**

	2017	2018	2019	2020	2021	2022	2023
Fund	17.8	-1.0	28.3	18.6	26.1	-17.2	21.4
Index	15.8	-9.9	20.0	7.5	16.7	-7.6	14.8

**ANNUAL PERFORMANCE (%) AS AT QUARTER END**

	4Q16 -4Q17	4Q17 -4Q18	4Q18 -4Q19	4Q19 -4Q20	4Q20 -4Q21	4Q21 -4Q22	4Q22 -4Q23
Fund	17.8	-1.0	28.3	18.6	26.1	-17.2	21.4
Index	15.8	-9.9	20.0	7.5	16.7	-7.6	14.8

Performance data expressed in GBP. Returns may increase or decrease as a result of exchange rate fluctuations. Index: MSCI Europe ex UK - Net Return. The index is used for comparative purposes only and the Fund does not seek to replicate the index.

**Past performance does not predict future returns.**

Performance figures are calculated net of investment management fees, administrative fees and all other fees with the exception of sales charges. If taken into account, sales charges would have a negative impact on performance.

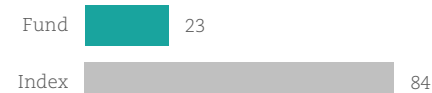
The cumulative graph and "Since Inception" data may refer to the last relaunch date of the share class which may differ from its actual inception date. Calendar year past performance is only shown for years for which a full calendar year of past performance is available.

**RATINGS (AS AT 30/11/2023)**

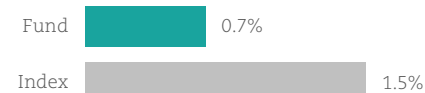
Morningstar Category:  
EAA Fund Europe ex-UK Equity  
(Number of funds in Category: 682)

**SFDR CLASSIFICATION: Article 8**

The Fund promotes environmental and/or social characteristics.

**CARBON FOOTPRINT<sup>1</sup>**

Source: MSCI as at 30/09/2023, tCO<sub>2</sub>e per GBP m invested.

**ENVIRONMENTAL FOOTPRINT<sup>1</sup>**

Source: Trucost as at 30/09/2023, estimation of the environmental costs per GBP m invested.

**31 December 2023**

## FUND COMMENTARY

The MSCI Europe ex UK index rebounded strongly in the year, due more to what did not happen than to what did. The much anticipated recession never materialised in Europe, and the fear of "higher for longer" interest rates receded, especially in the last few months of the year. Indeed, markets now expect rates to fall in 2024.

That is not to say however that it was an uneventful year. A number of important themes emerged with implications for your portfolio.

The first is AI (artificial intelligence), a technology which will have enormous consequences, most of which are not yet known. With such a nascent and potentially transformational technology, it is impossible to say anything with certainty. That said, our view is that businesses which sell tangible products, be it handbags (Hermès), premium chocolate (Lindt), or fast cars (Ferrari), are less likely to be impacted. These businesses constitute more than 70% of the portfolio. Some other businesses will likely benefit, such as Accenture to which clients may turn to for consulting help, or ASML whose machines will be needed to manufacture the increasingly high performance chips. Where the future is less clear is for our software and data holdings for which AI will be very relevant, and hence their ability to use the tool effectively will be critical if they are to leverage it and avoid being disrupted. We will watch this space carefully.

A second important theme relates to China where not only is the economy slowing, but political headwinds for portfolio companies are growing. More recently it is the healthcare sector that has been in focus with a series of "winner takes all" tenders resulting in steep price declines, in addition to anti-corruption measures hurting hospital suppliers. This has impacted a number of holdings such as Carl Zeiss Meditec, Sartorius Stedim Biotech and Straumann, albeit in a minor way. Nevertheless, it is a reminder that the risk premium associated with Chinese growth is rising. Your portfolio has a less than 10% sales exposure to China.

The Covid pandemic created many distortions from which companies are still feeling the effects. Some benefitted at the time and are suffering as conditions normalise. This was notably the case for Sartorius Stedim Biotech, which benefitted from customers stocking up during the supply chain disruptions of 2021 and 2022, only to suffer the de-stocking effect this year. Lonza also benefitted from Covid vaccine-related business, most of which has now disappeared. Others suffered at the time, but are now benefitting from the recovery. This is notably the case for Ryanair and Amadeus, both of which are seeing their end markets recover while at the same time making substantial market share gains.

Finally, it would be remiss not to mention the growing geopolitical instability in the world. War in the Middle East and Eastern Europe, while not directly impactful, has broader implications on energy prices and supply chains. Similarly, the ongoing "cold war" between China and the West will have significant consequences on, amongst others, the tech sector and the urgent need for tech sovereignty. We see ASML as a beneficiary of this thematic.

From a fundamental standpoint, 2023 was a strong year for the portfolio. Although companies have not yet reported full-year results, we expect another year of double-digit earnings growth, supported by double-digit organic sales growth. For the most part, the growth is idiosyncratic and company specific. Novo Nordisk upgraded its guidance three times and now expects full-year organic sales to grow +32-38% thanks to the huge success of its GLP-1 franchise in both diabetes and obesity. We continue to see substantial long-term potential for the franchise, even with the arrival of competing products, supported by further label expansions (including comorbidities such as kidney disease or heart failure) and pipeline progress. The company has only scratched the surface of the potentially \$100bn+ obesity market.

Inditex rose strongly after delivering another solid year of sales growth and margin expansion. The company's competitive differentiation is as strong as it has ever been thanks to continued investments in technology and sustainability. In 2023, for example, the company rolled out a new tagging technology that is woven into fabric to help speed up the check-out process. The company has also expanded its pre-owned platform across Europe.

The portfolio's technology holdings recovered nicely, led by lithography leader ASML. The semiconductor cycle appears to have bottomed and while some orders were delayed, the company confirmed its 2025 and 2030 targets, both of which imply strong double-digit compound annual sales growth. The announced retirement of both the CEO (Peter Wennink) and CTO (Martin van den Brink) mark important changes at the top, but with good order visibility and a strong technological roadmap into the 2030s we see the company as well placed under new leadership.

As with every year, there are earnings disappointments and in 2023 some of the portfolio's younger holdings (Sartorius Stedim Biotech, Carl Zeiss Meditec and Adyen) experienced hiccups. In all three cases, while growth stalled, we remain convinced by their franchise quality and long-term growth prospects. We added to all three on share price weakness. We note also the slowing luxury backdrop, after three stellar years, which led us to trim our position in LVMH.

In addition to these moves we added to Heineken and Sika, and trimmed Ferrari, Jeronimo Martins and Novo Nordisk – mostly on valuation grounds. MTU and SimCorp were sold from the portfolio.

Turning to the outlook, we remain cautiously optimistic. A combination of economic and monetary uncertainty has led to heightened market volatility in recent years. This has resulted in valuation swings for many portfolio companies, from the highs of 2021 to the lows of 2022 and partially back up in 2023. We intend to remain disciplined on valuation, taking advantage of the volatility to trim on excess and build on weakness. As the second order effects of Covid slowly fade, one learning is clear: the strong once again came out of the crisis stronger. Most portfolio companies have accelerated market share gains in recent years, managing the multiple headwinds (inflation, supply chain disruption, cost of debt) better than their peers. Experience also helps: the average portfolio company is more than 100 years old meaning this is not the first, nor the worst crisis they have faced. Aggregate earnings growth for the portfolio remained above trend in 2023, and if our forecasts are correct, 2024 should be another year of double-digit earnings growth.

**The views expressed in this document are valid at the time of publication only, do not constitute independent investment research and should not be interpreted as investment advice. The reference to specific companies does not constitute a recommendation to invest directly in these securities. Allocation is subject to change without notice. Remember that past performance does not predict future returns.**

## RISKS

This Fund has the following core inherent risks (non-exhaustive list):

- Investing involves risk including possible loss of principal.
- The value of all investments and the income derived therefrom can decrease as well as increase.
- There is no assurance that the investment objective of the Fund will be achieved.
- To the extent that the Fund is invested in or denominated in a currency other than yours, the cost and return in your currency may increase or decrease due to exchange rate fluctuations.
- A more detailed description of the risk factors that apply to the Fund is set out in the Prospectus.

**Please see important information on following pages.**

Issued by Comgest Asset Management International Limited, 46 St. Stephen's Green, Dublin 2, Ireland - [info@comgest.com](mailto:info@comgest.com)

Source: CAMIL / FactSet financial data and analytics, unless otherwise stated. All information and performance data is as at 31/12/2023, unless otherwise indicated, and is unaudited.

31 December 2023

**PORTFOLIO CHARACTERISTICS**

Total Net Assets (all classes, m)	£307.4
Number of holdings	31
Average weighted market cap (bn)	£97.6
Weight of top 10 stocks	47.5%
Active share	80.1%
Holdings exclude cash and cash equivalents	

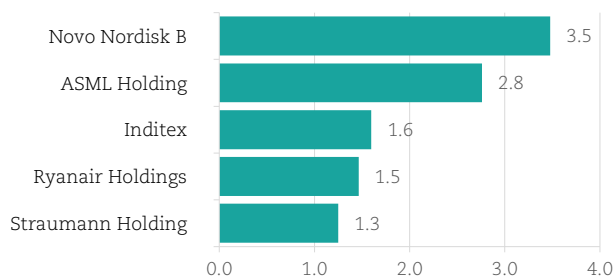
**SECTOR BREAKDOWN (%)**

	Fund	Index
Health Care	31.2	16.1
Information Technology	18.0	9.1
Consumer Discretionary	16.7	12.0
Consumer Staples	13.4	9.9
Industrials	10.6	17.1
[Cash]	5.1	--
Materials	2.8	6.2
Financials	2.2	17.7
Utilities	--	4.3
Energy	--	3.5
Communication Services	--	3.2
Real Estate	--	0.9

Source: Comgest / GICS sector classification

**CURRENCY BREAKDOWN (%)**

	Fund	Index
EUR	62.5	65.7
CHF	13.5	19.7
DKK	8.5	6.6
USD	7.6	0.3
GBP	5.1	--

**TOP 5 YTD CONTRIBUTORS (%)****TOP 5 HOLDINGS (%)**

	Fund
ASML Holding	8.2
Novo Nordisk B	6.9
Accenture A	4.9
EssilorLuxottica	4.7
Straumann Holding	4.1

Above holdings are provided for information only, are subject to change and are not a recommendation to buy or sell

**TOP 10 COUNTRY WEIGHTS (%)**

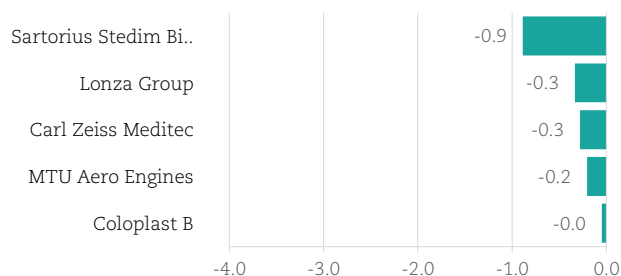
	Fund	Index
France	19.9	23.7
Netherlands	15.2	9.1
Ireland	13.9	1.0
Switzerland	13.5	19.7
Denmark	8.5	6.6
Spain	7.2	5.3
Italy	6.7	5.2
[Cash]	5.1	--
Germany	4.9	16.9
Sweden	2.7	6.3
Portugal	2.4	0.4

Source: Comgest / MSCI country classification

**CURRENCY BREAKDOWN (%) - CONT.**

	Fund	Index
SEK	2.7	6.3
NOK	--	1.3

Breakdown based on currencies in which holdings are priced.

**BOTTOM 5 YTD CONTRIBUTORS (%)****Past performance does not predict future returns.** Data on holdings is provided for information purposes only and is not a recommendation to buy or sell the securities shown.

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Source: CAMIL / FactSet financial data and analytics, unless otherwise stated. All information and performance data is as at 31/12/2023, unless otherwise indicated, and is unaudited.

31 December 2023

PLEASE NOTE THAT THE DATA SHOWN BELOW IS THE OUTCOME OF OUR INVESTMENT PHILOSOPHY AND STOCK SELECTION. THESE METRICS ARE NOT ALL SPECIFICALLY TARGETED BY COMGEST BUT MAY BE ADDRESSED AS PART OF OUR RESPONSIBLE INVESTMENT PROCESS.

## RESPONSIBLE INVESTMENT APPROACH

We believe a responsible approach to environmental, social and governance issues has a positive impact on a company's long-term sustainable growth. ESG is part of our fundamental analysis and we have developed and implemented a three-pronged responsible investment strategy: Integrate / Engage / Promote.

### MAIN EXCLUSIONS\*

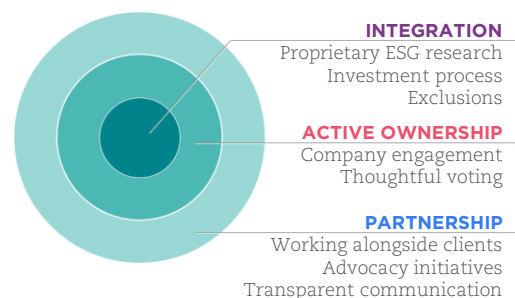
**Coal Exit Policy:** Coal-exposed electricity producers & thermal coal mines

**Tobacco:** Producers & distributors

**Weapons:** Conventional & controversial

**UN Global Compact:** Severe violations without prospect for improvement

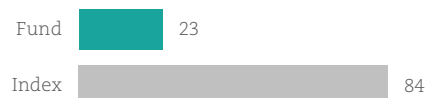
**Controversial Jurisdictions:** High-risk jurisdictions & sanctions regime



\* Further information on the exclusion policies and **applicable revenue thresholds** may be found in the Prospectus and the Investment Manager's Responsible Investment Policy on the Comgest website at [www.comgest.com/en/our-business/esg](http://www.comgest.com/en/our-business/esg)

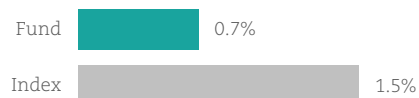
## ENVIRONMENTAL

### CARBON FOOTPRINT



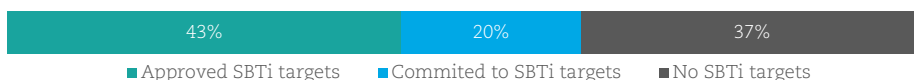
Source: MSCI as at 30/09/2023, tCO<sub>2</sub>e per GBP m invested.

### ENVIRONMENTAL FOOTPRINT



Source: Trucost as at 30/09/2023, estimation of the environmental costs per GBP m invested.

### SCIENCE-BASED TARGETS INITIATIVE (SBTi) PORTFOLIO COVERAGE



Source: SBTi as at 31/12/2022 and Comgest as at 30/09/2023

## ALIGNMENT WITH SUSTAINABILITY PREFERENCES

Sustainable investments (SFDR):  
 - Fund exposure: 31.2% of the NAV  
 - Minimum commitment: 10.0% of the NAV  
 Consideration of Principal Adverse Impact Indicators: Yes

Source: Comgest as at 31/12/2023

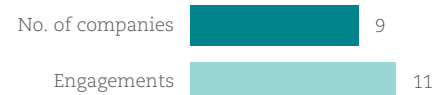
## VOTING & ENGAGEMENT

### VOTES



Source: ISS, for the 12 months to 30/09/2023

### ESG ENGAGEMENT STATISTICS



Source: Comgest, for the 12 months to 30/09/2023

### ESG ENGAGEMENT THEMES



Source: Comgest as at 30/09/2023

## SOCIAL & GOVERNANCE

### BOARD GENDER DIVERSITY



Source: MSCI Analytics as at 30/09/2023

### NON-VIOLATION OF UNGC PRINCIPLES



Source: MSCI Analytics as at 30/09/2023

### TAX RATE AVERAGE



Source: MSCI Analytics and The Tax Foundation as at 30/09/2023

Please see methodologies and glossary on following pages. The information above is based on available data and data may not be available for all portfolio holdings.

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Source: CAMIL / FactSet financial data and analytics, unless otherwise stated.

31 December 2023

**FUND DETAILS****ISIN:** IE00BQ1YBM13**Bloomberg:** CGEXGIA ID**Domicile:** Ireland**Dividend Policy:** Accumulation**Fund Base Currency:** GBP**Share Class Currency:** GBP**Inception Date:** 15/01/2016**Index (used for comparative purposes only):**

MSCI Europe ex UK - Net Return

**Ongoing Charges:** 0.93% p.a. of the NAV**Investment Manager's Fees (part of ongoing charges):** 0.85% p.a. of the NAV**Maximum Sales Charge:** None**Exit Charge:** None**Minimum Initial Investment:** None**Minimum Holding:** None**Contact for Subscriptions and Redemptions:**CACEIS Investor Services Ireland Limited  
Dublin\_TA\_Customer\_Support@caceis.com  
Tel: +353 1 440 6555 / Fax: +353 1 613 0401**Dealing Frequency:** Any business day (D) when banks in Dublin are open for business**Cut Off:** 12:00 pm Irish time on day D

An earlier deadline for receipt of application or redemption requests may apply if your request is sent through a third party. Please enquire with your local representative, distributor or other third party

**NAV:** Calculated using closing prices of D**NAV Known:** D+1**Settlement:** D+3**Legal Structure:** Comgest Growth Europe Ex UK, a sub-fund of Comgest Growth plc (an open-ended investment company with variable capital authorised by the Central Bank of Ireland), is an Undertaking for Collective Investment in Transferable Securities (UCITS)**Management Company:** None as Comgest Growth plc is self-managed**Investment Manager:** Comgest Asset Management International Limited (CAMIL) Regulated by the Central Bank of Ireland and registered as an investment adviser with the U.S. Securities and Exchange Commission SEC registration does not imply a certain level of skill or training**Sub-Investment Manager:** Comgest S.A. (CSA) Regulated by the Autorité des Marchés Financiers - GP 90023**IMPORTANT INFORMATION**

This is a marketing communication. Please refer to the fund prospectus and to the PRIIPS KID before making any final investment decisions. UK investors should refer to the UCITS KIID. Tax applicable to an investment depends on individual circumstances. Depending on where you live, the Fund may not be available to you for subscription. In particular this Fund cannot be offered or sold publicly in the United States. Consult your financial or professional adviser for more information on investing and taxation.

The Prospectus, the PRIIPS KID, the UCITS KIID (UK investors), the latest annual and interim reports and any country specific addendums can be obtained free of charge from the Investment Manager (at [www.comgest.com](http://www.comgest.com)) or the Administrator and from local representatives/paying agents listed below. For a full list of the local representatives/paying agents please contact Comgest at [info@camil.com](mailto:info@camil.com). Prospectus may be available in English, French or German and the PRIIPS KIDs in a language approved by the EU/EEA country of distribution.

- United Kingdom: BNP Paribas Trust Corporation UK Limited, Facilities Agency Services, c/o Company Secretarial Department, 10 Harewood Avenue, London, NW1 6AA.

Investors in the United Kingdom WILL NOT have any protection under the UK Financial Services Compensation Scheme.

Further information or reporting may be available from the Investment Manager upon request.

Complaints handling policies are available in English, French, German, Dutch and Italian on our website at [www.comgest.com](http://www.comgest.com) in the regulatory information section.

Comgest Growth Plc may decide to terminate at any time the arrangements made for the marketing of its UCITS.

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**Morningstar Medalist Rating™** is a forward-looking measure derived through research of three key pillars, People, Process, and Parent. It is expressed on a five-tier scale running from Gold to Negative. The Medalist Rating is not a statement of fact, nor is it a credit or risk rating, and should not be used as the sole basis for investment decisions. It is not intended to be nor is a guarantee of future performance.

**Morningstar Rating™** is an objective, quantitative measure of a fund's historical risk-adjusted performance relative to other funds in its category. The overall rating is a weighted combination of the three-, five- and ten-year ratings. The top 10% of funds will receive a 5-star rating and the next 22.5% receive a 4-star rating.

**Carbon Footprint:** estimates the apportioned Scope 1 and 2 greenhouse gases emissions of the portfolio holdings.

**Environmental Footprint:** estimates the apportioned ratio of annual costs linked to greenhouse gases, water abstraction, waste generation, air, land & water pollutants, and natural resource use associated with the portfolio holdings per GBP m invested.

Environmental Footprint Source: S&P Trucost Limited © Trucost 2023. All rights in the Trucost data and reports vest in Trucost and/or its licensors. Neither Trucost, nor its affiliates, nor its licensors accept any liability for any errors, omissions or interruptions in the Trucost data and/or reports. No further distribution of the Data and/or Reports is permitted without Trucost's express written consent.

**Science Based Targets Initiative Portfolio Coverage:** calculates the % of the Fund's AUM invested in companies with SBTi approved targets or which have committed to set SBTi targets.

**Board Gender Diversity:** this indicator represents the weighted average ratio of female board members to total board members in investee companies, expressed as a percentage of all board members.

**Non-Violation of UNGC Principles:** this indicator represents the percentage of investee companies that have not been involved in violations of the United Nations Global Compact (UNGC) principles.

**Effective Tax Rate:** an indicator of corporate responsibility and impact. Using MSCI data, Comgest calculates the average effective tax rate and average statutory tax rate of the portfolio's holdings.

**Index Source:** MSCI. This report contains information (the "Information") sourced from MSCI Inc., its affiliates or information providers (the "MSCI Parties") and may have been used to calculate scores, ratings or other indicators. The Information is for internal use only, and may not be reproduced/redisseminated in any form, or used as a basis for or a component of any financial instruments or products or indices. The MSCI Parties do not warrant or guarantee the originality, accuracy and/or completeness of any data or Information herein and expressly disclaim all express or implied warranties, including of merchantability and fitness for a particular purpose. The Information is not intended to constitute investment advice or a recommendation to make (or refrain from making) any investment decision and may not be relied on as such, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the MSCI Parties shall have any liability for any errors or omissions in connection with any data or Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

For more detailed information on ESG integration please consult our website: [www.comgest.com/en/our-business/esg](http://www.comgest.com/en/our-business/esg)



**Active Share:** The percentage of fund holdings that is different from the reference index holdings. A fund that has no holdings in common with the reference index will have an active share of 100%, and a fund that has exactly the same holdings as the reference index considered will have an active share of 0%.

**ADR - American Depositary Receipt:** A negotiable security that represents securities of a foreign company and allows that company's shares to trade in the financial markets of the United States.

**Annualised:** A figure converted into an annual rate. Figures covering a period of more than one year are averaged to present a figure for a 12-month period.

**Bp(s) - Basis point(s):** One basis point is equal to one hundredth of 1% (i.e. 0.01%).

**BV - Book Value:** The value of the company assets minus its liabilities.

**CAGR - Compound Annual Growth Rate:** The rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan.

**CapEx - Capital Expenditure:** The money invested by a company to acquire or upgrade fixed, physical, non-consumable assets such as property, plants, buildings, technology, or equipment.

**Cash Flow:** The net amount of cash and cash equivalents being transferred in and out of a company. Cash received signifies inflows, and cash spent signifies outflows.

**CPI - Consumer Price Index:** An index that measures the overall change in consumer prices based on a representative basket of goods and services over time. It is the metric often used to measure inflation.

**DY - Dividend Yield:** A ratio that shows how much a company pays out in dividends each year relative to its share price.

**EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation:** Used to measure a company's core profitability and is calculated by adding interest, tax, depreciation and amortisation expenses to net income.

**EBIT - Earnings Before Interest and Taxes:** Used to measure a company's core profitability and is calculated by adding interest and tax expenses to net income.

**EPS - Earnings Per Share:** The profits of a company attributed to each share, calculated by dividing profits after tax by the number of shares. EPS serves as an indicator of a company's profitability.

**FCF - Free Cash Flow:** The cash generated by a company from its normal business operations after subtracting any money spent on capital expenditures.

**GDP - Gross Domestic Product:** The total market value of all the finished goods and services produced within a country's border in a specific time period.

**GDR - Global Depositary Receipt:** A certificate issued by a bank that represents shares in a foreign stock on two or more global markets. A GDR is similar to an American depositary receipt (ADR), except an ADR only lists shares of a foreign country in the markets of the United States.

**LTM - Last 12 Months:** LTM multiples are backward-looking and are based on historical performance.

**Market Cap(italisation):** A measure of a company's size, calculated by multiplying the total number of shares in issue by the current share price. Companies are commonly grouped according to size, such as small cap, mid cap, large cap or all cap. There is no consensus on the definition of these groupings and they may vary from portfolio to portfolio depending on the country of investment.

**NAV - Net Asset Value:** The current market value of the portfolio's assets minus the portfolio's liabilities.

**NTM - Next 12 Months:** NTM multiples are forward-looking and are based on projected performance.

**Ongoing Charges:** A fund's operational costs over a year. Ongoing Charges are calculated as a percentage of the average fund size over the year and include, for example, investment manager's fees, administration fees and custody costs.

**Operating Margin:** Measures how much profit a company makes on a dollar (or relevant currency) of sales after paying for variable costs of production, such as wages and raw materials, but before paying interest or tax.

**Operating Profit:** A company's gross income less operating expenses and other business-related expenses, such as wages, cost of goods sold (COGS) and depreciation.

**Organic Growth:** Growth a company achieves by increasing output and enhancing sales through the business' own operations and internal processes. This does not include profits or growth attributable to mergers, acquisitions, divestitures and foreign exchange but rather an increase in sales and expansion through the company's own resources.

**Organic Sales:** Sales generated from within a company that are a direct result of the company's existing operations and internal processes. Organic sales do not include the impacts of mergers, acquisitions, divestitures and foreign exchange.

**P/B or P/BV - Price-to-Book Value Ratio:** Measures the market's valuation of a company relative to its book value. P/B or P/BV is calculated by dividing the company's stock price per share by its book value per share.

**P/E - Price-to-Earnings Ratio:** A ratio used to value a company's shares. It is calculated by dividing the current market price by the earnings per share.

**P/S - Price-to-Sales Ratio:** A valuation ratio that compares a company's stock price to its revenues. It is an indicator of the value that financial markets have placed on each dollar of a company's sales or revenues.

**PEG - Price/Earnings-To-Growth Ratio:** A stock's price-to-earnings (P/E) ratio divided by the growth rate of its earnings for a specified time period. The PEG ratio is used to determine a stock's value while also factoring in the company's expected earnings growth.

**PMI - Purchasing Managers' Index:** An index of the prevailing direction of economic trends in the manufacturing and service sectors.

**Reference Index:** Index against which a fund's performance is compared.

**ROE - Return On Equity:** Measures financial performance and is calculated by dividing net income by shareholders' equity. ROE is a gauge of a company's profitability and how efficiently it generates those profits.

**ROIC - Return On Invested Capital:** Calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.

**SME - Small- Or Medium-Sized Enterprise:** A company, or companies considered as a group, that are neither very small nor very large and which employ fewer than a given number of employees. This number varies across countries.

**Volatility:** Measures the movements of an asset up and down over time. Volatility is generally considered to be a measure of risk.

**Engagement:** Proactive, targeted dialogue with companies or other industry stakeholders (e.g. policymakers, industry bodies) in order to make known areas of concern and to incite tangible, positive change to improve outcomes for stakeholders.

**Environmental Factors:** Issues related to pollution, climate change, energy efficiency, natural resource use, waste management, biodiversity and other environmental challenges and opportunities.

**ESG - Environmental, Social and Governance:** The three key factors when measuring the sustainability and ethical impact of an investment in a business or company.

**GHG - Greenhouse Gases:** Gases that trap heat in the atmosphere and warm the planet. The best known greenhouse gases are carbon dioxide, methane, nitrous oxide and fluorinated gases.

**Governance Factors:** Governance refers to a set of rules or principles defining rights, responsibilities and expectations between different stakeholders in the governance of corporations. Governance factors include a company's leadership, executive pay, audits, internal controls and shareholder rights.

**Net Zero:** Achieving a balance between emitting carbon and absorbing carbon from the atmosphere. This balance, or net zero, will be achieved when the amount of carbon added to the atmosphere is no more than the amount removed.

**PAI - Principal Adverse Impact:** A list of sustainability factors that firms need to take into account for their investment policies and decisions. These indicators relate to environmental and social topics.

**Proxy Voting:** A form of voting whereby a shareholder delegates their vote to another who votes on their behalf at company meetings. This allows the shareholder to exercise their right to vote without being physically present.

**RI - Responsible Investment:** The integration of environmental, social and governance factors (ESG) into the selection and management of investments.

**Scope 1 Emissions:** Emissions directly generated by a company, such as an airline emitting exhaust fumes.

**Scope 2 Emissions:** Emissions indirectly generated by a company, such as emissions from the electricity or energy used to heat and cool a company's office.

**Scope 3 Emissions:** All other indirect emissions that occur in the value chain of a company and are not already included within scope 2. These emissions are a consequence of the company's business activities but occur from sources the company does not own or control. For example, emissions from a company's employees commuting to work. Scope 3 emissions are often difficult to measure.

**SFDR Classification:** SFDR product classifications fall under three categories and aim to make the sustainability profiles of funds more comparable and easier to understand by investors.

**SFDR - EU Sustainable Finance Disclosure Regulation:** An EU regulation which aims to make the sustainability profile of funds more comparable and better understood by end-investors. The regulation requires firms to advise whether principal adverse impacts on sustainability factors are considered in their investment decision making process.

**Social Factors:** Factors that examine how a company communicates with employees, suppliers, customers, governments, regulators and the communities where it operates.

**tCO<sub>2</sub>e:** Tonnes (t) of carbon dioxide (CO<sub>2</sub>) equivalent. Carbon dioxide equivalent is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another gas, such as methane.

**UNGC - UN Global Compact:** A voluntary pact of the United Nations (UN) to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

**UN Global Compact (UNGC) Principles:** Ten principles defined as part of the UNGC framework to promote responsible investment. Companies, investors and other participants are called upon to align their strategies and operations with the principles in the areas of human rights, labor, the environment and anti-corruption.

**Voting:** A mechanism for active owners to influence companies, usually done with the aim of influencing a company's governance or operations. Public equity investors typically have the right to vote on company and shareholder resolutions at annual and extraordinary general meetings (AGMs and EGMs).