

Realm Responsible Investment Policy

Updated: July 2024

Purpose

The Realm Responsible Investment Policy (RRIP) outlines the firm's approach to responsible investment (RI) which we define as the incorporation of environmental, social and governance (ESG) considerations into investment decisions.

Scope

The RRIP sets out the minimum standards for RI and it will apply to all investment staff and to all assets under management. It is noted that individual investment funds may have more stringent RI requirements (refer to appendix one).

Responsibilities

The RRIP is to be reviewed on an annual basis and be signed off by the Head of Risk and the firm Partners. The RRIP will also be updated as when required due to legal and regulatory reasons.

RI Values

The RRIP is framed by our belief that we have a fiduciary duty and a social responsibility to integrate ESG factors into our investment process. It is also formed by our view that organisations can better achieve long term success when they place a greater focus on sustainable practices (in both operations and work culture) and on corporate governance.

Fiduciary duty

The consideration of ESG factors can uncover an additional set of risks and opportunities beyond traditional bottom-up credit research. These factors can have a varying impact on investment returns over time and as such can deliver stronger risk-adjusted returns as well as preserve capital for our clients.

Social responsibility

We have a responsibility to support the stable transition toward long-term objectives that aim to provide a sustainable future for all. These long-term objectives include, but are not limited to, the United Nations Sustainable Development Goals (SDGs) and global net-zero emissions targets.

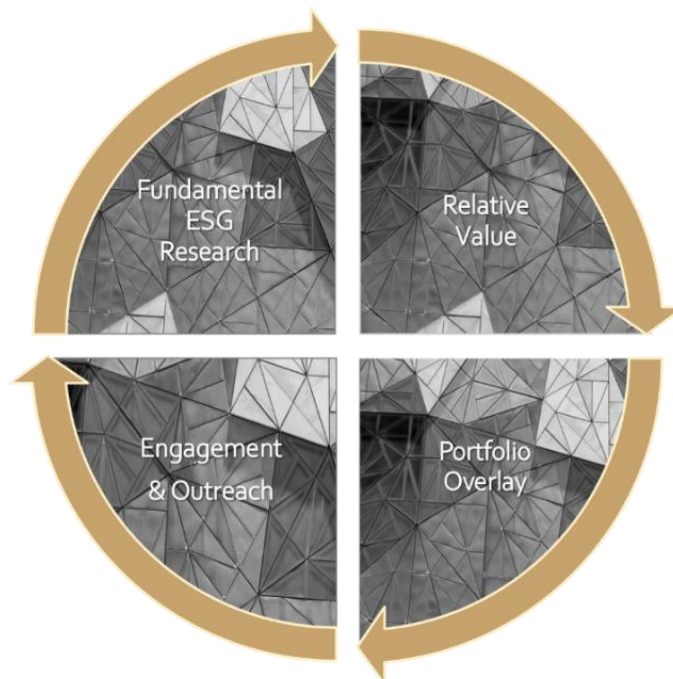
Negative screening

We will not invest in companies where more than 5% of revenues are derived from the following activities:

- Weapons - the production of civilian firearms, controversial and conventional military weapons.
- Tobacco - the production of tobacco key products.
- Adult entertainment - the production, distribution, or retail of adult entertainment products.
- Animal cruelty - companies involved in testing products on animals, breeding animals for animal testing purposes, exhibiting animals and operating factory farms.

Responsible Investment Framework

Our RI framework is an integral part of our investment process and utilises both ESG integration and negative screening approaches to ESG. Our RI framework comprises of the following four pillars:



1. Fundamental ESG Research:

- We conduct separate analysis of the key ESG factors which could have an impact on a company's credit quality and the demand for its bonds over time.
 - ESG score: each company is assigned an ESG score based on a four-point scale from low, moderate, high, to very high.
 - ESG trend: ESG scores will also be accompanied by an outlook statement to indicate how the ESG score may transition over the next 12 months. The ESG trend can be negative, stable, or positive.
- Examples of ESG factors include:

Environmental	Social	Governance
Climate change	Human capital management	Corporate Governance
- Carbon emissions	- Labour conditions (including supply chain)	- Ownership structure
- Fossil fuels	- Workplace culture & diversity	- Board structure & diversity
Pollution & waste	- Workplace health & safety	- Risk & compliance culture
Natural resources	- Modern Slavery	- Accounting standards
- Deforestation	Product Liability	Corporate Behaviour
- Biodiversity	- Product safety & quality	- Business Ethics
- Water & land use	- Responsible financing	- Anti-competitive practices
- Sustainable farming	- Privacy & data	- Bribery & corruption

2. Relative Value:

- The ESG score determines the level of ESG notching required in our fair value analysis and allows us to price for ESG risks and opportunities.
- ESG notching directly impacts a security's price target, position sizing and ultimately its inclusion/exclusion in portfolios.

3. Portfolio Overlay:

- Portfolio ESG risk limits: Sector risk limits are also applied to portfolios to manage the concentration risk to various ESG themes and risks.
- Individual portfolios must not have more than 10% exposure to any of the following sectors:
 - Fossil fuels – the extraction, exploration, production, refining, processing, storage, or distribution of fossil fuels (coal, oil, and gas).
 - Non-renewable and nuclear energy – the generation or retailing of non-renewable or nuclear energy.
 - Alcohol – the production, distribution, retail, licence or supply of alcoholic beverages, key products, and services.
 - Gambling – the provision of wagering services for money.
- Portfolio exposure is determined by the aggregation of company exposures. Company exposure is calculated as the proportion of assets or revenues exposed (directly or indirectly). For example, Portfolio 1 has a 10% exposure to company A, which derives 50% of revenues from alcohol production; Portfolio 1's exposure to alcohol is then 5%.

4. Engagement & Outreach:

- Engagement: We engage with companies primarily for the purposes of completing our internal ESG scoring and for reporting requirements.
 - We aim to better understand a company's ESG policies, sustainability targets and their approach to managing key ESG risks and controversies.
 - Where information is not publicly available, we will engage with companies to collect ESG data for our reporting purposes e.g. revenue contribution to various ESG impacted sectors or carbon emissions/intensity metrics.
 - We will also engage with companies to voice investor concerns around improving company disclosure and transparency around their approach to ESG.
- Outreach: We strive to promote the acceptance and integration of ESG factors amongst the investor community and our clients.

RI Reporting and Compliance

- Realm is a signatory to the Principles for Responsible Investment (PRI), a voluntary and aspirational set of investment principles established with the objective of developing a more sustainable global financial system. As a PRI signatory we commit to report on our ESG related activities and progress towards implementing the Principles on an annual basis.
- Compliance with Portfolio ESG risk limits are reported via our monthly commentary.
- RI Policy breaches with respect to Portfolio ESG risk limits or negative screening are to be rectified immediately or as soon as reasonably possible.

APPENDICES

Appendix One: Fund Specific ESG requirements

Realm Short Term Income Fund

- Additional portfolio overlay – The Realm Short Term Income Fund is not permitted to have any direct exposures to the sectors below. Indirect exposures of up to 2.5% to each of the sectors is permitted.

Sector	Direct Exposure*	Indirect Exposure**
Fossil Fuels	0%	2.5%
Non-renewable and nuclear energy	0%	2.5%
Alcohol	0%	2.5%
Gambling	0%	2.5%

**Direct is defined as being core to the company’s operations and the activity attributing to more than 20% of revenues.*

***Indirect is defined as non-core to the company’s operations or the activity attributing to less than 20% of revenues.*