

SFDR Article 8 Sub-Funds – Website Disclosures

Sections based on Articles 23 to 36 [SFDR](#)

[Delegated Regulation \(EU\) 2022/1288](#)

Full name of the Article 8 sub-fund: Old Mutual MSCI World ESG Leaders Index Fund (the “Fund”)

Legal entity identifier: 5493007RSRQ7BAXNWP47

Date of review: 1 January 2023

Summary

The Fund is categorised as an Article 8 financial product for the purposes of SFDR, meaning it promotes environmental and / or social characteristics. The Fund does not have as its objective sustainable investment.

The Fund promotes an improvement in the overall environmental, social and governance (“**ESG**”) characteristics of investee companies relative to sector peers.

In order to attain these characteristics, the Fund has an investment objective to track the risk and return characteristics of the MSCI World ESG Leaders Index (the “**Index**”), which aims to be comprised of a diversified portfolio of equity securities with high ESG performance relative to their sector peers in developed markets worldwide.

The Index methodology includes securities of companies with the highest ESG ratings representing 50% of the market capitalisation in each sector and region of the MSCI World Index. ESG ratings are determined using MSCI ESG Ratings and MSCI ESG Controversies Scores. Companies showing involvement in the following activities are excluded from investment: controversial weapons, nuclear weapons, civilian firearms, tobacco, alcohol, conventional weapons, gambling, nuclear power, fossil fuel extraction or thermal coal power.

It is expected that at all times at least 95% of the Fund’s assets will be invested in equity and equity related securities, which will be constituents of the Index and will therefore be used to meet the ESG characteristics promoted by the Fund.

The Money Manager relies on the data and methodologies applied by the Index provider (“**MSCI**”) in the construction of the Index, for the attainment of the Fund's ESG characteristics. The Money Manager has not identified any limitations to the Index provider's methodology used to construct the Index (which provides the Fund with the ESG characteristics).

As part of ongoing data maintenance, the Money Manager will monitor the data and will engage with the data vendor/s should any issues arise with the sourcing or quality of the data.

The Fund is subject to quarterly investment reviews by the Money Manager's Investment Committee and by the Principal Money Manager's Investment Working Group. Performance relative to the Index is assessed including the tracking error relative to the Index.

The Money Manager does not use engagement as part of the Fund’s ESG strategy.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Fund promotes an improvement in the overall ESG characteristics of investee companies relative to sector peers.

The Fund has designated the Index as a reference benchmark for the purpose of attaining the environmental, social and governance characteristics it promotes. The Index is a float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of companies with high ESG performance relative to their sector peers across developed markets.

Further information on the Index is set out below, or alternatively, can be found here:

<http://www.msci.com/products/indexes/esg/methodology.html>.

Investment strategy

The investment objective of the Fund is to track the risk and return characteristics of the Index which takes into account both capital and income of a diversified portfolio of equity securities with high ESG performance relative to their sector peers in developed markets worldwide.

The Fund will employ a traditional index tracking approach by investing all, or substantially all, of its assets in the equity securities constituting the Index. In effect, this means that the Money Manager, through its replication strategy, adopts the binding approach of the Index provider in its investment process, by requiring a minimum ESG Rating of "BB" or above for all investee companies, an MSCI Controversies Score of 3 or above and utilises MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics to identify companies that are involved in Excluded Activities to exclude such companies from the Index.

The companies in which the Fund invests, will follow good governance practices. An assessment of the good governance practices of investee companies forms an integral part of the MSCI ESG Rating and MSCI Controversies Scores which are used for the index construction process.

Further information on the MSCI ESG Ratings, MSCI ESG Controversies, MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics can be found here: <http://www.msci.com/products/indexes/esg/methodology.html>.

Proportion of investments

It is expected that at all times at least 95% of the Fund's assets will be invested in equity and equity related securities, which will be constituents of the Index and will therefore be used to meet the environmental characteristic promoted by the Fund.

The Fund does not use derivatives for the purpose of attaining the environmental characteristic it promotes.

The remainder of the Fund's assets and their purposes are detailed below, and further in the Prospectus.

This portion of the Fund's investments may include:

Up to 10 per cent of the Fund's Net Asset Value may be invested in units or shares of collective investment schemes for the purpose of gaining exposure to equities and equity related securities in line with the Fund's investment objective.

Up to 5 per cent of the Fund's Net Asset Value may be invested in money market instruments rated investment grade or higher by a Recognised Statistical Rating Organisation or deemed by the Money Manager to have an equivalent rating, in order to be able to meet its liquidity needs.

Forward contracts may be used to hedge against market risk.

Forward foreign exchange transactions may be used to reduce the risk of adverse market changes in exchange rates or to shift exposure to foreign currency fluctuations from one country to another.

Futures contracts may be used to hedge against market risk or to gain exposure to equity indices which comprise of constituent securities that are substantially part of the Index.

Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels.

No minimum environmental or social safeguards will be in place in relation to the above holdings.



Monitoring of environmental or social characteristics

The Fund's investment objective is to track the Index. MSCI, as the provider of the Index, monitors the sustainability indicators. The Fund (including the Money Manager of the Fund) relies on MSCI's data and the methodology applied by MSCI on the construction of the Index, for the attainment of the Fund's ESG characteristics.

Methodologies for environmental or social characteristics

Characteristic: Improvement in the overall ESG characteristics of investee companies relative to sector peers.

Indicator: MSCI ESG Rating of 'BB' or above for all investee companies.

The Index uses MSCI ESG Ratings research, analysis and ratings of how well companies manage ESG risks and opportunities to provide an overall company ESG Rating (this is a seven-point scale from 'AAA' to 'CCC'). In addition, MSCI ESG Ratings provides scores and percentiles indicating how well a company manages each key issue relative to industry peers. Companies are required to have an MSCI ESG Rating of 'BB' or above to be eligible for inclusion in the Index.

Indicator: MSCI ESG Controversies Score of 3 or above for all investee companies.

The Index uses MSCI ESG Controversies Scores to assess controversies concerning the negative environmental, social, and/or governance impact of a company's operations, products and services. The evaluation framework used in MSCI ESG Controversies Scores is designed to be consistent with international norms represented by the United Nations Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact. The MSCI ESG Controversies Score of a company falls on a 0-10 scale, with "0" being the most severe controversy. Investee companies are required to have an MSCI ESG Controversies Score of 3 or above to be eligible for inclusion in the Index.

Indicator: The percentage Fund holdings with involvement in Excluded Activities.

The Index uses MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics to identify companies that are involved in the below business activities ("**Excluded Activities**"). Companies that meet the business involvement criteria are excluded from the Index:

- Controversial Weapons
- Nuclear Weapons
- Civilian Firearms
- Tobacco
- Alcohol
- Conventional Weapons
- Gambling
- Nuclear Power
- Fossil Fuel Extraction
- Thermal Coal Power

Website section 'Data sources and processing'

The Index uses the following data sources to measure the attainment of the environmental and social characteristics:

MSCI ESG Ratings.
MSCI ESG Controversies Scores.
MSCI ESG Business Involvement Screening Research.
MSCI Climate Change Metrics.

MSCI has over 40 years of experience measuring and modelling the ESG performance of companies and is recognized as a top tier data provider.

As part of the product development process undertaken prior to the launch of the Fund, the Money Manager undertook a detailed due diligence of the Index. This included a due diligence on MSCI's methodology and construction of the Index. Post implementation, MSCI, as Index provider, consults and where relevant provides prior notice to the Money Manager should any material changes be made to the underlying constituents, and/or any other aspect of the Index, allowing the Money Manager to align the Fund's holdings in a timely manner without impacting tracking error relative to the Index.

MSCI provides the Index data to the Money Manager in electronic format. The index data is housed in the Money Manager's internal risk and portfolio management systems, where it is directly used in portfolio management and portfolio construction.

None of the data used by the Money Manager is estimated.

Limitations to methodologies and data

The Money Manager has not identified any limitations to the Index provider's methodology used to construct the Index (which provides the Fund with the ESG characteristics) nor has it identified any limitations regarding the source of the Index.

As part of ongoing data maintenance, the Money Manager will monitor the data and will engage with the data vendor should any issues arise with the sourcing or quality of the data.



Due diligence

The Fund is subject to quarterly investment reviews by the Money Manager's Investment Committee and by the Principal Money Manager's Investment Working Group. Performance relative to the Index is assessed including the tracking error relative to the Index.



Engagement policies

The Money Manager does not use engagement as part of the Fund's ESG strategy.

Designated reference benchmark

The Fund has designated the MSCI World ESG Leaders Index as a reference benchmark for the purpose of attaining the environmental, social and governance characteristics it promotes.

The Index methodology includes securities of companies with the highest ESG ratings representing 50% of the market capitalisation in each sector and region of the MSCI World Index by including large- and mid-capitalisation securities according to MSCI's size classification system. The Index targets sector and region weights that reflect the relative sector and region weights of the MSCI World Index to limit the systematic risk introduced by the ESG selection process.

Companies showing involvement in the following activities are excluded from investment: controversial weapons, nuclear weapons, civilian firearms, tobacco, alcohol, conventional weapons, gambling, nuclear power, fossil fuel extraction or thermal coal power.

The Index is reviewed annually in May and in addition is rebalanced in February, August and November, with the objective of reflecting changes in the underlying equity markets in a timely manner, while limiting undue index turnover. This ensures the constituents continue to meet the stated ESG thresholds for investment.

The methodology used for the calculation of the Index, as well as further information on the MSCI ESG Ratings, MSCI ESG Controversies, MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics can be found here: <http://www.msci.com/products/indexes/esg/methodology.html>.