

# 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:** Global Unlisted Infrastructure Fund S.C.A., SICAV-RAIF (the “Fund”)

**Date of review:** 1 January 2023

*Disclaimer: The present working document may be subject to further regulatory changes.*

## 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 the environmental and social characteristics by holding a portfolio in which the investments have a value weighted average ESG ranking above peer average based on a proprietary framework, supporting coal reduction by an exclusion strategy, and maintaining at least 50% of the portfolio in the sectors of renewable power generation, social infrastructure and digital infrastructure which are considered by the Manager to contribute positively to the environment or societal factors.

The fund employs a 3-part investment strategy to attain its environmental or social characteristics promoted, including

- (1) Russell Investments' research - Disaggregated ESG ranking
- (2) Proprietary research on favoured E/S sectors
- (3) Coal exclusion

To measure the attainment of the environmental or social characteristics, the Investment Manager sets targets based on the disaggregated ESG ranking, and the portfolio allocation to favoured E/S sectors above and coal-related companies.

The Fund is expected to invest at least 90% of its NAV in companies that qualify as aligned with E/S characteristics.

The Fund's promoted characteristics are monitored on an ongoing basis applying the following methodologies: (1) The ESG ranking exceeds peers on a value-weighted average basis; (2) At least 50% of the portfolio is invested in sectors that promote specific ESG areas, including renewable power generation, social infrastructure and digital infrastructure; and (3) there is 0% exposure to companies which derive more than 10 percent of their revenue from coal power generation, thermal coal production or thermal coal transportation, except for companies which reach the positive improvement criteria.

Data is provided by the third-party asset managers both through standard investor reporting and from periodic investment reviews between the Manager and each third party asset manager. The data is used on an as-received basis, and none of the data is estimated.

The Manager relies on third party asset manager data. Because of the unlisted nature of the assets, in most cases it is unable to verify independently the data provided. However the Manager has a robust asset management selection process and performs ongoing due diligence on those third-party asset managers in order to satisfy itself in reliance on these. The likelihood of this limitation having a material impact on the Fund's ability to achieve its promoted characteristic is considered by the Manager to be minimal.

Investments are identified for the Fund by third party asset managers based on a range of investment philosophies and research processes. The Manager's research team is responsible for conducting due diligence on the third party asset managers and they are monitored on an ongoing basis by the Manager's investment teams.

Engagement is not part of product's promoted strategy, however, the Manager has an engagement process and may engage with issuers in the context of good governance assessments.

No index has been designated as a reference benchmark to determine whether the Fund is aligned with the environmental or social characteristics that it promotes.

*Translations are available upon request.*

## **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 the environmental and social characteristics of by holding a portfolio in which the investments have a value weighted average ESG ranking above peer average based on a proprietary framework, supporting coal reduction, while maintaining at least 50% of the portfolio in the sectors of renewable power generation, social infrastructure and digital infrastructure which are considered by the Manager to positively contribute to the environment or societal factors.

## Investment strategy

### 1. Russell Investments' research - Disaggregated ESG ranking

All investments are evaluated within Russell Investments' research process to ensure that investments are aligned with the characteristics promoted by the Fund as well as broader ESG considerations. This entails assigning quantitative rankings of Russell Investment's subjective view of the relevant strength of the investment's ESG characteristics. The quantitative ranking is, inter alia, based on the following:

- ESG Commitment taking into account factors such as availability and quality of ESG resources, data and tools.
- ESG Consideration taking into account the awareness of the risk and return impact of ESG.
- ESG Implementation taking into account ESG insights and translation to portfolio positioning.
- Active Ownership taking into account the transparency, quality and duration of engagement with investee companies.

The scale of the ESG ranking is 1-5, and 3 is considered to be the average ESG ranking of the investable universe of open-ended infrastructure equity funds. GUI ensures the portfolio maintains an average ESG ranking of its investments which exceeds this peer average (>3 score), calculated on value-weighted average basis.

### 2. Proprietary research

The Fund maintains at least 50% of the portfolio in the following sectors which are considered as helping in the transition to a more sustainable environmental future and providing societal benefits:

- Renewable power generation which promotes *decarbonisation*
- Social infrastructure which promotes *essential infrastructure services to communities*
- Digital infrastructure which promotes *access and affordability* and *business model resilience via digitalisation*

The Manager evaluates the sector classification of any given investment against a proprietary framework for determining the qualification for each sector based on the use of the investment. The framework provides a taxonomy by which sector membership can be identified for an investment in the infrastructure asset class and is a living, evolving document which may be updated in accordance with technical or commercial innovation or privatisation for example.

### 3. Coal exclusion

The Fund adopts a coal exclusion strategy in order to support overall coal reduction. The elaborate list of the related exclusion criteria can be found below.

#### **Binding elements of the investment strategy used to select investments to attain each of the promoted characteristics**

- a) Investing in funds which on a value-weighted average basis have an ESG ranking in our proprietary framework which exceeds the average ESG ranking of the investable universe of open-ended infrastructure equity funds.
- b) Maintaining at least 50% of the portfolio in sectors that promote specific ESG areas, including renewable power generation, social infrastructure and digital infrastructure.

- c) Incorporating a coal exclusion, which will entail the exclusion of companies which derive more than 10 percent of their revenue from coal power generation, thermal coal production or thermal coal transportation, except for companies which reach the positive improvement criteria. The positive improvement criteria entail either deriving at least 10% of their power generation from renewable energy sources or having made a public commitment to divest from their coal related activities or to reach zero emissions by 2050, provided that any such companies derive less than 25 percent of their revenue from coal power generation or thermal coal production.

### **Good Governance**

GUI implements a standardized process across all investments to ensure the governance of each underlying fund manager and the investments it makes, are of an appropriate standard.

GUI performs an initial due diligence exercise on every underlying fund, including performing investment due diligence and operational due diligence.

As part of this due diligence process, each underlying fund manager is ranked and appraised on the governance practices of investment managers and underlying investments, including its management structures, employee relations, remuneration of staff and tax compliance. This evaluation is conducted via interviews, reviews of legal documents, reviews of firm policies, background checks and other sources.

## Proportion of investments

The Fund is expected to invest at least 90% of its NAV in companies that qualify as aligned with E/S characteristics (“**ESG Aligned Investments**”). This is a fund of funds and therefore, investments are made indirectly.

The remainder of the NAV will be allocated to cash, cash equivalents, and/or hedging instruments (“**Other Investments**”).

This fund is an open-ended fund which will therefore on rare occasions, hold greater volumes of cash for a short amount of time upon either redemption of investments or acquisition of more capital in order to invest in companies qualifying as ESG Aligned Investments.

The Fund does not commit to investing in sustainable investments or investments aligned with the Taxonomy Regulation. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

The Other Investments may include investments in liquid assets (cash) held for the purposes of servicing the day-to-day requirements of the Fund or investments for which there is insufficient data for them to be considered as ESG-Aligned Investments and to purchase capital. This lack of data along with the intended use of this portion of the portfolio, precludes the existence of any minimum environmental or social safeguards from being in place.

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

## Monitoring of environmental or social characteristics

The following sustainability indicators are used to measure the attainment of the Fund's promoted characteristics:

- Portfolio ESG ranking on value-weighted average basis;
- % of portfolio invested in renewable power generation sector;
- % of portfolio invested in social infrastructure sector;
- % of portfolio invested in digital infrastructure sector;
- % of investments deriving more than 10% of their revenue from coal power generation;
- % of investments deriving more than 10% of their revenue from thermal coal production;
- % of investments deriving more than 10% of their revenue from thermal coal transportation;
- % of companies which are in breach of any of the above three "10% criteria" but reach the positive improvement criteria.

This is a fund of funds and therefore, sustainability indicators will be assessed on a look-through basis.

The Disaggregated ESG ranking, proprietary research on favoured Environmental and Social Sectors and the Coal exclusions are monitored on a continuous basis by the Manager's Investment Division. Monitoring materials include standard investor reporting (typically received on a quarterly basis) and any ad hoc communications regarding (a) new investments (acquisitions or dispositions); (b) updates of existing investments; or (c) notifications of events relating to good governance.

Allocations and ranks are monitored and disclosed on an aggregate basis in the standard period reporting of the fund. The Manager performs ongoing review of portfolio investments to ensure its sector classification and absence of coal exposure remains true and correct.



## Methodologies for environmental or social characteristics

The following methodologies are used to measure the attainment based on the sustainability indicators.

Indicators	Methodology to confirm the attainment
1. ESG ranking	The portfolio ESG ranking exceeds peers (>3) on value-weighted average basis.
2. % of portfolio invested in renewable power generation sector or social infrastructure sector or digital infrastructure sector	At least 50% of the portfolio is invested in sectors that promote specific ESG areas, including renewable power generation, social infrastructure and digital infrastructure.
3. % of companies which derive more than 10 percent of their revenue from coal power generation, thermal coal production or thermal coal transportation, except for companies which reach the positive improvement criteria.	0% of companies which derive more than 10 percent of their revenue from coal power generation, thermal coal production or thermal coal transportation, except for companies which reach the positive improvement criteria.

## Website section ‘Data sources and processing’

Data is provided by the third-party asset managers both through standard investor reporting and from periodic investment reviews between the Manager and each third party asset manager. The data is used on an as-received basis, and none of the data is estimated.

Data is received from third party providers in a variety of file formats. Once the Principal Money Manager receives data from a provider, it is processed and stored in internal databases by the the Principal Money Manager’s data integration team. At this point, the data is accessible to investment teams through a variety of tools and resources.

Data quality controls exist at the following levels:

- (i) provider level;
- (ii) at the integration stage (by the data integration team); and
- (iii) as part of the portfolio analysis conducted within the investment teams.

## **Limitations to methodologies and data**

The Manager relies on third party asset manager data. Because of the unlisted nature of the assets, in most cases it is unable to verify independently the data provided. However, as described below, the Manager has a robust asset management selection process and performs ongoing due diligence on those third-party asset managers in order to satisfy itself in reliance on these.

The likelihood of the above limitations having a material impact on the Fund's ability to achieve its promoted characteristic is considered by the Manager to be minimal.

## **Due diligence**

Investments are identified for the Fund by third party asset managers based on a range of investment philosophies and research processes. The Manager selects the asset managers based on a range of factors including the integration of ESG criteria in their processes. The Manager's research team is responsible for conducting due diligence on the third party asset managers and they are monitored on an ongoing basis by the Manager's investment teams.

## **Engagement policies**

Engagement is not part of product's environmental strategy; however, the Manager has an engagement process and may engage with issuers in the context of good governance assessments.



## **Designated reference benchmark**

No index has been designated as a reference benchmark to determine whether the Fund is aligned with the environmental or social characteristics that it promotes.