IFSL International

Sustainability Risk Disclosure

March 2021

1. Introduction

This document applies to IFSL International Limited (the “Manager”), as UCITS management company to the IFSL ICAV and its sub-funds (“the Funds”) which is registered as an umbrella Irish collective asset-management vehicle with segregated liability between Funds pursuant to Part 2, Chapter 1 of the ICAV Act on 6th November 2018 and is authorised by the Central Bank of Ireland, pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended).

The Manager is domiciled in Ireland and authorised and regulated by the Central Bank of Ireland (’CBI’).

This disclosure is made pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”)

It is a requirement of SFDR that the Manager disclose the manner in which Sustainability Risks, as further described below, are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of each Fund managed.

2. Sustainability Risk Approach

Sustainability Risk is defined as an environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

As the Manager delegates investment management of the Funds to Marlborough Investment Management Limited (the “Investment Manager”), it relies on the application of the Investment Manager’s own ESG and shareholder engagement policy in respect of the assessment of the impacts of Sustainability Risk of the returns of the Funds.

In its investment decisions, the Funds consider, in addition to the considerations outlined in the relevant Supplement to the Prospectus, Sustainability Risks and ESG issues.

Our ESG approach is embedded in our Funds through our:

- investment strategies,
- voting practices,
- non-voting engagement and
- oversight.

It is our belief that management who have a proven focus on each of these elements, acting ethically, transparently and accountably in their work, ultimately build stronger companies which endure over the long term. Further, that this ESG integration leads to better informed investment decisions and can produce superior risk adjusted returns throughout an economic cycle, contributing to positive investment results.

The Investment Manager has decided not to opt for a separate ESG team, and prefers to keep the approach to engagement fully integrated with investment decision-making. In this way, it hopes to focus on what is truly material to a company’s long-term success, whether in investment terms or in the context of its wider community and environmental impact.

The Funds are funds of funds which invest in other portfolios. The Investment Manager takes care that the investment strategies, duration, risk, incentives and profiles of the funds in which they invest, are suitably collectively aligned with ours, blending the characteristics appropriately according to the Fund's strategy.

Fund of funds arrangements are not in scope for either the SRD II or The Stewardship code in the UK, however, in the normal course of the Investment Manager’s due diligence, its investment team considers both financial and nonfinancial factors. This includes asking managers of current and potential investee funds to disclose how ESG is integrated into their investment processes, checking the nature of their ESG verification and methodologies, as they do so, which also includes analysis of their investee company voting and engagement, where appropriate.

The Funds do not have specific ESG mandates, but because companies and portfolios with a greater ESG slant have been proven to outperform their peers, ESG has become an integral part of their selection process over time.

Investments will continue to be monitored also from an ESG perspective. In addition, a dialogue may be sought by the Investment Manager with senior management of companies or fund managers regarding better corporate governance and greater consideration of ESG criteria.

The assessment of Sustainability Risks is complex and requires subjective judgements, which may be based on data which is difficult to obtain and may be incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Investment Manager will correctly assess the impact of Sustainability Risks on the Fund's investments or proposed investments.

The impacts following the occurrence of a Sustainability Risk may be numerous and may vary depending on the specific risk, region and asset class. In general, where a Sustainability Risk occurs in respect of an asset, there could be a negative impact on, or entire loss of, its value.

Any Sustainability Risk can either represent a risk on its own or have an impact on other risks and contribute significantly to other risks, such as market risks, operational risks, liquidity risks or counterparty risks.

3. Types of Sustainability Risk

The following are Sustainability Risks listed within environmental, social and governance themes that may be relevant for the Fund. Within these themes, events may happen or conditions may arise that impact the valuation of the Fund:

Environmental Risks

• Carbon Emissions Risk

• Climate Change Risk

• Natural Resource Depletion Risk

• Pollution and Waste Risk

Social Risks

• Human Capital Risk

• External Social Risk

• Megatrends Risk

Governance

• Board Diversity and Structure Risk

• Inadequate External or Internal Audit Risk

• Fair Tax Strategy Risk

• Shareholders' Rights Risk

• Bribery and Corruption Risk

• IT Safeguards Risk

• Employee Safeguards Risk

4. Consideration of Principal Adverse Impacts (PAI)

In addition, the Manager is required, under Article 4 of SFDR, to make certain disclosures on its website explaining whether it considers principal adverse impacts (PAI) of investment decisions on sustainability factors.