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INVESTMENTS

Omnis ESG Investing Guide

Contents

Welcome from our CEO, Dominic Sheridan

Dominic Sheridan, CEO

I am delighted to welcome you to the Omnis ESG guide, which I hope you will find interesting and informative.

Over recent years, as the responsible investing sector has become increasingly prominent, so the landscape has become crowded and boundaries blurred. The race to launch new ESG products and to grab a share of this growing market has created unnecessary confusion and complexity. In this guide, we look to dispel some of the myths and explain some of the key terms to help demystify this important area of investment.

This guide will be reviewed and refreshed regularly, to keep you informed of the latest market developments and to share Omnis' activity in this area. A number of current and emerging ESG themes will be raised along with a description on how each Omnis fund is currently positioned.

Omnis is committed to active investing and strives to be responsible stewards of our clients' investments within a framework of good governance and transparency. Core to our investment philosophy is the belief that well-governed companies are better positioned to manage the risks and challenges inherent in business and to capture opportunities that help deliver sustainable growth and returns for our clients. We firmly believe, therefore, that effective stewardship will benefit companies, our clients and the economy as a whole.

An important consideration in the selection of our investment managers is that they have integrated environmental, social and governance analysis into their investment processes. With the emergence of the Covid-19 pandemic over recent months having such a major impact on societies and economies around the globe, the relevance of an integrated responsible investing approach is greater now than ever before.

A recent ESG survey conducted by independent consultants Fundhouse identified that all Omnis' investments managers engage in either some form of ESG-related screening of their investable universe or they include ESG considerations in their investment analysis. Fundhouse assigns each investment manager an ESG "score" of 1 (highest), to 3 (lowest). These scores are based on how the investment manager runs the fund, the ESG characteristics of the individual investments held by the fund, the policies and practices of the investment manager's firm (e.g. Fidelity, Schroders etc) and the extent to which the firm manage dedicated ESG mandates. The scores for each fund, together with a brief explanation of the how the fund applies ESG, can be found later in this guide. The team at Omnis use the results of this survey to monitor our investment managers' practices with the aim of encouraging wider ESG adoption, where appropriate. Of course, the investment managers of our funds can change where we believe this is in the interests of our investors.

As the CEO, I am dedicated to Omnis being a trusted investment manager. An important part of this is to see ourselves as stewards of our investors' savings. ESG is a very important extension of this ethic.

What is Responsible Investing?

ESG Ethical Sustainable

Responsible Impact

...Confused? Well you're not the only one. These terms are often used interchangeably and seem to mean different things to different people.

In many ways that's not surprising as the field of responsible investing has developed in a disparate fashion over many years, with little collaboration between the various fund managers and investors. Times are changing, however, and what used to be a niche area has become mainstream in a short space of time. Where investments and social/environmental aspirations used to be very separate things, they are now quite rightly becoming aligned. The importance of investing both sensibly and responsibly is increasingly seen as a non-negotiable requirement by investors and fund managers alike. The investment industry is racing to catch up, to provide funds that cater to a range of responsible investing expectations and in some cases simply to articulate the good practice that they already had in place but didn't necessarily tell us about. But we'll come on to that. First, let's rewind a bit, take a look back at where we have come from, and try to make sense of some of that jargon.

Responsible investing is nothing new. Whilst the origins of the language are slightly hazy, governance considerations (the G in ESG) seem to have first been formally taken into account in the mid 1800s, when greed and incompetence took hold during the railway boom in the UK (an early example of an 'investment bubble'), and investors suffered widespread and significant losses.

Wary of a repeat performance, investors insisted on some sort of formal check on companies, and the company audit was born, allowing investors to start to incorporate corporate governance into their analysis before investing. Responsible investing has evolved significantly since then. Fast forward to today and many of the factors incorporated in this way of investing align to very normal societal concerns – climate change, social justice and corporate responsibility for example. Broadly speaking, these types of concerns can be grouped into three categories: environmental concerns (E), social factors (S) and corporate governance issues (G).

Despite the importance of ESG in our everyday life, there is still surprisingly little consensus on language in the investment industry. This may, in part, be due to the fact that there is little in the way of regulation or common standards in this space. There are, however, some standards starting to emerge, and we welcome the Investment Association (IA)'s efforts in this regard. The language we will adopt throughout this brochure is in line with the IA's framework. We have defined some common terms below so that you can refer back to them as you wish. Please be aware, however, that other providers may use the same words to mean slightly different things. If in doubt, it's always worth asking them (or us) to clarify.

Responsible Investing

An umbrella term used to incorporate many aspects of non-traditional investing, including environmental, social, governance and ethical components. It is often focused on avoiding unnecessary risks, and should not usually involve having to accept lower returns.

ESG Integration

ESG stands for Environmental, Social and Governance. ESG integration involves looking at these factors as a fundamental part of the research and/or investment process and making sure that the expected return of an investment is high enough to fully compensate for the environmental, social and governance risks which you are taking on. Again, this is largely about risk mitigation and should not involve having to give up returns.

Stewardship

The responsible management of money to create long term value for the investor. This incorporates many aspects of investing, but is now usually taken to include ESG factors, recognising that "value" is not a purely monetary term.

Exclusions

Also known as "negative screening", this involves identifying an area, or areas, in which you are not comfortable investing and setting rules to exclude them from the portfolio. Examples might be tobacco, gambling or controversial weapons, like landmines. A fund may have one or multiple exclusions, and they may be applied for just the fund in question or across all funds which a company manages. Applying exclusions to a portfolio may result in returns which look slightly different to the wider market at times, particularly if the exclusions are extensive, but the evidence to date suggests that in the long term returns do not need to be sacrificed as long as the screening is applied skilfully.

Ethical Investing

Investing in line with an investor's personal ethical beliefs and standards. This usually involves using negative screens to eliminate investments which do not tally with the investor's beliefs. Ethical investing is personal, as everyone will have slightly different ethical preferences and beliefs, but examples might be a blanket ban on investing in companies which generate more than a certain percentage of their revenues from activities related to gambling or from tobacco products because the investor feels strongly about how these issues impact society.

Sustainable Investing

Here, ESG analysis is used to capture opportunities, rather than just avoid risks, actively seeking companies with positive ESG products, processes or services which may make them more profitable, or better placed to take advantage of emerging trends. Managers who run these types of funds will actively seek out companies who are innovating in order to improve environmental, social and/or governance outcomes. An example might be a company operating in the renewable energy field, or one who is reducing the cost of healthcare to make it more affordable for all. Of course, investments must also stack up from a financial perspective, but these types of companies are often well-positioned for the future. There is little data on this form of investing, but early studies suggest that investing in this way should enhance returns for investors over the long term.

Impact Investing

Investing with the express intention of generating a positive impact on the environment or society. Note that this may be (although is not always) at the expense of some monetary return. An example could be investing in social housing, or in companies which offer employment in areas where unemployment is high.

Trends and Themes

At the start of 2020 the BBC announced that it was taking on a special project for the year. With the UN's international conference on climate change scheduled to take place in the UK in the autumn (it has since been postponed due to the Covid-19 pandemic), the BBC planned "its most ambitious year of climate change coverage".

2020

THE YEAR OF THE CLIMATE

Little did it know how the year would progress, and that 2020 would be remembered for things other than a climate summit. Indeed, hard though it is to remember it now, 2020 has been an eventful year, and not just because of the pandemic. Cast your mind back to a time before you knew what Covid-19 was.

What do you remember?

Let me give your memory a nudge: the worst bush fires ever in Australia; catastrophic flooding in the UK; cyclones in Africa which left millions of people destitute. Even now, if you dig below the headlines, you can read about the devastating monsoon season which is underway in Nepal and India, the forest fires ravaging the Amazon rainforest (again) and not forgetting the hottest summer ever on record in the UK. And we're only halfway through the year. Sadly, these types of weather events are becoming increasingly common, year after year, and it is therefore worth reflecting on how such events will shape the future. Investment, after all, is all about the future.

So what does a future like this mean for investments? Should we be avoiding companies that contribute to climate change?

Well yes, probably. But perhaps not for the obvious reasons. Personal opinions aside, it makes good sense to factor the effects of something like climate change into your investment analysis. Events like those mentioned above, like it or not, shape how we see both governments and companies. Let me give you an example. In 2018 and 2019 there were widespread and destructive wildfires in California. Whilst the causes of many of these fires remains unknown, they were undoubtedly exacerbated by the unusually hot weather and drought which California had been experiencing.

"ITS MOST AMBITIOUS YEAR OF CLIMATE CHANGE COVERAGE".

The utility giant Pacific Gas and Electric Company (PG&E) was linked to several of these fires, including the devastating "Camp Blaze" in 2018 which killed 84 people. In 2019, faced with large and potentially ruinous lawsuits, the company filed for bankruptcy protection.

In June of this year, PG&E acknowledged in court that it had failed to maintain a transmission line that broke from a nearly-100-year old tower into woodland, which was parched from the unusually dry weather, and started the fatal fire. The company pleaded guilty to 84 counts of manslaughter and agreed to pay $3.5 million in fines. This is a tragic example of a company which failed spectacularly in its governance duties (too much focus on profits and too little on the dangers that the change in weather patterns could create and the safety of the communities in which it operates) which led to catastrophic environmental damage. This sobering example should serve to remind us of the importance of taking ESG risks seriously, not just because of the appalling damage that a failure like this can inflict upon society (although that should be reason enough), but also because such a disaster will, of course, result in severe financial implications for the companies associated with it.

A healthy focus on ESG analysis, and particularly on identifying meaningful ESG risks such as the governance failures in the above example, should steer investors away from companies like PG&E. This may be an extreme example, but on a day-to-day basis, we often observe that taking ESG factors into account in the analysis of investments can lead to a reduction in risk.

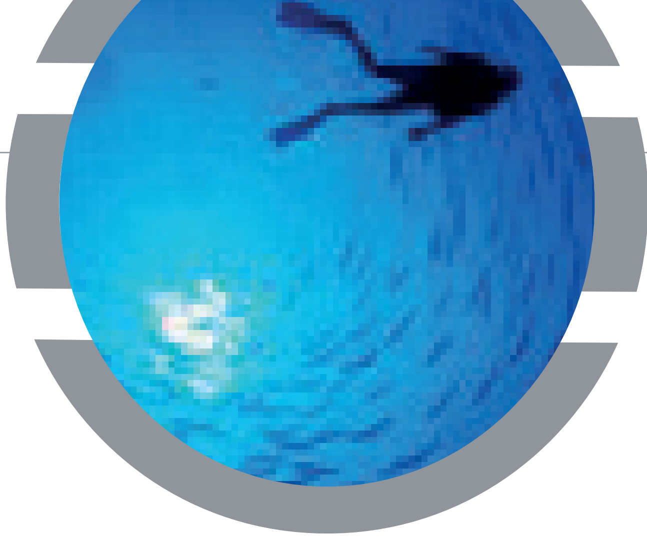
The smaller failures (governance mis-haps, environmental controversies or poor relationships with local communities for example) may not lead to large financial penalties or losses in the short term, but they are often felt reputationally via negative press, which can lead to more long term corporate damage. Avoiding these seemingly small events can reduce the risk of losses and enable longer term investors to enjoy better returns.

There is another side to this though. ESG analysis isn't just about avoiding the bad eggs. Let's take climate change as an example again. For the right companies, climate change represents an opportunity rather than a risk. The Paris Agreement states that signatory nations should try to keep atmospheric temperature rises well below 2 degrees Celsius, and preferably below 1.5 degrees.

The million dollar question, of course, is how do we do that?

Legislating against any activity that causes climate change (for example burning fossil fuel to produce electricity) is unlikely to produce the desired change unless there is a viable alternative available (such as renewable energy at an affordable price). If we want to continue to thrive as a society then we need innovative companies who are going to come up with clever solutions to help us move forward into a greener, cleaner world. Such companies can present an exciting long-term investment opportunity for investors.

How we approach ESG



At Omnis we take responsible investment seriously. We have a strong pedigree of research with the aim of selecting best of breed investment managers that are the right fit for the funds we offer to investors.

With this in mind, we have long believed that investment should be directed towards companies that operate under sound environmental and social policies and that have strong governance structures. Over and above the positive benefits to the environment and society, such companies are likely to be better managed, more capable of effective capital allocation and less likely to face regulatory pressures: factors that should ultimately be reflected in a company's share price and investors' returns. This is such an important point that it is worth repeating: whilst we are proud of managing funds that take environmental and social concerns seriously, ultimately we are advocates of ESG investing because we believe that it should generate better outcomes for our investors over the longer term which, after all, is our primary objective.

One of the fundamental parts of our research process is to ensure that we only delegate management of our funds to third-party Investment Managers that share our values. To this end we insist that all of our Managers are, and remain, signatories to both the UN PRI and the UK Stewardship Code, which we believe represent sensible standards of ESG integration.

The United Nations-backed Principles for Responsible Investment (UN PRI) is a set of six principles developed by investors, for investors. They are entirely voluntary, but companies choosing to sign up to this set of principles acknowledge that acting in the best long term interests of their investors will involve incorporating environmental, social and governance (ESG) issues into their investment process because these issues can, and do, affect the performance of investment portfolios. In signing up to these principles, investment firms commit, wherever they can, to incorporating ESG into their investment analysis and decision-making processes and to being pro-active owners, engaging with the companies in which they invest on various topics in order to push for change. The UK Stewardship Code focuses more on reporting, and requires that investors demonstrate stewardship of investments that they manage by producing an annual report on their activities.

The requirement to be, and remain, a signatory to both the UN PRI and the UK Stewardship Code forms part of the contractual agreement between Omnis and our Investment Managers. In addition, Omnis asks all its third-party Investment Managers to adopt policies to actively exercise asset voting powers over the companies in which they invest to drive positive change.

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Our research process focuses on finding the best and most appropriate investment managers to run the Omnis funds. To this end, Omnis commits to:

- Review ESG and Stewardship as part of the selection process for any new Investment Manager.
- Verify signature of the UNPRI and UK Stewardship Code before appointment of any new Investment Manager.
- Seek formal confirmation (at least annually) of an Investment Manager's compliance with its ESG and Stewardship policies.
- Use third-party specialist advisers, or other portfolio analysis technology, to periodically assess the ESG profile and characteristics of fund portfolios.
- Ensure that ESG and Stewardship policies are frequently discussed and considered in interactions with Investment Managers; and at a Senior Management level across the firms at least annually.
- Review changes to the ESG and Stewardship policies of its Investment Managers (as these arise).
- Review (periodically) retrospective voting information provided by the Investment Managers.

Omnis and Openwork
ESG Concerns

Environmental

We implemented a cycle to work scheme to encourage employees to avoid driving wherever possible and to help reduce our greenhouse gas emissions.

The Openwork office (in Swindon) has replaced all paper milk cartons with glass bottles which are re-usable.

Our flexible working policy allows colleagues to work from home when appropriate, reducing unnecessary travel.

We produced a carbon footprint report (for Openwork as a business). This has provided us with a baseline measurement for our carbon footprint, which we are now striving to reduce. We plan to run the report again in 2021 and fully expect to have lowered our carbon footprint by then.

Social

The Openwork Foundation was launched in 1981 to support disadvantaged people in the UK and overseas and has donated over £20.5m during this time. It is funded and supported by the staff, Partners and Financial Advisers of Openwork and the Openwork Group across the UK.

In 2019, over £305,000 was awarded in grants by the Foundation. 2020 is an exciting milestone year for the Openwork Foundation as it separated from The Zurich Community Trust and become an independently registered charity in its own right. It broadened its focus to support vulnerable and disadvantaged adults as well as children, meaning it can help even more people in local communities, from the very young to those in their later years.

The Openwork Foundation has always been at the heart of our business culture. Funds are raised in a variety of ways; through regular donations from partners' and advisers' remuneration and staff salary, fundraising challenges and social events. Donations are used to provide grants to UK registered charities through our grant giving programme and all grants are nominated by Openwork partners, advisers and staff. In addition to raising funds and awarding grants, we encourage staff to volunteer within their local communities, through the community challenge scheme coordinated by the Openwork Foundation team.

Governance

The Colleague Forum exists to represent Openwork colleagues and contribute to the continuous improvement of the business. We intend to improve colleague involvement by representing views and ideas as well as sharing information from senior management and other areas of the business. We believe that, as well as the strong board and committee structure which we have in place, the colleague forum provides additional checks and balances at all levels of the business.

The Openwork Shareholder Council aims to act on behalf of members, to be an effective steward of the assets that members own. We firmly believe that the way in which we manage money should always be in the best interests of those whose money it is. The Shareholder Council holds us accountable to these standards.

How your Investments Score

1 2 3

Omnis not only provides the Omnis Funds, it also works closely with other Openwork Group companies to design portfolios of funds to meet the differing needs of the Group's clients.

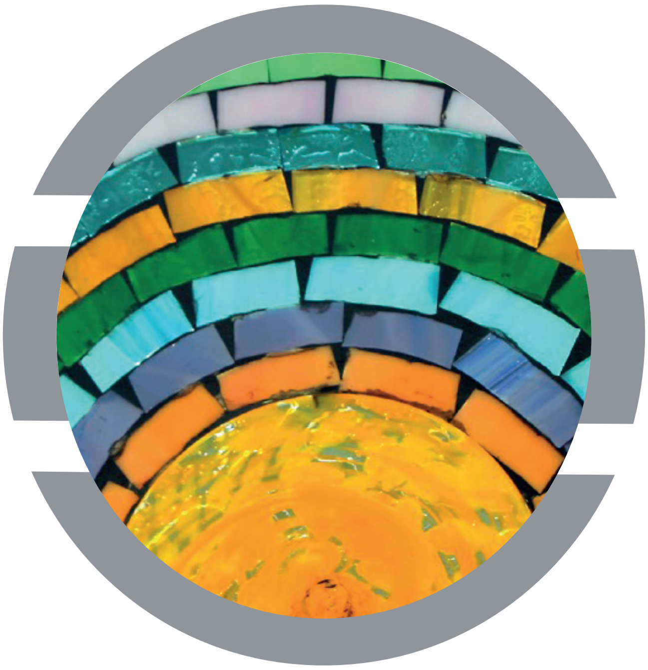
Portfolios

Our clients invest in these portfolios through the Graphene service and Omnis Managed Portfolio Service. The primary aim of our portfolios is to maximise returns for a controlled level of risk. Our research process takes into account many factors including how the fund is run (the philosophy), the quality of the team managing the fund, their investment process and, of course, how the investment manager and the company managing the fund address ESG concerns.

Whilst we don't choose investment managers based on their ESG credentials, we do expect that they will integrate analysis of ESG risks and rewards into their investment processes, and meet certain minimum ESG criteria. The portfolios of funds are then constructed in such a way as to provide the best returns we can for you, in line with the amount of risk you have told us you are happy to take. The portfolios are not necessarily invested in funds with high ESG scores and credentials, as you will see from the scores below. Indeed, we would be worried if all of our funds scored a "1" (the highest score).

This is because our funds are not designed with ESG-specific mandates, but rather to be good funds which perform well, in financial terms, for investors. We have deliberately chosen not to design our funds to be "sustainable" or "impact" funds as we want to maximise the financial returns of the funds for the level of risk. This means that sometimes we might use a fund that has limited ESG credentials if we consider that the risk is measured and that the fund brings something unique to your portfolio.

The ESG credentials of the funds which make up your portfolio are outlined on the following pages (please note that not all of these funds will be in every portfolio).



1 2 3

In analysing the Omnis funds, we look at how ESG factors are considered at both the firm level (the company running the fund) and the fund level (what ESG factors the actual fund manager considers).

Funds

We look both at what the managers say they are going to do (which should give an indication of intentionality, and therefore the future path) and also what they are actually doing (by analysing actual investments in the fund).

These measures are then combined to give our fund an overall ESG score of 1 (the highest score), to 3 (the lowest). Please note that these scores refer only to ESG considerations and are in no way designed to indicate whether or not a fund is a good investment.

ESG factors are more applicable to some regions and asset classes than others, and a fund which is rated 3 on the ESG scale may excel in other parts of its process and/or be investing in an asset class or region where ESG considerations are simply less relevant.

Please note that we have been unable to rate some Omnis funds because we were not able to meaningfully assess their holdings for ESG characteristics for one of several reasons: either they contained a high proportion of government bonds (assessing government bonds for ESG is difficult and highly subjective), or they invest in other funds, which we are not currently able to accurately assess.

These funds are:

Omnis UK Gilt
Omnis Managed Cautious
Omnis Managed Balanced
Omnis Managed Adventurous
Omnis Multi Manager Cautious
Omnis Multi Manager Balanced
Omnis Multi Manager Adventurous
Omnis Multi Manager Distribution

For each fund we have listed any investment exclusions applied by the Investment Manager. These are more usually applied at the firm level than the fund level (i.e. an asset management company may apply the same exclusions across all their funds).

Please note that exclusions may not be comparable across funds as different Investment Managers may apply different tolerance levels to the exclusions (for example one fund may not invest in any company making more than 5% of its revenues from the production of tobacco products, while another fund may not invest in any company which makes any of its revenues at all from the production or sale of tobacco products).

Omnis Absolute Return Bond

Hermes Investment Management, who manage this fund, has a long and successful history of running sustainable and ESG-integrated mandates and are considered leaders in the field of ESG investing. Whilst the team managing this fund consider credit risk to be the primary driver of corporate bond returns, it firmly believes that poor ESG behaviours can lead to increased credit risk and therefore see ESG factors as a fundamental part of their analysis and take them into account in all investment decisions. The managers also believe that by investing in companies that simultaneously score poorly in ESG behaviours, but show an earnest desire to improve those ESG behaviours, they can identify companies that are likely to see the volatility in their operating profile decline. This should lead to lower credit risk, thus creating investment opportunities. In addition, by making certain exclusions (listed below) and by actively engaging with companies, the fund encourages companies to act responsibly and improve sustainability.

Exclusions: tobacco, cluster munitions, landmines, nuclear weapons, anti-personnel mines

Omnis Asia Pacific (Ex-Japan) Equity

Veritas have a firm-wide ESG strategy, although this was only fairly recently put in place. Nonetheless, adherence to the policy is monitored on a regular basis and ESG factors are integrated into the research process. The focus of this fund is on identifying companies with sustainable cash flows, and the managers believe that this naturally leads them to companies which score well in terms of their ESG risks and opportunities. This is because management teams that are incentivised to focus on the long term are more likely to consider risks and opportunities related to environmental and social issues. This fund does not have an explicit ESG mandate, no exclusions are applied and the managers will take account of ESG factors only insofar as they believe them to impact the value of an investee company.

Why did this fund get a '3' score? Veritas as a company scores quite low as it has a very limited proportion of its assets invested in specific ESG investment mandates; large firms are often proactive in talking about ESG, but having a limited proportion of client assets invested in this way leads to a lack of meaningful experience. Furthermore, the fund employs no screens, either positive or negative, and, whilst ESG factors are integrated into the research process, we do not believe that the manager takes account of such factors in any significant way when constructing the portfolio. However, all this does not undermine our positive view of the investment manager's ability to deliver for our clients financially.

Exclusions: none

Omnis Diversified Returns

Fulcrum Asset Management, who manage this fund, consider ESG factors in their investment process, both in terms of the risks and opportunities that such factors may present. Investors should be aware, however, that positions in this fund can be taken through direct exposure (shares and bonds) or indirect exposure (including derivatives and collective investment schemes). In the case of the latter, ESG considerations may be difficult to implement. The fund does apply some exclusions (detailed below).

Exclusions: tobacco, cluster munitions, other controversial weapons, any company involved in predatory lending (although not companies which own other companies involved in such activities).

Omnis European Equity Leaders

1 2 3

Jupiter Asset Management continues to develop and deepen its ESG process, which is integrated across the firm through their research process and overseen by the Stewardship Committee. ESG matters are addressed by exercising voting rights as a matter of course, and investment managers and analysts interact with investee companies on a regular basis, regarding ESG as a normal part of the dialogue. The aim is to understand the ESG risks and opportunities for every investment which they consider. The fund does not have an explicit ESG mandate, and only very basic exclusions are applied.

Exclusions: cluster munitions

Omnis European Equity Opportunities

1 2 3

The team at RWC acknowledge the importance of integrating ESG into their investment framework, believing that ESG can significantly affect the profitability and valuation of a company, and hence its share price. This is particularly true in the case of companies seeing significant industry disruption. They therefore look at these factors as a normal part of their due diligence, addressing ESG issues as part of their usual meetings with companies whenever they believe it is appropriate to do so. The fund does not have a specific ESG mandate, but applies exclusions regarding weapons as listed below.

Exclusions: cluster munitions, landmines, nuclear weapons, other controversial weapons

Omnis Global Bond

1 2 3

Schroder Investment Management has invested heavily in its responsible investing capability in recent years, expanding both the quantitative and qualitative resources available to its fund managers, and producing some industry-leading research. Engagement, both with companies and with governments and supranational bodies is considered a normal part of the firm's process. This fund has no explicit ESG mandate, but benefits from the aforementioned resources, with ESG integrated into the research process and used by investment managers as appropriate.

Exclusions: cluster munitions, landmines, biological and chemical weapons

Omnis Global Emerging Markets Equity Opportunities

1 2 3

Jupiter Asset Management continues to develop and deepen their ESG process, which is integrated across the firm through its research process and overseen by the Stewardship Committee. ESG matters are addressed by exercising voting rights as a matter of course, and investment managers discuss various ESG issues with company management as part of their regular dialogue when appropriate. The fund does not have an explicit ESG mandate, and only very basic exclusions are applied.

Exclusions: cluster munitions

Omnis Global Emerging Market Leaders

1 2 3

Fidelity International, who manage this fund, operates a firmwide ESG policy, overseen by various internal committees. The fund does not follow an ESG mandate, but the managers believe that ESG factors are key drivers of both returns and downside risk, and therefore that they cannot be disaggregated from other fundamental considerations and must be integral to the investment process. Basic exclusions are applied and ESG is integrated into the research process, which in turn informs the manager's investment decisions.

Exclusions: cluster munitions, landmines

Omnis Income & Growth

1 2 3

Jupiter Asset Management continues to develop and deepen its ESG process, which is integrated across the firm through its research process and overseen by the Stewardship Committee. Investment managers discuss various ESG issues with company management as part of their regular company meetings, and take ESG factors into account in their day-to-day investment decisions. The managers look at ESG primarily by analysing the interests of the three major stakeholder groups in any company: employees; customers (including society more broadly); and shareholders. In addition to this, climate change is an over-arching investment risk that they consider and one that is, importantly, getting increasing focus. The fund does not have an explicit ESG mandate, and only very basic exclusions are applied.

Exclusions: cluster munitions

Omnis Japanese Equity

1 2 3

Schroder Investment Management has invested heavily in its responsible investing capability in recent years, expanding both the quantitative and qualitative resources available to its fund managers, and producing some industry-leading research. Both voting and engagement are considered a normal part of the firm's process. This fund has no explicit ESG mandate but ESG is integrated into the research process, and Schroder's Sustainable Investment team, based in London, provide a number of resources used by the Japanese team to inform their understanding of ESG issues and trends.

Exclusions: cluster munitions, landmines, biological and chemical weapons

Omnis Multi Asset Income

1 2 3

The managers of this fund, Newton Investment Management, believe firmly that incorporating ESG factors into the research and decision-making process should help to both mitigate risk and enhance returns over the long term. They assert that environmental and social issues, as well as the way companies and countries are governed, affect all entities and should be taken into account when assessing any investment opportunity in order to get a complete picture. Newton is constantly looking to improve its already substantial resources in this area, and ESG factors are now integral throughout the research process. The fund itself does not have an ESG mandate, but utilises the aforementioned research capabilities as a core part of its process.

Exclusions: cluster munitions, nuclear weapons

NEWTON
Investment Management

Omnis Short Dated Bond

1 2 3

AXA IM, who manage the fund, has a long history of active ownership and engagement with the companies in which they invest, and all fund managers are expected to adhere to a high standard of ESG due diligence. ESG considerations form an integral part of the investment decision-making process and are used to identify and address risks. This said, the fund does not have a specific ESG mandate, and therefore ESG risks and opportunities may not be the primary reason for buying or selling any given bond. An example of AXA's proactiveness in the ESG space can be seen in the relatively large number of firm-wide exclusions which they apply as listed below.

Exclusions: fossil fuels, coal and tar sands, cluster munitions, landmines and other controversial weapons. In addition to these exclusions, AXA IM strives not to enter into speculative transactions that may contribute to price inflation in basic agricultural or marine commodities.

AXA Investment Managers

Omnis Sterling Corporate Bond

1 2 3

Columbia Threadneedle, who manage this fund, has made it a priority in recent years to deepen their ESG research and engagement activities, believing that incorporating the consideration of ESG criteria enables analysts and portfolio managers to make better informed investment decisions. Whilst the fund does not have a specific ESG mandate, ESG integration is now a normal part of the investment process at Columbia Threadneedle, and one which all managers must adhere to. The managers believe that integrating analysis of ESG risks into the investment process for corporate bonds enables a richer understanding of the dynamics, opportunities and risks inherent in an issuer's businesses, and it is therefore a fundamental part of the research carried out on any bond. Basic exclusions are also applied to the fund (see below).

Exclusions: cluster munitions, landmines, other controversial weapons (anti-personnel mines, bio/chemical weapons, depleted uranium ammunition)

COLUMBIA THREADNEEDLE
INVESTMENTS

Omnis Strategic Bond

1 2 3

The managers of this fund, Fidelity International, believe that sustainable investment makes good business sense and helps to protect and enhance investment returns. Consequently, its investment process takes Environmental, Social and Governance (ESG) factors into account as the fund managers believe that these can have a material impact on investment performance. This is particularly true for fixed income, where returns are asymmetric (i.e. prices can fall more than they can rise), and ESG factors present a key source of potential risk. The fund does not follow an ESG mandate, although basic exclusions are applied and ESG is integrated into the research process across both government and corporate bonds. ESG criteria will never be the sole reason that a bond is included or excluded from the portfolio, but rather ESG analysis helps the managers to build a more complete picture of the entities in which they invest.

Exclusions: cluster munitions, landmines

Fidelity INTERNATIONAL

Omnis UK All Companies

1 2 3

Franklin Templeton, who manage this fund, integrates ESG factors into their research process and discuss these factors regularly with the companies in which they invest. It believes that good long-term investments require well-run businesses, led by strong management teams that make sensible decisions with consideration for all stakeholders. Looking at ESG factors is thus fundamental to what they do. The fund does not explicitly consider ESG as part of its mandate, but applies basic exclusions and the managers will take ESG factors into account wherever they believe they will impact investment performance.

Exclusions: cluster munitions, landmines, biological and chemical weapons

FRANKLIN TEMPLETON

Omnis UK Equity Income

1 2 3

Royal London Asset Management (RLAM) has an impressive heritage of managing sustainability funds. Although this fund does not form part of its sustainability range, it can take advantage of the knowledge and expertise which RLAM has built up in this area. Governance factors are fully integrated into the research process, and the manager will also take account of environmental and social issues where he believes them to be relevant to the investment case. The manager is particularly focused on governance factors, as they believe that good governance significantly reduces the risk of poor results for investors.

Exclusions: none

ROYAL LONDON ASSET MANAGEMENT

Omnis UK Smaller Companies

1 2 3

Franklin Templeton, who manage this fund, integrate ESG factors into their research process and discuss these factors regularly with the companies in which they invest. They believe that good long-term investments require well-run businesses, led by strong management teams that make sensible decisions with consideration for all stakeholders. Looking at ESG factors is thus fundamental to what it does. The fund is not managed to any specific ESG criteria, but the managers will take ESG factors into account as part of their normal investment process.

Exclusions: cluster munitions, landmines, biological and chemical weapons

FRANKLIN TEMPLETON

Omnis US Equity Leaders

1 2 3

T.Rowe Price integrates ESG factors into its research process in order to enhance investment decisions, and all new analysts are trained in responsible investing and corporate governance as part of their orientation process. Analysts engage with companies both through voting on ESG issues and through the course of their regular company meetings, and ESG factors form a normal part of its research process.
Its philosophy is that ESG factors are a component of the investment decision; they are not the sole driver of an investment decision, nor are they considered separately from more traditional analysis. While the majority of the portfolio is invested in companies with strong ESG track records, companies with past issues related to environmental, social, or governance areas are not automatically eliminated from the investment universe. The managers have, on occasion, made select investments in these types of companies when they felt the company had appropriately addressed past shortcomings.

Exclusions: cluster munitions, landmines, biological and chemical weapons

T.RowePrice

Omnis US Smaller Companies

1 2 3

T.Rowe Price integrates ESG factors into its research process, and all new analysts are trained in responsible investing and corporate governance as part of their orientation process. Analysts engage with companies both through voting on ESG issues and through the course of its regular company meetings, and ESG factors form a normal part of its research process. This fund does not have an ESG mandate and the managers will only take account of ESG factors insofar as they believe them to impact the valuations of the securities in which the fund is investing.

Why did this fund get a '3' score? T.Rowe Price as a company scores quite low as it has a very limited proportion of its assets invested in specific ESG investment mandates; large firms are often proactive in talking about ESG, but having a limited proportion of client assets invested in this way leads to a lack of meaningful experience. In this instance, although ESG factors are integrated into the research process, we do not believe that the manager uses them in a significant way. Smaller companies often score slightly worse than larger companies in areas like governance, which has contributed to a lower score here. However, all this does not undermine our positive view of the investment manager's ability to deliver for our clients financially.

Exclusions: landmines, other controversial weapons

T.RowePrice

OTHER

Omnis UK Gilt

Columbia Threadneedle, who manage this fund, have made it a priority in recent years to deepen its ESG research and engagement activities, believing that incorporating the consideration of ESG criteria enables analysts and portfolio managers to make better informed investment decisions. Given the investment universe of this fund (UK government bonds), there is a limit to the extent that ESG factors can be integrated into the management of the fund. The UK government is generally considered to have good governance and, compared to many other western governments, a relatively progressive environmental policy. Investors should be aware that the proceeds raised from the sale of UK government bonds can be used for a variety of purposes, including defence spending.

Exclusions: cluster munitions, landmines, other controversial weapons (anti-personnel mines, bio/chemical weapons, depleted uranium ammunition)

COLUMBIA THREADNEEDLE INVESTMENTS

Omnis Managed Cautious

Columbia Threadneedle, who manage this fund, have made it a priority in recent years to deepen its ESG research and engagement activities, believing that incorporating the consideration of ESG criteria enables analysts and portfolio managers to make better informed investment decisions. Investments in this fund are made largely through other funds managed by Columbia Threadneedle, and all funds in which the manager invests will therefore benefit from the robust ESG analysis in place at Columbia Threadneedle. This fund does not have a specific ESG mandate, and only basic exclusions, relating to weapons, are applied.

Exclusions: cluster munitions, landmines, other controversial weapons (anti-personnel mines, bio/chemical weapons, depleted uranium ammunition)

COLUMBIA THREADNEEDLE INVESTMENTS

Omnis Managed Balanced

Columbia Threadneedle, who manage this fund, have made it a priority in recent years to deepen its ESG research and engagement activities, believing that incorporating the consideration of ESG criteria enables analysts and portfolio managers to make better informed investment decisions. Investments in this fund are made largely through other funds managed by Columbia Threadneedle, and all funds in which the manager invests will therefore benefit from the robust ESG analysis in place at Columbia Threadneedle. This fund does not have a specific ESG mandate, and only basic exclusions, relating to weapons, are applied.

Exclusions: cluster munitions, landmines, other controversial weapons (anti-personnel mines, bio/chemical weapons, depleted uranium ammunition)

COLUMBIA THREADNEEDLE INVESTMENTS

Omnis Managed Adventurous

Columbia Threadneedle, who manage this fund, have made it a priority in recent years to deepen its ESG research and engagement activities, believing that incorporating the consideration of ESG criteria enables analysts and portfolio managers to make better informed investment decisions. Investments in this fund are made largely through other funds managed by Columbia Threadneedle, and all funds in which the manager invests will therefore benefit from the robust ESG analysis in place at Columbia Threadneedle. This fund does not have a specific ESG mandate, and only basic exclusions, relating to weapons, are applied.

Exclusions: cluster munitions, landmines, other controversial weapons (anti-personnel mines, bio/chemical weapons, depleted uranium ammunition)

Omnis Multi Manager Cautious

Octopus Investments operate a firmwide policy for ESG integration, albeit one which was fairly recently implemented. Nonetheless, adherence with the policy is monitored on a regular basis. The managers of the fund invest through collective investment schemes and discuss ESG factors as part of their regular dialogue with the managers of the vehicles in which they invest. This fund does not have an ESG mandate, however, and no exclusions are applied.

Exclusions: none

Omnis Multi Manager Balanced

Octopus Investments operate a firmwide policy for ESG integration, albeit one which was fairly recently implemented. Nonetheless, adherence with the policy is monitored on a regular basis. The managers of the fund invest through collective investment schemes and discuss ESG factors as part of their regular dialogue with the managers of the vehicles in which they invest. This fund does not have an ESG mandate, however, and no exclusions are applied.

Exclusions: none

Omnis Multi Manager Adventurous

Octopus Investments operate a firmwide policy for ESG integration, albeit one which was fairly recently implemented. Nonetheless, adherence with the policy is monitored on a regular basis. The managers of the fund invest through collective investment schemes and discuss ESG factors as part of their regular dialogue with the managers of the vehicles in which they invest. This fund does not have an ESG mandate, however, and no exclusions are applied.

Exclusions: none

octopus investments

Omnis Multi Manager Distribution

Octopus Investments operate a firmwide policy for ESG integration, albeit one which was fairly recently implemented. Nonetheless, adherence with the policy is monitored on a regular basis. The managers of the fund invest through collective investment schemes and discuss ESG factors as part of their regular dialogue with the managers of the vehicles in which they invest. This fund does not have an ESG mandate, however, and no exclusions are applied.

Exclusions: none

octopus investments

Quotes

"Understanding how demand patterns will change as consumers alter their behaviour, driven by their own ESG considerations, is key to understanding future profits, alongside how a company's cost base evolves to meet these demands."

Managers of the Omnis European Equity Leaders fund

"Security analysis without an ESG lens would mean an incomplete understanding of the factors that may influence financial outcomes. ESG is not a label; it's finance 101."

Managers of the Omnis Multi Asset Income fund

"Studies that we (and others) have conducted show that companies with poor environmental, social and governance behaviours are more likely to underperform their peers. Moreover, companies with improving ESG behaviours can be excellent investment opportunities because as these improve, uncertainty declines and therefore so does risk, which leads to spread tightening over time. As a result of these conclusions, the team feel compelled to analyse and price ESG risks in addition to traditional operating and financial risks when making investment decisions for credit."

Managers of the Omnis Absolute Return Bond fund

"In many ways the integration of ESG analysis into our investment processes represents the formalisation of selection criteria we have employed for many years. Good long-term investments require well-run businesses, led by strong management teams that make sensible decisions with consideration for all stakeholders."

Managers of the Omnis UK All Companies and Omnis UK Smaller Companies funds

Omnis Fund Examples

Omnis Global Emerging Market Leaders

After conducting thorough research on a Russian nickel and palladium mining and smelting company's corporate responsibility standards, our research team was highly conscious of its negative environmental footprint and concluded that these environmental concerns could affect the company's prospects. The company had not really engaged with ESG credibly, having limited policies and disclosures in place, and it remains one of the most polluting companies globally.

We continue to avoid the company, despite strong results and a supportive price environment for PGM, nickel and copper, choosing to forgo immediate investment returns to preserve sustainable integrity and avoid future potential downside.

Omnis Strategic Bond

An example of our approach in action is a holding we have in a UK financial services firm. Fidelity's fixed income and equity analysts have conducted an ongoing engagement plan with the firm and met with the incoming Chairman several times.

Engagement was initiated to discuss a climate change-related shareholder resolution, as well as the bank's general approach to responsible banking and alignment with the Paris Agreement. The chairman acknowledged that the bank had been a laggard with regard to ESG integration. The company is now taking action, however, having hired a new sustainability head and working on a revised ESG framework. It had already released statements announcing it would end all new thermal coal financing and would implement enhanced checks on arctic oil and gas exploration or extraction.

We believe the firm has made some dramatic progress on ESG issues over the last few years and the Board and management are placing a strong focus on this topic. This makes the firm an attractive investment opportunity, when coupled with the likely benefits from business model diversification during the COVID-19 crisis.

Omnis European Equity Leaders

We started selling our position in an aerospace supplier in January 2020 (before Coivd-19 fully emerged), in part as we had become more negative on the outlook for air travel. Consumers were becoming more conscious about the carbon emissions stemming from air travel.

The Swedish concept of 'flygskam', which translates to 'flight shaming' illustrates this and the country saw a 4% decline in air travel in 2019.

Although this company's new engine design improves fuel efficiency of the latest aircraft dramatically, we believe this would not be enough to placate consumers and hence the longer term demand outlook for their products would be impaired, affecting the company's future profits.

Omnis Diversified Returns

A core theme in the fund is climate change. Of particular concern to us is how the effects of climate change might affect our holdings, and the opportunities coming out of the transition to low-carbon energy.

In the Fund's equity allocation several themes are based on the transition to low-carbon energy such as clean energy and power grid positions.

Omnis Absolute Return Bond

We recently evaluated an investment into a Californian gas & electricity utility company (one of the largest Utilities in the US) when it tapped the capital markets as part of its exit plan from a bankruptcy provoked by the massive liabilities related to the 2017/2018 California wildfires. We decided against participating into the new issue deals based on our assessment of the company's physical climate risk exposure.

While we view the company as a leader in the US in tackling and reducing its greenhouse gas emissions, we remain worried about its exposure to physical climate risk. Although as part of its bankruptcy exit plan, the company demonstrated a clear plan to mitigate wildfire risk going forward (via grid investments, corporate governance changes, etc.), years of operating under a poor governance framework accentuated the physical climate risk and we gauged the near-term risk as too elevated.

Omnis UK Equity Income

Our long standing investment in a company who sells devices that enable industrial companies to trap steam, recycle it and thus increase energy efficiency and reduce water usage, is supported by our belief that the demand is only likely to increase for their products longer term as their customers focus more on environmental issues and ways they can save money, which will result in faster growing cashflows than would otherwise have been the case.

Omnis Asia Pacific Equity

An example of an investment driven by ESG considerations is a hospital operator we own which benefits from the epidemic trend in myopia or short sightedness. Myopia is directly linked to age related diseases like glaucoma, which are prevalent in Asia.

The company has focussed on gradually rolling out hospitals into more rural areas with a philosophy that everyone should benefit from better vision. These more rural locations are not profit making to start, but over time become profitable. The management has been very focussed on the long term. The company pays their doctors well, with little turnover.

They have also invested in teaching facilities to ensure the upply of good quality eye doctors. We believe this is a good example of a company with sound governance that leads to social benefits.

Omnis Short Dated Bond

Despite the largest tobacco companies exhibiting solid balance sheets and attractive valuations, we decided not to invest in the tobacco sector due to increasing ESG concerns.

These are linked to i) health related issues as highlighted by ongoing tougher regulation (e.g. a potential FDA (Food and Drug Administration) ban on menthol cigarettes and even flavoured e-cigarettes) ii) litigation uncertainties (e.g. a class-action lawsuit in Quebec) and iii) recurring child labour controversies.

Over the medium term, tobacco companies will have to look for new growth drivers (e-cigarettes, heat-not-burn, cannabis) in order to offset the structural decline in tobacco volume but this will lead to heightened uncertainties in terms of business strategy and fundamentals during this necessary transition.

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INVESTMENTS