



TCFD PORTFOLIO SUMMARY REPORT

PORTFOLIO: VT MUNRO UK EQUITY INCOME FUND
AS AT: 31 DECEMBER 2025



TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES

AN INTRODUCTION TO TCFD

INTRODUCTION

Valu-Trac Investment Management Limited (Valu-Trac) presents this Product Level TCFD report as at 31 December 2025. The purpose of the report is to help you better understand this fund's climate impact. It enables you to compare a range of climate-related metrics with those of other funds.

This document fulfils the regulatory requirement under chapters 2.1 and 2.3 of the FCA's Environmental, Social and Governance ('ESG') sourcebook, which details the requirement for firms to prepare and publish a 'TCFD product report' containing climate-related disclosures consistent with the Task Force on Climate-Related Financial Disclosures ('TCFD') Recommendations and Recommended Disclosures.

Valu-Trac outsources portfolio management to third party investment managers for 98% of current AUM. Third-party investment managers are responsible for managing the assets and liabilities within a fund portfolio in accordance with each scheme's prospectus, which is the document constituting each scheme and describes to all stakeholders a scheme's objective, investment policies and permitted strategies in addition to applicable regulations.

The strategies and ESG metrics and targets (where applicable) of these schemes are at the discretion of the investment manager and not aligned with the strategy and purpose of Valu-Trac. Valu-Trac's own TCFD Entity Report can be found on our website.

THE REPORT

Valu-Trac uses a third-party supplier information system, Revolution, to provide the relevant statistical information used in the Product reports. The bulk of the underlying data used is supplied by S&P Trucost. The report uses globally accepted carbon metrics to show the potential impact of the fund on climate change.

Using a fund's assets and relevant weighting within the fund, at a set date, the system collects the underlying asset data and produces a report for the fund. There could, therefore, be data gaps should an underlying asset not have reported their own climate or financial data. It is expected that as the reporting of climate data becomes more widely embedded across industries and companies that these data gaps will reduce, but we do believe that the current data available is sufficient to be relied on.

The following pages show the detail required in the regulations.

A glossary of the technical terms is given on the page to which they relate.

AN INTRODUCTION TO TCFD

WHERE TO START?

Whilst the impacts of risks relating to market performance, global macroeconomics, geopolitics, asset volatility and many other metrics, on investment funds, are clearly documented – the risks relating to climate change are not.

The following pages provide globally recommended metrics that provide insight into this nascent risk factor – in relation to carbon emissions

Key Terms used in this report;

Greenhouse Gases (GHG)	These are various atmospheric gases that absorb and emit infrared radiation and contribute to warming the planet.
Carbon Dioxide Equivalent (CO ₂ e)	This is a metric used to standardise the warming potential of the various GHGs and express their impact in terms of the amount of CO ₂ that would create the same amount of warming
Scope 1 emissions	this refers to all direct GHG emissions generated by a company or entity
Scope 2 emissions	this refers to all indirect GHG emissions from consumption of purchased electricity, heat or steam
Scope 3 emissions	this refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 could include emissions related to the extraction and production of purchased raw materials, emissions derived from the company's logistics chain or generated from the use of a product or service sold by the firm, as examples. Scope 3 emissions are often outside the direct control of the company; however supply chain purchase decisions or product design considerations may impact on these emissions.

Every effort has been made to explain more technical terms within the following pages. We have attempted to cater to both users of the report seeking simple metrics, and those after more technically detailed insight.

The next page provides the most important metrics, and of those owned emissions and weighted average carbon intensity are the most pertinent. Following from that more technical reporting is provided for interested parties.

In the interests of report length, more complex metrics such as Scenario Analysis and Climate Value at Risk, while presented, have not been further contextualised. As these reports evolve with each edition, we will endeavour to address this.



Fund Summary Carbon Metrics

Item	Data type	
General characteristics		
	Reporting Period	31/12/2025
	Name of the Fund	VT Munro UK Equity Income Fund
	Issuer Coverage % of Market Value	97.13
Coverage of the Fund		
	Number of Instruments Covered	200
	Number of Instruments Not Covered	15
Main indicators of the Fund		
	Absolute Scope 1 GHG emissions (tCO2e)	8,814,122
	Absolute Scope 2 GHG emissions (tCO2e)	1,540,837
	Absolute Scope 3 GHG emissions (tCO2e)	131,914,625
	Total Absolute GHG emissions (tCO2e)	142,269,584
	Owned Emissions	What is this?
	$\sum_{(sum\ of)} \left(\frac{\text{current value of investment}}{\text{issuer's market capitalisation}} * \text{issuer's Scope (1,2 or 3 as appropriate) GHG emissions} \right)$	These are the GHG emissions associated with the portfolio expressed in tons of CO2e calculated by considering underlying company's emissions proportional to the investor's ownership stake in that that company. Simply put this can be considered the volume of GHGs an investor could be considered responsible for based on their investments. This metric can be used to track changes in GHG emissions in a fund.
	Scope 1 GHG emissions (tCO2e)	13,525
	Scope 2 GHG emissions (tCO2e)	3,012
	Scope 3 GHG emissions (tCO2e)	245,606
	Weighted Average Carbon Intensity (tCO2e per USD million revenue)	What is this?
	$\sum_{(sum\ of)} \left(\frac{\text{current value of investment}}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}}{\text{issuer's \$M revenue}} \right)$	This is the fund's exposure to carbon-intensive industries as measured by tons of GHG emissions per \$m of revenue. Rather than summing the emissions per unit of revenue by the ownership percentage of an investment, emissions per unit of revenue are added together based on the percentage that each asset makes up of the fund. This gives an indication of the fund's overall carbon efficiency, with a lower WACI indicating less GHG emissions per unit of revenue. This metric allows for the best comparison between portfolios. The downside is that it is sensitive to outliers and will favour fund's holding companies that have pricing power (leading to higher profit margins) such as technology firms.
	Weighted Average Carbon Intensity (WACI) (tCO2e/\$m)	104



Fund Summary Carbon Metrics

Item	Data type
Footprint and Intensity	Carbon footprint (tCO2e per USD million invested) $\sum_{(sum\ of)} \left(\frac{\text{current value of investment}}{\text{issuer's market capitalisation}} * \text{issuer's Scope (1,2 or 3 as appropriate) GHG emissions} \right)$ current portfolio value (\$M)
	What is this?
	This is the total carbon emissions for a fund divided by (normalised by) the market value of the fund to give the GHG emissions per \$ invested. This metric is fairly intuitive and can be used to compare portfolios to one another or to a chosen benchmark comparator. Potential downsides are this metric does not consider the carbon efficiency of investments and changes in the market capitalisation of underlying investments can be misinterpreted.
	Carbon Footprint Scope 1 (tCO2e/\$M)
	Carbon Footprint Scope 2 (tCO2e/\$M)
	Carbon Footprint Scope 3 (tCO2e/\$M)
	Carbon intensity (tCO2e per USD million revenue)
	What is this?
	This is a measure of the carbon efficiency of a fund. Owned Emissions are scaled by the owned revenues of the underlying investments with this figure expressed in tons CO2e per \$m of revenue. This metric can be used to compare portfolios to one another or to a chosen benchmark and importantly takes into account the carbon efficiency of the underlying investments i.e. how much GHG is emitted per unit of revenue generated.
	$\sum_{(sum\ of)} \left(\frac{\text{current value of investment}}{\text{current portfolio value}} * \frac{\text{issuer's Scope (1, 2 or 3 as appropriate) GHG emissions}}{\text{issuer's \$M revenue}} \right)$
Implied Temperature Rise	Carbon Intensity Scope 1 (tCO2e/\$M)
	Carbon Intensity Scope 2 (tCO2e/\$M)
	Carbon Intensity Scope 3 (tCO2e/\$M)
	Net Temperature Overall
	Alignment Gap Well Below 2°C (tCO2e)
	Alignment Gap 2°C (tCO2e)
	Alignment Gap 3°C (tCO2e)
	What is this?
	An implied temperature rise indicates the expected increase in global temperature (in degrees Celsius) by 2100 that would occur if the projected GHG emissions associated with this fund were representative of the whole economy. The three alignment gaps (the excess amount of GHG emissions produced by the fund over the amount needed to limit temperature rise to the indicated level) are shown which correspond to globally recognised scenarios. Whilst the implied temperature rise provide an easily translatable measurement of a fund's alignment to global warming potential it must be noted that there are various approaches used and as such figures may not be comparable across providers.



Portfolio Assessment Summary Report (TCFD aligned)

powered by S&P Trucost and Confluence ECPI

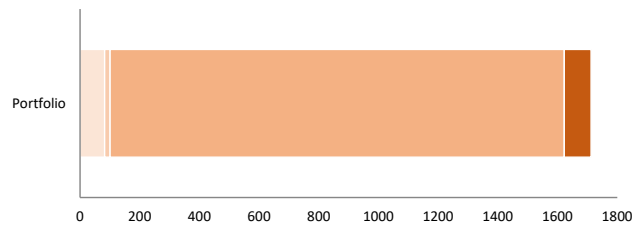
Portfolio: VT Munro UK Equity Income Fund

As of: 31/12/2025
Market Value: 143,901,292

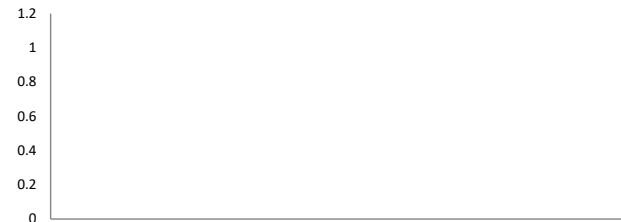
CARBON PERFORMANCE

The analysis of Carbon Footprint (tCO₂e/\$M Revenue) allows investors to quantify the GHG emissions apportioned to their portfolio and/or benchmark, presented as the amount of tCO₂e apportioned to the investor. The lower, the better. Additionally, Carbon Intensity (tCO₂e/\$M) allows comparison between different companies or portfolios, irrespective of size and geography.

Carbon Footprint (tCO ₂ e/\$M)	Portfolio
Scope 1	82.07
Scope 2	18.28
Scope 3 Downstream	1,522.13
Scope 3 Upstream	89.61



Carbon Intensity (tCO ₂ e/\$M Revenue)	Portfolio
Direct	84.44
First Tier Indirect	66.31
WACI	104.17



Market Value Covered in %	S&P Trucost
ECPI 96.88%	97.13%
Reported Vs. Estimated	81.38%

Top 10 Securities by Intensity	Total Intensity (tCO ₂ e/\$M)
Rio Tinto Limited	575.93
Shell plc	281.23
BP P.L.C.	184.65
Unilever PLC	27.60
GSK plc	21.79
British American Tobacco P.L.C.	14.36
Astrazeneca Plc	7.95
HSBC Holdings PLC	6.44
Lloyds Banking Group PLC	3.18
Natwest Group Plc	3.07

Top 10 by Carbon Footprint	% Weight	Carbon Footprint Total (tCO ₂ e/\$M)	Carbon Footprint Scope 1 (tCO ₂ e/\$M)	Carbon Footprint Scope 2 (tCO ₂ e/\$M)	Carbon Footprint Scope 3 Downstream (tCO ₂ e/\$M)	Carbon Footprint Scope 3 Upstream (tCO ₂ e/\$M)	Absolute: GHG Direct (tCO ₂ e)	Absolute: GHG First Tier Indirect (tCO ₂ e)	Intensity: GHG Direct (tCO ₂ e/\$M Revenue)	Intensity: GHG First Tier Indirect (tCO ₂ e/\$M Revenue)
Shell plc	6.60%	468.13	426.07	42.06	4,026.10	214.56	81,067,845	23,081,553	256.04	72.90
Rio Tinto Limited	5.38%	340.61	255.06	85.56	5,084.94	113.48	23,335,000	12,945,304	431.80	239.55
British American Tobacco P.L.C.	5.29%	4.67	1.81	2.85	7.36	44.48	188,685	3,287,879	5.59	97.33
Astrazeneca Plc	4.03%	1.87	0.93	0.94	4.80	12.25	214,699	859,088	4.69	18.75
Unilever PLC	3.93%	12.24	4.22	8.02	323.45	82.23	1,037,680	6,427,622	16.10	99.71
BP P.L.C.	3.91%	329.02	306.20	22.82	2,549.70	476.23	34,181,733	39,271,330	182.41	209.58
GSK plc	2.94%	11.47	8.11	3.35	63.10	27.14	597,118	773,322	15.83	20.50

Definition of metrics

Absolute GHG (tCO₂e)

Greenhouse Gas (GHG) emissions refer to gases with direct effects on climate change (carbon dioxide the most known, typically expressed in tons), generated from burning fossil fuels and production processes which are owned or controlled by the company.

Intensity GHG

This is expressed in metric tonnes of CO₂e per million \$ revenue and measures the amount of carbon dioxide released into the atmosphere as result of the activities of particular individuals, organizations or communities, as proportion of their revenue.

Carbon Footprint

It reflects how much GHG is created per million invested as it takes the total GHG emissions divided by the fund's asset under management.

Data Coverage

Any data gap is likely to be as a result of climate or financial data not being reported for the underlying asset types by the given issuer. Lower data coverage results in reduced reliability for the proposed climate metrics.

Scope 1 Emissions

These are direct GHG emissions that occur from sources that are controlled or owned by an organization (e.g. emissions associated with fuel combustion in boilers, furnaces, vehicles).

Scope 2 Emissions

Are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling. Despite physically occurring at the facility where generated, they are accounted for in a firm's GHG inventory because they result from the firm's energy use.

Scope 3 Emissions

These encompass emissions not produced by the company itself and not the result of activities from assets owned/controlled, but those indirectly responsible for up/down the value chain (e.g. when buying, using or disposing of products from suppliers).

Scope 3 Emissions - Upstream

These are from the production of firm's products or services (e.g. purchased goods or services, fuel and energy related activities, transportation and distribution).

Scope 3 Emissions - Downstream

These relate to the use and disposal (e.g. processing or use of sold products, end-of-life treatment of products, operation of franchises or investments, including project finance) of a firm's products.



Portfolio Assessment Summary Report (TCFD aligned)

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Portfolio: VT Munro UK Equity Income Fund

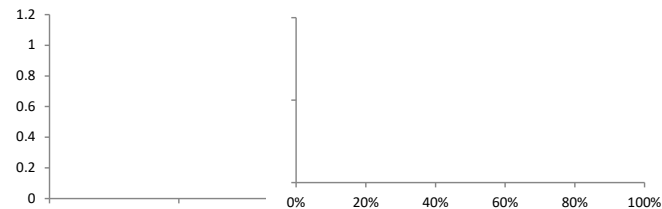
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FOSSIL FUELS & STRANDED ASSETS

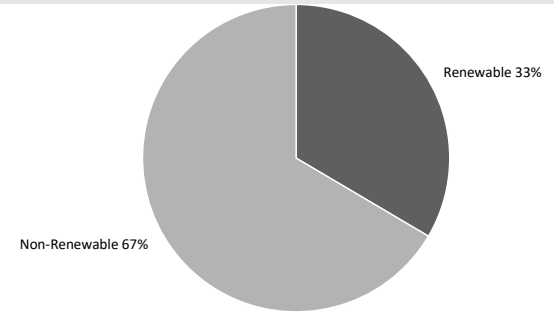
Future emissions from fossil fuel reserves tend to exceed the allowed carbon budget supposed to limit global warming to 2°C above pre-industrial levels. Below the exposure to carbon-related assets as well as holdings in companies that have disclosed proven and probable fossil fuel reserves.

Exposure to Fossil Fuels	Portfolio
% from Fossil Fuels	0.19%

Exposure to Coal Activities (powered by ECPI)	Portfolio
% from Metallurgical	N/A
% from Mining	N/A
% from Thermal	N/A



Power Generation in GWh	Portfolio	
Renewable	8,274.95	33.48%
Biomass	1,282.49	5.19%
Geothermal	N/A	N/A
Hydroelectric	1,742.83	7.05%
Solar	1,346.99	5.45%
Wave and Tidal	N/A	N/A
Wind	3,902.63	15.79%
Non-Renewable	16,441.94	66.52%
Coal	1,714.45	6.94%
Landfill Gas	N/A	N/A
Liquid Natural Gas	N/A	N/A
Liquid Petroleum Gas	N/A	N/A
Natural Gas	6,488.48	26.25%
Nuclear	7,500.00	30.34%
Petroleum Oil	509.76	2.06%
Undefined Sources	229.24	0.93%



Top 5 by Coal Consumption	% Weight	Energy Consumption from Coal (GWh)	Fossil Fuel Exposure	Coal Gasification Exposure	Coal Liquefaction Exposure	Energy Cons Non-Renewable (GWh)	Energy Cons Renewable (GWh)	Energy Prod Non-Renewable (GWh)	Energy Prod Renewable (GWh)
Rio Tinto Limited	5.38%	36,404	✓	✓	✓	75,521	43,900	-	-
British American Tobacco P.L.C.	5.29%	39	✓	✓	✓	1,650	310	-	-
Unilever PLC	3.93%	133	✓	✓	✓	2,911	3,056	-	-
GSK plc	2.94%	64	✓	✓	✓	2,153	313	-	-

Top 5 by Coal Mining Revenue	% Weight	% Coal Mining Revenue/ Total Revenue	Fossil Fuel Exposure	Coal Gasification Exposure	Coal Liquefaction Exposure	Metallurgical Coal Mining Revenue (\$M)	Coal Mining Revenue (\$M)	Thermal Coal Mining Revenue (\$M)	Undefined Coal Mining Revenue (\$M)

Definition of metrics

Power Generation

This reflects the share of renewable (solar, wind etc) vs non-renewable (coal, nuclear, petroleum etc) powered electricity generation compared to the total amount generated by the issuer and/or the assets invested in the portfolio.

Energy Consumption

This reflects the total amount of energy (e.g. electricity and heat) required for a given process and is measured typically in Gigawatt hour (GWh).

Fossil Fuel Exposure

These are assets involved in processes related to non-renewable energy sources (e.g. coal, natural gas etc) and non-renewable wastes. Fossil fuels can originate from plants, animals or industrial processes from other fuels (e.g. oil refinery).

Undefined Sources

Other or Undefined typically refers to power generation or consumption with unclear roots and/or belonging to other sectors with none specified techniques for extraction or production.

Coal Gasification Exposure

This refers to assets involved in processes in which coal is partially oxidised with air, oxygen, steam or carbon dioxide to form a fuel gas.

Coal Liquefaction Exposure

This refers to assets involved in processes aimed at converting coal into liquid hydrocarbons: liquid fuels and petrochemicals.



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GREEN TAXONOMY DISCLOSURES

Sustainable product classification and labelling system includes differentiation between products not promoted as sustainable and products promoted as responsible, which may have some sustainable investments. The sustainable products may be split

- Aligned => products with sustainable characteristics, themes or objectives; high allocation to Taxonomy-aligned sustainable activities
- Transitioning => products with sustainable characteristics, themes or objectives; low allocation to Taxonomy-aligned sustainable activities

	% Total Not Eligible	% Total Eligible	% Enabling	% Transitional						
Portfolio	75.50%	13.52%	5.01%	8.51%						
			% Construction and Real Estate Activities	% Electricity, Gas, Steam and A/C Supply	% Forestry	% ICT	% Manufacturing	% Transportation and Storage	% Water, Sewerage, Waste and Remediation	% Multiple Sources
Portfolio	0.00%		3.76%	3.92%	0.00%	2.60%	1.64%	0.52%	0.08%	0.99%
Top 5 by Weight	% Weight									
HSBC Holdings PLC	9.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Shell plc	6.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rio Tinto Limited	5.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.23%	0.00%	0.00%	0.00%
British American Tobacco P.L.C.	5.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Astrazeneca Plc	4.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Definition of metrics

Eligible Vs. Non-Eligible

Total percentage of revenues mapped (or not mapped, respectively) to EU taxonomy aligned activities.

Enabling Vs. Transitional

Enabling activities indirectly mitigate the effects of climate change and improve the emissions intensity of other activities. Transitional activities directly mitigate or contribute to climate change mitigation.



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TOWARDS NET-ZERO

The international Paris Agreement on climate change mentions 3 long-term goals: the first two focus on climate mitigation and adaptation, while the third is "to make all financial flows consistent with a pathway towards low-emissions, climate-resilient development.". This recognizes the key role that financial institutions play in realizing the Paris Climate Agreement - including the need to achieve net-zero emissions by mid-century and reduce emissions 50% by 2030. An Implied Net Temperature can be also derived as the weighted average net temperature increase across different methodologies.

	2°C Aligned Intensity Adjusted Profit (tCO2e/\$M)	Alignment Gap Well Below 2°C (tCO2e)	Alignment Gap 2°C (tCO2e)	Alignment Gap 3°C (tCO2e)	Alignment Gap 4°C (tCO2e)	Alignment Gap 5°C (tCO2e)	Net Temperature (Overall)	Net Temperature (GEVA)	Net Temperature (SDA)
Portfolio	660.62	-14,939,245	-31,263,037	-75,272,324	-89,209,159	-98,635,163	1.5-2°C	1.5-2°C	2-2.7°C

	% Weight	Alignment Gap Well Below 2°C (tCO2e)	Alignment Gap 2°C (tCO2e)	Alignment Gap 3°C (tCO2e)	Alignment Gap 4°C (tCO2e)	Alignment Gap 5°C (tCO2e)	Type	Methodology	Source of Forward Looking Data
Top 5 by Weight									
HSBC Holdings PLC	9.55%	-1,704,329	-2,206,231	-3,762,364	-4,295,256	-4,675,303	<1.5°C	GEVA Modelled	Company target
Shell plc	6.60%	396,518,673	300,312,780	16,847,299	-81,953,180	-126,213,089	3-4°C	GEVA	Company target
Rio Tinto Limited	5.38%	-285,415,994	-325,281,953	-452,494,240	-493,527,835	-528,756,529	<1.5°C	GEVA	Company target
British American Tobacco P.L.C.	5.29%	-515,297	-1,359,967	-4,012,345	-4,898,367	-5,578,842	<1.5°C	GEVA	Company target
Astrazeneca Plc	4.03%	-5,118,845	-6,032,943	-8,851,342	-9,823,178	-10,485,471	<1.5°C	GEVA	Company target

Definition of metrics

Type

It summarizes the scenario alignment of a company based on assessing a variety of available scenario markers using either the SDA or GEVA models. Possible values include <2°C, 2-3°C, 3-4°C, 4-5°C, and >5°C.

Alignment Gap

It indicates the difference between a company's projected emissions pathway and the required pathway to reach n°C alignment, measured in tCO2e. Negative values indicate a company's transition pathway aligned to outcome.

Methodology and Source of Forward Looking Data

They dictate whether the GHG Emissions per unit of Value Add approach (GEVA) or Sectoral Decarbonization Approach (SDA) has been used to assess scenario alignment, and the source of forward looking data used in the assessment.

- GEVA => the greenhouse Gas Emissions per unit of Value Added equates a carbon budget to total GDP and a company's share of emissions is determined by its gross profit

- SDA => the Sectoral Decarbonization Approach translates greenhouse gas emissions targets into benchmarks against which the performance of individual companies can be compared.



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SCENARIO ANALYSIS

The assessment of physical risks is key as they also (or mostly) result from climate change. Companies are scored 1-100 for each of the key hazard risk types (coldwave, heatwave, hurricane, floods, wildfire, water stress etc). The assessment is made available across different climate change scenarios (low, medium, high) and future reference years (2030, 2050).

Low				Medium				High			
Sensitivity	2020	2030	2050	Sensitivity	2020	2030	2050	Sensitivity	2020	2030	2050
Composite	29.32	29.32	29.32	Composite	34.73	34.73	34.73	Composite	23.50	23.50	23.50
Coldwave	4.89	4.89	4.89	Colwave	3.37	3.37	3.37	Colwave	18.31	18.31	18.31
Flood	4.16	4.16	4.16	Flood	5.69	5.69	5.69	Flood	2.77	2.77	2.77
Heatwave	32.31	32.31	32.31	Heatwave	44.03	44.03	44.03	Heatwave	22.36	22.36	22.36
Hurricane	3.02	3.02	3.02	Hurricane	3.00	3.00	3.00	Hurricane	N/A	N/A	N/A
Sea Level Rise	1.52	1.52	1.52	Sea Level Rise	1.67	1.67	1.67	Sea Level Rise	6.93	6.93	6.93
Water Stress	43.93	43.93	43.93	Water Stress	43.95	43.95	43.95	Water Stress	52.82	52.82	52.82
Wildfire	9.28	9.28	9.28	Wildfire	10.20	10.20	10.20	Wildfire	13.63	13.63	13.63

		Sensitivity Composite Score 2020 (High Scenario)	Sensitivity Composite Score 2030 (High Scenario)	Trend	Coldwave Score 2030 (High Scenario)	Flood Score 2030 (High Scenario)	Heatwave Score 2030 (High Scenario)	Sea Level Rise Score 2030 (High Scenario)	Water Stress Score 2030 (High Scenario)	Wildfire Score 2030 (High Scenario)
Top 10 by Weight		% Weight								
HSBC Holdings PLC	9.55%	3.00	3.00	▬	18.00	3.00	30.00	9.00	60.00	10.00
Shell plc	6.60%	51.00	51.00	▬	19.00	2.00	22.00	4.00	84.00	54.00
Rio Tinto Limited	5.38%	56.00	56.00	▬	16.00	2.00	22.00	4.00	38.00	27.00
British American Tobacco P.L.C.	5.29%	8.00	8.00	▬	17.00	5.00	33.00	1.00	40.00	13.00
Astrazeneca Plc	4.03%	19.00	19.00	▬	16.00	2.00	21.00	9.00	58.00	11.00
Unilever PLC	3.93%	23.00	23.00	▬	17.00	4.00	24.00	8.00	44.00	8.00
BP P.L.C.	3.91%	41.00	41.00	▬	21.00	2.00	18.00	7.00	57.00	20.00
GSK plc	2.94%	19.00	19.00	▬	20.00	5.00	19.00	10.00	49.00	8.00
Natwest Group Plc	2.92%	2.00	2.00	▬	16.00	2.00	19.00	8.00	61.00	9.00
Lloyds Banking Group PLC	2.57%	2.00	2.00	▬	19.00	2.00	14.00	9.00	39.00	2.00

Definition of metrics

Low Climate Change Scenario (RCP 2.6)

Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2°C by 2100.

Medium Climate Change Scenario (RCP 4.5)

Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2°C by 2100.

High Climate Change Scenario (RCP 8.5)

Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in excess of 4°C by 2100.

Coldwave

Sensitivity to the occurrence of periods of extreme cold relative to local climatic conditions, measures based on the Excess Cold Factor.

Flood

Sensitivity to flood risk exposure within a river basin.

Heatwave

Sensitivity to the occurrence of periods of extreme heat relative to local climatic conditions, measures based on the Excess Heat Factor.

Hurricane

Sensitivity representing the historical incidence and severity or strength of hurricane, typhoon or cyclone activity at a given location, weighted in favour of recent events.

Sea Level Rise

Sensitivity to coastal risk exposure within a river basin.

Water Stress

Sensitivity to projected future ratio of water withdrawals to total renewable water supply in a given area.

Wildfire

Sensitivity to risk of wildfire occurrence by location based modelled area of burnt vegetation.



Climate VaR and Stress Testing

powered by S&P Trucost and Confluence Risk Engine

Portfolio: VT Munro UK Equity Income Fund

31/12/2025

Physical Risks Monitoring

The assessment of physical risks is key as they also (or mostly) result from climate change. Companies are scored 1-100 for each of the key hazard risk types (coldwave, heatwave, floods, wildfire, water stress etc).

The assessment is made available across different climate change scenarios (low, medium, high) and future reference years (2030, 2050).

Generally speaking, a score up to 30 indicates a low physical risk, 30-70 shows a moderate risk exposure, whereas a 70+ score reflects a high exposure to the correspondent physical risk hazard. This applies to both the composite score and the sensitivity weight-adjusted scores and for the underlying individual hazard-level scores.

	Low		Medium		High	
Sensitivity Score	2030	2050	2030	2050	2030	2050
Composite	29.32	29.32	34.73	34.73	23.50	23.50
Coldwave	4.89	4.89	3.37	3.37	18.31	18.31
Flood	4.16	4.16	5.69	5.69	2.77	2.77
Heatwave	32.31	32.31	44.03	44.03	22.36	22.36
Sea Level Rise	1.52	1.52	1.67	1.67	6.93	6.93
Water Stress	43.93	43.93	43.95	43.95	52.82	52.82
Wildfire	9.28	9.28	10.20	10.20	13.63	13.63
Sensitivity Score	2030	2050	2030	2050	2030	2050
Best Scenario	1.52	1.52	1.67	1.67	2.77	2.77
Average Scenario	16.02	16.02	18.15	18.15	19.47	19.47
Worst Scenario	43.93	43.93	44.03	44.03	52.82	52.82

Definition of metrics

Low Climate Change Scenario (RCP 2.6)

Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2°C by 2100.

Medium Climate Change Scenario (RCP 4.5)

Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2°C by 2100.

High Climate Change Scenario (RCP 8.5)

Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in excess of 4°C by 2100.

Coldwave

Sensitivity to the occurrence of periods of extreme cold relative to local climatic conditions, measures based on the Excess Cold Factor.

Flood

Sensitivity to flood risk exposure within a river basin.

Heatwave

Sensitivity to the occurrence of periods of extreme heat relative to local climatic conditions, measures based on the Excess Heat Factor.

Sea Level Rise

Sensitivity to coastal risk exposure within a river basin.

Water Stress

Sensitivity to projected future ratio of water withdrawals to total renewable water supply in a given area.

Wildfire

Sensitivity to risk of wildfire occurrence by location based modelled area of burnt vegetation.

Transition Risks Monitoring

The assessment of transition risks is strongly connected to carbon earnings at risk. Likewise for physical risks, this is made available across different carbon price change scenarios (low, medium, high) and future reference years (2030, 2050).

Generally speaking, 10% carbon earning risk (either EBIT or EBITDA based) may be considered the significant threshold above which clients may decide how much incremental exposure they would like to take in terms of transition risks.

	Low		Medium		High	
Earnings at Risk	2030	2050	2030	2050	2030	2050
Reduction of EBIT Margin	-0.90	-0.90	-1.57	-1.57	-2.10	-2.10
Reduction of EBITDA Margin	-0.90	-0.90	-1.57	-1.57	-2.10	-2.10
Unpriced Carbon Cost adj. EBIT	25.07	25.07	24.40	24.40	23.87	23.87
Unpriced Carbon Cost adj. EBITDA	29.59	29.59	28.92	28.92	28.39	28.39
Unpriced Carbon Cost % EBIT	5.60	5.60	9.99	9.99	13.15	13.15
Unpriced Carbon Cost % EBITDA	3.73	3.73	6.38	6.38	8.48	8.48

Definition of metrics

Reduction of EBIT/EBITDA margins

It reflects the implied change in earnings margins due to unpriced carbon cost under the specified carbon price scenario.

It is expressed in % point changes to the company's original EBIT or EBITDA margin and it represents the implementation of policies that are considered sufficient to reduce greenhouse gas emissions in line with the Paris

Agreement, whose goal is limiting climate change to 2°C by 2100 (high scenario), or sooner than 2100 but with action delayed in the short term (medium scenario), or rather fully implemented in the short term (low).

Unpriced carbon cost adjusted EBIT/EBITDA margin

It reflects the earnings margin adjusted by unpriced carbon cost under the correspondent carbon price scenario and time horizon.

Unpriced carbon cost as % of EBIT/EBITDA

It reflects the unpriced carbon cost as % of earnings under the correspondent carbon price scenario and time horizon.

Climate Adjusted Market Risk Monitoring

The Climate Adjusted Market Risk provides forecasts of the potential climate-stressed market risk valuation. The assessment takes into consideration the market risk as well as the forward looking downsides associated to physical and transition risks.

Confluence have decided to approach Climate Adjusted VaR = Market Risk + β * Physical Risk + Transition Risk.

	1 Day	1 Week	1 Month	3 Months	1 Year	Climate VaR Projection 1 Year	Climate VaR Projection 1 Month
Market Risk Only	1.94	4.34	8.68	15.02	29.60	29.60	8.68
+ Low Physical Risk	0.49	1.10	2.21	3.82	7.84	32.63	9.53
+ Medium Physical Risk	0.58	1.31	2.61	4.53	9.28	33.19	9.69
+ High Physical Risk	0.40	0.88	1.77	3.06	6.28	32.03	9.36
+ Best Scenario	0.03	0.07	0.15	0.26	0.53	29.80	8.73
+ Average Scenario	0.30	0.67	1.35	2.33	4.78	31.45	9.20
+ Worst Scenario	0.79	1.77	3.53	6.12	12.54	34.45	10.04
+ Transition Risk (based on EBIT)	-0.03	-0.06	-0.11	-0.20	-0.41	30.01	8.79
+ Transition Risk (based on EBITDA)	-0.03	-0.06	-0.11	-0.20	-0.41	30.01	8.79
+ IOPA Climate Stress Test 2022	-1.19	-2.67	-5.33	-9.23	-18.92	36.92	10.74
TOTAL Climate Adjusted Market Risk (A+coeff*B+C)		---	---	---	---	34.86	10.16

Definition of metrics

Market Risk (A)

It represent the Value at Risk typically computed for Risk or Compliance purposes and usually regulated under the Ucits/AIFMD/SEC frameworks, thus based on historical simulation with full repricing.

β (coeff)

This s the average change (rebased according to the stress test in use) generated when shocking the portfolio to a % variation of an index reflecting specific ESG best-in-class strategy. See next section.

e.g. if the stress test shocks the ESG strategy by 10% and the portfolio reacts with 10%, then $\beta=1$ as the portfolio reflects a perfect correlation to the shocked ESG index.

By shocking various ESG strategies and averaging the β results, this would allow users to estimate the potential (de)correlation of the portfolio to any ESG strategy and thus recalibrate the impact of the physical risks accordingly.

Physical Risk (B)

Physical risks are risks to the company that arise from the physical effects of climate change. They include:

- Acute physical risks => they arise from particular events (especially weather-related such as storms, floods, fires or heatwaves) that may damage production facilities and disrupt value chains;
- Chronic Physical risks => they arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land or soil productivity.

By default considers the most conservative approach and makes use of the average of the worst risks across all the 3 scenarios (low – medium – high) and reference year. Stats different from the worst may also be considered.

Transition Risk (C)

Transition risks are instead risks to the company that arise from the transition to a low carbon and climate-resilient economy. They include:

- Policy risks => as a result of energy efficiency requirements, carbon-pricing mechanisms (which increase fossil fuels price), or policies to encourage sustainable land use;
 - Legal risks => the risk of litigation for failing to avoid or minimise adverse impacts on the climate, or failing to adapt to climate change;
 - Technology risks => e.g. if a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate;
 - Market risks => e.g. if the choices of consumers and business customers shift towards products and services that are less damaging to the climate;
 - Reputational risks => difficulty in attracting or retaining customers, employees, business partners and investors if a company has reputation for damaging the climate.
- By default considers the average of Reduction of EBITDA Margin across all the 3 scenarios (low – medium – high).

Hybrid Approach - Custom Modelling

The Hybrid Approach allows to additionally take in consideration also the ex-ante (de)correlation of the portfolio investments against a number of specific indices built based on ESG environmental and/or climate driven strategies.

	Stress Test Value Change %	Shock %	Ex-Ante Beta	Coeff	Min Coeff	Max Coeff
ECPI Global Clean Energy -10%	-2.55	-10	0.2549	0.3872	0.2164	0.5854
ECPI Global Climate Change -10%	-4.45	-10	0.4448			
ECPI Global ESG Blue Economy -10%	-5.33	-10	0.5330			
ECPI Circular Economy Leaders -10%	-4.05	-10	0.4050			
ECPI Global Blue Gold GD Equity -10%	-5.41	-10	0.5408			
ECPI Global Carbon Liquid -10%	-5.85	-10	0.5854			
ECPI Global Eco Real Estate & Building Liquid -10%	-3.19	-10	0.3194			
ECPI Global ESG Hydrogen Economy -10%	-2.61	-10	0.2607			
ECPI Global Renewable Energy Liquid -10%	-3.12	-10	0.3116			
ECPI China Consumption Tradable Equity -10%	-2.16	-10	0.2164			