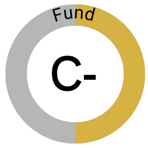
Portfolio Analysis

Synthesis - Carbon Footprint & Energy Transition

Newton Absolute Return



Benchmark : N/A

Evaluation : 31/03/2020

Chart Legend

Carbon Footprint: **CF** ; Energy Transition Strategy: **ETS**

Carbon Footprint (t CO_2 eq)

A Moderate	**B** Significant	**C** High	**D** Intense

Energy Transition Strategy

++ Advanced	**+** Robust	**-** Limited	**--** Weak

Coverage

	Fund	Benchmark
Portfolio coverage by investment	79.1%	N/A
Portfolio coverage by holdings	86/108	N/A

Carbon Footprint & Energy Transition

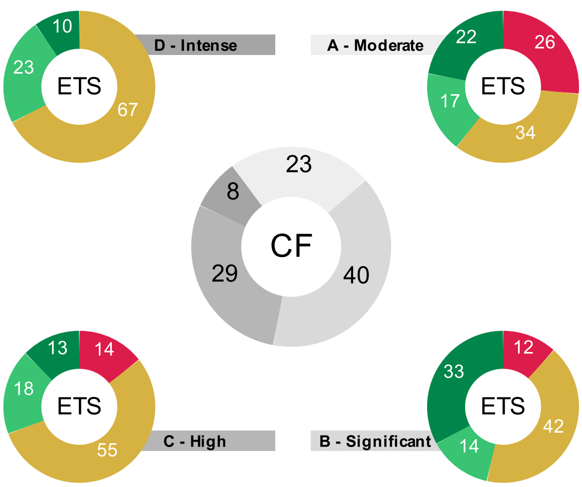
Carbon Footprint (t CO_2 eq.)	Fund	Benchmark
Total financed emissions *	11 776.21	N/A
Financed emissions per M£ invested*	68.77	N/A
Weighted average carbon footprint	3 773 524.59	N/A
Carbon intensity per sales (millions of £)*	149.46	N/A
Weighted average carbon intensity	205.38	N/A

* Based on the method of normalisation chosen by the customer: Total assets
N/A: indicator not available

Energy Transition Strategy	Fund	Benchmark
Energy Transition Strategy score	Limited(-) 45/100	N/A

Investment Distribution (% of investments)

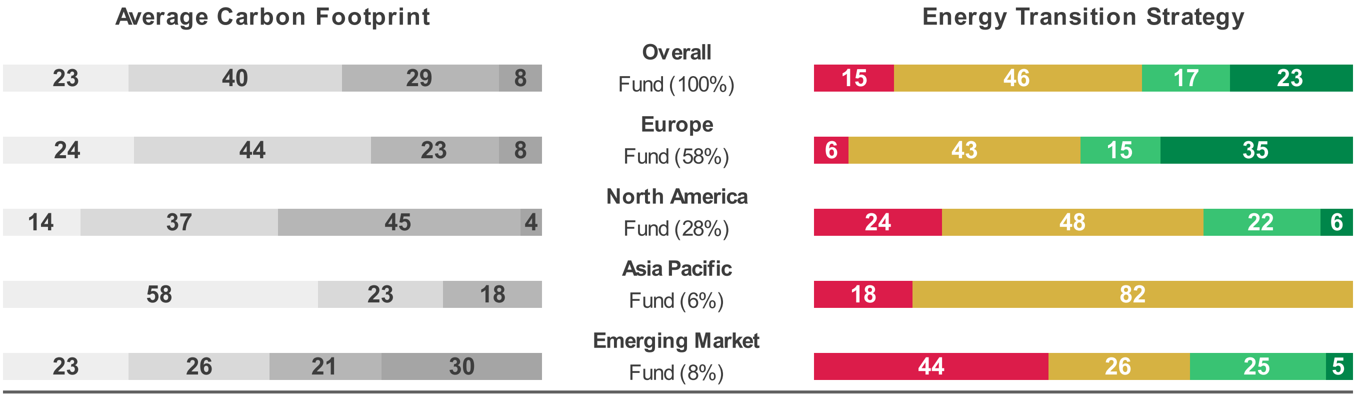
Fund



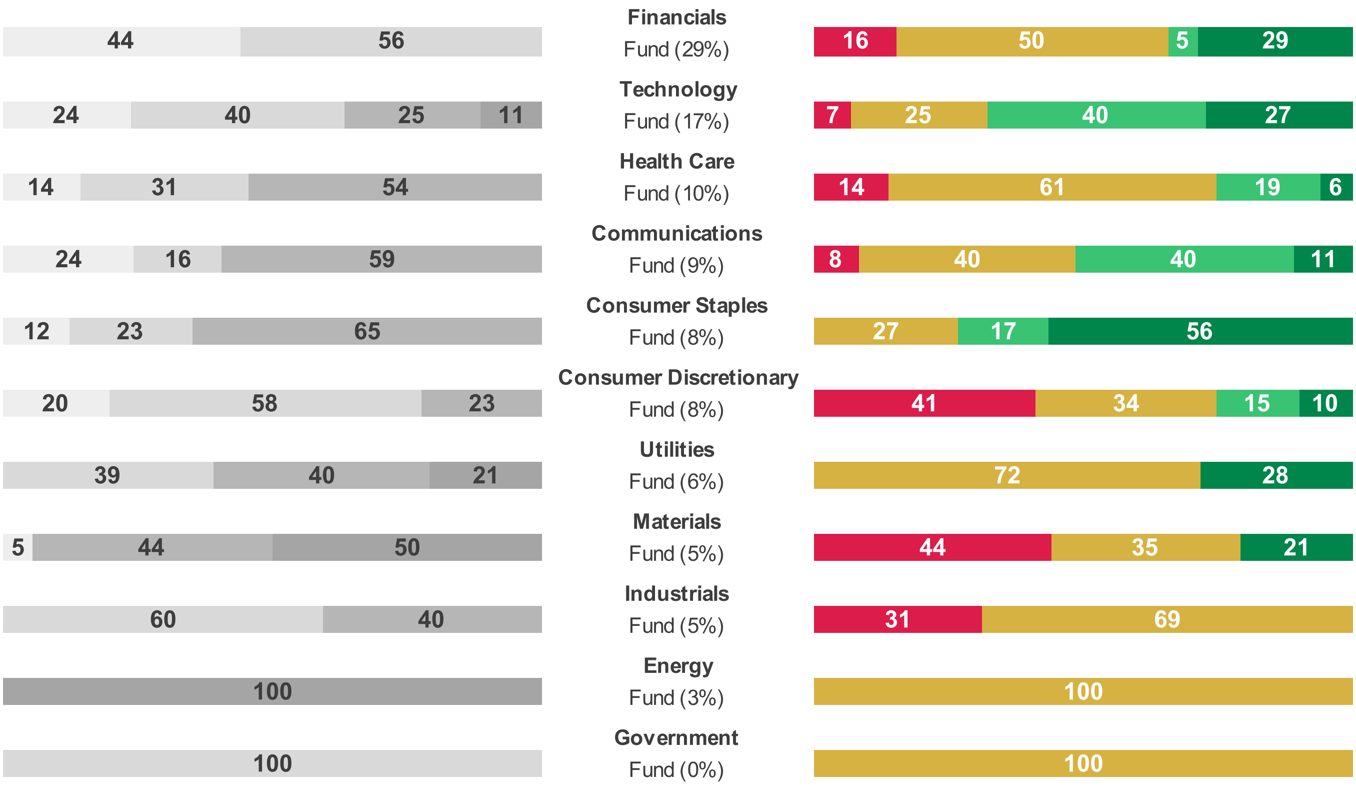
Benchmark

N/A

Geographic Distribution (% of investments)



Sector Distribution (% of investments)



Issuers' watch list

Carbon Footprint \ Energy Transition Score	Weak (–)	Limited (-)	Robust (+)	Advanced (++)
Intense (D)		-Linde (1.8%) -Royal Dutch Shell (1.3%) -Total (1.2%) -CMS Energy (1.2%)		
High (C)	-Barrick Gold (1.2%) -General Electric (1.1%) -Suzuki Motor (0.7%) -Newmont Mining (0.7%)	-Microsoft (2.6%) -Bayer (2.2%) -Novartis (2.0%) -T-Mobile US (1.8%) -Samsung SDI (1.5%)		
Significant (B)		-Deutsche Wohnen (2.8%) -LEG Immobilien (2.7%)		-SAP (2.5%)
Moderate (A)		-AIA Group (3.6%)		-Relx (2.0%)

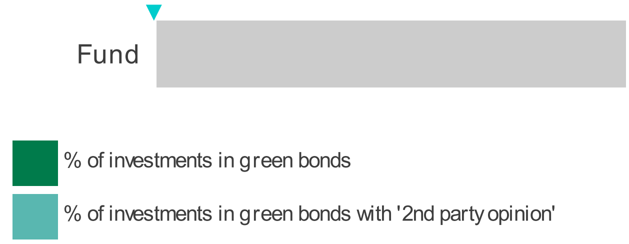
Potential issuers to consider for engagement

Focus on major CO_2 emitters of the funds

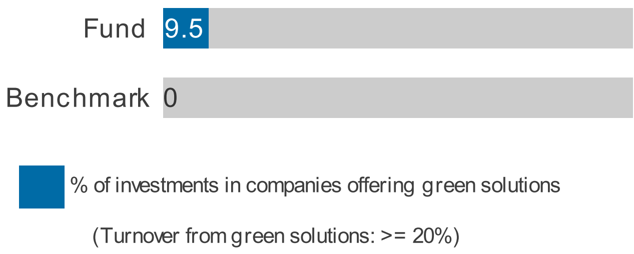
Linde (1.8%)	*Linde displays an intense carbon footprint (D) and a limited energy transition strategy (-) with a score of 41/100. Linde's performance is penalised by a weak score on the development of green products and services, due to limited commitments and resources and to a lack of KPIs (e.g. the share of alternative or bio-based raw materials purchased or developed). The German chemicals company obtains a limited score in terms of energy consumption and CO2 emissions management. It has set quantified targets (e.g. to avoid a total of 6 million tonnes of CO2 emissions by 2020, compared to 2009) and works to optimise its production processes. In 2018, about 30% of the company's total purchased electricity was from renewable sources. Since 2012, 85% of its gas production sites in Germany have been ISO 50001 certified (energy management). However, Linde is penalised by negative KPIs. Normalised to turnover, the company's energy consumption and CO2 emissions have increased over the 2013-2017 period. The company stands out with a robust performance in managing the environmental impacts related to the transport of its products and/or raw materials. It commits to achieve a 7.5% improvement in trucking GHG intensity between 2016 and 2020, has implemented relevant measures and is showing positive results. Normalised to turnover, CO2 emissions from Linde's own transport fleet and contractors have decreased between 2013 and 2017.*
Royal Dutch Shell (1.3%)	*Royal Dutch Shell (Shell) has an intense carbon footprint (D) and a limited energy transition strategy (-) with a score of 34/100. While Shell has made a commitment to reduce its energy consumption and associated CO2 emissions, targets are only set for certain assets and projects. Despite the implementation of innovative energy efficiency measures, particularly in its subarctic operations in Russia, Shell's energy consumption results were mixed over the 2016-2018 period. Normalised to upstream production, the company's total energy consumption and associated GHG emissions have increased in the 2016-2018 period. However, the energy consumption in chemicals operations (along with the company's total GHG emissions), normalised to chemicals production, have decreased over the same period. Shell has joined the World Bank's "Zero Routine Flaring by 2030" initiative and has set up projects to capture and recover carbon. Its emissions associated with flaring, normalised to upstream production, decreased between 2016 and 2018 by 31%. Shell has made significant investments in renewable energy (wind, biomass and solar) and alternative fuels (agrofuels, second-generation biofuels and hydrogen). The company is involved in wind power projects and jointly owns Raizen (in partnership with the Brazilian company Cosan), which produces and sells ethanol from sugar cane. However, Shell's performance in this area is undermined by its failure to disclose quantitative targets and to report transparently on the volumes of alternative and renewable energy that it produces. The company is the subject of ongoing lawsuits, brought by the City of Honolulu among others, that relate to its alleged climate-change impact. The company is not deemed to have responded in a transparent way to these lawsuits.*

Positive Impact Factors (% of investments)

Investments in Green Bonds

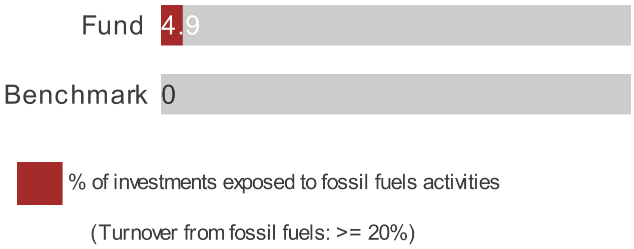


Investments in Green Goods & Services

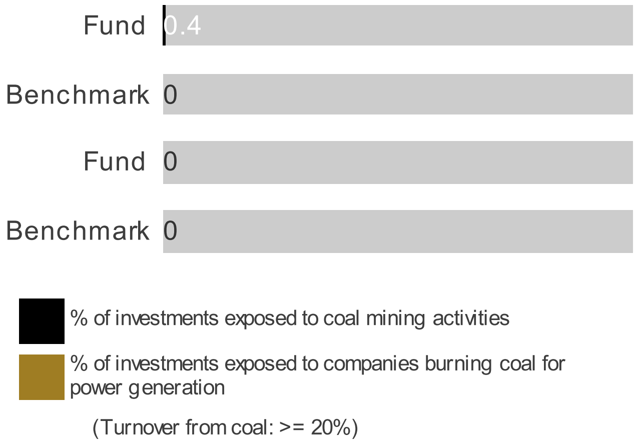


Negative Impact Factors (% of investments)

Fossil Fuels exposure



Coal exposure



Methodology

Carbon footprint

Carbon footprint is the measure of the volume of carbon dioxide (CO2 eq.) emitted by issuers.

Emissions

Scope 1 covers direct GHG emissions from sources that are owned or controlled by the issuer.
Scope 2 covers indirect GHG emissions caused by the organisation's consumption of electricity, heat, cooling or steam purchased or brought into its reporting boundary.
Scope 3 covers other indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Data

The carbon data is provided by the CDP and completed with other company sources collected by Vigeo Eiris.
When no data is available from any source, Vigeo Eiris' analysts build a carbon footprint estimation relying on the size of the issuer and the nature of its activities through three different methods: regression models, sector-specific physical factors and sector averages.
An issuer's Carbon Footprint (scope1+2) is then defined from A (Moderate) to D (Intense) according to the scale presented in the table below.
Emissions at portfolio's level may be measured as follows:
- Total financed emissions: sum of the carbon emissions of the issuers in the portfolio based on the ownership of the investor.
- Financed emissions per millions invested: total financed emissions normalised by portfolio value.
- Weighted average carbon footprint: sum of the portfolio's companies emissions weighted by their weight in the portfolio.
- Carbon intensity per sales: volume of emissions per million of sales generated by the constituents of the portfolio over a year.
- Weighted average carbon intensity: sum of the volume of emissions per million of sales generated by the constituents of the portfolio weighted by their weight in the portfolio.

Energy Transition Strategy

Energy transition Strategy is defined as the shift from a carbon based economic model to a green and sustainable one. Vigeo Eiris' scoring of issuers' energy transition strategy is based on specific criteria tied to climate change in ESG Research. The universe of reference is based on Vigeo Eiris' Equitics Research.

Scale	Emissions (t CO2 eq)	Categories
A	<100 000	Moderate
B	>=100 000 & <1 000 000	Significant
C	>=1 000 000 & <10 000 000	High
D	>=10 000 000	Intense

Scale	Energy Transition Score	Categories
++	60-100	Advanced
+	50-59	Robust
-	30-49	Limited
--	0-29	Weak

Performance Attribution

This measure provides an explanation on the difference of performance between a fund and its benchmark. This gap derives from the sum of two factors:
- Sector allocation effect: measures the impact of the choices of overweighting/underweighting a sector in the fund with respect to the benchmark.
- Company selection effect: measures the impact of choices made in the selection of companies in the fund with respect to the benchmark.

Positive impact factors

1. *Green goods and services*

This research provides a positive screening on issuers having developed a business opportunity to contribute to sustainable development, with a focus on issuers answering environmental challenges.
The involvement of issuers is based on % of activity. The universe of reference is based on Vigeo Eiris' Sustainable Good and Services Research.

2. *Green Bonds*

Green Bonds include bonds financing sustainability related projects, with environmental and/or social benefits, responsibly managed, with an ESG risk-management approach. Vigeo Eiris calculates the share of investments realised on Green Bond issuances (defined as such by the market) and informs on the share of green bonds having received a second party opinion and the share that did not receive any. Data on Green Bonds are based on an up-to-date security list compiled by Vigeo Eiris from trustworthy sources (CBI, Bloomberg).

Negative impact factors

1. *Fossil Fuels*

Fossil fuels include coal, oil, natural gas (including natural gas liquids), and peat. Natural gas liquids (NGL) are classified as hydrocarbons, some of which are used as or blended into fuels, e.g. propane, butane.
The involvement of companies is based on % of turnover. The universe of reference is based on Vigeo Eiris' Controversial Activities Research.
The operations covered are those of the upstream sector (exploration and production, including services during the extraction phase), midstream (transportation and storage services), refining activities and generation (electricity generation from coal, peat, oil shale, oil & gas)

2. *Coal*

Coal includes different categories of coals, including thermal coal – used for electricity generation – and metallurgical coal – mainly used in the iron and steel industries. The extractive industry and utilities sector are analysed separately. The involvement of companies is based on % of turnover. The universe of reference is based on Vigeo Eiris Controversial Activities Research.

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Ruffer Absolute Return

Benchmark : N/A

Evaluation : 31/03/2020

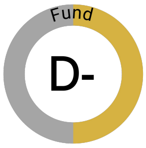


Chart Legend

Carbon Footprint: **CF** ; Energy Transition Strategy: **ETS**

Carbon Footprint (t CO_2 eq)

A Moderate	**B** Significant	**C** High	**D** Intense

Energy Transition Strategy

++ Advanced	**+** Robust	**-** Limited	**--** Weak

Coverage

	Fund	Benchmark
Portfolio coverage by investment	96.5%	N/A
Portfolio coverage by holdings	28/29	N/A

Carbon Footprint & Energy Transition

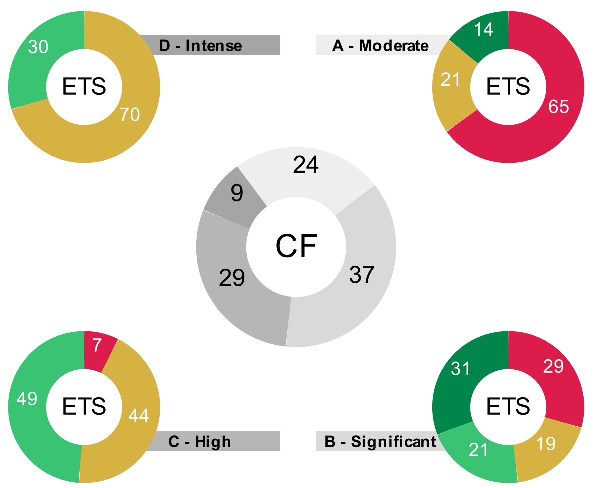
Carbon Footprint (t CO_2 eq.)	Fund	Benchmark
Total financed emissions *	11 467.94	N/A
Financed emissions per M£ invested*	120.82	N/A
Weighted average carbon footprint	13 736 099.73	N/A
Carbon intensity per sales (millions of £)*	236.84	N/A
Weighted average carbon intensity	155.34	N/A

* Based on the method of normalisation chosen by the customer: Total assets
N/A: indicator not available

Energy Transition Strategy	Fund	Benchmark
Energy Transition Strategy score	Limited(-) 42/100	N/A

Investment Distribution (% of investments)

Fund



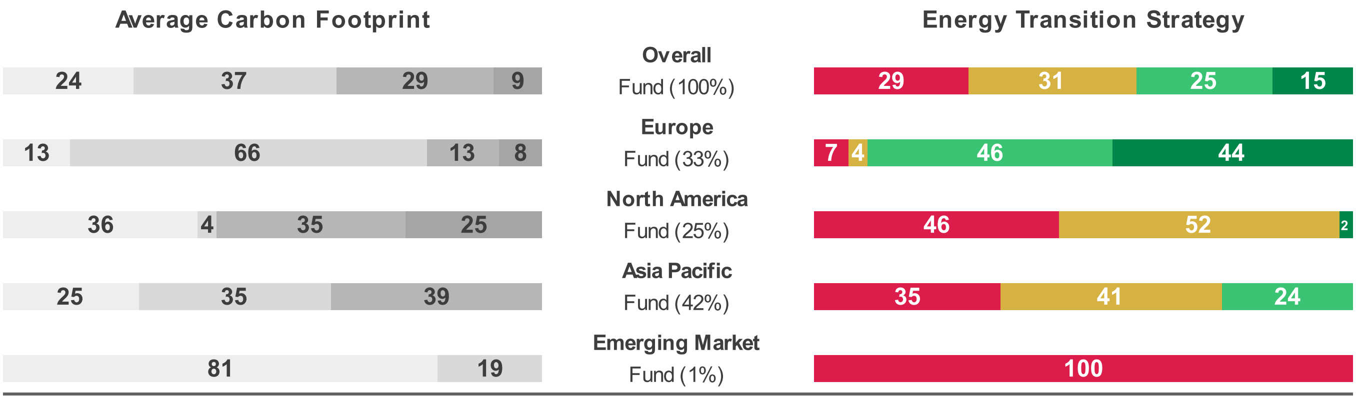
Benchmark

N/A

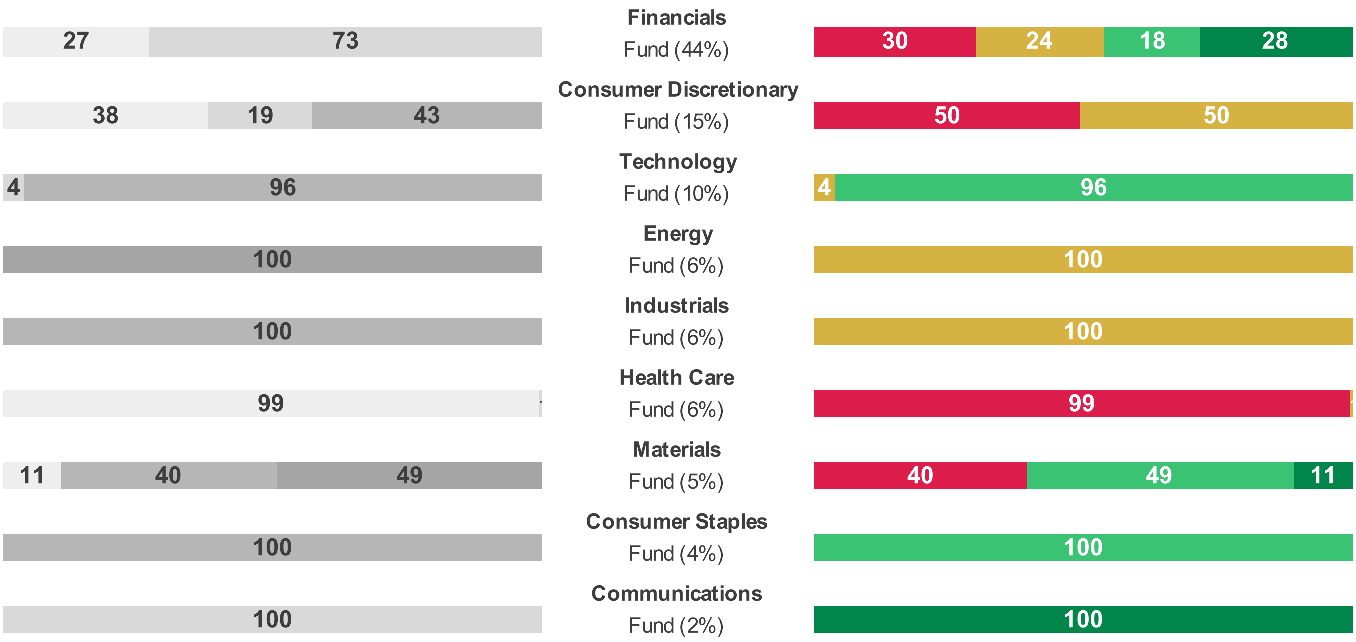
Portfolio Analysis

Synthesis - Carbon Footprint & Energy Transition

Geographic Distribution (% of investments)



Sector Distribution (% of investments)



Issuers' watch list

Carbon Footprint	Weak (–)	Limited (-)	Robust (+)	Advanced (++)
Intense (D)		-Exxon Mobil (6.3%)	-ArcelorMittal (2.7%)	
High (C)	-DuPont de Nemours (2.2%)	-General Motors (6.5%) -Mitsubishi Electric (6.3%)	-Sony Corporation (10.1%) -Tesco (4.3%)	
Significant (B)	-ORIX Corporation (7.8%) -Whitbread (2.1%) -Foot Locker (0.8%) -China Life Insurance (0.2%)	-Mitsui Fudosan Co. (3.3%) -Nomura Real Estate Holdings (3.2%) -Fujitsu (0.4%)	-Lloyds Banking Group (7.9%)	-The Royal Bank of Scotland Group (9.3%)
Moderate (A)	-Centene (4.7%) -Rakuten (4.6%) -M&T Bank (2.5%)			

Energy Transition Score

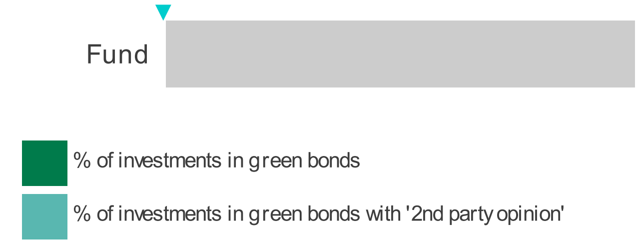
Potential issuers to consider for engagement

Focus on major CO_2 emitters of the funds

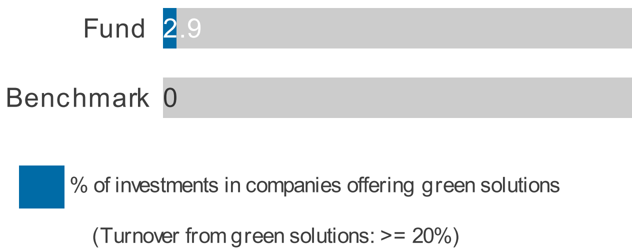
Exxon Mobil (6.3%)	*Exxon Mobil displays an intense carbon footprint (D) and a limited Energy Transition strategy (-) with a score of 30/100, penalised by a weak performance towards the development of alternative fuels and renewable energy. Indeed, the American oil & gas company does not disclose any commitment on renewable energy and its commitment on developing alternative fuels is general. In addition, while it has been researching lower emission technologies such as algae biofuels, the company does not seem to allocate any means towards renewable energy sources. Furthermore, the corresponding KPIs are not disclosed. Although the company reports innovative measures to reduce its energy consumption and/or its related emissions and its gas flaring and venting (interests in 5,400 megawatts of cogeneration capacity in over 30 locations worldwide, methane reduction efforts including structured leak detection and repair programmes, replacement of high-bleed pneumatic devices with lower-emission technology), Exxon Mobil only discloses general commitments – without quantified targets – and uncomplete and/or outdated KPIs in this regard. It does not break down data per business unit and the 2018 data is not disclosed.*
General Motors (6.5%)	*General Motors (GM) displays a high carbon footprint (C) and a limited energy transition strategy (-) with a score of 42/100. GM has set quantified targets to limiting impacts from the use of its products (goal to launch 20 new electric vehicles by 2020 notably) and has allocated relevant means to reduce the environmental impacts related to the use and disposal of its products, including using recycled material and reducing the use of hazardous substances. While the company's share of vehicles that can be collected and/or reused has been stable from 2014 to 2018 at 85%, the share of green vehicles compared to vehicles sold has continuously increased from 2016 to 2018. However, the company did not disclose the share of products that are really collected and/or reused, the share that are eco-designed and the share of diesel vehicles complying with the Euro 6 emissions standards. GM also displays a limited performance regarding the development of car sharing solutions: its engagement is too general – no quantified target – and it does not disclose any relevant KPI. The company has an application called "Maven", an app-based car sharing service designed for car-sharing communities and needs. However, this service is not implemented outside the United States. On a different note, GM has set targets to reducing its energy intensity by 20% between 2010 and 2020 and its related GHG emissions by 31% between 2010 and 2030. Additionally, it has set the target of increasing its renewable energy use to 125 MW by 2050. In fact, the results have been positive so far: normalised to sales, its energy consumption and related GHG emissions and its NOx emissions have decreased from 2016 to 2018.*

Positive Impact Factors (% of investments)

Investments in Green Bonds

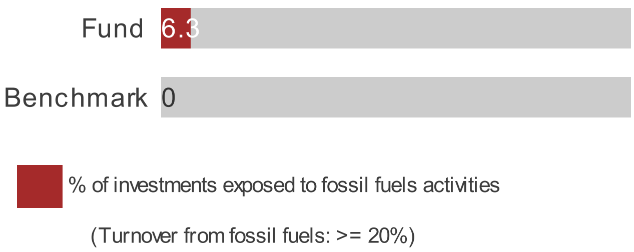


Investments in Green Goods & Services

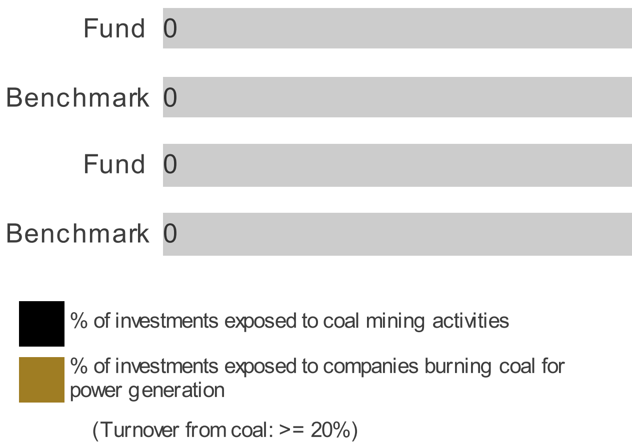


Negative Impact Factors (% of investments)

Fossil Fuels exposure



Coal exposure



Methodology

Carbon footprint

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Emissions

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Positive impact factors

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Negative impact factors

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