

SUSTAINABLE MULTI-ASSET INVESTMENT PROCESS

2026



HELPING CLIENTS MEET
**THEIR INVESTMENT GOALS IN
A SUSTAINABLE WAY**

Within our Pacific sustainable portfolios, the team aim to achieve two goals:

1 CREATE DIVERSIFIED, TRULY
MULTI-ASSET PRODUCTS THAT CAN
DELIVER RETURNS FOR CLIENTS

2 IMPLEMENT EVERYTHING
WITHIN THE PORTFOLIOS
IN A SUSTAINABLE MANNER

“

We believe that these two goals are not mutually exclusive and we can build portfolios with long-term return potential that provide true diversification but still meet stringent sustainable criteria.

”

WILL THOMPSON
Chief Sustainability Officer

COMMITMENT TO RESPONSIBLE INVESTING

As a business, Pacific Asset Management's sustainable investing philosophy in short is that everything we do should, to some extent, be viewed with a responsible mindset.

We believe that in order to better safeguard the long-term interests of our clients we need to be a responsible investor and this for us is a firm wide commitment. We strive to advance sustainable practices and remain committed to continuous improvement.

This means we don't segregate sustainability and investment decision making, all of our investment professionals are responsible for both.

As well as being a proud signatory to the UN Principles for Responsible Investment (UN PRI), our independently managed tool - EnlightenESG - aims to educate and provide guidance in assessing client ESG preferences and help make better choices. We are also signatories to the UK Stewardship Code, and produce annual stewardship reports on our activities.



TRULY MULTI-ASSET, GENUINELY SUSTAINABLE INVESTMENT PROCESS

We aim to deliver sustainable portfolios that focus on a balanced exposure to securities which may be responsible leaders (because of their performance across ESG characteristics) or through their provision of products or solutions that lead to sustainability outcomes (e.g. renewable energy).

Our risk-focused approach seeks to ensure sustainability does not trump suitability - this means principles of diversification are combined with a liquidity focus and an awareness of concentration risk when constructing portfolios.

Fund selection, while critical, serves as a tool to best replicate the asset allocation strategy, both tactically and

strategically. We use a variety of products to achieve this, from open-ended funds to ETFs or tools to take a more factor-oriented focus.

As well as investing in traditional sustainability-orientated assets, such as equities and fixed income, an additional layer of diversification comes in the form of alternative assets - those that are generally non-correlated with equities and bonds and don't have any hidden beta.

Such vehicles include relative value bonds or macro rates strategies, which do not contradict our sustainability mandate yet can help us fulfil our risk-adjusted returns goal.

OUTSTANDING RECORD OF SUSTAINABLE MULTI-ASSET INVESTING

Our highly experienced PAM Multi-Asset solutions team has an outstanding track record of sustainable multi-asset investing, dating back to 2012.

The team has **50+** years' combined industry experience across sustainable multi-asset, equities, fixed income, absolute return and alternative risk premia strategies.

IDENTIFYING SUSTAINABLE INVESTMENTS

As a multi asset portfolio mainly investing in underlying funds, our effort is focused on identifying and researching potential managers and their sustainability processes. Whilst we do not have discretion over which stocks and bonds they buy, our process is designed to minimise harmful exposure and maximize sustainability outcomes.

Exclusion

Only include managers who screen out harmful or controversial activities.

This includes controversial weapons, tobacco, alcohol, gambling, adult entertainment, armaments, thermal coal, and oil & gas fuels, as well as United Nations Global Compact violators.

Manager selection

Conduct separate, in-depth financial and sustainability due-diligence on fund houses and strategies.

Use desktop research and ongoing DDQs to assess sustainability credentials and inform investment decisions.

Look through due diligence

Sustainability analysis is conducted on a look-through basis to individual equity and debt securities

Aggregate this data to score and compare funds, while gaining insight into underlying companies, sectors and themes.

Style & factor alignment

Analyse the composition of the portfolio to ensure a balance factor profile.

Ensure portfolios are aligned with tactical allocation and avoid unintended style or factor concentrations.

Ultimately, we want to make sure all of our holdings bring something unique. By looking beyond a fund's key holdings to include factor biases and a diverse set of sustainable styles, we believe we can minimise crossover and clustering in sustainable themes.

ENGAGEMENT AND STEWARDSHIP

As our multi-asset strategies aren't investing directly in stocks, **our engagement and stewardship relate to the asset management companies responsible for our portfolio holdings.**

As well as aiding fund selection, our sustainability dashboards also facilitate the monitoring and risk management of all our portfolio holdings as well as those on our watchlist. This data enables us to assess whether these funds are delivering on their stated sustainability objectives – in other words, are they walking the talk!

We use this data to inform our engagement with the managers and firms, pushing for change when needed, and poor outcomes may prompt reductions in our exposure to a holdings or even total divestment.

Ultimately, our engagement activity stems from two sources:

1. Pro-active, top-down approach: we look to identify systemic risks affecting across our portfolios such as climate change, nature & biodiversity loss, human rights violations, etc. and speak with our managers to understand how they are addressing these over longer time horizons. If we are unsatisfied with their responses, we may proceed with different methods of escalation, including potentially divesting from the fund.

2. Reactive, bottom-up: we continuously monitor for controversies or negative events at individual company level. When one of these arises, we immediately contact with the asset manager investing in a controversial company to understand the issue in more depth and query next steps.



INVESTING TO MAKE A DIFFERENCE

Our sustainability process is not just about measuring past performance, but **stress-testing sustainability criteria both in the present and in the future.** We look under the hood of our selected funds, to ensure we understand their key performance, concentration risks, regional allocations, style/factor exposure and sustainability drivers.

Sustainable Balanced

£1 MILLION INVESTED EQUATES TO*



In this way, we not only take full responsibility for the holdings within our portfolios but also factor the sustainability exposure that they aim to deliver.

We acknowledge that such outcomes are not always easy to understand, so we contextualise this data through real-world examples so that our investors can fully appreciate the lower carbon-exposure of their portfolio.

*Savings measured in tonnes of CO₂e per £1M invested based on Scope 1 & 2 financed emissions calculated using PCAF (Partnership for Carbon Accounting Financials) methodology. Data obtained when comparing Pacific's portfolio versus an equivalent portfolio from an asset allocation perspective populated with benchmark holdings. When utilising this measure, we do not cover the entire portfolio (government bonds, cash, and holdings without available emissions data are excluded from the calculation). Please contact the Pacific team to determine the estimated data coverage – (context datapoints are only presented if data coverage is above 60% of a given product's NAV). Data on car equivalents, tonnes of waste recycled, and other environmental equivalencies are based on averages and assumptions retrieved from the US Environment Protection Agency (Greenhouse Gas Equivalencies Calculator | US EPA) and may not represent all possible cases. Pacific's investments are associated with these emissions savings through lower-carbon portfolio construction compared to the benchmark; however, these figures represent attributed emissions based on proportional ownership and do not constitute verified emissions reductions or climate impact additionality. For illustrative purposes only.

MOVE FORWARD

IMPORTANT INFORMATION - FOR AUTHORISED USE ONLY

This document is issued and approved by Pacific Capital Partners Limited (PCP), which is authorised and regulated by the Financial Conduct Authority. This document is intended primarily for internal use, but may be distributed upon request to investment professionals and exempt investors in accordance with the FSMA 2000 (Promotion of Collective Investment Schemes Exemptions Order 2005) for authorised purposes only. It does not constitute advice, an offer or a recommendation to purchase or sell any financial products and you should not rely on the information in making an investment decision. The information and analysis contained herein are based on sources believed to be reliable. However, we do not guarantee their timeliness, accuracy or completeness, nor do we accept liability for any loss or damage resulting from your use or reliance upon of this document. Any opinions expressed reflect our current judgment at the date of this document and are subject to change without notice. Past performance is not necessarily a guide to future performance. This report is not directed to or intended for distribution to or use by any person or entity in any jurisdiction where such distribution, publication or use would be unlawful. This document may not be reproduced (in whole or in part), transmitted, modified or used for any public or commercial purpose without the prior written permission of PCP. Pacific Asset Management is a trading name of PCP.

> GET IN TOUCH:

Pacific Asset Management
74 Wigmore Street, London
W1U 2SQ, United Kingdom

T +44 20 3970 3100
E info@pacificam.co.uk
pacificam.co.uk

P>CIFIC
ASSET MANAGEMENT