

This policy sets out the investment exclusions applied by Aubrey. As a responsible investor Aubrey has taken the decision to implement this exclusions policy which is applicable to the funds and mandates for which Aubrey is the appointed investment manager. We recognise that as responsible investors we have an obligation to engage with those companies in which we invest to help mitigate material risks associated with environmental, social and governance issues. However, there are certain investments where we believe that engagement will not be effective and as a result exclude these from our investment universe. The below sections detail the exclusions that we have applied.

The two Aubrey strategies that these exclusions apply to are the Global Emerging Markets (GEM) and Global. Some exclusions are applied to manufacturing but where there is an allowance for sales (for instance tobacco, where Aubrey will not invest in tobacco manufacturers but may invest in supermarkets which sell tobacco although not outlets that sell tobacco exclusively. If that is the case, we define a limit on the amount of profit the investee company makes from those sales.

In certain cases, clients may also ask Aubrey apply additional exclusions and these would be noted in those clients individual investment management agreements.

## **CONTROVERSIAL WEAPONS**

We will not invest in any company that is involved with controversial weapons. Controversial weapons have an indiscriminate and disproportionate impact on civilians, even years after a conflict may have ended. As per our policy, we will not invest in the following:

1. Companies with any tie to Controversial Weapons which we define as cluster munitions, landmines and biological/chemicals weapons,
2. Companies that:
  - Manufacture nuclear warheads and/or whole nuclear missiles
  - Manufacture components that were developed or are significantly modified for exclusive use in nuclear weapons (warheads and missiles)
  - Provide auxiliary services related to nuclear weapons
  - Manufacture or assemble delivery platforms that were or could be developed or significantly modified for the exclusive delivery of nuclear weapons; or
  - Manufacture components for nuclear-exclusive delivery platforms

## **TOBACCO**

We will not invest in any company that manufactures tobacco. We may though invest in some companies that sell tobacco but we will not invest in a company that makes more than **25%** of its reported profits from that source.

## **ADDICTIVE GAMBLING SERVICES**

We will not invest in companies that make more than 50% of their reportable profits from providing gambling services.

## **COAL MINING**

- Coal fired power generation: 30% or more of the energy mix exclusion threshold; with the exception of those issuers that have investment plans in place to increase the amount of energy produced by renewable sources or to decrease the amount of energy generated by coal and will therefore have a coal fired power generation of less than 30% in the next 5 years;
- Thermal coal mining: 30% of revenue exclusion threshold.

## **IMPACT OF EXCLUSIONS POLICY**

As a long-term investor, we are conscious of the potential impact of reducing the investment universe as a result of putting in place ESG-related exclusions. However, before any investment exclusion is applied, an extensive review is undertaken to understand the impact of that restriction on investment portfolios and funds. The main objective of our ESG-related exclusions policy remains to reduce risks within the investment portfolios and funds we manage on behalf of our clients.

While we believe that divestment can be a powerful tool to drive change at companies, we believe it is a blunt instrument that can only be employed once and should therefore be applied carefully. We apply a rigorous analysis of the impact of any potential and existing exclusions to ensure we are comfortable with our decisions. We also believe that exclusions should only be used where the use of engagement is unlikely to yield a tangible result, because the relevant sector is unable or unwilling to change its practices. For more information on our investment exclusions, please visit [www.aubreycm.co.uk/sustainability](http://www.aubreycm.co.uk/sustainability)