

TCFD Product Report

IFSL Rockhold Fixed Interest
Fund

June 2024

IFSL Rockhold Fixed Interest Fund

Taskforce for Climate-Related Financial Disclosures (TCFD) Product Report

As at 31 December 2023

01. Purpose of this report

Climate change is a huge challenge, impacting us all. We recognise we have an urgent need to accelerate the transition towards net zero emissions to deliver the climate goals of the Paris Agreement, which is a pledge by world leaders to tackle global warming.

At Investment Fund Services (IFS) we appreciate that there is a growing demand for more climate risk-related information about how we are managing both our business operations and our investment exposure. We are firm believers in transparent disclosures and are working on improving this through our communications.

This report is designed to provide investors with prescribed metrics and information to give a better understanding of the climate-related risks and opportunities associated with IFSL Rockhold Fixed Interest Fund and its underlying holdings. While the investments in this Fund are managed by Marlborough Investment Management, on behalf of Rockhold Asset Management Limited, IFS is the Authorised Corporate Director (ACD) of the Fund and is responsible for ensuring that the Fund is managed in line with regulations, among other duties. Under the rules of the Financial Conduct Authority (FCA), IFS is required to publish information annually on the Fund's greenhouse gas emissions disclosures.

This report is published in line with the requirements of the FCA and TCFD. The Taskforce on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board in 2015 to improve and increase reporting of climate-related financial information. More recently, the FCA created a regulatory framework for UK asset managers (and other regulated financial services companies) to report in line with the TCFD framework.

For a greater understanding of the governance, strategy and risk management that IFS has in place to manage the risks and opportunities related to climate change, this product report should be read alongside IFS's own TCFD report (referred to as an entity TCFD report) which can be found via the following link: www.ifslfunds.com/tcfid-reporting.

The carbon metrics for this Fund have been calculated on less than 50% of its value, in accordance with available data from Clarity AI. This is due to lack of emissions data produced by its underlying holdings. IFS believes that a low coverage feeding into a carbon metric may potentially be meaningless to investors, however we are required to disclose a prescribed set of metrics in line with the TCFD framework.

02. Key fund information (as at 31 December 2023)

Name	IFSL Rockhold Fixed Interest Fund
ISIN	GB00BNM3D646
Fund size £	£34,870,277
Fund size \$	\$44,452,446
Benchmark or sector	IA* Global Mixed Bond Sector
Investment Manager	Rockhold Asset Management Limited
Fund launch date	18/10/2021
Base currency	Pound sterling
Fund objective and policy	<p>The aim of the Fund is to increase in value of an investment over a minimum of 5 years. The Fund will do this through a combination of income received by the Fund, which is money paid out of investments, such as interest from bonds, and capital growth, which is profit on investments held.</p> <p>The Fund is actively managed which means the Investment Manager decides which investments to buy or sell and when, and will invest at least 80% in other collective investment schemes, investment trusts and exchange traded funds (collectively "Investment Funds"). This could include other Investment Funds managed by the Authorised Corporate Director or the Investment Manager.</p>

*The Investment Association (IA) is the trade body representing the UK investment management industry. It divides funds into groups known as 'sectors' to enable investors to make like-for-like comparisons.

Source: IFS and Morningstar, data as at 31 December 2023

03. Climate-related fund information

Fund climate-related commitments

The Fund has not made any climate-related commitments.

Strategy for managing climate-related risks and opportunities

The Fund does not employ an explicit strategy for managing climate-related risks and opportunities.

IFS, the Fund's ACD, has not yet implemented a strategy for managing climate-related risks and opportunities across its investment funds, but it has, however, developed a climate strategy across its operations.

Management of climate-related risks and opportunities

The Fund does not actively seek to manage any specific climate-related risks and opportunities that may be associated with its underlying holdings.

Governance of climate-related risks and opportunities

The Fund's investment process does not include an assessment of climate-related risks and opportunities when selecting underlying securities. As a result, there is no formal governance around climate-related risks and opportunities.

04. Fund climate metrics

This section of the report focuses on the carbon, and other greenhouse gas, emissions associated with the underlying companies in which the fund ultimately invests.

These carbon metrics are designed to provide a starting point for understanding the Fund's exposure to greenhouse gas emissions and may help you understand the impact of your investment on the environment.

Different emission Scopes

Term used	Definition
Scope 1 greenhouse gas (GHG) emissions	Scope 1 emissions are <i>direct</i> emissions from owned or controlled sources, such as fuel combustion in a furnace or vehicle.
Scope 2 greenhouse gas (GHG) emissions	Scope 2 emissions are <i>indirect</i> emissions from the generation of purchased energy, such as the use of electricity in buildings.
Scope 3 greenhouse gas (GHG) emissions	Scope 3 emissions are not produced by the company itself. They are all other <i>indirect</i> emissions (not included in Scope 2) that occur in the value chain of the reporting company – in other words, emissions which are produced as a consequence of the company's activity but come from sources not owned by the company. For example, IFS's own Scope 3 emissions include those emissions generated by the companies within its investment funds.

Scope 1, Scope 2 and Scope 3 emissions are measured in tonnes of carbon dioxide equivalent (tCO₂e). The higher the number, the greater the impact.

For an explanation on tCO₂e, please see the TCFD Frequently Asked Questions (FAQ) document on our website www.ifsfunds.com/tcf-reporting.

We publish our carbon metrics in line with the recommendations of the Greenhouse Gas Protocol – the world's most widely used greenhouse gas accounting standard. This involves combining Scope 1 and 2 emissions and splitting out Scope 3 emissions, which are more complex to measure. Moreover, perhaps because of this complexity, not all companies report their Scope 3 emissions, therefore the data tends to be more inconsistent and less reliable.

Weighted Average Carbon Intensity (WACI)

A fund's WACI is a measurement of its aggregate exposure to the carbon intensity of each of its holdings. WACI is calculated by multiplying the carbon intensity of each company (holding) by the size of each holding within the fund. WACI is measured in tonnes of carbon dioxide equivalent per million US dollar (USD) of revenue (tCO₂e/\$m revenue).

The higher the WACI number, the more the fund is likely to be exposed to highly carbon-intensive industries.

Metric: WACI	Value (tCO ₂ e/\$m sales)	How many of the Fund's underlying holdings are included?	Data coverage - percentage of the Fund's value covered in this metric
Fund WACI – Scope 1 & 2	176.25	2,812 out of 3,607	41.44%
Fund WACI Scope 3	1265.01	2,528 out of 3,607	38.30%

Although we have indicated numbers for the relevant metrics above, we believe these values may not be plausible as they are based upon data covering less than 50% of the fund's value.

Total carbon emissions

Total carbon emissions, also referred to as fund 'financed emissions', takes the percentage of each company owned by the fund, multiplied by that company's carbon emissions. This is then summed across all companies in the fund. A fund's total carbon emissions are measured by tonnes of CO₂e (tCO₂e). The higher the emissions of the fund, the greater the extent of the fund's underlying holdings' contribution to GHG emissions. It is important to note that this metric is heavily influenced by the size of the investment in a company, therefore larger funds tend to have higher total emissions. As a result, this metric is not comparable across funds.

Metric: Total emissions	Value (tCO ₂ e)	How many of the Fund's underlying holdings are included?	Data coverage - percentage of the Fund's value covered in this metric
Fund total Scope 1 & 2 emissions	1243.74	2,728 out of 3,607	40.40%
Fund total Scope 3 emissions	6412.14	2,507 out of 3,607	37.77%

Although we have indicated numbers for the relevant metrics above, we believe these values may not be plausible as they are based upon data covering less than 50% of the fund's value.

Portfolio carbon intensity/footprint

Portfolio carbon intensity (sometimes referred to as footprint) adjusts the fund's total carbon emissions in accordance with the size of the fund itself. This metric can indicate which funds are more carbon intensive, as it allows different-sized funds to be compared to each other. The higher the intensity number, the greater the extent of the fund's underlying holdings' contribution to GHG emissions. Portfolio carbon intensity is measured in tonnes of carbon dioxide equivalent per million USD invested (tCO₂e/\$m invested). This is similar to the WACI formula, however here, GHG emissions are examined in terms of the fund's investment amount, rather than the underlying companies' revenue.

Metric: Carbon intensity	Value (tCO ₂ e/\$m invested)	How many of the Fund's underlying holdings are included?	Data coverage - percentage of the Fund's value covered in this metric
Fund Scope 1 & 2 carbon intensity	70.17	2,728 out of 3,607	40.40%
Fund Scope 3 carbon intensity	386.92	2,507 out of 3,607	37.77%

Please note that the WACI figures provided do not include sovereign bond exposures.

Data for the climate-related information in these tables is provided by Clarity AI. Cash is included in the coverage calculation. For further information on these metrics and their interpretation, along with limitations, please refer to the TCFD Glossary and FAQ documents on our website www.ifslfunds.com/tcdf-reporting.

Although we have indicated numbers for the relevant metrics above, we believe these values may not be plausible as they are based upon data covering less than 50% of the fund's value.

Fund's exposure to carbon-intensive sectors

Metric	Value	How many of the Fund's underlying holdings are included?	Data coverage - percentage of the Fund's value covered in this metric
Exposure to fossil fuels	14.17%	1,983 out of 3,607	73.81%

Data for the climate-related information in this table is provided by Clarity AI. Please note that Clarity AI excludes cash on the data coverage calculation.

- Excluding cash, 14.17% of the value of the Fund, for which we have data, is exposed to companies directly involved in the production and delivery of fossil fuels.
- The Fund is not deemed to have high exposure to carbon intensive sectors.
- IFS defines having 'high exposure to carbon-intensive sectors' as those funds having greater than 33% of assets under management (AUM) exposed to fossil fuels.
- It should be noted that not all the Fund's holdings produce data relating to their fossil fuels emissions' exposures, therefore the actual figure may be higher than 14.17%.

Climate scenario analysis

Climate change poses significant investment risks. Evaluating risks is important for investors seeking to make informed decisions. Climate scenario analysis can provide an assessment of possible future risks, and also investment opportunities through technological advancement, and their impact on the fund.

Climate scenarios are hypothetical constructs around how a fund may be financially impacted by climate change risk. Under FCA rules, we are required to disclose, as far as reasonably practicable, climate scenario analysis for our funds. The available data relating to this Fund, however is less than 50%, as measured by the percentage of its value covered by Clarity AI's climate scenario analysis. We believe this is insufficient data for meaningful analysis and that the results may potentially be misleading for investors. Emissions' data availability is an ongoing challenge and we will continue to work with Clarity AI in developing our approach to assessing potential climate-related impacts to our funds.

The Fund may be financially impacted by the following categories of climate change risks:

1. **Physical risks** – these are the impacts arising *directly* from climate change, such as damage and disruption from extreme weather events. Physical risks from climate change affect all industries across all geographies but with different impacts.

- Acute physical risks refer to *events* such as drought, floods, wildfires and extreme heat waves, for example.
- Chronic physical risks refer to *longer-term shifts* in weather patterns, such as sustained higher temperatures or changing precipitation patterns.

2. **Transition risks** – these are risks associated with the costs of *transitioning* to a lower-carbon economy. These are taking the form of government policy changes and regulation (such as TCFD) and technological advancements aimed at mitigating climate change. As with physical risks, all industries may be affected but particular sectors such as energy and utilities might be impacted more as they are more sensitive to policies around emission control.

Shifting consumer preferences to 'greener alternatives' may impact the value and profitability of certain industries and assets. However, they also present *opportunities* for investors who can identify and capitalise on the transition to a low-carbon economy.

3. **Sentiment shock** – this is the risk associated with a potential *abrupt market repricing* of assets due to a delayed and sudden awareness of the potentially devastating impacts of climate change. The risk is incorporated into the '*Net zero, but with a financial crisis*' scenario.

These risk and impacts are calculated across the three following possible scenarios around achieving a net zero economy by 2050.

Achieving a net zero economy:

- What changes and costs, such as government policies and strict regulations around lowering emissions, are required to transition in an orderly manner to net zero emissions globally by 2050?
- What are the financial risks, and any opportunities, occurring from this transition?
- This scenario assumes an average global temperature increase of 1.5°C by 2100.
- This scenario considers acute and chronic physical risks, and transition risk but not the risk of sentiment shock, described above.

Net zero, but with a financial crisis:

- What could be the impact if the transition to net zero is more disorderly, prompting a sudden need to align economies and companies?
- This scenario also assumes an average global temperature increase of 1.5°C by 2100 but achieved in a different manner (through an initial delay in government policy, followed by aggressive action to compensate, which results in a financial shock).

High warming:

- What could be the impact if we failed to curb emissions and average temperatures increase further?
- This scenario assumes that no new climate policies are implemented after the Covid-19 crisis, and infers an average global temperature increase of 4.3°C by 2100. This scenario may also be referred to as a ‘hothouse world.’
- This scenario considers acute and chronic physical risks and assumes that no new government policies around climate control are implemented within transition risk. The risk of sentiment shock, as described above, is not a contributing factor here.

Climate impacts for the Fund are estimated for each of these three scenarios – *Net zero*, *Net zero but with a financial crisis* and *High warming* – over three different time horizons: 5, 10 and 20 years from the end of 2022.

The examples below show how the Fund’s returns may be impacted from climate change risk, using the scenarios described above. This is based on available data for the Fund’s current holdings (as at end of December 2023) and projected out over short-, medium- and long-term periods. The more negative the number, the higher the potential negative impact on the value of the Fund's underlying holdings.

Potential climate impact on returns over the short term

Scenario	Net zero	Net zero financial crisis	High warming
Total impact on returns (%)	-1.09%	-1.63%	-0.63%
Transition risk	-1.20%	-1.56%	-
Physical – acute	0.04%	0.06%	-0.14%
Physical – chronic	0.06%	0.08%	-0.49%
Sentiment shock	-	-0.22%	-

Potential climate impact on returns over the medium term

Scenario	Net zero	Net zero financial crisis	High warming
Total impact on returns (%)	1.00%	0.58%	-1.30%
Transition risk	1.09%	0.91%	-
Physical – acute	-0.03%	-0.02%	-0.26%
Physical – chronic	-0.06%	-0.05%	-1.04%
Sentiment shock	-	-0.25%	-

Potential climate impact on returns over the long term

Scenario	Net zero	Net zero financial crisis	High warming
Total impact on returns (%)	2.25%	1.91%	-4.58%
Transition risk	2.91%	2.69%	-
Physical – acute	-0.20%	-0.18%	-0.95%
Physical – chronic	-0.47%	-0.43%	-3.63%
Sentiment shock	-	-0.16%	-

Coverage	% Data coverage
Data coverage – percentage of the Fund's value covered in this metric	36.91%

Data for the climate-related information in these tables is provided by Clarity AI

Data for the climate-related information in these tables is provided by Clarity AI, using the 5-year, 10-year and 20-year scenarios calculated at the end of 2022, that correspond to IFS's short-, medium- and long-term scenarios when examining climate impact from an investment perspective. For further information on these metrics and their interpretation, along with limitations, please refer to the TCFD Glossary and FAQ documents on our website www.ifslfunds.com/tcfd-reporting.

Although we have indicated numbers for the relevant metrics above, we believe these values may not be plausible as they are based upon data covering less than 50% of the Fund's value.

Implied Temperature Rise

Implied temperature rise (ITR) estimates how companies are aligned to a Net Zero world where average temperature rise is contained through curbing emissions. The Paris Agreement, a pledge put together by 194 of the world's nations in 2015, is working to limit average global temperature rise to no more than 1.5°C by 2100 compared to pre-industrial levels.

The ITR considers companies' publicly available near-term reduction plans and makes a forward-looking projection to indicate the *temperature alignment* of that business.

Fund Temperature Alignment	Value	How many of the Fund's underlying holdings are included?
Fund temperature rating Scopes 1 & 2	2.2°C	2,248 out of 3,607
Fund temperature rating Scopes 3	2.6°C	2,247 out of 3,607

Data for ITR is provided by Clarity AI. For further information on this metrics and interpretation, along with limitations, please refer to the TCFD Glossary and FAQ documents on our website www.ifslfunds.com/tcfd-reporting.

With regards to Scope 1 & Scope 2 emissions, the Fund's implied temperature rise is 2.2°C, therefore it is currently categorised as misaligned with regards to the Paris Agreement.

With regards to Scope 3 emissions, the Fund's implied temperature rise is 2.6°C, therefore it is currently categorised as misaligned with regards to the Paris Agreement.

Note that not all the Fund's underlying holdings are included in these metrics.

Temperature Alignment categories:

- 1.5°C aligned - ITR of $\leq 1.5^\circ\text{C}$
- 2°C aligned - ITR of $\geq 1.5^\circ\text{C} - 2^\circ\text{C}$
- Misaligned - ITR of $>2^\circ\text{C} - 3.2^\circ\text{C}$
- Strongly misaligned - ITR $> 3.2^\circ\text{C}$

Data gaps and assumptions

With regards to emissions data, IFS has recently started working with Clarity AI – a specialist climate data provider – currently covering various emissions data of around 52,000 companies across 192 countries. Following a review across several providers, we chose to partner with Clarity AI as their emissions data coverage is amongst the widest available, and in the case that certain emissions data is missing for a company, in some instances, Clarity AI is able to use its proprietary machine learning algorithms to estimate specific data.

However, it must be noted that not all companies, by any means, are currently reporting their emissions. This will vary across different jurisdictions, depending on local regulatory requirements, and also size of company – there can often be limited climate data disclosure among smaller companies. Additionally, significant data gaps exist within certain asset classes, such as government bonds and currencies. Clarity AI is working on various methodologies to increase its emissions data coverage and calculations within the more 'challenging' asset classes. In addition, we expect to see steady improvement in equity and corporate bond data

coverage as increasing regulation should lead to more companies being required to disclose their emissions.

As a result of evolving, but inconsistent, regulatory requirements and the evolution of carbon reporting methodologies and ensuing metrics, our investment funds have varying degrees of data coverage in terms of certain carbon metrics. IFS believes that data coverage of less than 50%, as measured by the percentage of the fund's value covered in a specific metric, may potentially produce meaningless or misleading carbon metrics. In addition, we believe that data coverage under 70% of a fund's investments should not be relied upon and have highlighted this where relevant.

We believe that the available level of data coverage for the Fund's investments is insufficient to provide plausible values for the key metrics described earlier in this report.

Looking ahead

As the ACD of your investment Fund, IFS has overall responsibility of ensuring that the Fund is managed in-line with its strategy and regulations however, we do not directly manage the underlying investments and therefore, are not involved in investment decisions. Currently, IFS does not monitor the emissions of its funds – this is something we are considering implementing.

Some of the climate metrics shown in the report are based on historical emissions data, which may not be a reliable indicator of future emissions, and these should not be the sole basis on which you base your investment decisions. The forward-looking climate metrics are formulated by models based on a number of assumptions and therefore the resulting impact of climate change on your investments predicted by the model may not actually occur in the future. The source of the data used in the report includes Clarity AI. While every care has been taken in populating this output, it must be appreciated that neither IFS nor the sources used guarantee the accuracy, adequacy or completeness of this information or make any warranties regarding results from its usage.

Issued by Investment Fund Services Limited (IFSL), the Authorised Corporate Director of the IFSL fund range. IFSL is registered in England No. 06110770 and is authorised and regulated by the Financial Conduct Authority. Registered office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP.