



LEA 02	Disclosures Monetary	Reason for Interaction
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage in internal staff	
Collaborative engagements	<input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage in collaborative engagements	
Service provider engagements	<input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage in service providers	

RI TRANSPARENCY REPORT

2014/15

Alquity Investment Management Limited

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	-	n/a		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	-	n/a		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Alquity Investment Management Limited

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

18

OO 02.4 Additional information. [Optional]

Our head office is based in London but we also have an office in Hong Kong serving our Asian client base.

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

30/06/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM			95	500	000
Currency	USD				
Assets in USD			95	500	000

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	98.3	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0

Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	1.7	0
Other (1), specify	0	0
Other (2), specify	0	0

Publish our asset class mix as broad ranges

Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %

OO 08.2	Additional information. [Optional]
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Alquity Investment Management Limited runs five emerging and frontier market funds:

- Alquity Africa
- Alquity Asia
- Alquity Latin America

- Alquity Indian-Subcontinent
- Alquity Future World

OO 09	Voluntary	Descriptive	General
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OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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Alquity Investment Management (AIML) was formally launched in June 2010 as part of the Alquity Group, founded in 1999, which also incorporates Smoothed Growth Investment Management (SGI Management), a long-standing investment management company.

For too long, investment has been about grabbing a quick profit, while giving nothing back. At Alquity, we're here to change that, for good. Our mission is to transform how people invest, to achieve great returns while creating a better, fairer world for all. How? By offering investment funds designed to achieve a Virtuous Circle that's in everyone's best interests...

Attractive returns

With us, investing for good isn't about sacrificing profits for principles. Quite the reverse, in fact. All the evidence shows that backing well-managed, responsible businesses, in high growth regions, delivers better returns, in the long run.

So we're very happy to be judged on how our funds perform. Of course, they can go down as well as up, like any investment.

Responsible Investment

At Alquity, we believe that doing good is good business. So, using a rigorous analytical process powered by forward-looking ESG, we only put our investors' money into well-run, responsible businesses.

These can be huge multinationals or much smaller listed companies. But what they all have in common is that they achieve success sustainably; that's to say, by looking after their people, their communities, and our environment.

Transforming Lives

We believe that everyone deserves an equal opportunity to succeed. So wherever in the world we pursue profit, we also put something back - by donating up to 25% of our fee revenue, to support local entrepreneurs in getting small businesses off the ground.

Transforming lives in this way doesn't just feel good; it's also good for our investors. Because, over time, giving a boost to local economies where we invest is sure to have a positive effect on how our funds perform.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 10.3 Additional information. [Optional]

We integrate long-term, forward-looking ESG criteria into fundamental analysis and portfolio management, in order to produce superior risk-adjusted financial returns.

We apply insight and expert judgement throughout our investment process, integrating responsible investment powered by forward-looking ESG through a 4-stage process:

- 1 - Initial review of revenue sources (pass/fail)
- 2 - In depth, forward looking ESG analysis (A to E grading)
- 3 - On-going monitoring and tracking
- 4 - Strategic engagement and advocacy

This research is further supplemented by meetings with the companies and also independent research conducted by MSCI ESG through their Impact Monitor Report.

OO 11

Mandatory

Gateway

General

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Cash
- None of the above

OO 11.3

Additional information. [Optional]

Yes, we incorporate ESG issues throughout the investment process.

OO 12

Mandatory

Gateway

General

OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Closing module

- Closing module

Alquity Investment Management Limited

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1	Indicate if you have a responsible investment policy.
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- Yes
 No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
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- Yes
 No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
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Motivation for responsible investment policy

Focusing on responsible investment powered by forward-looking ESG as a core part of our analysis provides both better returns to investors, as well as reducing portfolio risks and volatility.

ESG issues have the potential to create and destroy long-term shareholder value, presenting risks across a company's entire value chain, from supply disruptions and labour disputes, to large scale industrial accidents and product safety concerns, so understanding these issues is essential. Moreover, these insights offer an alternative, often less-scrutinised insight into management behaviour and efficiency.

Returns

We believe that companies that focus on corporate governance and minority shareholders tend to be better managed, more efficient, and adapt more successfully to economic, environmental and technological changes. Therefore we expect them to trade at higher multiples and create greater value for all shareholders and stakeholders over the longterm. Conversely, those companies that pollute or pillage their environment do not have long-term sustainable business models, and thus are more likely to destroy shareholder value over time.

Even more importantly, we believe that detailed, forward-looking ESG analysis will enable us to identify early signs of internal changes in a company, ahead of the subsequent impact on earnings and the identification of this trend by other non-ESG investors, and thus ahead of a share price re-rating or de-rating. Therefore it is the momentum in these factors, as well as the absolute levels, which drives our analysis.

Risks

MSCI describes ESG issues as 'quiet storms that reconfigure the financial landscape when they hit landfall'. This is a very accurate premise; detailed analysis of ESG factors enables us to discover potential problems that may be submerged for many years, before suddenly erupting and destroying significant value.

By successfully avoiding companies with high ESG risks, we target lower volatility (and again, better returns) over the long term for investors. This is because those companies that are demonstrably prepared for ESG shocks can better mitigate the downside risks, both short and long-term. This makes disclosure on how companies manage their ESG risks all the more critical, because it can help capture investor interest and establish the longterm value of ESG management.

Furthermore, in frontier and emerging markets, where issues of corruption and labour troubles often rear their heads, ESG investing is even more valuable. By looking at a company's environmental, social and governance record you can invest wisely early on, with fewer concerns about the macro issues facing the country. The analysis provides a deeper understanding of the businesses you are buying into, giving you confidence to invest earlier than you otherwise might. At a time when investors are finding growth hard to forecast, ESG provides a way to 'do the right thing' while getting the right return.

The scope of the policy

Alquity places particular emphasis on identifying companies that have responsible business models, and can maximise financial returns to the investor over the long term. This means analysing the operations of companies to ensure that they are not based on a short-term exploitation of new markets or resources.

We believe that ESG issues have the potential to create or destroy long-term shareholder value in the companies in which we invest.

Understanding and dealing with these ESG-related risks and opportunities is a key element of Alquity's philosophy in managing our funds and is consistent with protecting the long-term interests of our investors. Such factors would range from the analysis of basic conditions of employment, including working environment and diversity, through to ensuring the natural resource base is developed sustainably.

Alquity has a rigorous environmental, social and governance analysis process and works with acknowledged market leaders (MSCI) in sustainable investment practice.

Who approved the policy

The policy has been approved by the Board and the Investment Committee.

When the policy was adopted and how frequently is it reviewed

The policy was adopted prior to the launch of our Africa Fund in 2010, it is an integral part of our Investment Management process. It is reviewed a minimum of annually. The Investment Committee has added specific external resources to advise them on ESG.

Any significant exceptions to the policy

No.

How the policy is implemented

Stage 1: Initial ESG Review

Before a company is selected for inclusion in the stock pool, we subject it to an initial ESG review to identify headline issues.

The initial review applies our investment and moral ethos; companies that cause harm to their various stakeholders cannot by definition be good long-term, sustainable investments, as they will suffer from high levels of risk (government policy) and ultimately lower returns.

Companies with over 5% revenues in their most recent financial report attributed to the following sectors are excluded from the Alquity investable universe:

1. Tobacco
2. Gambling
3. Narcotics
4. Adult entertainment
5. Armaments

The underlying criterion for inclusion in this list is the existence of 'harm' to consumers. We will not invest in any of these areas (or in conglomerates where these areas comprise over 5% of revenue).

Stage 2: Forward-looking ESG

Our ESG analysis is centred on the companies rather than countries and sectors, and this is consistent with our non-benchmarked, bottom-up investment strategy. We interact extensively with management to help improve their ESG, and invest in companies with the expectation of positive change and exit those that move backwards in this area (depending on the overall investment analysis).

When considering these factors, we also take account of global best practice and ensure our companies are aiming for these standards. In addition, the knowledge and experience of our investment teams (c20 years per region) gives them an advantage in spotting changes to a company's behaviour, and be able to make forward-looking judgements as necessary.

Following an analysis of these factors, our overall view on the quality of ESG is then summarised on a scale from A (excellent) to E (fail), on a forward-looking basis.

Our portfolios only include stocks graded A-C, and a summary of our ESG analysis is also shown on the front page of the stock note for the holding.

By undertaking this analysis, the management team is able to gain a deeper insight into the company's long-term prospects and any issues or threats that may be looming.

Stage 3: On-going Monitoring and Tracking

We continuously track the ESG performance of companies in the portfolio and engage with companies if circumstances require. We do this to ensure that we continue to be aware of (and manage) the ESG related risks and opportunities in our longterm portfolios. The sources of information used to undertake this tracking include company meetings and conference calls, company reports, media reports, broker research and the United Nations' Principles of Responsible Investing Clearinghouse.

Our first choice will always be to strike a constructive dialogue with the company with the aim of resolving issues of concern over a reasonable time period. In cases where the ESG issues are serious and it is not

possible to engage with management on a constructive basis, we may (as a final option) divest its holdings in that company.

Stage 4: Strategic Engagement and Advocacy

We are actively involved at a strategic level in encouraging companies to improve their ESG disclosure practices. This includes support for the UN Principles for Responsible Investment (PRI), the Global Reporting Initiative (GRI) and the Emerging Markets Disclosure Project (EMDP). We also track and maintain dialogue with other key actors.

Any international or national codes, norms or standards on which your policy is based

The ten international standards for business set out by the United Nations Global Compact.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
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<http://www.alquity.com/>

No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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Yes

Yes, all

Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Responsible Investment	http://www.alquity.com/wp-content/uploads/2014/09/Responsible-Investment-at-Alquity.pdf
Why Alquity?	http://www.alquity.com/#alquity-funds

No

OA 02.5	Additional information. [Optional]
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The link to our website gives an overview on our responsible investment philosophy and our rigorous forward-looking ESG process.

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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There are no exceptions in the coverage of our responsible investment policy - it is integral to the investment process for each of the funds. It is considered particularly carefully as a part of the stock selection, portfolio construction and ongoing monitoring.

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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Alquity Investment Management has a conflicts of interest policy which records the services and activities in which a conflict of interest may arise:

1) Wherever a conflict of interest is identified, a Senior Manager will be allocated responsibility of managing the firm's arrangements.

- 2) All staff are required to identify actual or potential conflicts of interest as they arise and record them on the conflict of interest record sheet and report them to the Compliance Officer.
- 3) The Compliance Officer will maintain a conflicts of interest register.
- 4) All senior staff have to confirm completeness of the register of interests annually including all stock investments held personally or on their behalf.
- 5) The Board approves the conflicts of interest policy annually.

No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2 Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
 Less than once per year

OA 05.3 Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 Biannually
 Annually
 Every two years or less
 It is not reviewed
 No

OA 05.4 Additional information. [Optional]

Responsible investing is integral to the investment process, it is reviewed by both the Board and the Investment Committee on a quarterly basis. This is to ensure that we maintain a rigorous responsible investment processes and that these are adhered to.

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1 Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Other role, specify
 - MSCI ESG Research**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

7

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We sponsored the UNPRI conference in Johannesburg, South Africa in 2013 and our CEO spoke to delegates at a breakfast meeting during the event.

- Asian Corporate Governance Association
 Association for Sustainable & Responsible Investment in Asia
 Australian Council of Superannuation Investors
 CDP Climate Change
 CDP Forests
 CDP Water
 CFA Institute Centre for Financial Market Integrity
 Council of Institutional Investors (CII)
 Eumedion
 Extractive Industries Transparency Initiative (EITI)
 Global Investors Governance Network (GIGN)
 Global Real Estate Sustainability Benchmark (GRESB)
 Institutional Investors Group on Climate Change (IIGCC)
 Interfaith Center on Corporate Responsibility (ICCR)
 International Corporate Governance Network (ICGN)
 Investor Group on Climate Change, Australia/New Zealand (IGCC)
 Investor Network on Climate Risk (INCR)/CERES
 Local Authority Pension Fund Forum
 Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
 Shareholder Association for Research and Education (Share)
 United Nations Environmental Program Finance Initiative (UNEP FI)
 United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 10.2 Additional information. [Optional]

We regularly host seminars for our clients and their investors on the subject of sustainable/responsible investment in Europe, Middle East, Africa, Asia and Latin America.

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
 - Provided financial support for academic or industry research on responsible investment
 - Encouraged better transparency and disclosure of responsible investment practices across the investment industry
 - Spoke publicly at events and conferences to promote responsible investment
 - Wrote and published in-house research papers on responsible investment
 - Encouraged the adoption of the PRI
 - Other, specify
- No

OA 11.3

Additional information. [Optional]

We are advocates of responsible investment and the approach is core to the strategy of the Alquity business model.

We also operate Insight Trips to Africa to experience first hand how the Alquity business model operates. This includes a day of changing perceptions of Africa - meeting with companies operating in Ghana for instance that the Alquity Africa Fund invests in, giving an opportunity to see both the business itself and its ESG practices in action. These trips also allow us to highlight how, by donating up to 25% of our management fee to microfinance initiatives, we encourage sustainable economic growth at a grassroots level.

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

OA 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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Current innovative features

Our Insight Trips - the opportunity to showcase our unique business model whilst changing the perception of Africa. It allows investors to meet the companies operating in Ghana for example, that the Alquity Africa Fund invests in, giving the chance to see first hand both the business itself and their ESG practices in action. These Insight Trips will also start running in Asia and Latin America too.

Through our model, and such things as the insight trips, we gain additional access to senior management due to their support of our model. This helps us get a deeper understanding of the businesses, particularly their ESG and CSR programs and helps better inform our investment decision.

Forward-looking ESG

We have done extensive research into the beneficial nature of responsible investing especially the incorporation of ESG. Since Q2 2014, we have introduced detailed, more forward-looking ESG analysis throughout the investment process. Our belief is that improving ESG trends early can be a significant contributor to stock performance and recognising these trends early, ahead of the general market, can lead to superior investment performance.

No

Alquity Investment Management Limited

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes


LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 <p>100</p>
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- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

Our goal is to invest in growing businesses throughout Asia, Latin America and Africa that offer investors outstanding financial value, whilst also addressing the challenges of sustainability. The investment teams have freedom to invest across sectors and countries. We believe screening is the best way to ensure Alquity hits its goal of uncovering high quality, undervalued companies and purchasing them before their attributes are recognised by the broader market.

Therefore we have an initial ESG screen of the investment pool which identifies any headline issues. It enables us to apply our investment and moral ethos; companies that cause harm to their various stakeholders cannot by definition be good long-term, sustainable investments, as they will suffer from high levels of risk (government policy) and ultimately lower returns. It also ensures that unnecessary time is not used to conduct fundamental analysis on companies which will not fit into the portfolio due to ESG standards falling short.

Then as part of the process of building the portfolio we complete a more in-depth ESG analysis as we would rather invest in a great company at a good price than a good company at a great price.

This research is further supplemented by meetings with the company and also independent research conducted by MSCI ESG through their Impact Monitor Report.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
 Activity
 Sector
 Country/geographic region
 Environmental and social practices and performance
 Corporate governance

Description

Before a company is selected for inclusion in the stock pool, we subject it to an initial ESG review to identify headline issues.

The initial review applies our investment and moral ethos; companies that cause harm to their various stakeholders cannot by definition be good long-term, sustainable investments, as they will suffer from high levels of risk (government policy) and ultimately lower returns.

Companies with over 5% revenues in their most recent financial report attributed to the following sectors are excluded from the Alquity investable universe:

1. Tobacco
2. Gambling
3. Narcotics
4. Adult entertainment
5. Armaments

The underlying criterion for inclusion in this list is the existence of 'harm' to consumers. We will not invest in any of these areas (or in conglomerates where these areas comprise over 5% of revenue).

- Positive/best-in-class screening
 Norms-based screening

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

As previously discussed we have 4-stage process which integrates responsible investment powered by forward-looking ESG. Stage 1 highlights which screening criteria are used. The criteria is reviewed at each Investment Committee meeting.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1 Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(C) Implementation: Integration of ESG issues

LEI 11 **Mandatory** **Core Assessed** **PRI 1**

LEI 11.1 Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Communication

LEI 18 **Mandatory** **Core Assessed** **PRI 2,6**

LEI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

<http://www.alquity.com>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- No
 - We disclose it to clients and/or beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries

Alquity Investment Management Limited

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
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Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
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☉ Yes

LEA 03.2

Describe how you identify and prioritise engagements.

Alquity continuously tracks the ESG performance of companies in the portfolio and will engage with companies if circumstances require. If an issue arises than this will become a prioritised engagement.

The sources of information used to undertake this tracking include company meetings and conference calls, company reports, media reports, broker research and the United Nations' Principles of Responsible Investing Clearinghouse.

No

LEA 04**Mandatory****Core Assessed****PRI 2****LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

Yes

Yes, for all engagement activities

Yes, for the majority of engagement activities

Yes, for a minority of engagement activities

No

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

Yes

Yes, in all cases

Yes, in the majority of cases

Yes, in the minority of cases

LEA 04.3

Describe how you monitor and evaluate the progress of your engagement activities.

We continuously track the ESG performance of companies in the portfolio.

Our first choice will always be to strike a constructive dialogue with the company with the aim of resolving issues of concern over a reasonable time period. In cases where the ESG issues are serious and it is not possible to engage with management on a constructive basis, Alquity may (as a final option) divest its holdings in that company.

No

Process for engagements conducted via collaborations**LEA 05****Mandatory****Core Assessed****PRI 2****LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

Yes

LEA 05.2

Describe how you identify and prioritise collaborative engagements.

Whilst conducting our bottom-up ESG analysis on the companies, we highlight any potential issues which we believe should be raised in a collaborative forum. Thereafter we prioritise these issues with the necessary parties.

No

LEA 06**Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
 - Yes, for all collaborative engagement activities
 - Yes, for the majority of collaborative engagement activities
 - Yes, for a minority of collaborative engagement activities
- No

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases

LEA 06.3

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

We monitor collaborative engagements by maintaining contact with the necessary parties whether that's through telephone conversations, emails or face-to-face meetings.

No

LEA 06.4

Additional information. [Optional]

Not applicable.

Process for engagements conducted with/on your behalf by service providers**LEA 07****Mandatory****Core Assessed****PRI 2,4****LEA 07.1**

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes

LEA 07.2	Indicate what role you play in engagements that your service provider conducts on your behalf.
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- Specify the issues for the engagement
- Specify the objectives for the engagement
- Select the companies to be engaged with
- Participate directly in the engagements with your service provider
- Actively monitor and review the activities of the service provider
- Other, specify

No

LEA 07.3	Additional information. [Optional]
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As previously mentioned we continuously monitor the ESG performance of companies in the portfolio through our investment process.

We also conduct engagements through proxy voting. This is performed through Institutional Shareholder Services (ISS) Proxy Exchange. The investment team has the overriding decision on all proposals presented at the meetings. Furthermore it is worth noting that we always use our proxy vote.

LEA 08	Mandatory	Core Assessed	PRI 2,6
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LEA 08.1	Indicate whether you monitor and/or discuss the following information provided to you by your service provider
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Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

General processes for all three groups of engagers			
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LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1	Indicate if you track the number of engagements your organisation participates in.
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Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
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- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8	Additional information. [Optional]
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The information is available on request.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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	Approach
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- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

	Based primarily on
--	--------------------

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes			
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LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

100

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 22.2 If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

- We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 26.8 Additional information. [Optional]

It is available on request.