

Lonsec Sustainable Managed Portfolios – Limits & Exclusions Policy

August 2023

Maximising our SDG impact

The Lonsec Sustainable Managed Portfolios (the portfolios) are multi-manager, multi-asset portfolios that invest in underlying strategies that demonstrate strong environmental, social and governance (ESG) practices and where possible, deliver impact by contributing positively to the United Nation's Sustainable Development Goals (UN SDGs) agenda. The portfolios aim to balance the need to deliver a mix of income and growth while making an above benchmark contribution to the UN SDGs.

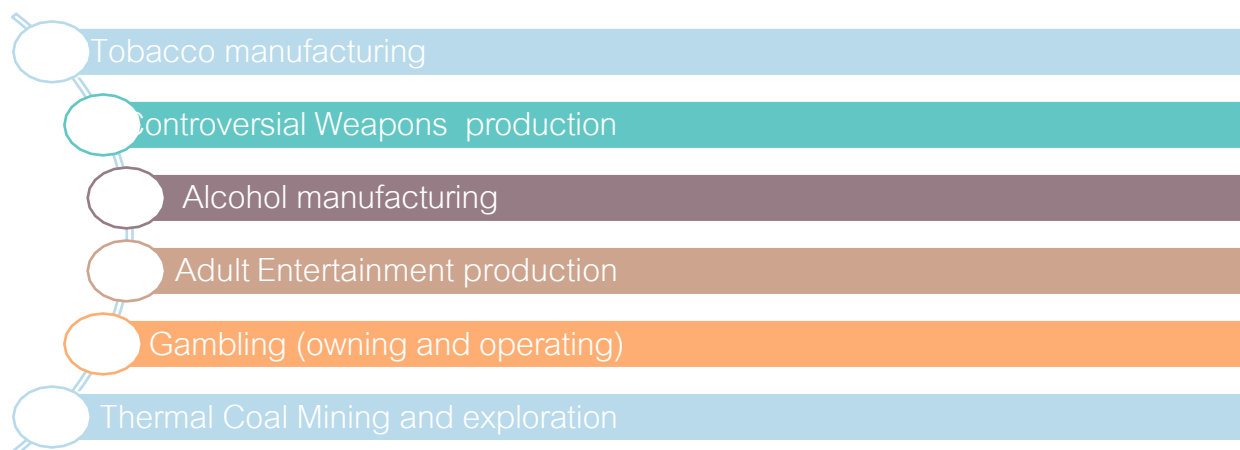
SUSTAINABLE DEVELOPMENT GOALS



Investment Limits and Exclusions

Our approach to responsible investing leads us to actively seek out strategies that contribute positively to at least one of the broad environmental, societal or economic objectives of the SDGs. While seeking to 'do good' is a key pillar of our approach, we will also seek to 'avoid unnecessary harm' to the planet and society by excluding or limiting exposure to a range of business activities considered fundamentally misaligned to the objectives of the UN SDGs.

Lonsec Investment Solutions ('Lonsec') considers these activities to be;

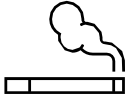



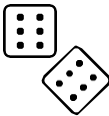




When appointing investment managers/strategies, we consider the underlying exclusion policy of the manager (including any applicable revenue thresholds) to ensure it aligns to our overall philosophy and approach to responsible investing. Most managers appointed will have explicit exclusions in place around these activities, however we may also invest in strategies where there are no such exclusions in place. This typically occurs when the underlying manager is unlikely to be invested in these activities from the outset (for example, an Australian REIT manager is unlikely to invest in a coal miner or tobacco manufacturer given its mandate).

Limits and exclusions are set and managed at the overall portfolio level. Thresholds are set for each activity and will vary across activities. These are set out in more detail in Table 1.

We monitor the portfolios' exposure to excluded activities using third party data providers as part of our ongoing monitoring process. Exclusions and limits are considered 'soft' in that any breach of a set threshold will result in Lonsec engaging with managers to discuss the position in the first instance and/or a reduction in our portfolio exposures to bring the exposure within range.

Table 1. Investment Limits and Exclusions - Lonsec Sustainable Managed Portfolios

Business Activity	Limits & Exclusions Threshold
<p>Tobacco</p> 	<p>Zero direct exposure to companies involved in tobacco and nicotine-alternatives production.</p>
<p>Controversial Weapons</p> 	<p>Zero direct exposure to companies involved in controversial weapons manufacturing (cluster munitions, anti-personnel mines, biological or chemical weapons, and nuclear weapons)</p>
<p>Alcohol</p> 	<p>Below benchmark exposure and a maximum of 2% total portfolio revenues derived from the manufacturing of alcoholic beverages.</p>
<p>Adult Entertainment</p> 	<p>Below benchmark exposure and a maximum of 2% total portfolio revenues derived from the production of adult entertainment (sex shops, producers of adult movies, magazines, strip clubs etc).</p>
<p>Gambling</p> 	<p>Below benchmark exposure and a maximum of 2% total portfolio revenues derived from owning and operating a gambling establishment and/or offers gambling services (casinos, lotteries, bookmaking, online gambling).</p>
<p>Coal Mining</p> 	<p>Zero direct exposure to companies which generate more than 30% of their revenues (cumulative) from the mining or exploration of thermal coal.</p>
<p>Fossil Fuels</p> 	<p>Below benchmark exposure and a maximum of 5% total portfolio revenues derived from the mining and exploration of fossil fuels (thermal coal, natural gas, and oil).</p>

Want to find out more

Get in touch today to find out how we can help you start implementing managed portfolio solutions for your clients. Lonsec's managed portfolios are available through a number of major platforms including AMP MyNorth, BT Panorama, HUB24, Macquarie Wrap, Netwealth and Praemium.

Call us on **1300 826 395** or email **info@lonsec.com.au**

[Lonsec.com.au](https://lonsec.com.au)

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