

Investments update



16 November 2024

Changes to Stewart Investors Sustainability investment options

Colonial First State Investments Limited (CFSIL), as Responsible Entity (RE), have conducted a review of their investment menu and decided to replace Stewart Investors for the following investment options, commencing 16 November 2024:

- **Stewart Investors Worldwide Sustainability** - changing to Capital New Group Perspective.
- **Stewart Investors Global Emerging Markets Leaders Sustainability** - changing to Aikya Emerging Markets Opportunities.

What does the change mean?

A comparison of the current and new investment options, including objective, strategy and asset allocation, are set out in the table below. Also note, the replacement options are not labelled as sustainable.

CFS has actively sought and appointed well-credentialled replacement investment managers. Each replacement manager has a strong track record in the respective asset classes and leading independent research house ratings.

Is there anything I need to do?

You can choose to move your clients into another investment option prior to the change if the new options don't align with your client's investment strategy. Otherwise, there is no action needed.

Investment option comparison

You can compare details of the replacement investment option with the current investment option in the table below.

Current investment option: Stewart Investors Worldwide Sustainability	Replacement investment option from 16 November 2024: Capital Group New Perspective
Objective	Objective
To achieve long-term capital appreciation by investing in companies that contribute to, and benefit from, sustainable development. The option aims to exceed the MSCI All Country World Index over rolling five-year periods before fees and taxes. The option is actively managed and the benchmark doesn't limit or constrain portfolio construction.	The option's investment objective is to outperform the MSCI All Country World Index ("Benchmark") over rolling five year periods before fees and taxes while achieving long term growth of capital. The strategy invests primarily in common stocks of companies located around the world, which may include Emerging Markets.
Strategy	Strategy
The option aims to achieve its investment objective by investing in a diversified portfolio of equity or equity-related securities¹ of companies which are listed in, traded or dealt on any of the regulated markets worldwide. Stewart Investors undertakes a bottom-up and qualitative approach to identifying, analysing and investing in companies, which it believes can deliver long-term positive financial returns and also contribute to, and benefit from, sustainable development. Stewart Investors considers a company contributes to, and benefits from, sustainable development if its activities lead to positive social outcomes and may lead to positive environmental outcomes. The option does not hedge currency risk.	The Capital Group New Perspective strategy seeks long-term capital appreciation and focuses on capturing investment opportunities created by global economic growth and changing patterns of world trade and economic relationships. It seeks to invest mainly in stocks of well-established multinational companies. Managers seek to own both global market leaders as well as those which have the capacity to develop into the global market leaders of tomorrow. A high-conviction portfolio is built from bottom-up research, drawing on the best-ideas of several portfolio managers, each of whom makes portfolio decisions independently. The strategy has a global mandate that allows portfolio managers to pursue appreciation through changing global trade patterns – wherever they may occur. The strategy is managed in a manner that is conscious of, but not constrained by, the composition of the Benchmark. New Perspective's composition will typically be different to the benchmark reflecting portfolio managers' bottom-up research. The strategy is not hedged to Australian dollars. The Capital Group New Perspective strategy aims to manage a carbon footprint for its investment in corporate issues that is generally at least 30% lower than MSCI All Country World Index as well as evaluate and apply ESG and norms-based screening to implement exclusions for corporate issuers.

Benchmark			Benchmark		
MSCI All Country World Index			MSCI All Country World Index		
Asset allocation			Asset allocation		
Asset	Range	Benchmark	Asset	Range	Benchmark
Global shares	80% - 100%	100%	Global shares	80% - 100%	100%
Cash	0% - 20%	0%	Cash	0% - 20%	0%
Investment category: Global Share			Investment category: Global Share		
Minimum suggested timeframe: At least 7 years			Minimum suggested timeframe: At least 7 years		
Standard risk measure: 7			Standard risk measure: 7		
Sustainable Option: Yes			Sustainable Option: No		

Current investment option: Stewart Investors Global Emerging Market Leaders Sustainability	Replacement investment option from 16 November 2024: Aikya Emerging Markets Opportunities
Objective	Objective
To achieve long-term capital appreciation by investing in companies that contribute to, and benefit from, sustainable development. The option aims to exceed the MSCI Emerging Markets Index over rolling five-year periods before fees and taxes. The option is actively managed and the benchmark does not limit or constrain portfolio construction.	The option aims to achieve long-term capital growth against the MSCI Emerging Markets Index over rolling five-year periods (after fees and taxes), by investing in high quality companies. These companies should make a positive contribution to sustainable development within the countries in which they operate.
Strategy	Strategy
The option aims to achieve its investment objective by investing in a diversified portfolio of equity or equity-related securities of large and mid-capitalisation companies whose activities predominantly take place in emerging markets and are listed in, traded or dealt on any of the regulated markets worldwide. Stewart Investors undertakes a bottom-up and qualitative approach to identifying, analysing and investing in companies, which it believes can deliver long-term positive financial returns and also contribute to, and benefit from, sustainable development. Stewart Investors considers a company contributes to, and benefits from, sustainable development if its activities lead to positive social outcomes and may lead to positive environmental outcomes. The option invests in large and mid-capitalisation companies with a minimum market capitalization of US\$1 billion and a minimum investible market cap (free float) of US\$500 million at the time of initial investment. The option does not hedge currency risk.	The option's investment strategy is to identify the highest quality companies listed or operating within Emerging Markets that can deliver long term growth whilst aiming to limit downside. The Manager ("Aikya") is a fundamental, bottom-up investor, conducting analysis at the level of individual companies whose equity (or equity-related) securities are being considered for inclusion. The investment process takes place via idea generation, stock selection, portfolio construction, monitoring and engaging, and sell decisions. The option has a high conviction approach resulting in a 30–35 typical stock portfolio. Aikya's investment philosophy is focused around the quality of a company which is determined with reference to (i) quality of stewardship (ii) quality of franchise and (iii) quality of financials. Aikya believes that investing in high-quality companies maximises returns, and that environmental, social (including labour standards) and ethical (incorporating corporate governance) ('ESG') considerations are integral to determining the quality of a company. These ESG considerations are incorporated when Aikya conducts stewardship, franchise and financial analysis of companies. Aikya believes that investment and ESG considerations are inextricably interlinked,

	because investing in Emerging Markets requires understanding a complex array of sustainable development challenges which create certain long-term investment risks and opportunities that are not typically appreciated by the broader investment community. Currency exposure will generally be unhedged.
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Previous Benchmark			New Benchmark		
MSCI Emerging Markets Net Index			MSCI Emerging Markets Net Index		
Previous asset allocation			New asset allocation		
Assets	Range	Benchmark	Assets	Range	Benchmark
Australian shares	80% - 100%	100%	Australian shares	90% - 100%	100%
Cash	0% - 20%	0%	Cash	0% - 20%	0%
Investment category: Global Share - emerging Markets			Investment category: Global Share – emerging Markets		
Minimum suggested timeframe: At least 7 years			Minimum suggested timeframe: At least 7 years		
Standard risk measure: 7			Standard risk measure: 7		
Sustainable fund: Yes			Sustainable fund: No		

We're here to help

If you have any further questions, please contact your [Business Development Team](#) or Adviser Services on 13 18 36, Monday to Friday between 8:30am – 6pm, Sydney time.

Yours sincerely,

Colonial First State