



EdenTree Investment Management  
Sunderland  
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[edentreeim.com](http://edentreeim.com)

To: All Investors in the funds listed in the Appendix (the “**Funds**”)

*You do not need take any action, however we do recommend that you read this letter.*

Dear Investor,

We, EdenTree Investment Management Limited, as Authorised Fund Manager of the Funds, are writing to you as an investor in the fund listed in the Appendix.

The Funds are being updated to clarify that the Funds have not adopted a sustainability label in line with the new rules under the FCA’s Sustainability Disclosure Requirements (SDR).

### **What are the Sustainability Disclosure Requirements (SDR)?**

In November 2023, the FCA published its Policy Statement (PS23/16), Sustainable Disclosure Requirements and investment labels (known as “SDR”). The Policy Statement set out the rules on anti-greenwashing, a new labelling regime, naming and marketing rules and product and entity level disclosures.

Currently, SDR is solely applicable to funds domiciled in the UK. SDR presents a package of measures, namely sustainability-related product labels, disclosures at fund and fund manager level, a rule against greenwashing, and additional regulations concerning sustainable investing in the UK.

The FCA’s objective for SDR is to ensure that “financial products that are marketed as sustainable should do as they claim and have the evidence to back it up”. The sustainability labels aim to clearly differentiate between i) sustainability labelled funds that qualify as sustainable, ii) unlabelled funds that have environmental, social, and governance (ESG) characteristics in their branding or marketing, and iii) non-ESG funds.

## **Our approach - What changes are being made as a result of SDR?**

With this in mind, we have decided to update the disclosures within the Funds' prospectus in order to comply with the requirements for funds that have sustainability characteristics but have not adopted a sustainability label. These changes will take effect on 28th March 2025.

These changes will not affect the way the Funds are currently managed and will not change the risk profile of the Funds.

As part of these changes, we are making the following changes:

1. **Name** - changing the name of the Funds to remove the words "Responsible and Sustainable". This is to make it clearer that the Funds do not have a sustainability label under SDR.
2. **Disclaimer** - adding a disclaimer to the prospectus disclosures for each Fund, to make it clear that the Funds have not adopted a sustainability label.
3. **Sustainability Approach** - adding a sustainability approach section, to clarify how the Funds will invest.
4. **Metrics** - adding metrics for each Fund that will be reported on an ongoing basis, to help investors understand the sustainability characteristics of the Funds.

We have included full details of the changes to the Funds' names and investment policies in the Appendix. In addition, a new document, a "Sustainability Disclosure" will be created, providing a summary of the Funds' sustainability approach and sustainable characteristics. You can find a copy of this document on our website: <https://www.edentreeim.com/fund-literature>

## **What action should you take**

This letter is for information purposes and you are not required to take any action.

If you have any questions regarding this change, including a reminder of your options if you would like to redeem your investment on the basis of this change, please contact EdenTree Investment Management Limited on 0800 358 3010 between 9.00 a.m. and 5.00 p.m. Monday to Friday, but please be aware that we are not authorised to give investment advice. If you are uncertain as to the contents of this letter, you should consult a financial adviser.

Yours sincerely,



**Andy Clark**

Chief Executive Officer, EdenTree Investment Management Limited

## Your questions on the Sustainability Disclosure Requirements (SDR) and fund labelling regime answered

- **What is SDR and why was it introduced?**

“SDR” is a shorthand acronym for the Financial Conduct Authority’s (FCA) new *Sustainability Disclosure Requirements and fund labelling* regulations.

With the introduction of new sustainability fund labels and increased fund disclosure requirements, the purpose of SDR is to promote greater transparency and consistency in how UK asset managers label and market sustainable investment funds.

In short, SDR will provide investors with a clearer framework for understanding the sustainability intention of a fund, as well as more information about its progress against specific sustainability goals.

It is a rigorous policy, with robust requirements for asset managers to maintain high standards of integrity, which should give investors greater confidence about an asset manager’s sustainability claims and the overall progress of a fund towards meeting its goals.

The policy has been introduced as part of a range of FCA consumer protection measures including specific regulations on Consumer Duty and Anti-Greenwashing.

- **How will this affect my investment?**

These changes will not affect the way the Fund is currently managed, and we do not expect a change to the Fund’s future performance due to the Funds not adopting a label.

- **What action do I need to take?**

You do not need to take any action. However, we do encourage you to refer to the appendix to understand the sustainability characteristics of the Fund.

Please [contact](#) EdenTree Investment Management Limited if you would like to receive a copy of the full prospectus.

## APPENDIX

### EDENTREE ~~RESPONSIBLE AND SUSTAINABLE~~ UK EQUITY FUND

#### Investment policy

The EdenTree ~~Responsible and Sustainable~~ UK Equity Fund aims to invest at least 80% in UK companies whose primary listing is in the UK ~~by investing in a portfolio of companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.~~

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

At least 70% of the fund's assets will be invested in line with the sustainability approach.

The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.

If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

~~The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.~~

~~The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.~~

~~Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.~~

~~The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.~~

~~Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).~~

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## EDENTREE ~~RESPONSIBLE AND SUSTAINABLE~~ EUROPEAN EQUITY FUND

### Investment policy

The EdenTree ~~Responsible and Sustainable~~ European Equity Fund aims to invest at least 80% in European (ex- UK) companies by investing in companies ~~which make a positive contribution to society and the environment through sustainable and socially responsible practices.~~

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

At least 70% of the fund's assets will be invested in line with the sustainability approach.

The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.

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## EDENTREE ~~RESPONSIBLE AND SUSTAINABLE~~ GLOBAL EQUITY FUND

### Investment policy

The EdenTree ~~Responsible and Sustainable~~ Global Equity Fund seeks to invest in a portfolio of companies ~~which make a positive contribution to society and the environment through sustainable and socially responsible practices.~~

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

At least 70% of the fund's assets will be invested in line with the sustainability approach.

The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.

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## EDENTREE ~~RESPONSIBLE AND SUSTAINABLE~~ STERLING BOND FUND

### Investment policy

The EdenTree ~~Responsible and Sustainable~~ Sterling Bond Fund seeks to invest in a highly diversified portfolio of Government bonds and good quality fixed-interest securities issued by companies ~~which make a positive contribution to society and the environment through sustainable and socially responsible practices~~. The Fund's investments will be at least 80% denominated in Sterling but the Fund may invest in other currency bonds and securities that the Manager thinks appropriate to meet the investment objective.

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

At least 70% of the fund's assets will be invested in line with the sustainability approach.

The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.

If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

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## EDENTREE ~~RESPONSIBLE AND SUSTAINABLE~~ MANAGED INCOME FUND

### Investment policy

The Manager will seek to achieve the investment objective by investing in a mix of equities, fixed-interest securities and cash equivalents. The Fund will maintain a bias towards equities of 60 - 85%.

The portfolio will consist of at least 90% listed stocks and shares but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective. The fund has no geographical restrictions or limits and may invest in any of the eligible markets listed in Appendix 3 of the Prospectus.

At least 70% of the fund's assets will be invested in line with the sustainability approach.

~~The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.~~

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~~This Fund is marketable to all retail investors.~~

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## EDENTREE ~~RESPONSIBLE AND SUSTAINABLE~~ UK EQUITY OPPORTUNITIES FUND

### Investment policy

The EdenTree ~~Responsible and Sustainable~~ UK Equity Opportunities Fund aims to invest at least 80% in a range of UK incorporated companies whose primary listing is in the UK which the Manager believes offer good potential for long-term capital growth.

The portfolio will consist of at least 80% listed securities with a bias towards small and mid-cap companies and those that the Manager considers are undervalued opportunities. The Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

At least 70% of the fund's assets will be invested in line with the sustainability approach.

The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.

If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

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## EDENTREE ~~RESPONSIBLE AND SUSTAINABLE~~ SHORT DATED FUND

### Investment policy

The EdenTree ~~Responsible and Sustainable~~ Short Dated Bond Fund seeks to invest at least 80% in short dated government bonds and debt instruments issued by companies ~~that the manager believes make a positive contribution to society and the environment through sustainable and socially responsible practices.~~

In line with the Fund's objective to preserve capital, the Fund will aim to invest at least 80% in sterling denominated fixed interest securities of short duration. Portfolio duration will be expected to average around 2 years, with the anticipated upper limit being 3 years. The portfolio will also look to maintain high credit quality. Securities will usually have a minimum credit rating of A by Moody's, S&P and or Fitch to be considered for investment. A maximum of 10% of the holdings may be invested in BBB-rated debt, seeking a target overall portfolio rating of A or better.

The Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, term deposits, nil and partly-paid securities, cash and near cash as deemed economically appropriate to meet the Fund's objective.

At least 70% of the fund's assets will be invested in line with the sustainability approach.

The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund. Should the Manager decide to use derivatives in pursuit of its investment objective in the future, it may do so on giving not less than 60 days' notice to shareholders in the Fund.

If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

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