

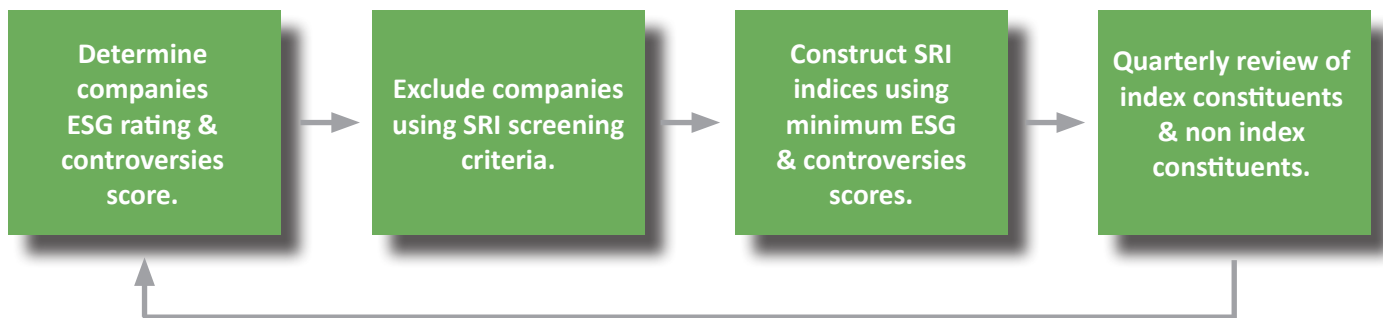
iFunds Ethical Portfolios - screening guide

Overview

This guide aims to set out the screening rules and criteria used by our ethical portfolios. The equity content within each portfolio is invested in passively managed and socially responsible investment funds. These low cost funds track indices that have been screened using environmental, social and governance (ESG) factors and socially responsible investment (SRI) criteria as defined by the MSCI, a leading global index provider. We do not apply our own screening or analysis on the inclusion or exclusion of particular companies. The rules surrounding the inclusion and exclusion are clearly defined by MSCI and are based on industry leading research and analysis. The construction and rules surrounding the ethical screening process are outlined in this guide.

Step by step process

The process for determining eligible companies uses a simple step by step process. The first step is to determine a companies ESG score, the second is to exclude companies under SRI screening criteria, the third is to construct a list of companies that meet both the minimum ESG requirements and SRI requirements and the fourth is to conduct a quarterly review of the companies that are both included and excluded.



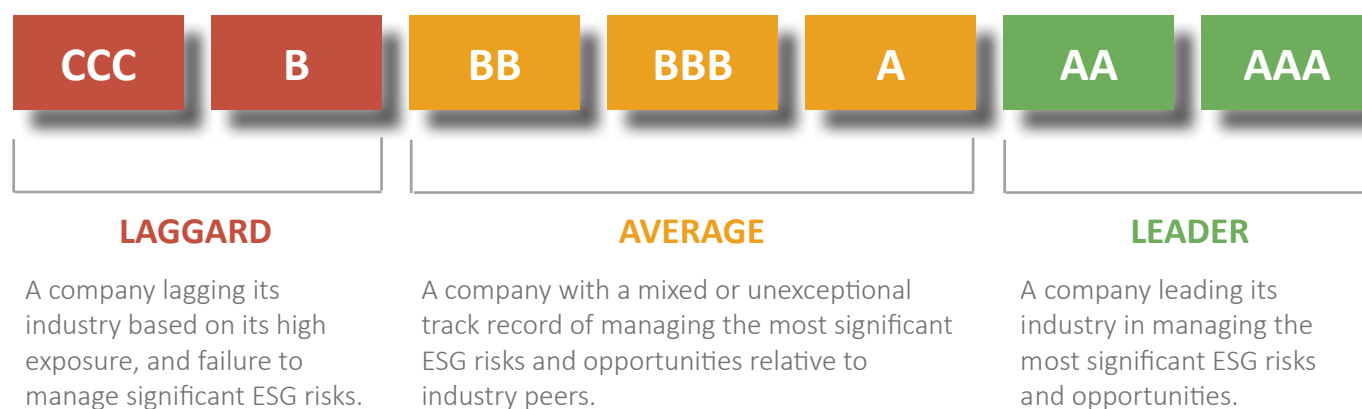
ESG screening

The first step is to determine a companies as ESG rating. These ratings are based on data collected by MSCI and are based on a number of different ESG factors as identified below:

(E) Environmental	(S) Social	(G) Governance
Energy consumption	Human rights	Quality of management
Pollution	Child & forced labour	Board independence
Climate change	Community engagement	Conflicts of interest
Waste production	Health & safety	Executive compensation
Natural resource reservation	Stakeholder relations	Transparency & disclosure
Animal welfare	Employee relations	Shareholder rights

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Companies are then given one of the following ESG ratings:



SRI criteria

Once ESG ratings have been assigned, SRI criteria is then used to remove companies with low ESG ratings. The eligible criteria for inclusion based on ESG ratings, as set by MSCI, are listed below;

Criteria for new companies (excluding UK companies);

- ESG rating of A or above
- ESG controversies score of 4 or above

Criteria for new UK companies;*

- ESG rating of BBB or above
- ESG controversies score of 1 or above

Criteria for existing companies at quarterly review;

- ESG rating of BB or above
- ESG controversies score of 1 or above

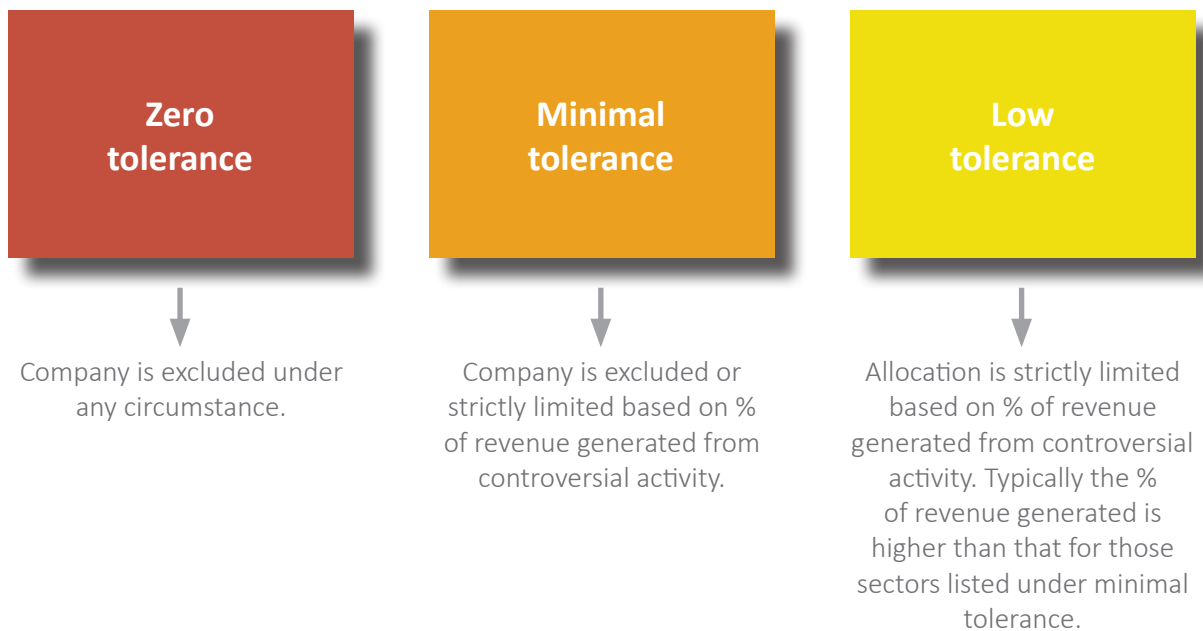


*The criteria for inclusion for UK companies has been relaxed in order to create a more diversified mix of companies. Without the reduction in the ESG rating the fund would be severely limited in what it could hold and would have significant exposure to a small number of companies. More information on MSCI ESG Ratings can be found at <https://www.msci.com/esg-ratings>.

SRI screening

Finally, regardless of a company's ESG score or ESG controversies score, there are certain sectors and business activities that are strictly excluded under the SRI screening process. These exclusions and limits are based on the research carried out by MSCI which has been developed to define significant involvement in controversial activities. According to their framework, there are three tolerance levels with each controversial activity, with the exception of Thermal Coal, assigned to one of them. The tolerance levels, as set by MSCI, are as follows:

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Activities classified under “Zero Tolerance”

Controversial Weapons

All companies with any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, nondetectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes available at <https://www.msci.com/index-methodology>

Activities classified under “Minimal Tolerance”

Civilian Firearms

- All companies classified as “Producer” of firearms and small arms ammunitions for civilian markets. It does not include companies that cater to the military, government, and law enforcement markets.
- All companies deriving 5% or more revenue from the distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.

Nuclear Weapons

- All companies that manufacture nuclear warheads and/or whole nuclear missiles.
- All companies that manufacture components that were developed or are significantly modified for exclusive use in nuclear weapons (warheads and missiles).
- All companies that manufacture or assemble delivery platforms that were developed or significantly modified for the exclusive delivery of nuclear weapons.
- All companies that provide auxiliary services related to nuclear weapons.
- All companies that manufacture components that were not developed or not significantly modified for exclusive use in nuclear weapons (warheads and missiles).

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Nuclear Weapons (continued)

- All companies that manufacture or assemble delivery platforms that were not developed or not significantly modified for the exclusive delivery of nuclear weapons.
- All companies that manufacture components for nuclear-exclusive delivery platforms.

Tobacco

- All companies classified as a “Producer”
- All companies deriving 5% or more aggregate revenue from the production, distribution, retail and supply of tobacco-related products.

Activities classified under “Low Tolerance”

Alcohol

- All companies deriving 5% or more revenue from the production of alcohol-related products.
- All companies deriving 15% or more aggregate revenue from the production, distribution, retail and supply of alcohol-related products.

Adult Entertainment

- All companies deriving 5% or more revenue from the production of adult entertainment materials.
- All companies deriving 15% or more aggregate revenue from the production, distribution and retail of adult entertainment materials.

Conventional Weapons

- All companies deriving 5% or more revenue from the production of conventional weapons.
- All companies deriving 15% or more aggregate revenue from weapons systems, components, and support systems and services.

Gambling

- All companies deriving 5% or more revenue from ownership of operation of gambling-related business activities.
- All companies deriving 15% or more aggregate revenue from gambling-related business activities.

Genetically Modified Organisms (GMO)

- All companies deriving 5% or more revenue from activities like genetically modifying plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption.

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Nuclear Power

- All companies generating 5% or more of their total electricity from nuclear power in a given year.
- All companies that have 5% or more of installed capacity attributed to nuclear sources in a given fiscal year.
- All companies deriving 15% or more aggregate revenue from nuclear power activities.

Activities not classified under any specific tolerance level

Thermal Coal

- All companies deriving 30% or more revenue (either reported or estimated) from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It excludes: revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading.
- All companies deriving 30% or more revenue (either reported or estimated) from the thermal coal based power generation.

Index construction

The rules outlined above specify the minimum requirements for a company to get into its respective SRI Index and therefore the SRI funds we invest in. The MSCI SRI indices are then reviewed quarterly and any company falling foul of the specified rules will be removed from the index and therefore the funds we invest in. iFunds have no input into the inclusion and or exclusion of companies invested in. For more information on the construction of SRI indices can be found at www.msci.com.

For more information on the ethical portfolios, please visit www.ifunds.co.uk.

Important information

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