

Sustainability-related disclosures

Nomura Funds Ireland – US High Yield Bond Continuum Fund (the “**Sub-Fund**”)

Introduction

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**) requires that firms publish information on environmental or social characteristics that their products promote (for Article 8 products) and on sustainable investment objectives that their products pursue (for Article 9 products), together with information on the methodologies used to assess, measure and monitor them.

Nomura Asset Management U.K. Limited (“NAM UK”) is the investment manager of the Sub-Fund.

Nomura Corporate Research and Asset Management Inc. (“NCRAM”) is the sub-investment manager of the Sub-Fund.

Summary

The Sub-Fund is an actively managed portfolio that will invest primarily in high yielding US Dollar denominated debt and debt-related securities, issued principally by entities in the United States. The Sub-Fund will aim to promote contribution to reduction of greenhouse gas (GHG) emissions by investing in issuers that exhibit low or declining GHG emissions characteristics.

While the Sub-Fund promotes GHG emission reduction, investors should be aware that this product does not have reduction of carbon emissions as its objective within the meaning of Article 9(3) of SFDR.

NCRAM implements the strategies of i) proprietary ESG scoring, ii) exclusions, and iii) ESG constraint to promote environmental characteristics of the Sub-Fund.

- i) Proprietary ESG scoring: NCRAM will assign a proprietary ESG score to each potential issuer based on its analysis on issuers’ sustainability strengths and risks. The outcome of the analysis will be 1 to 8 scale ESG scores on an absolute basis (with 1 being the best). NCRAM will exclude from the investable universe of the Sub-Fund those issuers that exhibit high sustainability risks by avoiding issuers ranked 6 to 8 on the ESG scoring scale.
- ii) Exclusions in relation to the following areas:
 - Thermal coal
 - Tobacco
 - Controversial weapons
- iii) ESG Constraint: The Sub-Fund will constrain the weighted average GHG intensity (scope 1 and 2 emissions divided by revenue) of the corporate issuers held in the Sub-Fund below that of the index. Investors should note that issuers with no available estimate of GHG intensity are excluded from the calculation.

NCRAM has a proprietary assessment process for the evaluation of governance practices of issuers, including sound management structures, employee relations, remuneration of staff, and tax compliance.

In addition to the elements outlined above, the Sub-Fund considers certain principal adverse impact (“PAI”) indicators within its investment process.

To monitor adherence to the environmental characteristics of the Sub-Fund, NCRAM monitors sustainability indicators. Compliance with the exclusions above is ensured through guideline monitoring and post-trade checks. NCRAM also uses NAM UK’s oversight platform to monitor alignment with the environmental characteristics of the Sub-Fund within its periodic review.

NCRAM utilises data and analysis from various sources including, but not limited to, investee companies, in-house sector analysts, third-party data providers, and industry reports. NCRAM seeks to use reported data but where availability of such data is limited, it will also utilise estimates provided by data providers and other sources.

NCRAM believes that engagement helps its understanding on how companies are committed to incorporating ESG issues into their ownership and management, and their plans to address those ESG risks and opportunities that may have a material financial impact in the future. Engagement also allows NCRAM to encourage companies to disclose ESG risks and opportunities and create plans to address them. NCRAM's analysts engage with companies on ESG issues in various settings, including new issue meetings, regular company calls, and group meetings. Analysts incorporate their ESG engagement activities in their regular investment updates and recommendations for portfolio managers. Analysts undertake a more comprehensive ESG analysis and engagement on a semi-annual basis, focusing on companies that NCRAM believes have more material ESG risks. This engagement addresses specific ESG risks and the company's initiatives, timeline/targets for addressing those risks, and includes an assessment as to whether those targets are achievable.

The Sub-Fund uses the ICE BofA US High Yield Constrained Index (the "Index") in the way that the weighted average GHG intensity (scope 1 and 2 emissions divided by revenue) of the corporate issuers held in the Sub-Fund is compared against that of the Index, with the aim being to limit such portfolio weighted average GHG intensity to be lower than that of the Index. However, the Index is not used to define the portfolio composition of the Sub-Fund and is not used for the purpose of determining the environmental characteristics promoted by the Sub-Fund. The Index is a broad market index and not consistent with the environmental characteristics promoted by the Sub-Fund.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Sub-Fund does not commit to making sustainable investments.

Environmental or social characteristics of the financial product

The Sub-Fund will aim to promote contribution to reduction of GHG emissions by investing in issuers that exhibit low or declining GHG emissions characteristics.

Investment Strategy

What investment strategy does this financial product use to meet the environmental or social characteristics promoted by the financial product?

The Sub-Fund is an actively managed portfolio that will invest primarily in high yielding US Dollar denominated debt and debt-related securities, issued principally by issuers in the United States.

NCRAM will implement a credit research process, which is founded on a multi-stage analysis of a) business risk, b) financial risk, c) bond deal structure and d) ESG considerations (as set out below). While NCRAM will primarily adopt a bottom-up approach to security selection, top-down considerations will also be taken into account.

Further information on the investment objective, policy and investment strategy of the Sub-Fund, including the asset classes in which the Sub-Fund may invest, is detailed in the Supplement for this Sub-Fund and should be read in conjunction with and in the context of its Annex.

NCRAM integrates ESG considerations in the strategy in the following manner; i) proprietary ESG scoring, ii) exclusions, and iii) ESG constraint.

i) Proprietary ESG scoring

NCRAM will assign a proprietary ESG score to each potential issuer by incorporating environmental, social, and governance factors into its sustainability analysis. NCRAM's sustainability analysis will aim to understand issuers' sustainability strengths and risks through the evaluation of relevant factors such as, but are not limited to, emissions, utilisation of renewable energy, human capital development, stakeholder relations, board independence, and transparency, depending on the nature of the issuer. In this process, NCRAM's research analysts will analyse and assess an issuer from the following perspectives; 1) the level of expected financial impact of ESG risks on the company, and 2) the level of issuer's disclosure and/or transparency regarding significant ESG factors, as well as articulated plans to address or mitigate ESG risks.

The outcome of the analyses and assessments will be 1 to 8 scale ESG scores on an absolute basis (with 1 being the best). An ESG score is a composite score incorporating environmental, social and governance factors as indicated above. NCRAM's research analysts will utilise both direct communication with an issuer as well as secondary sources of information, including public filings, financial news, and third party research. Although information from third party vendors will be taken into account as an input, NCRAM's analysts will make the final determination on ESG scores.

NCRAM will exclude from the investable universe of the Sub-Fund those issuers that exhibit high sustainability risks by avoiding issuers ranked 6 to 8 on the ESG scoring scale.

ii) Exclusions

Exclusions are assessed at time of purchase. NCRAM will monitor the Sub-Fund's portfolio against these exclusions on an ongoing basis and take necessary actions where required.

- Thermal coal: Exclusion of companies for which thermal coal production represents more than 5% of the company's revenue
- Tobacco: Exclusion of companies for which tobacco production represents more than 5% of the company's revenue
- Controversial weapons: Exclusion of companies for which production of controversial weapons, including anti-personnel mines, cluster munitions, chemical weapons, and biological weapons represents more than 5% of the company's revenue.

iii) ESG Constraint

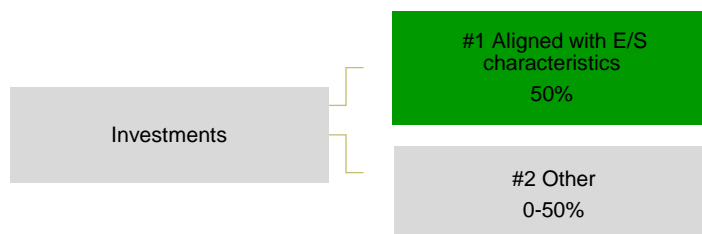
The Sub-Fund will constrain the weighted average GHG intensity (scope 1 and 2 emissions divided by revenue) of the corporate issuers held in the Sub-Fund below that of the Index. Investors should note that issuers with no available estimate of GHG intensity are excluded from the calculation.

What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

NCRAM has set a binding obligation to make a thorough assessment of the governance practices of the investee companies under consideration for investment (including sound management structures, employee relations, remuneration of staff and tax compliance). NCRAM has a proprietary assessment process for the evaluation of governance practices of issuers. Within this assessment, NCRAM will utilise analysis provided by its in-house analysts, company reports or engagement with companies, and/or data and analysis from third party vendors where appropriate. The assessment will seek attributes in the issuers such as: 1) the issuer discloses environmental, social and/or governance information and shows understanding of the related risks; 2) the issuer has an appropriate remuneration policy for executives with regard to incentives; 3) the issuer has a track record of treating bondholders and other investors fairly; 4) the issuer has a history of tax compliance.

NCRAM will use both primary source and third party data in the governance evaluation process.

Proportion of investments



NCRAM commits to invest a minimum of 50% of the Sub-Fund's assets in investments which are aligned with the environmental characteristics being promoted, which will be obtained through direct exposure to investee companies.

Monitoring of environmental or social characteristics

How are the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product monitored throughout the lifecycle of the financial product and what are the related internal or external control mechanisms?

NCRAM will use sustainability indicators to measure the attainment of the environmental characteristics.

- GHG intensity
- Total GHG emissions for corporate issuers (scope 1 and 2)

NCRAM will monitor the contribution of the issuers to the environmental characteristics outlined above on a periodic basis. NCRAM will use data from primary sources and third party vendors.

NCRAM also uses NAM UK's oversight platform to monitor alignment with the environmental characteristics of the Sub-Fund within its periodic review.

Methodologies for environmental or social characteristics

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?

The methodologies to measure the attainment of the environmental characteristics of the Sub-Fund are set out under "Monitoring of environmental or social characteristics" above.

Data sources and processing

The Sub-Fund will utilise the following data sources:

- data provided by investee companies in annual sustainability reports and through engagement directly with the investee company.
- data and analysis from NCRAM's in-house team of sector analysts.
- data and analysis from external data providers, such as Sustainalytics, Bloomberg and various third party Non-Governmental Organisations (NGOs).
- data from other sources (such as industry reports and other third party research reports).

NCRAM scrutinises the data quality and coverage of data providers on an ongoing basis. This includes, but is not limited to, reviewing changes in data coverage, assessing data relative to expectations, and comparing data coverage and breadth across providers.

Where data is sufficiently available, NCRAM will utilise data from primary sources and data providers to calculate and monitor PAI indicators on an ongoing basis. NCRAM prefers to use primary sources reported by investee companies, but will also combine primary sources, data from data providers and other sources in the course of its ESG strategy.

NCRAM seeks to use reliable and actual data but where availability of such data is limited, it will also utilise estimates provided by data providers and other sources. In such cases, NCRAM aims to complement such estimates with internal analysis and/or engagement.

Limitations to methodologies and data

What are limitations to the methodologies or data sources and how do such limitations not affect how the environmental or social characteristics promoted by the financial product are met?

The primary limitation to the methodology or data source is the lack of corporate disclosure. As is the case with industry peers, NCRAM faces challenges in obtaining adequate and sufficient data on certain PAI and other sustainability related metrics. Where lack of data or data credibility may affect its ability to make informed decisions, NCRAM may resort to options such as having a direct dialogue with investee companies, setting a dedicated engagement plan or taking a decision against holding companies in order to maintain alignment of the Sub-Fund with its environmental characteristics.

Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

Portfolio managers and analysts are primarily responsible for conducting due diligence on investments on a continuous basis to ensure the attainment of the Sub-Fund's environmental characteristics through the binding requirements including i) Proprietary ESG scoring, ii) exclusions, and iii) ESG constraint set out above under "Investment Strategy". Portfolio managers and analysts are also required to make a thorough assessment of the governance practices of investee companies (including sound management structures, employee relations, remuneration of staff and tax compliance). They are supported by NAM UK's aforementioned oversight platform where any new investments and material changes to the Sub-Fund's portfolio will be presented and scrutinised on a periodic basis.

Engagement policies

What is the engagement policy implemented, in the case that engagement is part of the environmental or social investment strategy (including any management procedures applicable to sustainability-related controversies in investee companies)?

NCRAM believes that engagement helps its understanding on how companies are committed to incorporating ESG issues into their ownership and management, and their plans to address those ESG risks and opportunities that may have a material financial impact in the future. Engagement also allows NCRAM to encourage companies to disclose ESG risks and opportunities and create plans to address them. NCRAM believes that companies should sustainably manage relationships with their various stakeholders, including shareholders, lenders, employees, customers and suppliers, as well as their impact on the environment. Companies should place appropriate emphasis on long-term business sustainability, with due consideration for the wider communities within which they operate.

NCRAM's analysts engage with companies on ESG issues in various settings, including new issue meetings, regular company calls, and group meetings. Analysts incorporate their ESG engagement activities in their regular investment updates and recommendations for portfolio managers. Analysts undertake a more comprehensive ESG analysis and engagement on a semi-annual basis, focusing on companies that NCRAM believes have more material ESG risks. This engagement addresses specific ESG risks and the company's initiatives, timeline/targets for addressing those risks, and includes an assessment as to whether those targets are achievable.

As bondholders, NCRAM has limited ability to alter the governance structure of a company, such as nominating board directors or voting on management compensation. However, NCRAM can encourage companies to take its engagement seriously by re-evaluating its investment decisions and its participation in new issues if NCRAM deems that a company is not doing enough to address the ESG risks that may impact their financial outlook.

Designated reference benchmark

The Sub-Fund uses the Index in the way that the weighted average GHG intensity (scope 1 and 2 emissions divided by revenue) of the corporate issuers held in the Sub-Fund is compared against that of the Index, with the aim being to limit such portfolio weighted average GHG intensity to be lower than that of the Index. However, the Index is not used to define the portfolio composition of the Sub-Fund and is not used for the purpose of determining the environmental characteristics promoted by the Sub-Fund. The Index is a broad market index and not consistent with the environmental characteristics promoted by the Sub-Fund.