

Fund aim

The investment objective is to generate capital growth by investing in a concentrated portfolio of equities selected from European markets. Overwhelmingly, but not exclusively, the managers invest in companies that are at the larger end of the capitalisation scale.

Investment style

The Fund invests in wealth creating companies at attractive valuations. Building concentrated portfolios from the bottom up, unconstrained by the composition of the Fund's benchmark index, the managers seek to make a small number of long-term investments, primarily in growing companies, with strong management and operating in favourable business environments.

Fund facts

Launch Date	3 April 2001
Morningstar Sector	Europe Ex-UK Equity
Benchmark	MSCI Europe ex UK Index
Fund Size	GBP 187.3m
No. of Holdings	31
Domicile	Ireland
Sedol	BF5KTG8
Bloomberg Code	WAVECIE ID
Fund Type	OEIC
Base Currency	EUR
Other Currencies	GBP
Ex Dividend Dates	30 April

Waverton's approach to TCFD

At Waverton, we fully recognise our responsibility to help drive positive environmental change, but also acknowledge that meaningful change on a global scale will take time.

We believe this necessitates a pragmatic approach, where we actively engage with companies in all sectors and focus on their direction of travel. We seek to identify those that can successfully adapt to and mitigate ESG risks over time and, while we invest in many companies with good ESG credentials, investing in companies that play an important role in the transition to a low carbon economy is also an important consideration.

This TCFD product report aligns with UK regulatory requirements as well as with Waverton's overall approach to managing climate-related risk and opportunities, which we set out in our [TCFD report](#).

Climate risk

There are various metrics used to identify, measure and report on the climate-related risks of companies. Regulatory disclosure requirements, and a full understanding of the data, have been key considerations for our metric selection and information disclosure. Avoiding anything that could be subject to significant recalculation on an annual basis, misleading or misinterpreted has been a primary focus.

The key component across many metrics, including ITR and CVAR, is carbon emissions. While measurement and reporting of this by companies still needs to show significant improvement, we have initially focused on collating and reporting the aggregate total from our direct equity investments. Part of this included manual standardisation of the reported data to ensure more consistent reporting.

We focus on our equity holdings for now, as the reported carbon data is more prevalent across this asset class and direct equities accounted for 63% of Waverton's total AUM as at 31 December 2023. In due course, we will progressively expand reporting to include all assets classes as the relevant data becomes available.

WAVERTON EUROPEAN CAPITAL GROWTH FUND EMISSIONS	tCO ₂ e
Scope 1 & 2 Financed Emissions	7,935
Scope 3 Financed Emissions	123,749
Total Portfolio Financed Emissions	131,684
Total Carbon Footprint tCO ₂ e / £m Invested Capital	811
Total Portfolio Sales Intensity tCO ₂ e / £m Sales	1,559
Weighted Average Carbon Intensity tCO ₂ e / £m Sales	1,339

15 LARGEST EMISSIONS CONTRIBUTORS	EQUITIES WEIGHT	EMISSIONS FISCAL YEAR	SHARE OF Co TOTAL EMISSIONS tCO ₂ e	% OF TOTAL FINANCED EMISSIONS	SCOPE 1&2 tCO ₂ e	SCOPE 3 tCO ₂ e	TOTAL tCO ₂ e
Shell Plc	4.5%	2022	38,121	28.9%	58,000,000	1,174,000,000	1,232,000,000
GEA Group	3.2%	2022	32,020	24.3%	63,981	36,573,261	36,637,242
Siemens Aktiengesellschaft	4.6%	2022	21,097	16.0%	582,000	457,605,000	458,187,000
Konecranes Oyj	3.8%	2022	7,708	5.9%	60,300	4,650,900	4,711,200
Autoliv Inc Shs Swedish DR	3.7%	2023	7,397	5.6%	358,000	10,540,000	10,898,000
Air Liquide SA	3.9%	2022	4,189	3.2%	39,464,000	22,134,000	61,598,000
Husqvarna AB Class B	2.6%	2022	3,742	2.8%	139,181	4,553,131	4,692,312
UPM-Kymmene Oyj	3.5%	2022	2,771	2.1%	4,720,000	5,034,000	9,754,000
Technip Energies NV	3.0%	2022	2,171	1.6%	18,179	1,844,655	1,862,834
Metso Corporation	2.5%	2023	2,113	1.6%	32,181	4,052,000	4,084,181
Nestle S.A.	3.3%	2022	2,075	1.6%	4,000,000	108,900,000	112,900,000
Heineken NV	3.1%	2022	1,570	1.2%	1,478,000	17,193,212	18,671,212
Linde plc	2.3%	2022	1,370	1.0%	37,716,000	25,859,001	63,575,001
Sandvik AB	3.2%	2022	1,139	0.9%	144,000	5,403,878	5,547,878
Industria de Diseno Textil,	3.9%	2022	986	0.7%	11,232	17,223,484	17,234,716

Sources: Waverton, MSCI, FactSet, Company data. Data as at 31 December 2023.

Data and Methodology

We acknowledge that measurement and reporting of GHG emissions by companies still needs to show significant improvement and we have made every effort to manually standardize the reported data to ensure more consistent reporting. For full transparency, we include the data inconsistencies across fiscal year and coverage in the tables below.

PROFILE OF FISCAL YEAR DATA	2023	2022	2021	N/A	EMISSIONS COVERAGE	SCOPE 1	SCOPE 2	SCOPE 3
	6.2%	85.6%	5.1%	3.1%	With Data	96.9%	90.5%	96.3%
					Without Data	3.1%	9.5%	3.7%

The methodology used to calculate financed emissions and intensity metric is in line with the TCFD, FCA ESG Sourcebook and PCAF. The financed emissions of a loan or investment in a company are calculated by multiplying the attribution factor by the emissions of the respective borrower or investee company. The total financed emissions of a listed equity and corporate bonds portfolio are calculated as follows:

$$\text{Financed emissions} = \sum \text{Attribution factor}_c \times \text{Company emissions}_c$$

(with c = borrower or investee company)

The attribution factor represents the proportional share of a given company - that is, the ratio of the outstanding amount to EVIC for listed companies and the total equity and debt for bonds to private companies:

For listed companies:

$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c} \times \text{Company emissions}_c$$

A key consideration in applying these formulae is the consistency between the calculation of EVIC and the value of portfolio holdings, which determine the share of GHG emissions. We have found in some third party models this rigour is absent. Therefore, we have created our own model for firm and product level reporting, developed in conjunction with Factset, predominantly utilising MSCI GHG emissions data and FactSet financial data. The MSCI GHG emissions data is supplemented by data taken from directly from the latest investee company disclosures, which in some cases is more up to date, or judged to be more accurate.

The protocols we are using for the calculation of a company EVIC and revenue are:

- Total market value as at portfolio valuation date and aligned with portfolio currency.
- Company balanced sheet values (minorities and total debt) aligned to the latest GHG emissions fiscal reporting period and portfolio currency.
- Company revenue aligned to the latest GHG emissions fiscal reporting period and portfolio currency.

Some of the climate metrics shown in the report are based on historical emissions data, which may not be a reliable indicator of future emissions and these should not be the sole basis on which you base your investment decisions. The source of the data used in the report includes Waverton, FactSet, MSCI and Company data. While every care has been taken in populating this output, however it must be appreciated that neither Waverton Investment Management nor the sources used guarantee the accuracy, adequacy or completeness of this information or make any warranties regarding results from its usage.

For more information or questions on this report please contact sustainability@waverton.co.uk

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