



WAY Fund Managers Limited

Our Ref: Verus/SDR/1224
Designation (if any):

Your Ref:

Date: 4th December 2024

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take in relation to this document, we recommend that you seek advice from a professional adviser.

Dear Shareholder,

Important changes to the Verus Sustainable Balanced Fund and its Share Classes as the case may be (the “Fund”)

Any capitalised terms used in this letter not otherwise defined have the meaning given to them in the EF UCITS ICVC prospectus to be issued on 20 December 2024.

We are writing to you as a shareholder to inform you about some important changes to the Fund.

The changes which are being made, and which are described in this letter, are all as a result of UK Sustainability Disclosure Requirements (the “SDR”) and its impact on you. Only a limited number of changes will be made. These are set out below.

The FCA has been notified of the changes to the Fund. The changes described in this letter will not affect the continued authorisation of the Fund.

The regulatory background of the change

The UK Financial Conduct Authority (“FCA”) released its Policy Statement on the SDR and Investment Labels applicable to UK asset managers (PS23/16) on 28 November 2023, together known as the SDR. The SDR introduces a set of sustainability labels, product- and entity-level disclosures, and other rules regarding sustainable investing. The sustainability labels are intended to clearly distinguish between products that



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can be considered sustainable and that achieve certain criteria to use a sustainability label, and products that reference environmental, social and governance (“**ESG**”) characteristics in their name or marketing but do not use a label, and products that do not reference ESG at all.

1. Timing of the Changes

All the changes will take place with effect from 20 December 2024 (the “**Effective Date**”) unless otherwise stated to the contrary.

2. Change to the name of the Fund

From the Effective Date or shortly thereafter, the Fund will be renamed to remove the reference to sustainable and to include in the name “Responsible” in its place. The change of the name will, therefore, be from the **Verus Sustainable Balanced Fund** to the **Verus Responsible Balanced Fund**.

3. No SDR Label

The Fund is not seeking a UK sustainability label as the Fund does not meet the FCA mandated criteria for it. However, because the Fund has sustainability characteristics it must meet the naming and marketing requirements. Therefore, the changes are proposed for the pre-contractual disclosures and the naming of the Fund as set out in paragraph 2 above.

4. Changes to the Investment Policy

The Investment Policy has been the subject of minor updates, in an effort to add some clarity in relation to the assets that the Fund may invest in. Please see the comparison of the existing and new Investment Policies below:

Existing Investment Policy	New Investment Policy
The Fund aims to achieve its objective by investing a minimum of 75% of the invested portfolio (excluding cash) in assets that provide sustainable solutions to global social and environmental challenges. This will be made up of a combination of equity securities and collective investment schemes, and once the Fund reaches circa £25M in size, also corporate bond securities.	The Fund aims to achieve its objective by investing a minimum of 75% of the invested portfolio (excluding cash held directly by the Fund) in assets that provide sustainable solutions to global social and environmental challenges. This will be made up of a combination of equity securities and collective investment schemes, and once the Fund reaches circa £25M in size, also corporate bond



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<p>A maximum of 75% of the Fund will be invested in equity assets, either directly or through collective investment schemes.</p> <p>Meeting the “sustainable solutions” requirement is to be achieved by investing in companies that meet at least one of the United Nations’ Sustainable Development Goals, or collective funds that align to the UN SDGs. The collective investment schemes can be invested in fixed interest assets, alternatives and equities.</p> <p>Up to 25% of the portfolio may be invested in stabilising assets including Government Bonds and Gold (via physically backed ETFs) which are assessed to be sustainable or at least ‘neutral’. This is in order to increase diversification and reduce volatility during times of adverse market and/or economic conditions when, in the Investment Adviser’s opinion, it would be in the best interests of the Fund and its shareholders to do so.</p> <p>The Fund may also invest in deposits, money market instruments, cash and near cash. In the event of extremely adverse market conditions, the Fund could move to an increased position in cash in the best interests of the Fund and its shareholders.</p> <p>All of the Fund’s investable securities will undergo an independent ethical screening test, on a periodic basis, to ensure that none of the underlying assets directly contravene the United Nations’ Sustainable Development Goals.</p> <p>The portfolio will be actively managed and normally remain fully invested save for such operational liquidity as is required from time to time. There will, however, be no restrictions on</p>	<p>securities.</p> <p>A maximum of 75% of the Fund will be invested in equity assets, either directly or through collective investment schemes.</p> <p>Meeting the “sustainable solutions” requirement is to be achieved by investing in companies that meet at least one of the United Nations’ Sustainable Development Goals, or collective funds that align to the UN SDGs . The collective investment schemes can be invested in fixed interest assets, alternatives and equities.</p> <p>Up to 25% of the portfolio may be invested in stabilising assets including Government Bonds and Gold (via physically backed ETFs) which are assessed to be sustainable or at least ‘neutral’. This is in order to increase diversification and reduce volatility during times of adverse market and/or economic conditions when, in the Investment Adviser’s opinion, it would be in the best interests of the Fund and its shareholders to do so.</p> <p>The Fund may also invest in deposits, money market instruments, cash and near cash. In the event of extremely adverse market conditions, the Fund could move to an increased position in cash in the best interests of the Fund and its shareholders.</p> <p>All of the Fund’s investable assets will undergo an independent ethical screening test, on a periodic basis, to ensure that none of the investable assets directly contravene the United Nations’ Sustainable Development Goals.</p> <p>The portfolio will be actively managed and</p>
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<p>the underlying content of the investments held, in terms of geographical area or economic sector, other than those imposed by the Regulations.</p> <p>The Fund may make use of borrowing in line with the Regulations.</p> <p>Upon giving 60 days' written notice to Shareholders, the Fund may use derivatives and/or hedging transactions permitted in connection with efficient portfolio management and/or for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund.</p> <p>The assets of the Fund will be managed in such a way that the Shares in the Fund will be qualifying investments for Individual Savings Accounts.</p>	<p>normally remain fully invested save for such operational liquidity as is required from time to time. There will, however, be no restrictions on the underlying content of the investments held, in terms of geographical area or economic sector, other than those imposed by the Regulations.</p> <p>The Fund may make use of borrowing in line with the Regulations.</p> <p>Upon giving 60 days' written notice to Shareholders, the Fund may use derivatives and/or hedging transactions permitted in connection with efficient portfolio management and/or for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund.</p> <p>The assets of the Fund will be managed in such a way that the Shares in the Fund will be qualifying investments for Individual Savings Accounts.</p>
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5. Pre-contractual disclosures - additional disclosures

a. An additional disclosure regarding 'no label' will be made in the Prospectus and the Key Investor Information Documents (or "KIIDs") published in relation to the Fund as follows:

"Sustainable investment labels help investors find products that have a specific sustainability goal. This Fund does not have a UK sustainable investment label. Although the Fund pursues a responsible investment approach as explained in the Investment Policy section above, it does not meet all the criteria required for a label."

b. The addition of a new '**Investment Strategy**' section to the Prospectus as detailed below. This has been added to provide clarification of the Investment Adviser's existing investment strategy to investors. This is a reflection of the current process employed by the Investment Adviser and is not a change to how the Fund is managed in practice.



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“In order to achieve the Fund’s stated Investment Objective, the Fund will be invested in accordance with the Investment Adviser’s sustainability approach.

Independent of the investment process, on a quarterly basis, all of the Fund’s investable assets, including collective investment schemes held directly by the Fund will undergo an ethical screening test to ensure that none of the underlying assets directly contravene the UN SDGs.

To evidence this approach, the Investment Adviser will use its in-house sustainability rating tool. The Investment Adviser’s sustainability rating provides an holistic rating, assessing a multitude of ESG factors, alignment to the UN SDGs and any controversies surrounding an underlying company’s operations, products and services. The rating, ranging from 1 (bad) to 5 stars (excellent) also applies to underlying collective investment funds, government and supranational fixed interest assets. Following further assessment by the Investment Adviser, 4 and 5- star investable assets will be considered as aligned to the Investment Adviser’s sustainable philosophy and meet the required criteria for investment in the Fund.

The Fund will invest at least 75% of its net asset value in 4-or 5-star assets and will exclude investments in any 1- or 2-star rated assets. Assets rated as 3-star will be deemed ‘neutral’ and available for inclusion within the Fund. Where the Fund invests in other collective investment schemes, each vehicle will be treated as an investable asset.

The Investment Adviser’s sustainable investment process has four explicit, norms-based investment exclusions. The Investment Adviser views these as its minimum standards and excludes or limits investment in industries which it does not believe are compatible with responsible value creation as detailed within its Group exclusion policy, as follows:

- Alcohol: no more than 10% of gross revenue from the production of, and/or, 25% from the distribution and retail sales gross revenue of alcoholic beverages, or no more than 50% if providing services and equipment to the alcohol industry.*
- Tobacco: no more than 10% of gross revenue from the supply, production and/or from the distribution of tobacco related products & services.*
- Thermal coal: no more than 5% of total gross revenues and/or, if responsible for more than 1% of total thermal coal production.*
- Controversial weapons: no investment in companies that derive any level of revenue from controversial weapons*

There will be from time to time additional, natural exclusions due to the Investment Adviser’s focus on positive alignment with sustainability that will lead to investment in certain sectors, and away from others.



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The Investment Adviser will publish and make available on its website a regular report on the Fund's relative carbon footprint, water and waste metrics in comparison to a suitable market benchmark, to provide useful comparisons for the Fund's shareholders to review."

c. An additional '**Risk Factor**' disclosure in the Fund's prospectus and KIIDs, as follows:

"The Verus Responsible Balanced Fund applies certain sustainability criteria in its selection of investments. This limits the Fund's exposure to some companies, industries or sectors and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria. Any reduction in the investment universe, based on factors unrelated to financial considerations, could potentially limit financial returns or increase financial risks."

d. Definitions of "**ESG**", "**SDR**" and "**UNSDGs**" have been added to the 'Definitions' section in the prospectus.

e. The Consumer Facing Disclosure ("**CFD**") for funds with sustainability characteristics.

An additional disclosure document has been produced for this Fund and is attached for your information.

Copies of these documents will be made available from the Effective Date or shortly thereafter on the following website: www.wayfunds.com

6. Impact of the changes on you

The changes to the Fund's name do not result in any fundamental or significant change to the Fund's investment process, philosophy or the composition of the Fund. The changes made are in acknowledgement of the UK SDR requirements only and are designed to provide you with a clear and detailed clarification of both the existing financial and responsible investment approach taken by the Fund. The changes therefore represent a notifiable event, and do not represent any fundamental or significant change.

Complaints

Should you have any complaints related to the above please contact compliance@wayfunds.com.



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Questions and next steps

Should you have any queries concerning your shareholding please contact your usual financial adviser in the first instance. You can also contact us at operations@wayfunds.com, or by telephone on 01202 855856 (+44 (0)1202 855856 from outside of the UK).

You do not need to take any action for the above changes to become effective. If you have any concerns about the contents of this letter, please contact us using the details above.

Yours faithfully

V N Hoare

CEO – For and on behalf of WAY Fund Managers Limited