TITAN
Asset Management

ACUMEN **ESG Protection** Portfolio

Protection provided by Morgan Stanley

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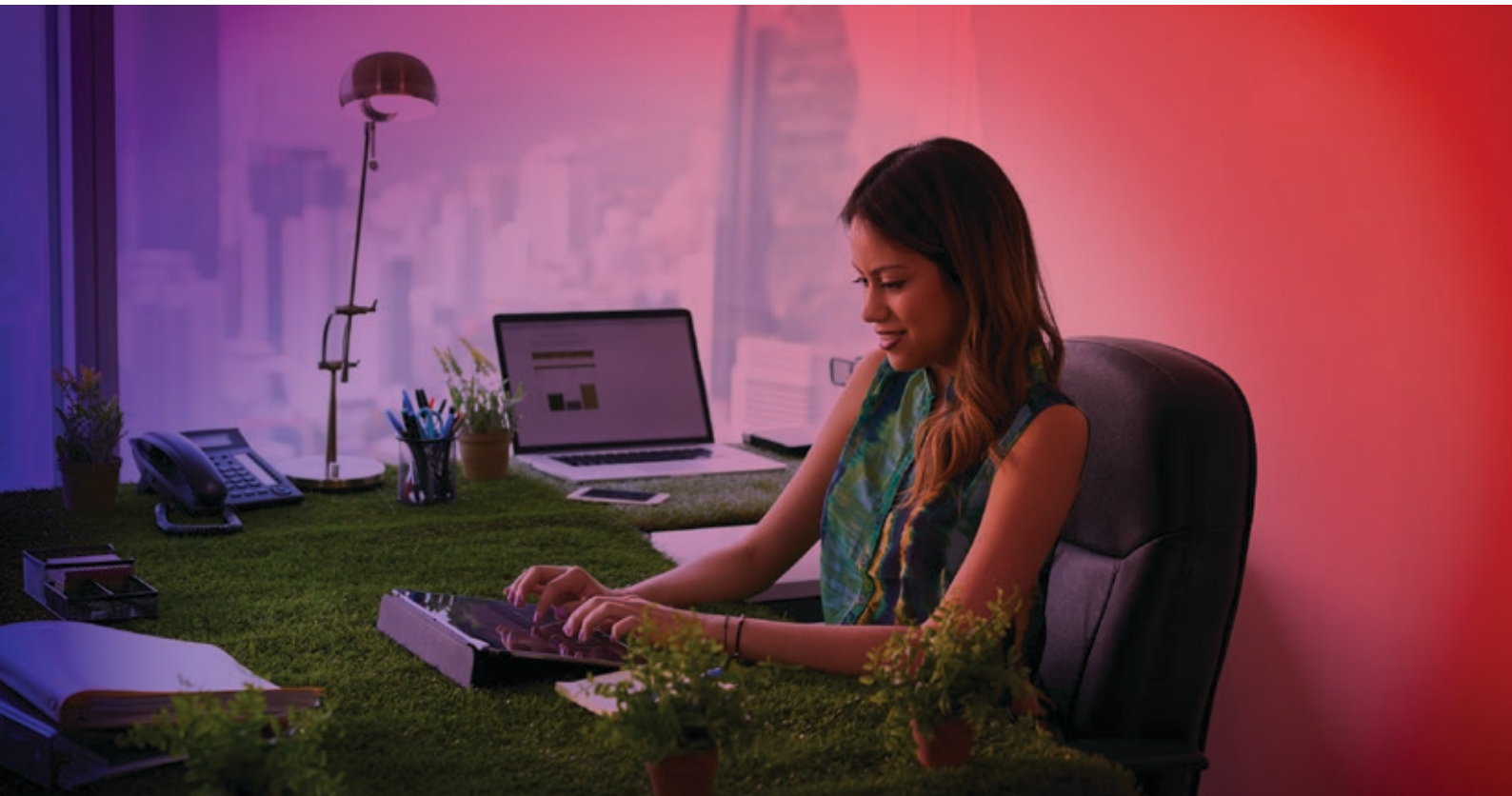
ACUMEN **ESG Protection** Portfolio



IMPORTANT THINGS TO CONSIDER WHEN READING THIS DOCUMENT

- Throughout this brochure, when we refer to the term Portfolio we mean the ACUMEN ESG Protection Portfolio (Shareclass A GBP).
- When we refer to “ESG investing” we are referring to the investment approach of the Portfolio, which has environmental, social and governance (ESG) considerations, alongside a traditional focus on risk adjusted returns.
- When we refer to protection being provided, we mean a protection level provided by Morgan Stanley Europe SE (Morgan Stanley). This ensures that you can get back 90% of the highest unit value ever achieved by the portfolio.
- Protection comes at a cost as it is similar to insurance. The cost of protection will result in a protected portfolio underperforming an unprotected portfolio in a rising or flat market scenario.
- The protection is based on the ability of Morgan Stanley to pay for it. Were Morgan Stanley to become insolvent, the protection component might fail.
- We use various examples throughout the document to show you how the portfolio could work. These examples are for illustrative purposes only and are not predictions of what we think may happen in the future.

A financial adviser will be able to explain the above points to you and tell you to what extent your investment may be protected in certain circumstances.

WHAT IS ESG INVESTING?

Approach: ESG investing comes in many shapes and sizes, and it is important to make clear what approach the Portfolio is taking. As detailed in page 4, in addition to seeking to maximise risk adjusted returns, the process followed by the Titan Asset Management Investment Team is as follows:

Advance: prioritising investments that exhibit strong quantitatively verifiable ESG characteristics.

Avoid: minimising exposure to investments with significant ESG risks, and those poorly managing ESG risks.

Inputs: Key inputs to be considered for the ESG investing process can be pooled into the following categories:

Environmental	Social	Governance
Climate change	Human capital	Corporate governance
Natural resources	Product liability	Corporate behaviour
Pollution and waste	Stakeholder opposition	
Environmental opportunities	Social opportunities	

More detail on each category can be found at https://www.msci.com/esg-ratings

HOW YOUR MONEY IS INVESTED

The Titan Asset Management Approach (ESG Investment Policy)

The Titan Asset Management Investment Team has constructed the following investment approach – the ESG Investment Policy – in order to meet the Portfolio's ESG investment goals:

Advance

To be eligible for inclusion in the ACUMEN ESG Protection Portfolio, holdings are required to achieve minimum asset-class-specific MSCI ESG Ratings*. Covering 198 countries and more than 7,500 companies, these Ratings, which range from AAA (best) to CCC (worst), measure how exposed a holding is to material ESG risks and how those risks are being managed. Ratings allow for a data driven method to select only those holdings with the strongest ESG characteristics. The ACUMEN ESG Protection Portfolio itself must at all times achieve a minimum Rating of A.

To improve the robustness of the Advance stage, all holdings must achieve a minimum 90% MSCI ESG Coverage Ratio. The MSCI ESG Coverage Ratio measures the proportion of securities within a holding that have been assigned an ESG Rating by MSCI.

MSCI ESG Rating Scale:

Rating	CCC	B	BB	BBB	A	AA	AAA
Score	0.00 - 3.15	3.15 - 4.16	4.16 - 5.17	5.17 - 6.18	6.18 - 7.19	7.19 - 8.20	8.20-10.00

Avoid

Prospective holdings that pass the tests set out in the Advance stage of the ESG Investment Policy are then subjected to a series of negative screens - the Avoid stage. The screens, for companies only, have been designed to flag activity in various industries, listed below. Any holdings which breach defined involvement** thresholds are excluded from the investable universe for the ACUMEN ESG Protection Portfolio:

Adult Entertainment
Alcohol
Civilian Firearms
Conventional Military Weapons
Gambling
Genetically Modified Organisms
Nuclear Power
Tobacco

Monitor

Only holdings that pass all tests set out in the 'Advance' and the 'Avoid' stages are eligible for inclusion in the ACUMEN ESG Protection Portfolio. The ESG characteristics of holdings selected for inclusion are then monitored periodically by the Titan Asset Management Investment Team to ensure that no investments breach thresholds or fall below criteria*** set out in the ESG Investment Policy.

*Developed by a company called MSCI in order to attribute an ESG rating to a fund or an index, measuring specifically the Environmental, Social and Governance (ESG) characteristics of its holdings. Details of the MSCI ESG scoring methodology is publicly available at: https://www.msci.com/esg-ratings.

**Involvement is defined as companies deriving 15% or more of revenue from such activities.

***The ESG Investment Policy is applied to the Exchange Traded Funds (ETFs) and UCITS eligible indices that the fund has exposure to and is not applied to foreign exchange exposure or to positions held with the objective of hedging (offsetting investment risk within the Portfolio).

Investment Philosophy

The asset management industry has experienced significant change in the last quarter of a century. Product innovation has enabled investors to benefit from wider exposure to financial markets with greater efficiency and at a lower cost. Index-tracking investments such as Exchange Traded Funds (ETFs) have become increasingly important and form the main building blocks of the ACUMEN ESG Protection Portfolio.

The ACUMEN ESG Protection Portfolio is an actively managed, globally allocated, multi-asset portfolio comprised of ETFs and UCITS eligible indices with diversified holdings in company shares and bond markets, with ESG integration.

Investment Objective

The ACUMEN ESG Protection Portfolio aims to provide investors with long-term capital growth from a multi-asset allocation comprised of holdings which adhere to the Portfolio's ESG Investment Policy. It also seeks to deliver a level of capital protection determined by reference to 90% of the highest value achieved by the Class A GBP share class. The Portfolio will typically have indirect exposure to the following global asset classes: bonds (effectively loans to governments or companies), shares in companies, currencies and alternative assets.

Features & Benefits

Feature	Benefit
ESG Investment Policy	ESG investing, prioritising positive ESG characteristics and avoiding ESG risks
Actively Managed	Continually monitored by a team of investment professionals
Highly Diversified	Investing across thousands of positions around the world
UCITS Compliant	Adhering to the highest standard of European fund regulation
Daily Dealing	You can instruct to sell your investment on any portfolio business day
Targets a Specific Level of Risk	Designed to match your risk appetite
Overseas Currency Hedging	Limiting the impact of currency fluctuations on your portfolio

HOW THE PORTFOLIO WORKS

In order to achieve its investment objective, the Portfolio implements its investment policy through three main elements:

Multi-Asset Investment Exposure

The investment strategy aims to grow the value of your investment over the medium to long-term whilst being managed in accordance with the ESG Investment Policy, as described above. The Portfolio is actively managed by Titan Asset Management and invests across approximately 100 countries. It is comprised of Exchange Traded Funds (ETFs) and UCITS eligible indices providing exposure to thousands of securities across company shares and bond markets. Additionally, the Portfolio aims to limit foreign currency risk from the Portfolio by reducing exposure on most overseas currencies versus pound sterling.

Risk Control

The risk control is a mechanism that, in volatile (fluctuating) markets, reduces exposure to higher risk assets such as shares in companies and moves into more stable assets like cash. Titan Asset Management set the level of the risk control between 5% and 7% and the mechanism aims to ensure that the volatility of the Portfolio's value is maintained within this range.

Protection Component

The protection component aims to ensure that you always get back at least 90% of the highest value ever achieved by the Portfolio. Gains made above the previous highest Portfolio value are locked in, enabling the protection level to rise. The protection is provided by Morgan Stanley via an instrument called a 'put option'. When markets fall, the put option increases in value to protect the Portfolio and partially offset the decrease in value of the investment assets, and when markets rise again, the put option decreases in value as the investment assets recover.

In addition, the ACUMEN ESG Protection Portfolio (i) allows for daily dealing, meaning you can either buy or sell shares in the Portfolio, and (ii) is subject to UCITS regulation, which is the funds regulatory framework of reference in Europe.

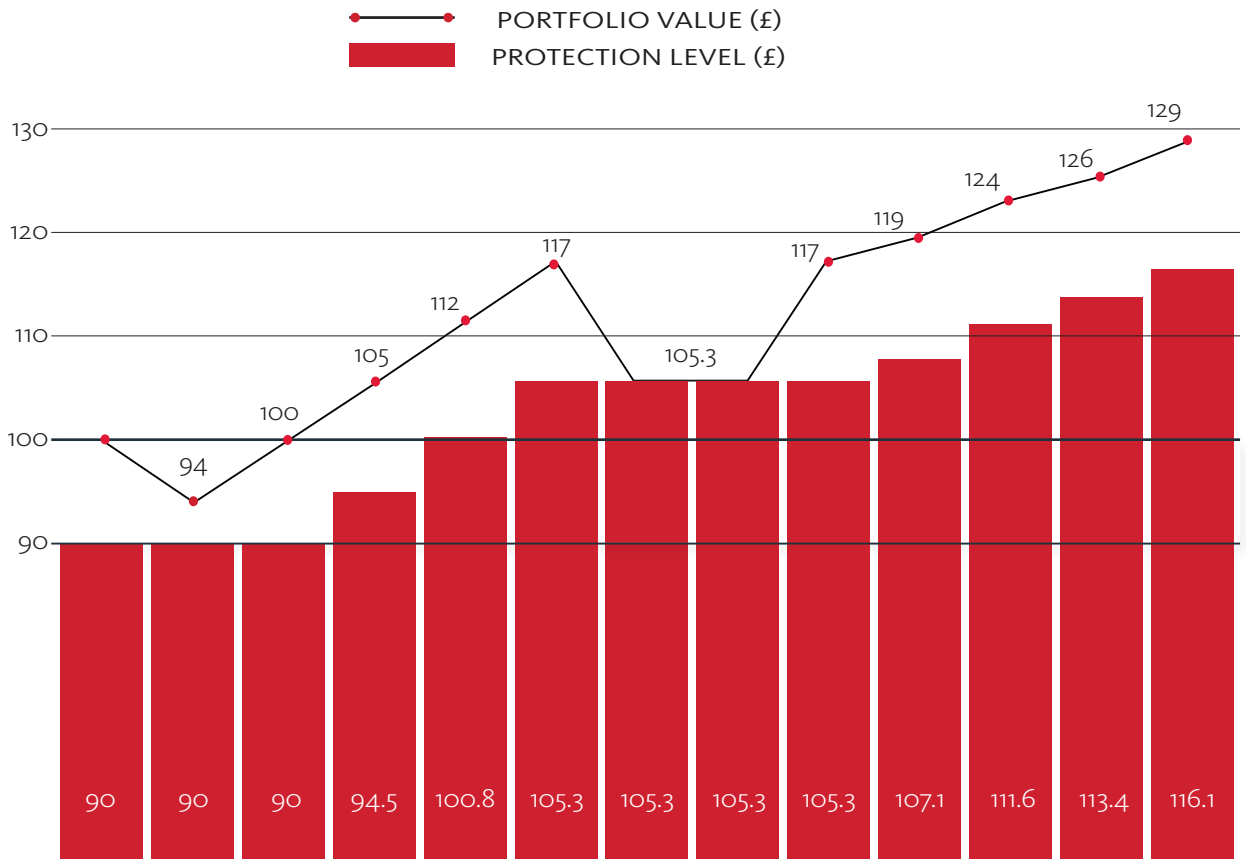
The Portfolio is managed by FundLogic SAS, a member of the Morgan Stanley group. Titan Asset Management is the sub-investment manager.

INVESTMENT GROWTH & PROTECTION LEVEL

What does your protection level look like?

The chart below shows how your protection level can rise over time:

- As the Portfolio value falls from 100 to 94, the protection level remains constant at 90.
- As the Portfolio value exceeds 100 and reaches 117, the protection level rises from 90 to 105.3 (90% of the highest Portfolio value).
- When the Portfolio value falls from 117, even in a significant downturn, the Portfolio value will be secured at the protection level (in this example it is secured at 105.3).
- Once the Portfolio value exceeds 117, the protection level rises again accordingly.



When a new higher Portfolio value is reached, the protection level increases. Once increased, the protection level cannot fall.

This graphic is for illustrative purposes only.

ACUMEN **ESG Protection** Portfolio

CHARGES & RISKS

There is an ongoing annual charge (OCF), which is estimated to be 1.10%. This includes an annual management charge (AMC) and administration costs of 1.00%. It's important that you have all the facts before you make an investment decision. Here are the main risks you should consider:

- The ACUMEN ESG Protection Portfolio has the potential for growth in the future. However, the value of investments can go down as well as up.
- The Portfolio incorporates ESG criteria into the investment process and this could cause the Portfolio to perform differently or poorly compared to similar funds that do not use such criteria. In addition, the potential benefits of having ESG characteristics may be long-term and not visible in performance (or otherwise) for many years, or at all.
- The protection is provided by Morgan Stanley, a global financial services group employing over 60,000 people and servicing over $2 trillion in assets worldwide. Were Morgan Stanley to become insolvent, the protection component might fail.
- The protection level is 90% of the highest Portfolio value reached, so in extreme market conditions your investment could fall by up to 10%.
- In a rising or recovering market, the Portfolio performance will lag that of an unprotected fund; as protection comes at a cost.
- If markets performed poorly for a number of years, it is possible that the cost of providing the protection could become too expensive. In the worst case, the Portfolio may have to close and money would be returned to investors. Even if this happened you would still benefit from the 90% protection.

The risks of investing are described in detail in the Prospectus, the Supplement and the Key Investor Information Document (KIID) of the fund. Your financial adviser can provide copies of these to you and we urge you to read these documents in addition to this brochure before making an investment.

SUMMARY

In the Investment World...

- Protection comes at a cost
- Consequently, a “protected” fund may lag in performance over the long run against an “unprotected” fund
- An “unprotected” fund would be ideal if you knew markets were always going to rise

However, we know this is not the case...

- A “protected” fund typically operates with reduced levels of risk
- This can be ensured via the management of its exposure to the investment assets
- Additionally, it can operate with a known protection level
- Markets do not go up in a straight line, nor do they even guarantee a profit

So in reality...

- We know markets go down as well as up
- Markets expose investors to volatility
- With the ACUMEN ESG Protection Portfolio:
  - One has the opportunity for investment growth
  - Whilst only being exposed to a portion of the downside

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