

# Sustainability-related disclosures

## KKR Multi Asset Credit Fund



### PRE-CONTRACTUAL DISCLOSURE OF A FUND THAT PROMOTES E/S CHARACTERISTICS

This document provides you with information about this fund in relation to the Sustainable Finance Disclosure Regulation. It is not marketing material. The information is required by law to help you understand the sustainability characteristics and/or objectives and risks of this fund. You are advised to read it in conjunction with other relevant documentation on this fund so you can make an informed decision about whether to invest.

#### Summary

The Sub-Fund seeks to promote environmental and social characteristics within the meaning of Article 8 of the SFDR.

#### No sustainable investment objective

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

#### Environmental and social characteristics of the financial product

The Sub-Fund invests in shares of KKR Bespoke Global Credit Opportunities (Ireland) Fund (the "Underlying Fund"). The Underlying Fund seeks to promote social characteristics within the meaning of Article 8 of the SFDR by avoiding investment in companies that (i) are involved in the manufacture, distribution or sales of controversial weapons such as landmines, cluster munitions, chemical and biological weapons, nuclear weapons and (semi) automatic civilian firearms; or (ii) manufacture tobacco products or generate more than 50% of their revenue from tobacco distribution or sales.

## Investment Strategy

The investment objective of the Sub-Fund is to seek income and long term growth of capital.

The Sub-Fund aims to generate an attractive level of return and will seek to achieve its investment objective by investing in shares of KKR Bespoke Global Credit Opportunities (Ireland) Fund, a sub-fund of KKR European Credit Investment Funds plc, the investment manager of which is KKR Credit Advisors (US) LLC, and which is consistent with the Sub-Fund's investment objective and restrictions (the "Underlying Fund").

The Underlying Fund seeks to avoid exposure to, in the opinion of the Investment Manager (or its delegate), the worst carbon emitters with the lowest carbon transition potential, being those companies:

- whose carbon emissions intensity exceed 3,000 tonnes/ m\$USD revenue; or
- that generate more than 1% of their revenue from (i) thermal coal extraction; (ii) arctic drilling; or (iii) oil tar sand mining

The Investment Manager (or its delegate) is required to follow good governance standards in the selection of securities for investment. The Fund uses third party data providers to identify companies that are deemed to be in breach of United Nations Global Compact principles (including companies breaching United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises). An engagement and escalation framework is in place, seeking to remedy breaches within an acceptable time-frame. If the Investment Manager (or its delegate) deems the likelihood of the remediation within an acceptable time-frame low, such companies may be added to the list of exclusions.

More information available in the Sustainability Policy on <https://investment-solutions.mercer.com/europe/ie/en/our-funds/responsible-investment.html>

## Monitoring of environmental or social characteristics

The Adverse Sustainability Impacts that may be considered include, but are not limited to, the following:

**Governance:** Poor Corporate Governance, Poor Gender Diversity

**Climate and Other Environmental Impacts:** High Carbon Intensity Profile, Negative Contribution to Climate Transition Pathway, Revenue Exposure to Pollutants

**Social Impact, Respect for Human Right, and Anti-Corruption:** Revenue from Controversial Weapons, Revenue from Civilian Firearms, Revenue from Tobacco, Revenue from Gambling, Poor Gender Diversity, Adverse Impact on the UN Sustainable Goals.

The structure and mechanisms for monitoring of Adverse Sustainability Impacts is inclusive of, but not limited to:

- Pre-trade evaluation of the impact of investment decisions on sustainability factors and the sustainability characteristics of the fund.
- Post-trade continuous evaluation – managed through governance committees, engagement and reporting.
- Ongoing efforts to refine processes, enhance analysis and align with market best practice and regulatory guidance.

## Methodology

The Sub-Fund seeks to achieve its environmental and social characteristics through its investment in the Underlying Fund which seeks to mitigate the impact of climate change and applies environmental and social exclusionary screens and applies an engagement framework which is in line with the environmental and social characteristics promoted by the Sub-Fund.

- whose scope 1 and 2 carbon emissions intensity are in excess of 3,000 tonnes/ m\$USD revenue, being, in the opinion of the Investment Manager, the worst carbon emitters, unless the Investment Manager's proprietary analysis of such companies indicates strong carbon transition potential; and
- that generate more than 1% of their revenue from (i) thermal coal extraction; (ii) arctic drilling; or (iii) oil tar sand mining.

The above exclusions are implemented and monitored in accordance with the "Approach to Integrating Sustainability Risks and to Sustainable Investment" section of the Prospectus.

## Data sourcing and processing

The Sub-Fund will use third party data providers including MSCI and ISS. We also liaise with a market leading data aggregator to ensure bottom up analysis of all holdings and data processing.

## Limitations to methodologies and data

Data quality and coverage have various challenges across different countries and regions. Some data may be modelled rather than reported data and data from some companies may be delayed. In addition, not all self-reported data is independently verified.

## Engagement policies

The Manager and Investment Manager believes active and engaged shareholders have a greater chance of ensuring company management acts in ways that are aligned with shareholder interests.

Stewardship can also provide investors with an opportunity to enhance the value of companies and markets and to acquire additional information, which can enhance the investment decision-making process. The Stewardship Policy can be found here: <https://investment-solutions.mercer.com/europe/ie/en/our-funds/responsible-investment.html>

In most instances, corporate engagement implementation is delegated to the appointed sub-investment managers, who are encouraged to engage with portfolio companies on material sustainability risks, adverse sustainability impacts and other ESG issues with the aim of improving long-term risk adjusted returns and the stability of financial markets.

Mercer may also elect to participate, as appropriate, in collaborative industry engagement initiatives related to the identified engagement priorities, or other topics that are considered aligned with the best interests of investors.

Stewardship is monitored by seeking disclosure from the sub-investment managers, including through its annual manager engagement survey and will report to its investors on its the voting and engagement activity and monitoring processes of the sub investment managers on at least an annual basis.

## Important Notices

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KKR Multi Asset Credit Fund is a sub-fund of MGI Funds Plc (the Company), an Irish domiciled UCITS umbrella fund authorised and regulated by the Central Bank of Ireland. A Prospectus is available for the Company and Key Investor Information Documents (KIIDs) are available for each share class of each the sub-funds of the Company. The Company’s Prospectus can be obtained from <https://investment-solutions.mercer.com/#generalfundinformation> and is available in English. The KIIDs can be obtained from this website and are available in one of the official languages of each of the EU Member States into which each sub-fund has been notified for marketing under the Directive 2009/65/EC (the UCITS Directive). Full information on associated risks can be found in the Prospectus and KIIDs. In addition, a summary of investor rights is available on this website. The summary is available in English. The sub-funds of the Company are currently notified for marketing into a number of EU Member States under the UCITS Directive. Mercer Global Investments Management Limited, the Management Company, can terminate such notifications for any share class and/or sub-fund of the Company at any time using the process contained in Article 93a of the UCITS Directive. Leverage means that the assets invested are more sensitive to market movements which means the risk of potential increased losses or returns.

Past performance does not predict future returns. Past experience nor the current situation are necessarily accurate guides to the future growth in value or rate of return. The value of your investments and any income from it may fall as well as rise and you may receive back less than the amount invested. There is also a currency risk involved in investing in assets which are in a foreign currency.

Changes in exchange rates may have an adverse effect on the value price or income of the product. The levels and basis of, and relief from, taxation can change. Where the information refers to a particular tax treatment, such tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications. For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative. Any forecasts made are not a reliable indicator of future performance.

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