



**Milford Investment Funds
Climate Statements**

31 March 2024

Replaces the Milford Investment Funds Climate Statements
dated 5 July 2024 - see page 01 for details.



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Milford Investment Funds Climate Statements – 31 March 2024 (amendment) 30 October 2024

When drafting the Milford Investment Funds Climate Statements (the **Climate Statements**), the intention was to discuss and provide data on climate-related opportunities from the perspective of each Fund's alignment with the EU taxonomy. In that regard, commentary was prepared regarding alignment, however unfortunately the incorrect data set was selected meaning Table 8 in section 6.4 of the previously filed Climate Statements shows EU taxonomy eligibility data and not (as intended) the EU taxonomy alignment data.

Accordingly, we have submitted amended Climate Statements.

It has become apparent that there are shortcomings in attempting to apply the EU taxonomy alignment approach, at least for this initial phase of climate reporting. At the present time, relatively few of the underlying Fund investee companies are reporting data under the more stringent alignment methodology.

Recognising the relatively formative stage of data availability to support the discussion of climate-related opportunities, the approach taken is to retain each Fund's eligibility data originally included, and instead amend the wording in the Climate Statements to ensure the correct commentary accompanies the disclosures. This revised approach is balanced by disclosing and explaining in the Climate Statements what is available by way of data on taxonomy alignment in tandem with disclosure on an eligibility basis.



Section 1: Introduction

This document combines the climate statements for each of the following Milford Investment Funds (a **Fund** and collectively the **Milford Funds**) for the year ended 31 March 2024 (together, the **Climate Statements**):

Multi Strategy Funds

Milford Conservative Fund

(Conservative)

Milford Diversified Income Fund

(Diversified Income)

Milford Balanced Fund

(Balanced)

Milford Active Growth Fund

(Active Growth)

Milford Australian Absolute Growth Fund

(Australian Growth)

Milford Aggressive Fund

(Aggressive)

Single Strategy Funds

Milford Cash Fund

(Cash)

Milford Trans-Tasman Bond Fund

(TT Bond)

Milford Global Corporate Bond Fund

(Global Corporate Bond)

Milford Global Equity Fund

(Global Equity)

Milford Trans-Tasman Equity Fund

(TT Equity)

Milford Dynamic Fund

(Dynamic)

The Climate Statements have been prepared in accordance with the New Zealand mandatory climate-related disclosure (**CRD**) regime¹ to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future and comply with the Aotearoa New Zealand Climate Standards (NZ CS) issued by the External Reporting Board.

We have presented common information at the Milford Funds level in accordance with paragraph 20 of NZ CS 3.

The Manager of the Milford Funds is Milford Funds Limited (**MFL**), a wholly owned subsidiary of Milford Asset Management Limited. Milford Funds Limited holds a Managed Investment Scheme licence.

All references throughout this document to 'Milford', 'we', 'us', and 'our' refer to Milford Asset Management Limited and its subsidiaries.

¹Part 7A of the Financial Markets Conduct Act 2013

Statement of Compliance

In preparing the Climate Statements, the following adoption provisions have been applied:

Adoption Provision 1	Current financial impacts — an exemption in the first reporting period from disclosing the current financial impacts of physical and transition impacts and explaining why this information cannot be disclosed.
Adoption Provision 2	Anticipated financial impacts — an exemption in the first reporting period from disclosing the anticipated financial impacts of climate-related risks and opportunities; explaining why this information cannot be disclosed; and disclosing the time horizons over which the anticipated financial impacts could reasonably be expected to occur.
Adoption Provision 3	Transition planning — an exemption in the first reporting period from disclosing the transition plan aspects of its strategy, including how the business model and strategy might change to address climate-related risks and opportunities; and the extent to which a transition plan is aligned with internal capital deployment and funding decision-making processes.
Adoption Provision 6	Comparatives for metrics — an exemption in the first reporting period from disclosing comparative information for each metric for the immediately preceding two reporting periods.
Adoption Provision 7	Analysis of trends — an exemption in the first reporting period from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

Taking into account the adoption provisions set out above, the climate-related disclosures in the Climate Statements are compliant with the NZ CS.

The Directors of Milford Funds Limited authorised these Climate Statements for issue on 5 July 2024.



Anthony Quirk



Lindsay Wright



Section 2:

Executive Summary

The purpose of the Climate Statements is to explain the climate-related risks and opportunities in the Milford Funds and Milford's approach to managing these risks and opportunities. This is designed to help investors understand their exposure to climate change through their investments and allocate capital accordingly.

2.1 Introduction to Milford's Sustainability Approach

At Milford, we address climate change within our sustainable investment approach which encompasses broader Environmental, Social and Governance **(ESG)** issues.

Our sustainable investment approach has two simple objectives:

1. To enhance the risk-adjusted returns of our Funds.
2. To help drive the transition to a more sustainable future.

At Milford, our sustainability approach reflects our active management philosophy. We have a large team using a wide range of strategies to identify the best investments in changing market conditions. This includes a dedicated Sustainable Investment team researching best practice across ESG factors across each sector we invest in.

As well as enabling us to identify areas of ESG related risks and opportunities across our holdings, this research underpins our communication with companies to drive them to improve their sustainability performance.

Information on this approach, as it pertains to the identification and management of climate-related risks and opportunities, is provided in the Climate Statements.

2.2 Information Provided in the Climate Statements

The information provided in the Climate Statements broadly follows the structure of the Aotearoa New Zealand Climate Standard 1 (**NZ CS 1**) issued by the External Reporting Board describing the disclosure requirements.

The information provided is complementary to our sustainable investment approach, but the information provided is specified by the CRD regime and so only includes the climate-related (environmental) information.

An overview of each section of the Climate Statements is provided below.

Section 3: Governance

- Section 3 details the respective roles of MFL, Milford Board Committees and Management in monitoring and reporting climate-related risks and opportunities of the Milford Funds.
- Information is provided on the governing body that sets and monitors the execution of the Milford Funds' sustainable investment strategy and targets.
- Information on the reporting designed to enable effective oversight of strategy execution, and the skill set and experience of the governance body to inform that oversight.
- Information on the incentive and remuneration structure of the Milford team is provided in section 3 (Governance) as opposed to the Metrics and Targets section as per the structure of NZ CS 1.

Section 4: Strategy and Risk Management

- Section 4 explains how climate change is currently impacting the Milford Funds and how it may do so in the future.
- Section 4 combines the Strategy and Risk Management sections of NZ CS 1. The identification, assessment and management of climate-related risks and opportunities is integral to our sustainable investment strategy.
- At Milford, our core purpose is taking risk to generate return in the Milford Funds. We describe the methods used to identify and assess climate-related risks and opportunities via the ESG Checklist process using our sustainability research.
- We describe how this information is used in our investment decision making process alongside information on other risks to allocate capital.

Section 5: Scenario Analysis

- Section 5 describes the scenario analysis undertaken to test the resilience of the Milford Funds to three potential global-warming pathways.
- We have based our scenario analysis on work undertaken by the Financial Services Council to enable the comparison of scenario analysis across different investment managers.
- The scenario analysis undertaken provides an assessment of a Fund's current exposure to climate-related risks and opportunities based on the underlying investments as at 31 March 2024. While this demonstrates the relative exposure to future risk and opportunities across the Milford Funds, it provides little insight into the likely impact of climate change on future performance due to our active management approach that shifts underlying investments based on changes in relative risk and return.
- As more effective information becomes available over time, scenario analysis will improve.

Section 6: Metrics and Targets

- Section 6 aims to provide investors with data that demonstrates the climate-related risks and opportunities in the Milford Funds.
- We provide greenhouse gas (**GHG**) emissions and the weighted average emissions intensity of the Milford Funds to illustrate transition risk.
- We supplement this information with data on the exposure of the Milford Funds to high, medium and low emission intensive investments and the proportion of underlying investments with a Net Zero target. The action taken by the underlying investments to transition to a low-emissions climate-resilient future is an important element of transition risk and is key to our strategy at Milford.
- We provide a Value-at-Risk measure to illustrate the exposure of the Milford Funds to physical risk, and the Fund's eligibility with the EU taxonomy to demonstrate the climate-related opportunities for the Milford Funds.
- Finally, we describe our engagement targets which we believe provide the greatest opportunity for Milford Funds to help the transition to a more sustainable future.



Section 3:

Governance

The purpose of this section is to describe Milford's governance of climate-related risks and opportunities by its governance body and management team.

Governance helps Milford act in the best interests of investors in each Fund. More specifically it helps establish structures for information sharing, decision-making, monitoring and reporting.

3.1 Governance Body Oversight

The organisational chart, on page 12, illustrates the governance structure for the Milford Funds as it relates to the oversight and management of climate-related risks and opportunities.

Milford Funds Limited has delegated oversight for investment matters to the Milford Asset Management Limited Board Investment Committee (**BIC**). BIC has ultimate responsibility for the oversight of climate-related risks and opportunities of the Milford Funds.

The BIC comprises two non-executive directors (Lester Gray, BIC Chair and Anthony Quirk) and the Chief Investment Officer (**CIO**) who is an executive director. Management attending each BIC meeting include the Chief Executive Officer (**CEO**). The Investment Management Committee (**IMC**), chaired by the CIO, is the management body responsible for assisting the BIC with its oversight of the investment approach including climate-related risks and opportunities in the Milford Funds.

The IMC members include the CIO, the Deputy Chief Investment Officers, the Head of Sustainable Investment and senior investment leaders. The IMC informs the BIC by sharing minutes and raising material issues with the BIC on a quarterly basis, including regular reporting on climate-related risks and opportunities.

3.2 Responsibilities and Reporting

The BIC is responsible for defining and approving the investment strategy for the Milford Funds including the sustainable investment strategy and engagement targets for the Milford Funds. Supporting this, the Head of Sustainable Investment presents to the BIC at least annually on the sustainable investment strategy, including the Milford Funds' climate-related risks and opportunities.

The IMC is responsible for defining and approving the sustainable investment strategy processes and reporting, and endorses the strategy and engagement targets for the Milford Funds to the BIC.

The Sustainable Investment team monitors compliance with Milford's sustainable investment strategy, policies and process. The Head of Sustainable Investment reports to the CIO, who is responsible for the management of climate-related risks and opportunities in the Milford Funds.

The IMC, with BIC oversight through reporting, monitors the progress, execution and effectiveness of the sustainable investment strategy, including climate risks and opportunities and execution of the engagement targets. This is done on a quarterly basis via the Sustainable Investment Dashboard. The Dashboard is prepared by the Sustainable Investment team and data reported reflects the key facets of the sustainable investment strategy, targets and the key metrics reported in the Climate Statements, including:

- Engagement activities undertaken and progress of engagement targets (as discussed in section 6.6)
- ESG Checklist completion and assessments
- Proxy votes cast and reported
- GHG emission intensity
- The proportion of the Milford Funds' investments with a Net Zero Target
- Compliance with the ESG Exclusion List

MFL has delegated oversight for risk matters to the Milford Asset Management Limited Board Audit and Risk Committee (**BARC**). The BARC currently comprises four non-executive directors, and management attending BARC include the CEO and CIO. The BARC assists the Milford Funds Limited Board by providing governance oversight of the climate statements and compliance with the climate-related disclosure requirements and approving future assurance plans relating to the climate statements. Climate-related disclosure has been a standing agenda item since July 2022 leading up to the issue of the first climate statement for the Milford Funds.

3.3 Governance Skills and Expertise

There are two non-executive directors on the BIC (one² of whom is a director on BARC) and four³ non-executive directors on the BARC, ensuring a good degree of independence from the management team and strengthening the supervisory function of both the BIC and BARC.

Milford uses a skills matrix to ensure the Board has an appropriate range of skills and competencies to govern Milford Asset Management Limited and its subsidiaries, including Milford Funds Limited. Skills and competencies Milford considers relevant to ensuring appropriate oversight of climate-related risks and opportunities in the Milford Funds include investment management, ESG practices and outcomes, and regulatory governance.

The BARC and the BIC have received training on climate change matters and the requirements of the CRD regime to understand the climate-related risks and opportunities for the Milford Funds and their

impact. Additionally, some directors have attended external training relevant to climate governance, and one non-executive director (who is a member of both BIC and BARC) holds a sustainable finance certificate from Cambridge University.

In September 2020, Milford appointed a Head of Sustainable Investment in order to strengthen Milford's sustainable investment practices. The Head of Sustainable Investment is responsible for executing the sustainable investment strategy and supporting the Investment team in identifying and assessing climate risk and opportunities. The Head of Sustainable Investment reports to the CIO.

² Until 1 April 2024, both non-executive directors were BARC members.

³ As at the date of this Climate Statement.

3.4 Performance and Remuneration

The performance objectives are set by the Milford Asset Management Limited Board at the start of each financial year and cascaded from the CEO to CIO and, where appropriate, to the Investment team.

- The CIO objectives include effective ESG engagement with companies in which the Milford Funds invest.
- The Investment team objectives include completion of the ESG Checklist for each company held (which is reflected in the Investment View of that company) and company engagement on key sustainable investment priorities.

Metrics that measure the achievement of these performance objectives are provided in the Sustainable Investment Dashboard. An assessment of performance objectives including those outlined above, with semi-annual performance reviews is part of the qualitative assessment for determining remuneration and any discretionary bonus available.

The diagram on the following page depicts the governance structure in place for oversight and management of climate-related risks and opportunities.

Milford Funds Limited

Board of Milford Funds Limited (Milford Funds)

Approves the annual climate statements for the New Zealand retail funds.

Delegated oversight for investment matters to BIC and risk matters to BARC

Governing Body for Fund climate-related risks & opportunities

Milford Asset Management Limited (Milford) Board Investment Committee (BIC)

- Quarterly** considers (i) the metrics reporting against the Fund Sustainability targets via the Sustainable Investment Dashboard, and (ii) the climate-related issues arising out of the IMC meeting minutes.
- Annually** reviews the Fund Sustainability strategy & targets and discusses the impact of the Fund climate risks/opportunities.

Milford Board Audit & Risk Committee (BARC)

- Annually** endorses the Climate Statements.
- Appoints** the Assurance Provider, with effect from FY25.
- Oversight** of fair dealing risks (such as greenwashing) and compliance with the CRD regime.

Investment Management Committee

- Quarterly** monitors progress against metrics in the Sustainable Investment Dashboard against the sustainable investment strategy and targets.
- Annually** reviews the Fund sustainability strategy and targets and appropriateness of the metrics reported in the Sustainable Investment Dashboard.

Chief Investment Officer

Responsible for overseeing climate-related risks and opportunities in the Milford Funds.

Chief Finance & Operations Officer

Responsible for preparation and filing of annual climate statements.

Head of Sustainable Investment

- Together with CIO, drives the execution of the sustainable investment strategy across the Investment Team, and reporting on the outcomes of that strategy.
- Together with the Sustainable Investment Team, (i) monthly monitors engagement activity, proxy voting and the ESG Exclusions List, and (ii) quarterly monitors compliance with the ESG Checklist.
- Annually, discusses climate risks/opportunities with BIC.



Section 4:

Strategy and Risk Management

The purpose of this section is to explain how climate change is currently impacting the Milford Funds and how it may do so in the future.

We describe the climate risks and opportunities facing the Milford Funds, the current and anticipated climate-related impacts on the Milford Funds, and Milford's sustainability strategy to manage the climate-related impacts on the Milford Funds as the global and domestic economy transitions to a more sustainable future.

4.1 Current and anticipated climate impacts

The current and anticipated climate impacts on the Milford Funds will result from all the climate risks and opportunities which face the underlying investments in the Milford Funds. These risks and opportunities are defined⁴ as follows:

1

Transition Risks

Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes.

2

Physical Risks

Risks related to the physical impacts of climate change such as increased severity of extreme weather events, longer term shifts in precipitation and temperature, and increased variability in weather patterns, such as sea level rise.

3

Climate-related opportunities

The potentially positive climate-related outcomes resulting from efforts to mitigate and adapt to climate change, such as through resource efficiency and cost savings, the adoption and utilisation of low-emissions energy sources, the development of new products and services, and building resilience along the value chain.

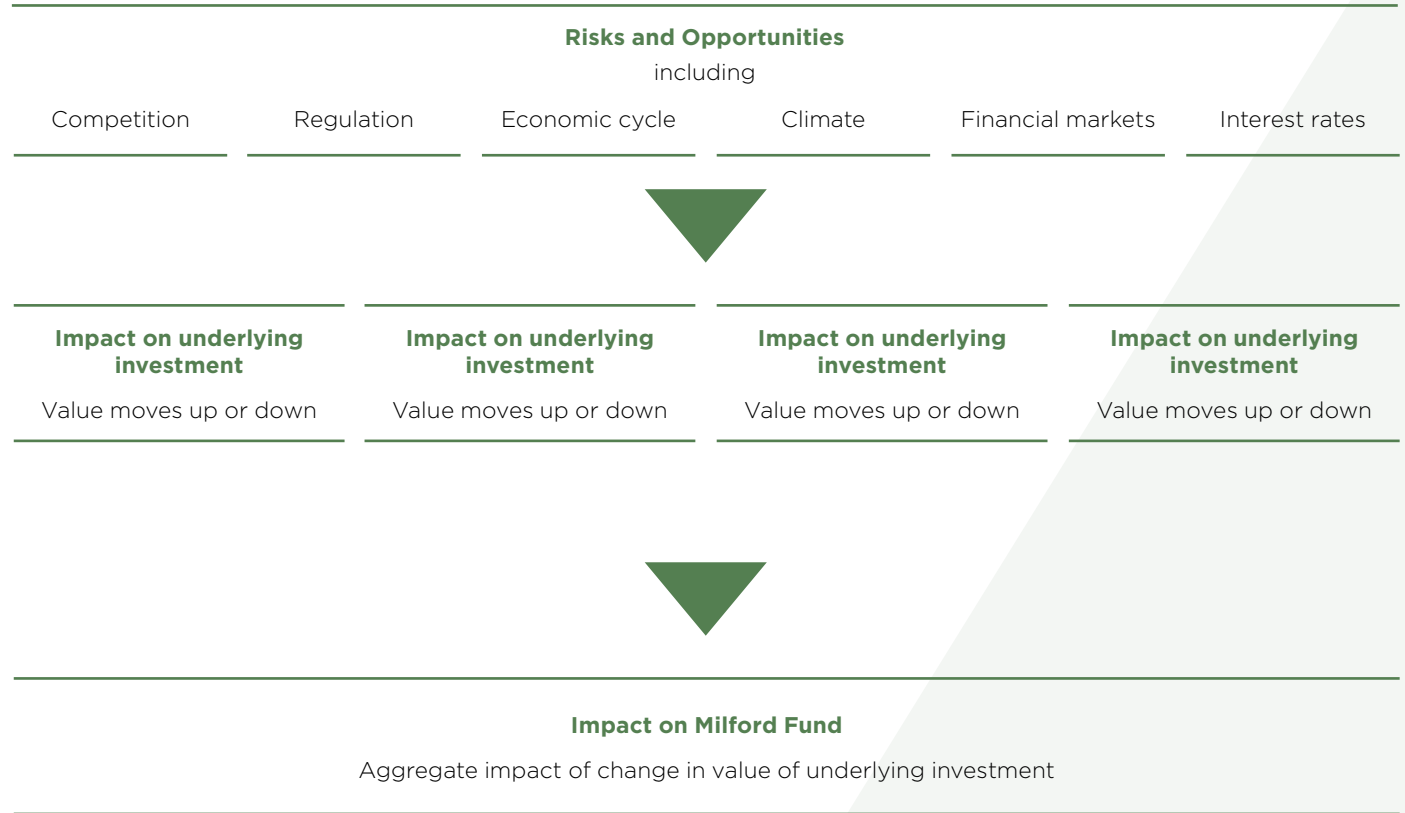
The Milford Funds invest in a wide range of sectors across a wide range of geographies; hence we believe all transition risks, physical risks and climate-related opportunities can have an impact on the Milford Funds, both now (current impacts) and in the future (anticipated impacts).

⁴ Definitions informed by the XRB definitions provided in NZ CS 1

Section 4: Strategy and Risk Management

The impact of these risks and opportunities is a change in the value of the underlying investments of the Milford Funds.

The value of these investments moves both up and down when expectations of climate-related risks and opportunities change. This, in turn, both positively and negatively impacts the returns delivered by the Milford Funds.



Section 4: Strategy and Risk Management

Investing inherently involves taking risks to generate returns. We do not seek to avoid climate-related risks, rather we strive to understand the risks and opportunities that are currently reflected in asset values and how these differ to our expectations, leading investments to be mispriced. Capitalising on these market inefficiencies is how we deliver risk-adjusted returns in the Milford Funds.

Key to our ability to do this lies in our research and analysis.

We have a team dedicated to providing best practice research on the sustainable transition across the sectors we invest in, and identifying new investments that both help, and benefit from, the sustainable transition. This helps the team make an educated evaluation of the climate-related risks and opportunities reflected in the values of the underlying investments in the Milford Funds.

We cannot isolate the impact of climate-related risk and opportunities on the Milford Funds as the impact on the underlying investments is diluted by the impact of the other risks and opportunities, including changes in economic growth and interest rate expectations, geopolitical events and regulatory changes. Further, the diversification of the Milford Funds reduces their vulnerability to the impact of individual investments.

Our strategy to deliver risk-adjusted returns via our investment research and active management approach, and how this process includes climate-related risks and opportunities, is described in section 4.3.

4.2 Example of current climate-related impacts

An example of the climate-related impacts on the Milford Funds during the reporting period is provided in Table 1 below. The table illustrates the proportion of the Milford Funds impacted by the three most material climate-related events identified in the reporting period. It does not provide an estimate of impact on the value of the Milford Funds from the identified climate impacts as we are not able to isolate the influence of the climate impacts.

1

COP28

The 2023 United Nations Climate Change Conference resulting in global agreements on topics such as nuclear energy, methane emissions and fossil fuel usage.

The detail on the methodology of selecting and calculating these impacts, the full list of climate-related events considered and the impacts of those events on the Milford Funds, is provided in Appendix 1.

2

Enactment of the 2022 US Inflation Reduction Act

A package of grants, loans, tax provisions and other incentives to accelerate the deployment of climate initiatives approved by the US Federal Government in 2022, that continued to be defined and deployed in the reporting period.

3

Enactment of the EU Net-Zero Industry Act

A set of policy initiatives developed by the European Commission with the overarching aim of making the European Union climate neutral in 2050. These policies continued to be developed and refined in 2023.

Section 4: Strategy and Risk Management

Table 1: Examples of climate related impacts on the Milford Funds during the year-ending 31 March 2024

Climate-related event	Multi Strategy Funds						Single Strategy Funds					
	Proportion of Assets Under Management (AUM) impacted						Proportion of Assets Under Management (AUM) impacted					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
COP28 – transition risk (negative impact)	0.3%	1.4%	0.4%	0.2%	0.7%	0.9%	0.0%	0.0%	0.8%	2.4%	0.0%	0.0%
COP28 – climate-related opportunities (positive impact)	0.5%	2.2%	0.6%	0.3%	0.0%	1.8%	0.0%	0.0%	0.2%	3.0%	0.0%	0.0%
US Inflation Reduction Act – transition risk (negative impact)	0.3%	1.4%	0.4%	0.2%	0.7%	0.9%	0.0%	0.0%	0.8%	2.4%	0.0%	0.0%
US Inflation Reduction Act – climate-related opportunities (positive impact)	0.6%	2.5%	1.0%	0.7%	5.2%	1.9%	0.0%	0.0%	0.0%	3.9%	2.0%	1.7%
EU Net-Zero Industry Act – transition risk (negative impact)	0.6%	2.5%	0.4%	2.6%	0.7%	1.7%	0.0%	0.0%	2.3%	2.5%	0.0%	0.0%
EU Net-Zero Industry Act – climate related opportunities (positive impact)	0.4%	1.7%	0.2%	0.2%	0.0%	0.2%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%

4.3 Climate risks and opportunities

At Milford, we have a large investment team using a wide range of strategies seeking to identify the best investments in changing market conditions and to assess a wide variety of risks and opportunities to identify investment ideas and build portfolios.

Our sustainability strategy is no different. We believe evaluating a business' exposure to climate change, and how these risks are being managed, is an essential part of investment analysis. We have a dedicated Sustainable Investment team researching best practice ESG across all sectors, as well as specific sectors that are key to the sustainable transition, such as electrification, hydrogen, biofuels and chemical recycling.



4.3.1 Risk and Opportunity assessment

The transition risks, physical risks and climate-related opportunities facing the Milford Funds are analysed on a sector basis, for each Fund, across different time horizons in our Scenario Analysis in Section 5 and Appendix 2.

The ESG Checklist is at the core of our sustainability analysis used for every company we invest in.

The Checklist is an internally developed tool that assesses over 25 different criteria to determine a company's sustainability performance, analyse a company's sustainability risks and opportunities and identify areas of improvement to help determine our engagement priorities.

Transition risk is analysed in the ESG Checklist via a company's environmental impact, targets and actions taken to transition to a more sustainable future. We evaluate a range of measures including **GHG** emissions, quality of emission reduction targets, biodiversity impact and management, capital investment made, and inclusion of environmental progress in executive remuneration.

Physical risk is analysed using knowledge of a company's asset base, geographic exposure and investment to adapt to its physical risk.

Climate-related opportunities for existing investments are categorised by reference to their performance (weak to strong) in the areas measured on the ESG Checklist. Climate-related opportunities in new potential investments across sectors are identified by the research undertaken by the Sustainable Investment team.

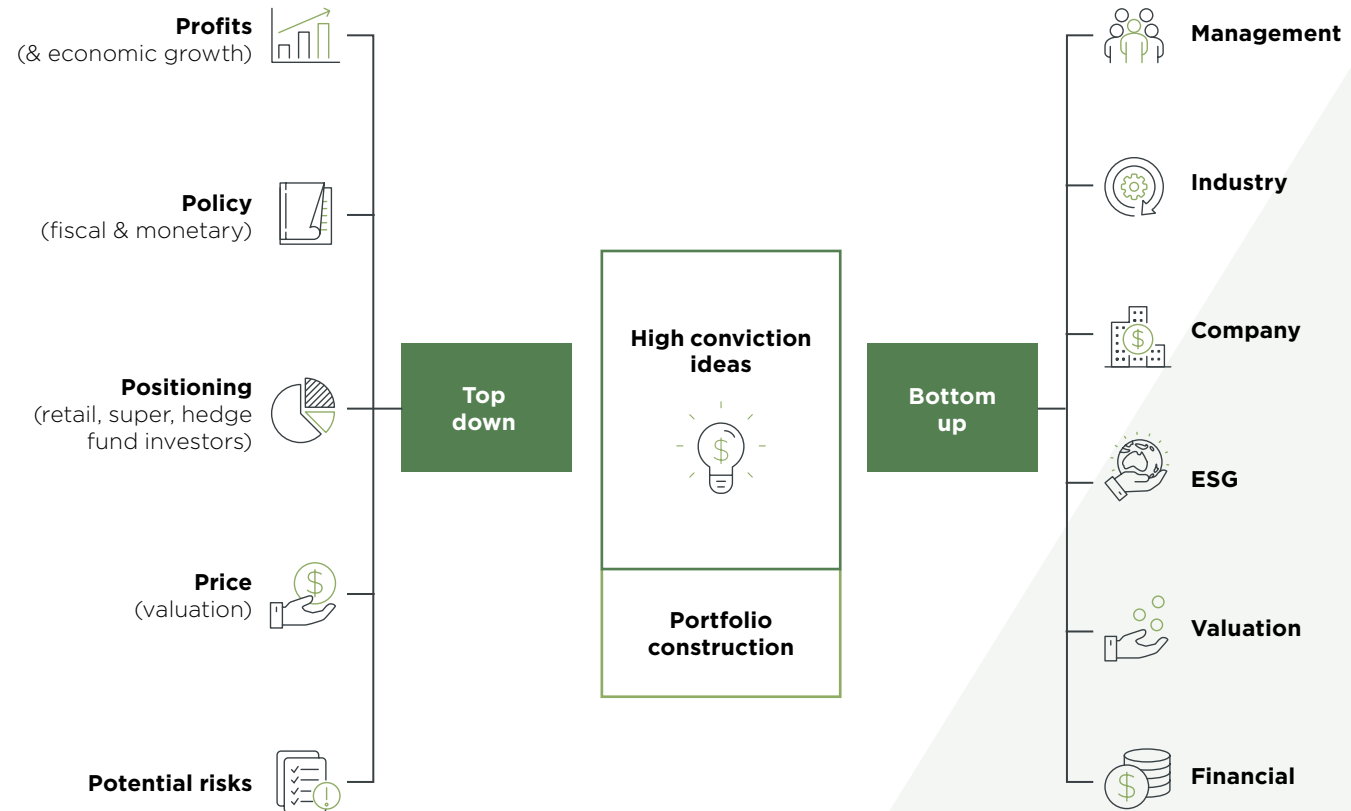
The ESG Checklist considers the full value chain of a company's climate impact, i.e. including the impact of the inputs into, and the use of, its products and services. It uses company and peer climate data provided by MSCI⁵ to complement analyst research and is updated following material new information on a company's sustainability performance.

The ESG Checklist provides a separate score for Environment, Social and Governance, which are combined into a blended score of Fail, Poor, Neutral or Positive for each company, weighted for its environmental and social impact. Any company that scores a Fail is added to our ESG Exclusion List. This helps to protect the Milford Funds from undue ESG risk.

⁵ MSCI (Morgan Stanley Capital International) is a global investment research firm that provides tools, solutions and research to the financial services sector. It is contracted by Milford to provide ESG data and analysis.

4.3.2 Integration in investment decision making process

The assessment of a company's climate-related risks and opportunities is integrated into investment decisions via the Investment View. An Investment View summarises the recommendation for the investment in question and determines if an investment should be made, and the size thereof. Our assessment of each company's sustainability performance, including its ESG Checklist rating, is incorporated into our Investment View as one of six identified factors. The Investment View is depicted as follows:



4.3.3 Time frame considerations

Investment markets are in a state of constant change, therefore we adopt an active approach to investing. For this reason, we do not define short, medium and long-term time horizons in our identification and assessment of a company's climate-related risks and opportunities in the ESG Checklist. Our research is incremental; we form a view on the future trajectory of all sustainability trends and determine what is accurately

reflected in current prices. In general, we believe we have visibility of industry and thematic trends through to 2030-2035 based on current technology expectations and regulatory frameworks. Given the landscape is rapidly changing, we explicitly measure risk and opportunities for each company held using the ESG Checklist on a frequent basis, typically every 1-2 years depending on the industry.

4.3.4 Milford's Controversy Matrix

Companies can make critical errors that have a negative impact on society, its customers or its staff. We assess these controversies across our holdings using our internally developed Controversy Matrix. This tool assesses eight factors to determine the cause of the controversy, the harm caused, any endemic risk and remediation undertaken. Any company

with a severe rated controversy is added to our ESG Exclusion List. Moderate rated controversies lead to an engagement with the company for greater understanding or remediation, and low rated controversies are monitored for ongoing developments. This helps to protect the Milford Funds from undue ESG risk.

4.4 Milford's Sustainable Investment strategy and development of a Transition Plan

Milford's approach to the transition towards a low-emissions economy is twofold:

1. We seek to maximise the performance of each Fund by deeply researching and understanding the sustainable transition and adjusting our investments accordingly.
2. We play our part in supporting the transition to a more sustainable future by engaging with the companies we invest in to drive them to improve their sustainability performance.

These two goals are at the heart of our sustainable investment strategy.

We have set an engagement target, discussed in Section 6.6, as the first stage towards a transition plan for the Milford Funds. In addition, we will explore the impact of a net zero target for the Milford Funds to better understand the opportunity to strengthen our commitment to reducing the Milford Funds' emissions whilst still delivering superior outcomes for Fund investors.

The Milford Funds' transition plan will be disclosed in the Climate Statement for the year ended 31 March 2025.⁶

⁶The Milford Funds have applied Adoption Provision 3 which provides an exemption from the requirement to disclose transition plan information in the first reporting period.



Section 5:

Scenario Analysis

This section describes the scenario analysis undertaken to test the resilience of the Milford Funds to three potential global-warming pathways. The aim of the scenario analysis is to demonstrate each Fund's current exposure to climate-related risks and opportunities across these different scenarios as it is impossible to anticipate the pathway or outcomes of the transition to a more sustainable future given the level and pace of the sustainable transition remain highly uncertain.

This scenario analysis tests the resilience of the Milford Funds based on each Fund's underlying investments as at 31 March 2024. The Sustainable Investment Team has responsibility for the scenario analysis process which will be undertaken

on a standalone basis annually for the purposes of the climate statement disclosures.

We have not integrated scenario analysis into our investment process. Our strategy is to adjust the investments in the Milford Funds as climate risks and opportunities materialise and evolve, based on our sustainability research. The Milford Funds are actively managed with adjustments made as the risk/reward dynamic of investment opportunities change. This means scenarios based on the current investments in the Milford Funds demonstrate our assessment of current exposure to future risks and opportunities but provide little insight into the likely realised impact of climate change on future performance.

5.1 Scenario Analysis Methodology



Milford's scenario analysis is based on the work undertaken in the New Zealand Financial Services Council's Climate Scenario Narratives for the Financial Services Sector published in June 2023 (**FSC Report**).

The FSC Report has selected three global warming scenarios. We have adopted these scenarios for each Milford Fund, as they are based on the most current and accurate guidance offered by climate science in our view, and allow the output of our analysis to be compared with other investment managers in New Zealand. The three scenarios selected for the scenario analysis was reported in November 2023 to BARC, as the Milford governance body with oversight of the climate statements. The BIC has oversight of the three scenarios selected for the scenario analysis. A description of these scenarios is as follows:

1 Orderly is a scenario describing global action taken efficiently and collectively to limit atmospheric warming to 1.5°C above pre-Industrial levels by 2100.

2 Too Little Too Late is a scenario describing the actions taken that result in atmospheric warming over 2 degrees above pre-industrial levels by 2100.

3 Hothouse is a scenario describing limited action taken which results in atmospheric warming over 3 degrees above pre-industrial levels by 2100.

The FSC has analysed the degree to which identified risks facing different sectors of the global economy are likely to be present under each scenario.

We have translated these likelihoods into a score of 1 ('not likely to be present') to 3 ('very likely to be present') for transition risk, physical risk and climate-related opportunities, across the short-term (1-3 years), medium-term (5-10 years) and long-term (over 30 years). The risk score presented for each Milford Fund is the aggregated score across all sectors based on the Fund's underlying sector exposure. Those scores are set out in the tables below in 5.3-5.5.

We note that our scenario analysis has been undertaken at an aggregated Fund level, not at company level. It therefore does not fully reflect the reduction in transition risk from companies in high-risk sectors that have credible and committed action to transition their business model, which is a key part of Milford's sustainable investment strategy and analysis.

More detail on the sectors and factors analysed to determine transition risk, physical risk and climate-related opportunities, and how these change across the scenarios and the time periods, is provided in the FSC Report, available [here](#), and in Appendix 2.

5.2 Scenario Analysis Summary

The tables presented in the following sections 5.3 to 5.5 present the likelihood of Transition Risk, Physical Risk, and Climate-Related Opportunities being present in each Fund under each scenario across the short, medium and long-term. The higher the score, the more likely the Fund, in its current state, will be impacted by the risks or opportunities.

A summary of each scenario is presented in each section, however we highlight a number of broad themes across the three scenarios for the Milford Funds:

1 The highest scores for all Milford Funds are recorded for Transition Risk under the Orderly scenario over the medium-term. Virtually all the sectors the Milford Funds are invested in have high likelihood of Transition Risk under this scenario over the next 5-10 years, as this coincides with the period of rapid change required to transition to a low carbon global economy. In particular, stakeholder preference is expected to change across all sectors, regulation and policy impacts are very likely, and litigation risk and emissions pricing impacts are very likely across all sectors.

2 The likelihood of Physical Risk impacting the Milford Funds remains relatively low for all Funds across all scenarios, until the long-term under 'Too Little Too Late' and 'Hot House' scenarios. Both these scenarios result in material physical impacts of climate change over the long-term, including storm surges, flooding and loss of land.

3 Climate-Related Opportunities have the highest likelihood of impacting the Milford Funds under the Orderly scenario over the medium-term as this is the period of rapid change required to transition to a low carbon global economy. There is a relatively low likelihood of Climate-Related Opportunities impacting the Funds in the Hot House scenario as little change is made to mitigate climate change.

5.3 Orderly Scenario (1.5°C)

Key - Likelihood of the presence of Transition Risk, Physical Risk, Climate-Related Opportunities

1: Not likely to be present

2: Likely to be present

3: Very likely to be present

Table 2: Risk and opportunity scores for Milford Funds

Transition Risk	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.5	1.5	1.5	1.5	1.6	1.4	1.4	1.6	1.5	1.4	1.5	1.6
Medium term	2.5	2.7	2.6	2.7	2.6	2.5	1.9	2.7	2.7	2.6	2.6	2.7
Long term	1.8	1.9	1.9	1.9	1.9	1.8	1.6	2.0	1.8	1.8	1.9	1.9

Physical Risk	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.0	1.0
Medium term	1.5	1.5	1.5	1.5	1.6	1.5	1.3	1.6	1.5	1.6	1.5	1.6
Long term	1.5	1.5	1.5	1.5	1.6	1.5	1.3	1.6	1.5	1.6	1.5	1.6

Climate-Related Opportunities	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.6	1.7	1.8	1.9	2.1	1.9	1.6	1.6	1.8	1.9	2.0	2.1
Medium term	1.9	2.1	2.2	2.3	2.4	2.3	1.8	1.8	2.2	2.3	2.3	2.4
Long term	1.3	1.4	1.5	1.5	1.9	1.6	1.4	1.3	1.4	1.5	1.6	1.8

1 Orderly Scenario (1.5°C)

The Orderly scenario will require fundamental change in almost all sectors in the near and medium term to prevent the compounding nature of global warming.

Under this scenario, the greatest transition risk is in the medium-term time horizon and is highest in those Milford Funds that have the greatest exposure to high emissions sectors and industries such as the energy sector that will require significant restructuring to achieve the 1.5°C warming limit. This is particularly evident with the Active Growth and Dynamic Funds. The longer-term transition risk is comparatively lower than the earlier timeframes as by 2050 and onward, much of the technological and industrial shift has already been made.

Similarly, climate-related opportunities are also highest in the medium-term and found in those Milford Funds invested in sectors that require innovative change to achieve a 1.5°C scenario, such as the Australian Growth Fund.

The physical risk in this 1.5°C scenario is significantly lower than that in other scenarios, as the world takes action immediately to reduce emissions and to therefore reduce the compounding effects of climate change. While the likelihood of climate-related natural disasters does rise into the medium term, physical risk is relatively low across all Milford Funds into the long term.

5.4 Too Little Too Late Scenario (>2°C)

Key - Likelihood of the presence of Transition Risk, Physical Risk, Climate-Related Opportunities
1: Not likely to be present
2: Likely to be present
3: Very likely to be present

Table 3: Risk and opportunity scores for Milford Funds

Transition Risk	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.3	1.3	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.4
Medium term	1.7	1.7	1.7	1.7	1.7	1.6	1.5	1.7	1.7	1.6	1.7	1.7
Long term	2.0	2.1	2.1	2.1	2.1	1.9	1.7	2.2	2.1	1.9	2.0	2.1

Physical Risk	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.2	1.2	1.2	1.2	1.1	1.2	1.1	1.2	1.2	1.2	1.2	1.2
Medium term	1.5	1.5	1.5	1.5	1.5	1.5	1.3	1.6	1.5	1.5	1.5	1.5
Long term	1.8	1.8	1.8	1.8	1.8	1.8	1.4	2.0	1.9	1.8	1.7	1.8

Climate-Related Opportunities	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1
Medium term	1.3	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.4	1.3	1.4	1.4
Long term	1.5	1.6	1.6	1.6	1.7	1.6	1.4	1.4	1.6	1.6	1.6	1.7

2 Too Little Too Late Scenario (>2°C)

The Too Little Too Late scenario most closely reflects the current trajectory of climate change.

Varying degrees of action are being taken over time by different governments and industries, resulting in a non-uniform transition away from high emission processes.

Near term, there is less transition risk and fewer climate-related opportunities due to the gradual, regulatory driven nature of the sustainable transition, reflected in relatively low near-term risk scores across all Milford Funds.

In the medium-term, more drastic action is required to curb the escalating impacts of global warming, with more aggressive regulation and consumer preference risk as we approach global climate tipping points. Climate-related opportunities begin to accelerate to meet the needs of the transition, seen uniformly across all the Milford Funds. As we approach 2050, significant action will be required across all sectors to attempt to curb the compounding effects of global warming, resulting in high transition risk in an effort to reach net zero beyond 2050.

The physical risks under this scenario gradually increase over time, with too little action in the near term resulting in increased natural disasters, negatively impacting physical assets well into the future.

5.5 Hothouse Scenario (>3°C)

Key - Likelihood of the presence of Transition Risk, Physical Risk, Climate-Related Opportunities

1: Not likely to be present

2: Likely to be present

3: Very likely to be present

Table 4: Risk and opportunity scores for Milford Funds

Transition Risk	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.3	1.4	1.3	1.4	1.3	1.3	1.2	1.3	1.4	1.3	1.3	1.3
Medium term	1.7	1.8	1.7	1.7	1.7	1.6	1.4	1.8	1.8	1.7	1.7	1.7
Long term	1.7	1.8	1.7	1.7	1.7	1.6	1.4	1.8	1.8	1.7	1.7	1.7

Physical Risk	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.4	1.2	1.2	1.2	1.2
Medium term	1.6	1.6	1.6	1.6	1.6	1.5	1.3	1.8	1.6	1.6	1.6	1.6
Long term	2.0	2.0	1.9	1.9	1.9	1.9	1.5	2.2	2.0	1.9	1.9	1.9

Climate-Related Opportunities	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Short term	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Medium term	1.1	1.1	1.2	1.2	1.3	1.2	1.1	1.1	1.1	1.2	1.3	1.3
Long term	1.3	1.3	1.4	1.4	1.5	1.4	1.2	1.2	1.3	1.4	1.5	1.5

3 Hothouse Scenario (>3°C)

The Hothouse scenario reflects a world in which little action is taken to address climate-warming activities, and existing efforts are scaled back or abandoned.

As such, the physical risks of climate change progressively worsen over time, greatly impacting industries which are asset-heavy such as utilities or miners. This scenario is reflected in the physical risk score of the Milford Funds with exposure to asset-heavy sectors, such as the Trans-Tasman Bond Fund.

Transition risks are present but manifest more in the mid-term for those industries that have already begun to transition and who will ultimately be heavily impacted by a return to fossil fuels. For example, governments removing regulatory support for renewables developers and electric vehicles generates risk for those companies who have already progressed into those industries.

There are few transition opportunities, and those that do present themselves are in applications that assist with climate change adaptation rather than mitigation, for instance, agricultural solutions and healthcare provision.



Section 6:

Metrics and Targets

6.1 Greenhouse Gas emissions

GHG emissions (emissions) are one of the primary causes of global warming. A Fund's emissions are therefore an important part in assessing the Fund's climate impact and exposure to transition risk. It is also important to consider the Fund's exposure to companies actively transitioning by reducing emissions and transition risk. This is discussed in section 6.2.

We have provided data for the Milford Funds' **financed emissions**. These are the emissions of the Milford Funds' underlying investments. The Milford Funds, as financial entities, do not have any material direct emissions (scope 1), energy-related emissions (scope 2) or other indirect emissions (scope 3).

We have also provided the **weighted average emissions intensity** of the Milford Funds' financed emissions. We believe this is the most useful measure to compare the financed emissions between Funds as it presents financed emissions scaled for both underlying investment size and Fund size.

We have categorised the Milford Funds' financed emissions and weighted average emissions intensity by scopes 1, 2 and 3 of the underlying investments. This is due to material differences in the size and accuracy of these different scopes:

Scope 1

is the direct emissions from company-owned and controlled resources. These are generally measurable and the data is the most reliable.

Scope 2

is the indirect GHG emissions associated with the company's purchase of electricity, steam, heat, or cooling. These are generally measurable, but the data is less reliable as the source of the electricity may need to be estimated.

Scope 3

is all other indirect emissions, separated into 'upstream' activities (supplier emissions associated with the inputs required for company's products and services) and 'downstream' activities (customers emissions associated with the use of the company's products and services). These emissions are typically much larger and not within the company's direct control. Further, the quality of the data is poor given the need for companies to estimate the emissions of both its customers and suppliers.

The inclusion of scope 3 emissions results in some double counting of investee company emissions at Fund level, given many of the Milford Funds invest in companies that sit within each other's value chains, for example a fossil fuel producer and a fossil fuel user. Despite this, we believe it is important to include scope 3 emissions to provide a complete picture of each Fund's climate footprint.

The financed emissions have been calculated in accordance with the Partnership for Carbon Accounting Financials (**PCAF**) Standard⁷ where possible and using the operational control approach. We provide more detail on the PCAF Standard, calculation methodology, deviations from the PCAF Standard, and data quality of the financed emissions and weighted average emissions intensity in Appendix 3.

⁷ PCAF (2022) Global GHG Accounting and Reporting Standard part A: Financed Emissions

Section 6: Metrics and Targets

Table 5: Financed emissions in metric tons of CO₂ equivalent (mtCO₂e) and weighted average emissions intensity in metric tons of CO₂ equivalent per million New Zealand dollars of revenue (mtCO₂e per NZDm) for the year ended 31 March 2024:

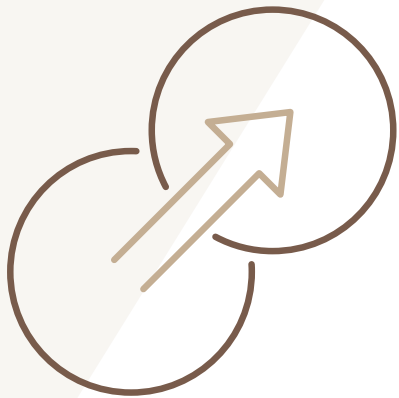
	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
GHG scope 1 emissions	17,198	145,453	63,170	93,719	59,690	47,462	26,439	43,116	8,475	5,081	17,474	39,023
GHG scope 2 emissions	1,827	10,418	9,760	19,318	23,497	9,921	60	3,244	2,743	1,447	3,932	11,579
GHG scope 3 emissions	56,793	365,534	341,769	767,117	507,216	383,344	15,434	62,514	81,452	79,368	166,523	391,757
Total financed emissions	75,818	521,406	414,700	880,155	590,403	440,726	41,933	108,874	92,670	85,896	187,929	442,358
GHG scope 1 weighted average emission intensity	57	95	65	55	127	55	80	51	48	22	46	71
GHG scope 2 weighted average emission intensity	12	13	14	14	51	14	1	12	20	10	12	21
GHG scope 3 weighted average emission intensity	165	269	321	325	1,061	379	203	63	244	255	597	529
Total weighted average emission intensity	234	377	401	393	1,240	448	283	126	312	287	654	622

The largest Milford Funds have the highest financed emissions due to size. However, the Milford Funds with the highest weighted average emissions intensity are those with more exposure to high emission industries, energy, in particular. This includes our Australian Growth

Fund given the high proportion of energy and mining companies listed on the Australian stock exchange. We have committed to engaging with all our Australasian energy companies to play our part in helping reduce this emissions footprint. Our Engagement Target is discussed in Section 6.6.

6.2 Transition Risk

Transition risk for the Milford Funds is twofold. Companies that have a higher environmental footprint and companies that are not taking action to address their environmental footprint both have higher transition risk.



In some cases, a high emission company can have lower transition risk than a low emission company if the former company is more aggressively transitioning to a low-emission, climate-resilient business model.

We do not seek to avoid transition risk, rather we seek to understand and manage it to maximise risk-adjusted returns. As such, a company's action to address its environmental footprint is a key part of our sustainability research.

To demonstrate the transition risk of the Milford Funds, we have provided the proportion of the Funds' investments, as measured in GHG emissions calculation, with emission reduction targets aligned with Net Zero. We have chosen this metric as Net Zero because, as per the 2023 [IPCC](#) Report on Climate Change, Net Zero 2050 is the most established pathway at present to achieve a low emission, climate-resilient future.

We have detailed this across investments with high, medium and low weighted average emissions intensity, given emission reduction targets are more critical for higher emission intensive companies.

This data can also be used to represent capital deployment into climate-related risks and opportunities given investments in more carbon intensive industries have higher climate risk, or higher climate-related opportunities if they are transitioning to a low-emission business model, demonstrated by a net zero target.

Section 6: Metrics and Targets

Table 6 - Transition Risk

	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
High carbon intensity	3.1%	6.6%	7.0%	6.8%	21.2%	7.8%	4.3%	0.0%	3.7%	5.9%	12.7%	9.6%
% with net zero target	99.8%	100.0%	99.1%	99.2%	98.6%	98.0%	100.0%	na	100.0%	100.0%	100.0%	92.4%
Medium carbon intensity	13.6%	14.4%	18.7%	22.4%	26.5%	22.1%	14.8%	10.0%	25.4%	21.1%	21.0%	26.5%
% with net zero target	82.0%	79.4%	84.8%	89.4%	95.0%	86.7%	100.0%	79.1%	77.4%	91.4%	56.6%	87.5%
Low carbon intensity	43.2%	49.4%	50.8%	55.6%	39.4%	50.0%	15.0%	42.5%	49.0%	58.1%	56.8%	52.3%
% with net zero target	80.2%	92.1%	77.8%	80.2%	60.5%	66.5%	90.5%	75.2%	79.6%	58.6%	58.6%	41.9%
Total % of applicable investments with net zero target ⁸	48.8%	63.6%	62.3%	71.4%	69.9%	60.0%	32.7%	39.9%	62.4%	59.3%	70.6%	54.0%

⁸ We have measured a net zero target across those investments included in the GHG emissions calculation for the Milford Funds. This excludes cash and cash equivalents, derivatives, sub-sovereign and municipal debt and unlisted (private) equity and debt.

We aim to have a relatively high exposure to investments with net zero targets reflecting both Milford's focus on enabling the sustainable transition through change and investment as well as the team's assessment and integration of transition risk in its processes.

We provide more detail on the data, methodology and process of these calculations in Appendix 4.

6.3 Physical Risk

The physical risk of the Milford Funds is driven by the Milford Funds' investment in companies with underlying assets exposed to the physical impacts of climate change.

We have used the Physical Risk Climate Value-at-Risk (VaR) model provided by MSCI to measure physical risk given the scale of the geographic exposure of the underlying investments of the Milford Funds.

MSCI uses global climate data sources and assessment methods designed by the Potsdam Institute for Climate Impact Research (PIK). The data provides a potential impact to the value of each Fund due to either 'Average' or 'Aggressive' physical risk realisation and is reported as the percentage of the Fund's assets under management that is at risk. We have selected the 2°C Orderly scenario developed by the Network for Greening the Financial System (NGFS) for our analysis. This scenario assumes that climate policies are introduced immediately and become gradually more stringent though not as high as in Net Zero 2050. Carbon Dioxide Removal deployment is relatively low and Net Zero CO₂ emissions are achieved after 2070.

The physical risk metric is calculated as the present value of each investee company's futures costs (and profits) due to physical hazards under different global warming scenarios. This data is scaled and aggregated at Fund level to present a potential loss of Fund value based on underlying investments at 31 March 2024. This represents the potential future value loss, in present value terms, based on current investments. However, we believe it provides limited insight into the future performance of the Milford Funds given our active management approach will ensure investments are adjusted as risks materialise.

The following table illustrates that Milford Funds with exposure to companies that have larger asset portfolios, such as those in the utilities and infrastructure sectors, have higher physical risk and therefore a higher Value-at-Risk.

Table 7: Physical Risk

	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Climate Value-at-Risk - Physical risk	-1.4%	-1.8%	-2.2%	-2.3%	-2.6%	-2.6%	0.0%	-0.1%	-0.3%	-2.3%	-2.6%	-0.3%

We provide more detail on MSCI's methodology and data coverage in Appendix 5.

6.4 Climate-Related Opportunities

There are significant opportunities for companies that can deliver new products and services required for the transition to a more sustainable future and Milford’s Sustainable Investment team specifically seek out companies providing products and services that are critical to the sustainable transition.

We represent climate-related opportunities via each Fund’s eligibility with the EU taxonomy. The EU taxonomy is a classification system that defines criteria for economic activities that are aligned with Net Zero by 2050 and the EU’s broader environmental goals, for example, activities that

relate to low carbon technologies for transport or renewable energy technologies. The legislation establishing the EU taxonomy came into force in 2020 to help direct investment towards a common definition of economic activities that can be considered environmentally sustainable and are needed to meet the EU’s climate targets.

The eligibility metric shown below is the percentage of investee company revenue that has potential to contribute to one of the six environmental objectives of the EU Taxonomy. This is aggregated at Fund level. These objectives are as follows:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

This metric can also be used to demonstrate capital deployment towards climate-related opportunities.

Table 8: Climate-Related opportunities

	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
EU taxonomy estimated eligible revenue	31.5%	35.8%	40.3%	44.0%	47.2%	44.8%	27.7%	30.3%	33.6%	49.1%	47.7%	44.4%

This data does not encompass all the opportunities we have identified. A significant proportion of companies have some element of climate-related opportunity within their broader business. These opportunities are of varying size and timescale, with many yet to be realised in revenue or earnings due to technological change required or the slow pace of adoption. As such, we expect the EU taxonomy alignment of the Milford Funds to increase over time.

We note that this data does not represent the percentage of investee company revenue that is aligned with the EU taxonomy. An eligible activity becomes taxonomy-aligned when it also complies with technical screening criteria, do-no-significant-harm requirements across the other environmental objectives and the minimum social safeguards described in the taxonomy regulation. These are more stringent criteria we intend to report over time,

however the proportion of investee companies that report this data is currently very low.

More detail on the calculation methodology of Bloomberg’s EU taxonomy eligibility data, alignment data and the data coverage under both metrics is provided in Appendix 6.

6.5 Internal Emissions Price

At Milford we do not yet explicitly integrate an internal emissions price into our investment decisions as the future price of carbon remains highly uncertain due to regulatory risk and the uncertain timeframes on technology required for some emission reduction activities.

The likelihood of future carbon costs impacting the investments in the Milford Funds is assessed via the ESG Checklist and reflected qualitatively in our investment decisions.

Milford's Sustainable Investment team is building the research required to forecast the EU and Australian carbon price with a view to more explicit integration in the future.

6.6 Targets for the Milford Funds

At Milford, our sustainable investment approach has two simple objectives:

- 1. To enhance the risk-adjusted returns of our Funds.**
- 2. To help drive the transition to a more sustainable future.**

We have described how we manage climate risk and opportunities to help deliver risk-adjusted returns in Section 4. Strategy and Risk Management section.

We believe Milford's greatest opportunity to help the transition to a more sustainable future is through our stewardship activities. Using our seat at the table to push for positive change should signal to companies that investors do not support a focus on current profits at the expense of long-term outcomes and can also have a direct impact on a company's climate action, targets and disclosures.

We undertake the following types of stewardship activities:

1

Proactive engagements

We undertake strategic engagements to affect change with the companies we invest in that have the most ability to cause harm and where we have the most influence.

We undertake informal engagements by asking sustainability focused questions and promoting improvement in our regular dialogue with company management teams and boards. This should help drive change by demonstrating that active investors value and prioritise sustainable practices.

2

Reactive engagements

We respond to unexpected controversies such as significant breaches of environmental or social requirements in accordance with our Controversy Matrix.

3

Active proxy voting

We use the power of voting to communicate our expectations and agitate for change. We engage with Boards to share our concerns when required.

4

Collaborative engagements

Collaboration between investors can increase influence and ability to achieve outcomes. We collaborate wherever there is the opportunity, including as a member of Climate Action 100+.

5

Policy engagements

We engage with policy makers where possible, such as collaborating with industry bodies and responding to regulatory proposals.

6.6 Targets for the Milford Funds

We believe our strategic engagements have the most potential to deliver direct, measurable change. We have formalised our commitment to these engagements by setting engagement targets for the 2025 financial year. These targets are directed at the companies that we believe have the greatest potential to cause harm and we have the greatest potential to drive change via our position as a large fund manager in the New Zealand and Australian markets.

The two engagement targets that are focused on climate change are as follows:

- 1. Fossil fuels: we commit to engaging with every Australasian energy company we invest in.**
- 2. High emitters: we commit to engaging with our other five highest GHG emitters in Australasia.**

The targets were set by the BIC, with the subject companies determined by the holdings at the start of the 2025 financial year. The specific engagement outcomes Milford will seek for each target company are set by the Sustainable Investment team using the ESG Checklist and our sustainability best practice research. These outcomes aim to progress the transition to a more sustainable future in line with our Stewardship Principles, reduce sustainability risk and improve the outlook for long-term shareholder returns.

We report progress against these outcomes, including contact with the company, issues discussed and any company action, to the IMC and the BIC on a quarterly basis in the Sustainable Investment Dashboard. We plan to report on performance against this target in the 2025 financial year climate statements.

The base year for tracking our progress changes each year as our engagement targets are set annually. As such, progress is measured year on year and accordingly, it is not appropriate to have a base year.

The engagements targets will be progressed alongside our broader stewardship activities. We provide information on all our stewardship activities, including our performance against these targets in our Engagement Activities and Outcomes report on our website.



Appendices

Appendix 1: Climate-related Impacts

We have documented the climate-related events that may have impacted the Milford Funds via a review of the Sustainable Investment team's research undertaken throughout the reporting period. These events are as follows:

Climate-related Event	Date	Transition Risk	Physical Risk	Climate-related Opportunity
Enactment of the 2022 US Inflation Reduction Act	Throughout 2023	Yes		Yes
Enactment of the EU Net-Zero Industry Act	Throughout 2023	Yes		Yes
US hydrogen strategy	Jun-23	Yes		Yes
EU hydrogen act	Jun-23	Yes		Yes
China EV policy	Jun-23	Yes		Yes
NZ ETS Auction settings	Jul-23	Yes		Yes
Hawaii wild fires	Aug-23		Yes	
UK Climate Policy changes	Sep-23	Yes		Yes
Revision of EU Renewable Energy Directive	Oct-23	Yes		Yes
EU electricity market design reform	Dec-23	Yes		Yes
COP28	Jan-24	Yes		Yes
Singapore SAF blending mandate	Feb-24	Yes		Yes
EU 2040 GHG reduction target proposal	Feb-24	Yes		Yes
EU approval of Nature Restoration Law	Feb-24	Yes		Yes
EU Tailpipe Emissions Standards Amendment	Apr-23	Yes		Yes
US EPA Tailpipe Emissions Standards	Mar-24	Yes		Yes

The underlying investments the Milford Sustainable Investment team believe were directly impacted by these events were categorised according to the type of risk that caused the relevant impact, being; positive and negative transition risk, positive and negative physical risk, or climate-related opportunity.

The underlying investments for which the event created both transition risk and climate-related opportunities were categorised by the net impact, i.e. if the transition risk created by the event was greater than the climate-related opportunity, the impact was categorised as transition risk.

The proportion of AUM impacted by the climate-related event was calculated via the weighted average holding over the reporting period using month-end data.

The three most material climate-related events impacting the Milford Funds, being the events that impacted the greatest proportion of AUM, are provided in Table 1 of the Climate Statements.

Appendix 2: Scenario Analysis

Through scenario analysis, we have identified the following climate-related risks and opportunities set out in the FSC Report, which we have determined are relevant for the Milford Funds:

1. The FSC Report: Transition Risk scenario analysis measures the likelihood of the following transition risks materialising as 'very likely to be present', 'likely to be present' and 'not likely to be present' for each industry sector under each scenario:

- Stranded assets
- Stakeholder preference change
- Regulatory / policy impacts
- Litigation risk
- Emission pricing impacts
- Technology availability
- Ability for customers to afford services/products

2. The FSC Report: Physical Risk scenario analysis measures the likelihood of the following physical risks materialising as 'very likely to be present', 'likely to be present' and 'not likely to be present' for each industry sector under each scenario:

- Disruption to ability to provide services or products
- Stranded assets
- Disruption to supply chain
- Disruption to business operations
- Reduced demand for services/products

A description of these risks and the related risk scores is provided in the FSC Report available [here](#).

3. The FSC Report does not provide a comprehensive list of climate-related opportunities. As such, we have developed a list of the most material climate-related opportunities for the Milford Funds, building on the FSC Report analysis and supplemented by our knowledge of the climate transition:

- Increased demand for services/products
- Stakeholder preference change
- Technology change
- Increased price due to supply shortages
- Regulatory / policy impacts

Scenario Analysis Timeframes

We have adopted time horizons consistent with those provided in the FSC Report:

- **Short term** refers to risks and opportunities that will arise within the next 1-3 years.
- **Medium term** refers to risks and opportunities that will arise within 5 and 10 years from now.
- **Long term** refers to risks and opportunities that will arise beyond the above timeframes, 30 years from now and beyond.

These timeframes align with global government and corporate emissions targets, IPCC climate pathways and IEA transition pathways and hence are complementary with our internal sustainability research.

In defining risk within each timeframe, we have applied the FSC Report risk ratings as they relate to the long-term time horizon and have developed a view of the short-term and medium-term risk rating scaled to the FSC Report via our understanding of the climate transition.

Appendix 3: Milford Funds' GreenHouse Gas Financed Emissions and Weighted Average Emissions Intensity

The financed emissions of the Milford Funds have been calculated using the operational control approach. This means emissions of underlying investments where the Fund does not have operational control are reported as scope 3, indirect emissions.

The emissions reported are the scope 3, category 15 type.

- These include the underlying investments' scope 1,2 and 3 emissions.
 - The PCAF Standard recommends scope 3 emissions be included in financed emissions on a phased basis from 2021, with scope 3 emissions included for all investee companies from 2025 onwards.
 - We have included all underlying investments' scope 3 emissions as we believe this enhances transparency, reduces the complexity of our disclosures, and provides a more complete view of each Fund's total possible emissions footprint.
- The Milford Funds do not have any material or measurable scope 1 and 2 emissions.
- Any other scope 3 emissions, such as those of Milford Funds Limited as investment manager of the Milford Funds, are immaterial compared to the Milford Funds' financed emissions.

The financed emissions have been calculated in line with the PCAF Standard. There are some instances of deviations from the guidance due to considerations of materiality and/or availability of data. These are addressed in section 3.1 *Calculation Methodology*.

All data has been calculated using the Milford Funds' underlying investments as at 31 March 2024 and the latest available emissions data. The Milford Funds' financed emissions are derived from:

- emissions reported by the underlying investee companies, which are accessed via Bloomberg or the entity's website, where required; and
- where reported emissions as at a company's latest fiscal year are unavailable, Bloomberg's estimates. See section 3.2 *Bloomberg Estimates* below.

The emissions data in the Climate Statements has not been assured as there is no requirement to do so in the first year of reporting in accordance with NZ CS 1.

3.1: Calculation Methodology

The total atmospheric GHG emissions reported represents the metric tonnes of CO2 equivalent calculated via the formulas defined in the PCAF Standard, based on the NZD value of the underlying investments of the Milford Funds as at 31 March 2024. We are not able to disclose the global warming potential values as our data sources do not provide this information.

A number of asset classes are not defined by the PCAF Standard due to lack of accurate GHG emissions data or uncertain calculation methodology. As such, we have omitted these asset classes from the GHG emissions of the Milford Funds. In addition, we have excluded unlisted private equity and debt from the Milford Funds GHG emissions as the underlying investments are immaterial and we do not have access to reliable GHG emissions data. We have applied a materiality threshold of 10% of AUM.

A summary of the underlying asset classes of the Milford Funds and their treatment in the PCAF Standard and the calculation of the Milford Fund's GHG emissions is provided in table 9:

Table 9: Treatment of Asset Classes in the PCAF Standard and Milford Fund's GHG emissions calculation.

Asset Type	Treatment in Milford Fund's GHG emissions calculation
Specified in PCAF Methodology	
Listed equity	Included
Listed debt ¹	Included
Sovereign debt	Included ²
Unlisted (private) equity and debt	Not included
Not Specified in PCAF Methodology	
Sub-sovereign and municipal debt	Not included
Derivatives ³	Not included
Cash and cash equivalents ⁴	Not included

1. Includes over the counter tradable debt of listed companies
2. Reported for scope 1 emissions, which excludes emissions relating to land use, land-use change, and forestry - see section 3.1.1 below.
3. Includes forward, futures and option contracts on currency, equity and debt securities
4. Includes cash, term deposits and sundry items

We will review our assumptions and treatment of these asset types, as new data or guidance becomes available.

3.1.1: PCAF required alternative calculation of sovereign debt emissions

In line with the United Nations Framework Convention on Climate Change (**UNFCCC**), sovereign debt GHG emissions data should cover GHG emissions from specified key sectors and categories (energy, industrial processes and product use, agriculture, forestry, other land use, and waste). However, there is a divergence of views among emissions data providers and climate experts regarding the accounting of land use, land-use change, and forestry (**LULUCF**) emissions given significant data uncertainty. Also, LULUCF emissions have the potential to distort the overall trends of the key sectors (energy, industrial processes) that contribute to global warming. As countries treat

LULUCF emissions differently in their mitigation targets and investors might have diverging views on the potentially offsetting role of land-use and forestry emissions, financial institutions shall report scope 1 emissions including and excluding LULUCF.

We have elected to provide GHG emissions excluding LULUCF emissions because this is more conservative; the LULUCF emissions reduce the sovereign debt emissions in the relevant Milford Funds. However, in accordance with the PCAF standard, the table below provide the relevant Milford Fund's GHG emissions including LULUCF emissions.

	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
GHG scope 1 emissions	15,950	139,509	61,408	93,551	59,562	47,462	26,439	37,200	8,475	5,081	17,474	39,023
GHG scope 2 emissions	1,827	10,418	9,760	19,318	23,497	9,921	60	3,244	2,743	1,447	3,932	11,579
GHG scope 3 emissions	56,793	365,534	341,769	767,117	507,216	383,344	15,434	62,514	81,452	79,368	166,523	391,757
Total financed emissions	74,570	515,461	412,938	879,987	590,275	440,726	41,933	102,958	92,670	85,896	187,929	442,358

3.2: Bloomberg Estimates

Where underlying investee companies do not report GHG emissions, Bloomberg may produce an estimate of these emissions using one of two models.

- The Bloomberg GHG 'Smart Estimates' model is a machine learning model which factors up to 800 reported features, sourcing data from: company financials, industry segmentation, legal entity data, industry specific data such as production metrics and any reported ESG data sets, before calculating estimated GHG emissions data via percentiles. Within this framework, Bloomberg has also created industry-specific models to have the best possible scope 3 emissions estimates for key sectors such as oil & gas, metals & mining, automobiles, power generation and airlines based on key production and industry metrics. These combine a bottom-up model based on key production and industry metrics, with a top-down machine learning model.
- The Bloomberg industry implied estimates model relaxes the strict data requirements of the Smart Estimates model to expand the coverage of companies, such that estimated GHG emissions

can still be produced even when company specific characteristics are not available. The underlying assumption is that companies in the same industry will have comparable carbon intensity ratios. Therefore, the model calculates emissions based on a company's revenue and industry classification, applying the median carbon intensity of all reporting companies within the same industry.

Current fiscal year estimates are calculated when companies release their annual fundamentals data. However, estimates can be recalculated following the release of new company data for the fiscal year or as a result of model enhancements. The models are refreshed on a weekly basis to capture any newly reported input data, e.g. company financials, industry segmentation and product level data.

3.3: Coverage Ratio

The coverage ratio details the proportion of Milford Fund investments for which the asset type is included in the GHG emissions calculation (as outlined in Table 9, section 3.1) and there is relevant GHG emissions data.

- If the asset type is excluded or the data is not available for an underlying investment, then the coverage ratio will be less than 100%.

- There is currently less scope 3 data available due to the inherent uncertainty in estimating scope 3 emissions. This is reflected in the table below, where there is a higher coverage ratio for scope 1 and 2 emissions.

The tables below depict the Milford Funds' coverage ratios:

GHG Emissions Coverage Ratio – Milford Funds:

	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Scope 1 coverage ratio (%)	76.9%	87.2%	88.5%	94.3%	92.1%	86.9%	39.7%	75.7%	97.1%	93.1%	92.1%	95.6%
Scope 2 coverage ratio (%)	70.8%	81.1%	85.7%	94.2%	91.6%	86.9%	39.7%	64.6%	97.1%	93.1%	92.1%	95.6%
Scope 3 coverage ratio (%)	60.2%	70.5%	76.8%	85.0%	88.1%	80.1%	34.2%	53.4%	78.1%	85.2%	91.2%	91.2%

Weighted Average Emissions Intensity Coverage Ratio:

	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Scope 1 coverage ratio (%)	76.5%	87.2%	88.3%	94.1%	91.1%	86.7%	39.7%	74.8%	97.1%	93.1%	91.6%	92.8%
Scope 2 coverage ratio (%)	70.4%	81.1%	85.5%	94.0%	90.6%	86.7%	39.7%	63.7%	97.1%	93.1%	91.6%	92.8%
Scope 3 coverage ratio (%)	59.8%	70.5%	76.5%	84.8%	87.1%	79.8%	34.2%	52.5%	78.1%	85.2%	90.6%	88.4%

3.4: Data Quality Score

To further illustrate the quality of the GHG emissions data, we have provided a weighted average data quality score for each Fund in the table below.

A data quality score is recommended by the PCAF Standard given the data integrity issues associated with the GHG emissions data due to reporting and estimation constraints. The weighted score of the

Milford Funds is between 1 and 5, 1 being the highest in data quality and 5 being the worst.

The weighted average data quality score incorporates only the Milford Funds' holdings for which emissions data is available or estimated. The remaining securities are excluded.

GHG Emissions Data Quality Score - Milford Funds:

	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Scope 1	2.5	2.2	2.6	2.6	2.2	3.2	2.2	2.4	3.0	3.6	2.0	2.7
Scope 2	2.7	2.3	2.7	2.7	2.2	3.2	2.2	2.7	3.0	3.6	2.0	2.7
Scope 3	2.4	2.0	2.5	2.5	2.1	3.2	1.3	2.3	2.8	3.6	1.8	2.7

3.5: Limitations

The main limitation is data limitation, primarily caused by availability, quality and timeliness of data.

- There is a lot of uncertainty and a number of challenges with measuring GHG emissions. In particular, we are relying on investee companies to accurately report their emissions data and to make this information publicly available.
- While there is ease of accessibility and efficiency from relying on Bloomberg data, it is recognised that we do not have full control over the data set, e.g. we are dependent on Bloomberg to accurately capture the underlying companies' reported emissions and to provide a fair approximation of emissions where they are not

disclosed. Even though their data coverage is extensive, there are still some security types and asset classes for which it does not provide the data.

- There may be timing mismatches due to differences in investee companies' reporting periods as well as time lags to when a report is publicly available, usually up to 2 financial years. In the cases of sovereign emissions, there can be a significant time lag of up to 3 calendar years.

In light of these limitations, we recommend the financed emissions data be considered in conjunction with the coverage ratio and data quality score.

Appendix 4: Investee Company emissions intensity and Carbon Reduction Targets

4.1: High, medium and low carbon intensive companies

To demonstrate transition risk, we have disclosed a breakdown of the Milford Funds' investments into three buckets of high, medium and low carbon intensity using our current universe of weighted average emissions intensity data from MSCI (approximately 17,000 companies) and applying quartiles and industry averages.

High carbon intensity	>2,000 mtCO ₂ e per NZDm revenue
Medium carbon intensity	200-2000 mtCO ₂ e per NZDm revenue
Low carbon intensity	<200 mtCO ₂ e per NZDm revenue

We have applied this measure to the investments included in the GHG emissions calculation as described in Appendix 3. This excludes cash and cash equivalents, derivatives, sub-sovereign and municipal debt and unlisted (private) equity and debt. We have categorised the investments based on their total scope 1, 2 and 3 emissions. We have excluded investments without all three scopes of emissions either reported or estimated in this analysis, as we cannot accurately categorise their carbon intensity without knowledge of the investment's full carbon footprint.

4.2: Investee Net Zero Targets

To further depict the transition risk of the Milford Funds we have disclosed the percentage of each Fund’s high, medium and low carbon intensity investments, as described above, with an emission reduction target aligned with Net Zero. This information represents

a company disclosed Net Zero target, reported by Bloomberg, and does not distinguish the scope of company emissions included, the expected time horizon when Net Zero will be reached or the use of offsets in achieving the Net Zero goal.

Net Zero Targets Coverage Ratio:

	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
As % of Fund	59.8%	70.5%	76.5%	84.8%	87.1%	79.8%	34.2%	52.5%	78.1%	85.2%	90.6%	88.4%

Note: Cash and cash equivalents, derivatives, sub-sovereign and municipal debt and unlisted (private) equity and debt are not included in the net zero target measurement, resulting in a lower coverage ratio for Funds with a higher proportion of these assets.

Appendix 5: Physical Climate Value at Risk

To demonstrate physical risk, we have disclosed the Physical Climate Value-at-Risk (VaR) for the Milford Funds.

- This metric is an estimate of the financial burden or opportunity borne by the Fund due to both acute and chronic physical hazards, calculated as the present value of each investee company's future costs and profits driven by physical hazards under different global warming scenarios.
- The metric is reported as the percentage of the Fund's assets under management that is at risk.

The VaR has been calculated using MSCI's ESG Manager platform.

- MSCI uses mathematical modelling, outlining the various physical hazards, taking into consideration the estimated cost of each hazard and finally the individual company's exposure to those hazards.
- The MSCI modelling reflects a horizon out to 2100 and reflects the 2°C Orderly scenario developed by the Network for Greening the Financial System (NGFS). This scenario assumes that climate policies are introduced immediately and become gradually more stringent though not as high as in Net Zero 2050. Carbon Dioxide Removal deployment is relatively low and Net Zero CO₂ emissions are achieved after 2070.

It is important to note the challenges of measuring physical risk and the vast number of assumptions that need to be made to calculate the percentage of the Fund at risk. By using the MSCI system we hope to have consistency with global peers and use a data base with access to a significant amount of data, however the coverage ratio is lower than with scenario analysis where we have used internal analysis.

The coverage ratio below details the proportion of Milford Fund investments for which the MSCI data is available (to calculate VaR). It reflects both the MSCI coverage of the Fund's investee companies, and the MSCI coverage of the physical location of the investee companies' assets.

Multi Strategy Funds

	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive
Coverage ratio	59.4%	71.2%	82.4%	91.8%	59.3%	96.9%

Single Strategy Funds

	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Coverage ratio	na	50.0%	77.6%	100.0%	98.7%	92.2%

Appendix 6: EU Taxonomy Eligibility

6.1: Eligibility

The EU taxonomy eligibility data presented is the taxonomy eligible revenue of the underlying investment, multiplied by the respective Fund's individual holding of the company (in % of Fund's net asset value terms). The corresponding values are summed to derive the Fund's weighted average revenue eligibility with the EU taxonomy.

The data is collected via Bloomberg which reports EU taxonomy eligibility data voluntarily reported by companies. Where data is not reported, Bloomberg provides an estimate of revenue eligibility by mapping a company's economic activities to the objectives determined by the EU taxonomy.⁹ The mapping of Bloomberg Industry Classification

Codes (BICS) to EU taxonomy activities can be found on the European Commission website: <https://ec.europa.eu/sustainable-finance-taxonomy/>

The following coverage ratio shows the proportion of each Fund's investments for which company reported or Bloomberg estimated EU taxonomy eligibility is available:

	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
Coverage ratio	63.2%	73.1%	81.6%	92.7%	91.3%	86.9%	34.2%	55.2%	81.7%	93.1%	92.1%	95.6%

⁹ See the list of objectives in section 6.4.

6.2: Alignment

We aim to progress to EU taxonomy alignment¹⁰ reporting over time, however at this stage, only a limited number of investee companies report EU taxonomy alignment data, particularly in Australasia, and no Bloomberg estimates are available. For completeness, we have included the following

table showing the EU taxonomy alignment and the coverage ratio of the Milford Funds, representing the proportion of each Fund’s investments for which company reported EU taxonomy alignment data is available:

	Multi Strategy Funds						Single Strategy Funds					
	Conservative	Diversified Income	Balanced	Active Growth	Australian Growth	Aggressive	Cash	TT Bond	Global Corporate Bond	Global Equity	TT Equity	Dynamic
EU taxonomy aligned revenue	0.5%	1.7%	0.8%	0.8%	0.0%	0.3%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Coverage ratio	17.0%	12.7%	14.2%	13.5%	7.2%	20.6%	51.3%	6.2%	3.9%	19.3%	8.5%	4.4%

¹⁰ EU taxonomy alignment represents EU taxonomy eligible activities that also meet three criteria, being:

- 1. Substantial Contribution with technical screening criteria** – the economic activity must pass substantial contribution tests according to technical screening criteria developed by the EU Technical Expert Group.
- 2. Do No Significant Harm (DNSH)** – the economic activity must pass all DNSH “Threshold tests” and at least 75% of all tests for DNSH to each environmental objective tested for the activity in order to be estimated aligned.
- 3. Minimum Safeguards** – the entity must pass at least 80% of the mandatory minimum safeguards tests to be estimated aligned.



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