

ARROWSTREET GLOBAL UNIVERSAL EQUITY CCF
(the “Fund”)

Transparency of the promotion of environmental and/or social characteristics

This document provides the investor with detailed information about the fund in relation to the Sustainable Finance Disclosure Regulation (“SFDR”). This is a regulatory document required under SFDR. The information contained in this document is to help the investor understand the sustainability characteristics and/or objectives and risks of this fund. This document should be read in conjunction with other relevant regulatory documentation so the investor can make an informed decision to invest.

No sustainable investment objective	The Fund promotes environmental and/or social characteristics within the meaning of Article 8 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector but does not have as its objective a sustainable investment.
Environmental or social characteristics of the fund	<p>The environmental and/or social characteristics promoted by the Fund are to gain exposure to companies which demonstrate both a robust environmental, social and governance (“ESG”) profile and a positive trend in improving that profile.</p> <p>The Fund achieves this by (i) investing only in equity securities included in a reference benchmark, the MSCI ACWI ESG Universal ex Thermal Coal 5% Index (the “Benchmark”) and (ii) applying certain additional investment restrictions by seeking to avoid securities of the following companies (even if such securities are included in the Benchmark) (the “additional exclusions”):</p> <ul style="list-style-type: none"> • companies involved in the production of civilian firearms, as defined by a third party (currently Morgan Stanley Capital International Inc. (“MSCI”)) for such purposes; • companies where the recent-year percentage of revenue, or maximum estimated percentage of revenue, derived from the manufacture of alcoholic products is 10% or more, as defined by a third party (currently MSCI) for such purposes; • companies where the recent-year percentage of revenue, or maximum estimated percentage of revenue, derived from gambling-related business activities is 10% or more, as defined by a third party (currently MSCI) for such purposes; and • companies manufacturing tobacco products, as identified under the General Industry Classification System as Tobacco.
Investment strategy	<p>The Fund is actively managed and its investment strategy is to invest primarily in the global equity securities of issuers within the Fund’s Benchmark, and to exclude certain equity securities relating to civilian firearm producers, alcohol producers, and companies involved in gambling and the manufacturing of tobacco products. The Fund seeks to systematically exploit opportunities across countries, sectors and securities as they evolve over time by evaluating a broad array of predictive factors such as, but not limited to, value, momentum and earnings while actively managing currency exposures.</p> <p>The Fund aims to promote certain environmental and/or social characteristics by:</p> <p>(a) selectively investing in equity securities within the Fund’s Benchmark, which is based on certain “Controversy Exclusions” (as described below in the “Monitoring of environmental or social characteristics” section); and</p>

	<p>(b) adhering to certain additional investment restrictions by seeking to avoid certain equity securities relating to civilian firearm producers, alcohol producers, and companies involved in gambling and the manufacturing of tobacco products.</p> <p>The management company of the Fund relies on the good governance policy of the investment manager in order to assess the good governance practices of the investee companies of the Fund.</p> <p>The investment manager assesses the governance of the relevant investee companies using a risk-based approach incorporating data provided by internal and external sources in order to make a systematic qualitative assessment of good governance practices both on a pre- and post-trade basis.</p> <p>The policy includes consideration of governance factors such as the investee companies' management structures, employee relations, remuneration of staff and tax compliance. In addition, the investment manager reviews the governance criteria of the Benchmark provider regarding governance norms, using a range of indicators as determined by the provider. Such indicators include exclusion of investee companies that are subject to severe controversies related to business ethics practices, corporate governance practices, labour-management relations, union relations practices, workforce diversity and discrimination, child labour, and bribery and fraud. Other governance-related indicators include board size, director election standards, tenure and gender diversity, and tax transparency.</p> <p>The investment manager ensures that the investment universe of the Benchmark and the eligible investee companies of the Fund are reviewed and mapped to the appropriate automated investment parameters and compliance rules in the investment manager's investment database and within its order management and compliance system. The investment manager's trade compliance team creates the necessary automated compliance rules within the compliance system such that these rules and parameters are aligned with the governance factors in the investment manager's policy and the governance criteria of the Benchmark.</p> <p>Prior to trade execution, all proposed trade orders of the Fund that have been approved by the investment review team must also be approved by the investment manager's trade compliance team to ensure they comply with the investment manager's good governance policy. On a post-trade basis, automated compliance checks are performed on the portfolio of the Fund on a daily basis and produce compliance alerts and warnings where investment restrictions have been breached or are close to being breached, including in relation to the governance factors in the investment manager's policy and the governance criteria of the Benchmark. These alerts and warnings are reviewed and resolved on a daily basis by the investment manager's trade compliance team in conjunction with its portfolio management and investment services teams.</p> <p>The investment manager's good governance policy in respect of the Fund is available on request.</p>
<p>Proportion of investments</p>	<p>The Fund will invest a minimum of 80% of its net asset value in global equity securities within the Benchmark and which adhere to certain additional exclusions so as to maximise the proportion of the investments of the Fund used to attain the environmental and/or social characteristics which it promotes. The Fund will generally invest in such securities directly, but may also invest indirectly through equity-linked securities (such as participation notes and other equity-linked notes and instruments, rights and warrants) in order to gain exposure to such securities. The Fund may also invest in index-based exchange-traded funds and eligible collective investment schemes, but only to the extent that the relevant exchange-traded funds and collective investment schemes are within the Benchmark.</p>

	<p>Up to 20% of the net asset value of the Fund may be made in other investments which are not aligned with the environmental and/or social characteristics promoted by the Fund, as follows:</p> <ul style="list-style-type: none"> (a) unquoted cash and cash equivalents, including indirect investments in cash sweep vehicles, which may be used to manage flows into or out of the Fund and during rebalance periods; (b) foreign currency exchange contracts, which may be used to manage the currency exposure of the Fund; and (c) exchange-traded equity-based futures contracts which may be used for efficient portfolio management purposes or investment purposes. <p>The equities underlying the exchange-traded equity-based futures contracts in which the Fund may invest may be outside of the Fund's Benchmark and are not required to have the relevant environmental and/or social characteristics.</p>
<p>Monitoring of environmental or social characteristics</p>	<p>The investment manager of the Fund has in place a trade compliance programme to monitor the portfolio of the Fund over its entire lifecycle to ensure that the Fund complies with its investment strategy, including alignment with the methodologies of the Benchmark and the additional exclusions described above.</p> <p>The Fund's investment strategy is reviewed and mapped to the appropriate automated investment parameters and compliance rules in the investment manager's investment database and within its order management and compliance system. The investment manager's trade compliance team creates the necessary automated compliance rules within its system such that these rules and parameters are aligned with the investment strategy, including the environmental and/or social characteristics of the Benchmark and the additional exclusions described above. Prior to trade execution, all proposed trade orders of the Fund that have been approved by the investment review team must also be approved by the investment manager's trade compliance team to ensure they comply with the Fund's investment strategy and the universe of the Fund's eligible equity securities investments. On a post-trade basis, automated compliance checks are performed on the portfolio of the Fund on a daily basis and produce alerts and warnings where investment restrictions have been breached or are close to being breached, including where a particular security is found not to be a constituent of the universe of the Fund's eligible equity securities investments. These alerts and warnings are reviewed and resolved on a daily basis by the investment manager's trade compliance team in conjunction with its portfolio management and investment services teams.</p> <p>The Fund uses sustainability indicators to measure the attainment of the relevant environmental and/or social characteristics which measure the percentage of its investments that comply with the Controversy Exclusions on which the Benchmark is based and certain additional exclusions.</p> <p>The Controversy Exclusions excluded from the Benchmark are:</p> <ul style="list-style-type: none"> (a) companies generating more than 5% of their revenues from mining of thermal coal and its sale to external parties, as well as companies generating more than 5% of annual revenue from thermal coal based power generation; (b) companies that are not assessed or rated by MSCI due to a lack of sufficient and reliable data being available; (c) companies having faced very severe controversies pertaining to environmental and/or social issues in the last three years; and (d) companies involved in controversial weapons.

	<p>In addition, the Fund applies certain additional exclusions relating to civilian firearm producers, alcohol producers, and companies involved in gambling and the manufacturing of tobacco products referred to above.</p>
<p>Methodologies</p>	<p>Please see the “Monitoring of environmental or social characteristics” section above which outlines the methodologies used to measure these characteristics, which are based on the alignment with the methodology of the Benchmark and the additional exclusions, and also the sustainability indicators used to measure these.</p>
<p>Data sources & processing</p>	<p>The investment manager of the Fund relies on data provided by internal and external sources to ensure the Fund’s adherence to its investment strategy, including alignment with the methodology of the Benchmark and the additional exclusions described above.</p> <p>The primary data source is MSCI, which is the provider of the Benchmark. MSCI also supplies the list of companies that are excluded from the investable universe of the Fund pursuant to the additional restrictions of its investment strategy, relating to companies involved in the production of civilian firearms, alcohol producers, and companies involved in gambling and the manufacturing of tobacco products, as described above.</p> <p>Any data provider is selected based on the provider’s industry expertise, credentials and quality of their data. The investment manager has carried out due diligence on MSCI to ensure data quality and carries out spot checks of the data on a periodic basis. The investment manager intends to engage an independent third-party data provider to provide additional datasets. The investment manager will use these additional datasets to assist in its review and verification of the data provided by MSCI. The investment manager would escalate any concerns relating to data quality to MSCI.</p> <p>Data metrics required for reporting are currently calculated in-house by the investment manager in line with recognised guidance and regulations. Data processing by the investment manager for purposes of monitoring the environmental and/or social characteristics of the Fund is described above in the “Monitoring of environmental or social characteristics” section. In addition, the investment manager is seeks to improve its data processing, such as enhancing automation where possible, and may look for ways to receive and ingest data from a wider set of data providers.</p> <p>As MSCI provides a Benchmark comprising a large number of constituents, it does not analyse data provided by each investee company and its analysis is more broadly based on the wider universe of the Benchmark. Accordingly, a significant proportion of the data provided by MSCI is estimated.</p>
<p>Limitation to methodologies & data</p>	<p>The data landscape for ESG analysis and reporting is rapidly developing and data quality and methodology currently face industry-wide challenges such as lack of corporate disclosures, use of estimated data and evolving regulatory requirements. Specifically, certain data used in the Fund is provided by a third-party source, MSCI, and is based on backward-looking analysis using a significant proportion of estimated data. The subjective nature of ESG criteria means a wide variety of outcomes are possible. There is a risk that the data provided may not adequately address the underlying detail around material ESG considerations. The analysis is also dependent on companies disclosing relevant data and the availability of data can be limited.</p> <p>The investment manager receives data from an independent third-party provider to assist it in reviewing and verifying the data provided by MSCI. The review process is focused on the good governance practices of the underlying investee companies and review of the environmental and/or social characteristics of the Fund’s investments is more limited.</p>

	<p>These limitations are mitigated primarily through processes employed by MSCI, which is an industry-leading index provider, and the investment manager’s own in-house efforts, which include cross-referencing key metrics against different data providers.</p>
<p>Due diligence</p>	<p>Given the nature of the investment manager’s quantitative investment process, the Fund’s due diligence process is not qualitative in nature. The investment manager incorporates what it believes to be the best investment insights into the Funds’ investments with the objective to deliver sustainable alpha on a risk-controlled basis. Consistent with this objective, all alpha and risk signals, including those associated with ESG characteristics, are evaluated in a systematic and rigorous manner prior to inclusion in our process. When evaluating such alpha and risk signals, the investment manager incorporates data, such as that provided by MSCI.</p> <p>The investment manager performs due diligence in connection with the evaluation and selection of MSCI as the Benchmark provider. MSCI has been selected based on its industry expertise, credentials and data quality. The investment manager has contractual agreements with MSCI that detail each party’s rights and obligations. The investment manager also seeks to obtain and review the assurance report on MSCI’s annual external benchmark administration audit to ensure that the Benchmark’s screening criteria and methodology continue to be consistent with the environmental and/or social characteristics promoted by the Fund.</p> <p>When determining the eligible investments for the Fund, the investment manager reviews the criteria of the Benchmark and the additional exclusions by analysing data provided by external sources, such as MSCI. The investment manager also uses its own internal controls, such as its trade compliance programme, which seeks to align the Fund’s investments with the methodology of the Benchmark and the additional exclusions, as described above in the “Monitoring of environmental or social characteristics” section. The investment manager has performed initial due diligence on the Benchmark and will monitor the Benchmark’s composition against the screening criteria and methodologies that it is designed to follow to confirm that the operation of the Benchmark continues to be consistent with the investment strategy of the Fund, including the relevant environmental and/or social characteristics it promotes.</p>
<p>Engagement policies</p>	<p>Neither the management company nor the investment manager of the Fund engage with any investee companies of the Fund directly as engagement is not part of the Fund’s environmental or social investment strategy.</p> <p>However, engagement reporting is provided through a third party, Sustainalytics, and this reporting is available on a quarterly basis to unitholders upon request, with an annual summary update.</p>
<p>Designated reference benchmark</p>	<p>MSCI ACWI ESG Universal ex Thermal Coal 5% Index has been designated as the reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.</p> <p>The Benchmark is aligned with the environmental and/or social characteristics of the Fund based on the following steps. Firstly, the eligible universe of the Benchmark excludes from the MSCI ACWI Index (the “Parent Index”) any securities of those that are referred to above as Controversy Exclusions. Secondly, each company in the eligible universe is assigned by MSCI a combined ESG score, which is calculated by taking into account a company’s MSCI ESG Rating and its MSCI ESG Rating Trend. An ‘ESG Rating Trend Score’ is assigned to each company based on its ESG Rating Trend. Finally, the equity securities are re-weighted from the free-float market cap weights of the Parent Index using the combined ESG score to construct the reference index of the Fund’s Benchmark.</p>

The Fund's Benchmark is consistent with the Fund's objective of promoting certain environmental and/or social characteristics. The Benchmark seeks to promote environmental and/or social characteristics by excluding from the eligible universe of the Benchmark companies that are subject to Controversy Exclusions. This increases the exposure to companies that are aligned with the environmental and/or social characteristics promoted by the Benchmark. However, the Benchmark is not aligned with all of the environmental and/or social characteristics promoted by the Fund because the Fund applies additional investment restrictions by seeking to avoid certain securities relating to civilian firearm producers, alcohol producers, and companies involved in gambling and the manufacturing of tobacco products (even if securities are included in the Benchmark). As a result, the universe of the Fund's eligible equity securities investments is more limited than that of the Benchmark.

Details on the methodology used by the Benchmark and details on the MSCI ESG Ratings can be found at:

[https://www.msci.com/eqb/methodology/meth_docs/MSCI ESG Universal Indexes Methodology Dec2019.pdf](https://www.msci.com/eqb/methodology/meth_docs/MSCI_ESG_Universal_Indexes_Methodology_Dec2019.pdf).

Details on the MSCI ESG Controversies Score, on which the Controversy Exclusions are based, can be found at: <https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b>.

Details on the MSCI Global ex Controversial Weapons Indexes Methodology which defines the companies involved in controversial weapons and which forms part of the Controversy Exclusions can be found at: <https://www.msci.com/index/methodology/latest/XCW>.