



# Climate Risk Report

Portfolio Name: WS Prudential Risk Managed Active Fund 1

Waystone Fund Number: 6106

As of: 31 December 2024

Currency: GBP



# Carbon Emissions Dashboard

Carbon Footprint		Portfolio	Coverage
Allocation Base	EVIC		
● <b>Financed Carbon Emissions</b> tons CO2e / GBP M invested Investor Allocation: EVIC	Scope 1+2	94.2	17.1%
	Scope 3 – upstream	129.1	16.9%
	Scope 3 – downstream	286.2	16.9%
● <b>Total Financed Carbon Emissions</b> tons CO2e Investor Allocation: EVIC	Scope 1+2	7,387.3	17.1%
	Scope 3 – upstream	10,122.7	16.9%
	Scope 3 – downstream	22,436.0	16.9%
● <b>Financed Carbon Intensity</b> tons CO2e / GBP M sales Investor Allocation: EVIC	Scope 1+2	275.4	11.8%
	Scope 3 – upstream	350.7	11.8%
	Scope 3 – downstream	860.2	11.8%

Weighted Average Carbon Intensity		Portfolio	Coverage
● <b>Corporate constituents</b> tons CO2e / GBP M sales	Scope 1+2	263.2	17.3%
	Scope 3 – upstream	301.4	17.3%
	Scope 3 – downstream	497.3	17.3%
● <b>Sovereign constituents</b> tons CO2e / GBP M GDP Nominal	GHG intensity	871.1	11.1%

Fossil Fuel Exposure		Portfolio
Potential emissions from fossil fuel reserves (tCO2e / GBP M invested)		2,848.3
Fossil Fuel Based Revenue Exposure		1.0%
Thermal coal exposure (Any tie)		1.0%
Oil & Gas exposure (Any tie)		3.4%
Exposure to Power Generation		
Thermal Coal (apportioned fuel mix, % of generation)		17.5%
Green and Fossil Fuel Based Revenue Coverage		28.8%

MSCI Low Carbon Transition Risk Assessment		Portfolio
Exposure to companies classified as:		
Low Carbon Solutions		0.6%
Low Carbon Transition Risk		3.9%
Low Carbon Transition Risk Coverage		11.7%

Transition Opportunities		Portfolio
Green Revenue Exposure		1.7%
Exposure to Power Generation		
Renewables (apportioned fuel mix, % of generation)		17.4%

Companies' Transition Plans		Portfolio
Companies with GHG emission reduction targets		10.3%
Companies with targets across all scopes		6.4%
Companies with SBTi approved targets		4.1%
Companies with top quartile carbon management score		7.4%

# Carbon Emissions: Sectoral Footprint

## Financed Carbon Emission (S1+S2) by Sector

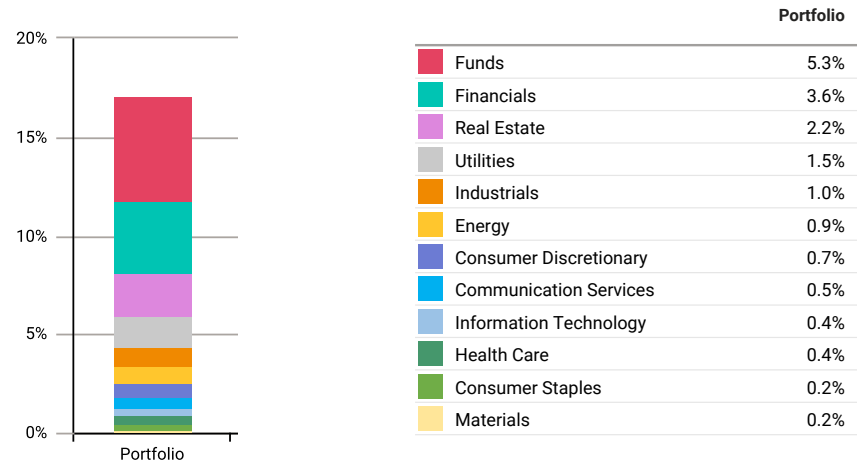
	Portfolio
Utilities	404.1
Materials	375.9
Energy	333.4
Industrials	94.1
Funds	65.5
Consumer Staples	60.6
Consumer Discretionary	26.7
Financials	26.7
Health Care	22.4
Information Technology	21.4
Communication Services	18.6
Real Estate	6.7
Total	94.2

## Sectoral Contribution to Financed Carbon Emissions (S1+S2)

	Portfolio
Communication Services	0.6%
Consumer Discretionary	1.2%
Consumer Staples	0.9%
Energy	18.5%
Financials	6.0%
Funds	21.7%
Health Care	0.6%
Industrials	5.9%
Information Technology	0.6%
Materials	5.1%
Real Estate	0.9%
Utilities	38.1%

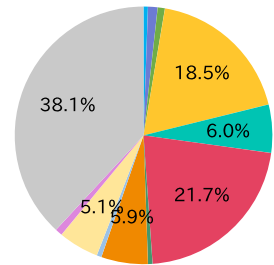
## Sector Weight to Financed Carbon Emissions (S1+S2)

Market Cap Weight



The column chart shows the composition of the portfolio by market capitalization to financed carbon emissions. This highlights that dominant sectors, in terms of emissions, tend to be Energy, Utilities, and Materials.

Contribution to Financed Carbon Emissions

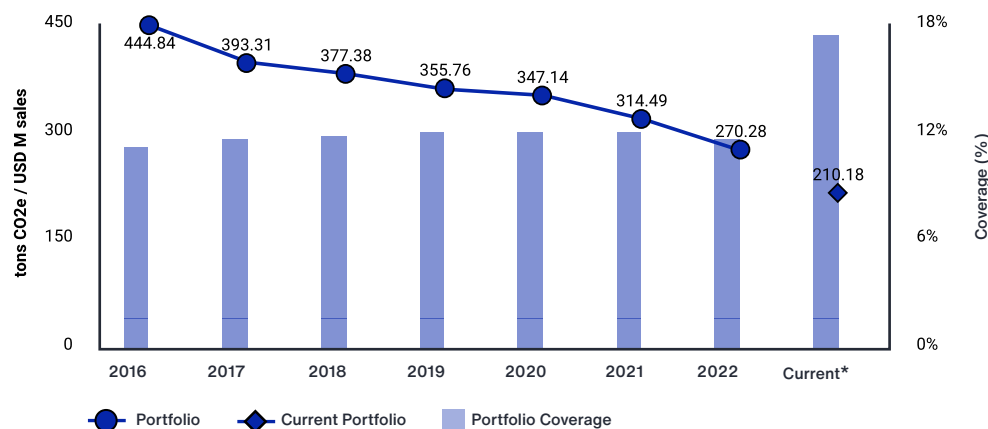


The pie chart shows the composition by each sector's contribution to financed carbon emissions. This highlights that dominant sectors, in terms of emissions, tend to be Energy, Utilities, and Materials.



# Carbon Emission: Trends and Profile

Weighted Average Carbon Intensity of Current Holdings Over Time



\* Current refers to the selected analysis date and provides additional context to the analysis. For example, the figure shown could either be in the past at a specific point in time, or the present date if not specified.

**Change across 5 years = -44.3%**

**Change since baseline NZ year of 2019 = -40.9%**

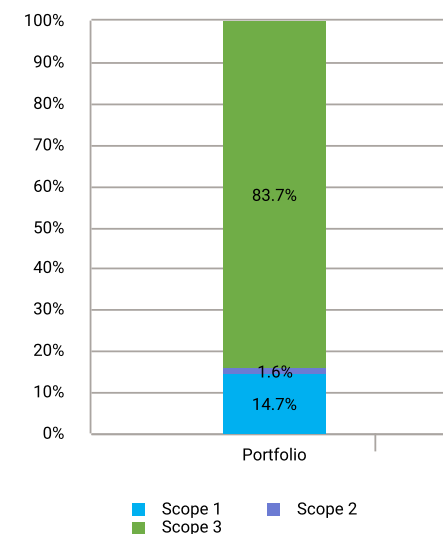
The chart above shows change over time of the weighted average carbon intensity (WACI) of the portfolio constituents and weights at the date of analysis. This analysis is intended to provide an understanding of how the companies in the portfolio have decarbonised over time, as investors increasingly monitor decarbonisation to support climate commitments such as net zero.

The portfolio WACI is illustrated with blue circles. Please note that the analysis does not take into account changes in constituents over this time period.

Portfolio coverage of this metric is also provided which provides contextual information. For example, a lower WACI figure may be related to lower coverage of that metric in a certain year. There can be lower coverage due to companies' reporting cycles and take time in different regions around the world.

Also provided is a % change of the WACI over a 5-year period and a % change compared to the commonly used net zero baseline year of 2019 for further monitoring and reporting.

Contribution of Emissions by Scope



The chart above illustrates the emissions profile of the portfolio denoting the share between Scopes 1, 2, and 3 emissions. Please note Scope 3 here utilises a combination of estimated and reported emissions data.

Climate Scenario Analysis

Climate Value at Risk






Selected Scenario : 1.5°C NGFS Orderly

	1.5°C NGFS Orderly	1.5° REMIND NGFS Orderly	1.5° REMIND NGFS Disorderly	2° REMIND NGFS Orderly	3° REMIND NGFS NDC
	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
Policy Climate Var (Scope 1,2,3)	-8.1%	-8.1%	-10.3%	-1.7%	-2.2%
Technology Opportunities Climate VaR	1.2%	1.2%	1.6%	0.3%	0.1%
Physical Climate VaR Aggressive	-1.4%	-1.4%	-1.4%	-2.0%	-2.7%
Aggregated Climate VaR	-8.3%	-8.3%	-10.1%	-3.4%	-4.8%






Physical Climate Value at Risk Detail

Selected Scenario : Aggressive

Chronic Risks (0.5° global grid)

 Extreme Heat -0.3%	 Extreme Cold 0.0%	 Wind Gusts 0.0%	 Heavy Snowfall 0.0%	 Heavy Precipitation 0.0%
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Acute Risk (high res)

 Tropical Cyclones -0.2%	 Coastal Flooding -0.8%	 Fluvial Flooding 0.0%	 River Low Flow -0.6%	 Wildfires 0.0%
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Aggregate Physical Climate VaR

-1.4%

Climate VaR Portfolio Coverage Summary

	Portfolio
Policy Climate VaR (Scope 1,2,3)	13.8%
Technology Opportunities Climate VaR	11.1%
Physical Climate VaR	13.6%

Top 10 Physical Risk Climate VaR Companies

Security	Physical Risk Climate VaR Contribution		Primary Physical Risk Hazard
LEGAL & GENERAL PROP C A	-0.11%		Coastal Flooding
M&G LUX ASI COR BOND FU-Z	-0.06%		Coastal Flooding
Mitsui Fudosan Co., Ltd.	-0.05%		Coastal Flooding
TENAGA NASIONAL BERHAD	-0.04%		Coastal Flooding
NEXTERA ENERGY, INC.	-0.03%		Tropical Cyclones
M&G LUX ASI LOC CUR-GBPZI	-0.03%		Extreme Heat
FLEXSHARES PRIVATE EQUITY	-0.02%		Coastal Flooding
DERWENT LONDON PLC	-0.02%		Tropical Cyclones
ENTERGY CORPORATION	-0.02%		Coastal Flooding
Tokyo Tatemono Co., Ltd.	-0.02%		Coastal Flooding

The table provides information on the most exposed companies to physical risk exposure in the portfolio such as extreme weather events in the selected physical risk scenario. However, physical risks can be both positive and negative and be expressed in both positive and negative values. MSCI currently models ten hazards including extreme heat and cold, coastal and river flooding, wildfires as well as wind gusts and precipitation. Physical changes can be event-driven ('acute') or longer-term in nature ('chronic').

# Climate Value at Risk

## Top 10 Aggregated Climate VaR Risk Contributors

Security	Aggregated Policy Risk Climate VaR	Technology Opportunities Climate VaR	Physical Risk Climate VaR	Aggregated Climate VaR	Weight (%)	Climate VaR Risk Contribution
M&G LUX ASI LOC CUR-GBPZI	-5.11%	0.04%	-0.27%	-5.34%	10.69%	-0.57%
M&G LUX ASI COR BOND FU-Z	-2.15%	0.02%	-0.43%	-2.55%	3.57%	-0.09%
LEGAL & GENERAL PROP C A	-1.89%	0.30%	-2.51%	-4.10%	1.77%	-0.07%
DUKE ENERGY CORPORATION	-73.58%	4.66%	-4.48%	-73.41%	0.06%	-0.04%
THE SOUTHERN COMPANY	-62.92%	3.97%	-2.21%	-61.17%	0.06%	-0.04%
CHENIERE ENERGY, INC.	-76.87%	0.00%	-6.52%	-83.39%	0.03%	-0.03%
KINDER MORGAN, INC.	-72.70%	0.02%	-3.55%	-76.24%	0.04%	-0.03%
AMERICAN ELECTRIC POWER COMPANY, INC.	-78.73%	4.53%	-2.41%	-76.61%	0.03%	-0.03%
THE WILLIAMS COMPANIES, INC.	-53.76%	0.00%	-2.20%	-55.96%	0.04%	-0.02%
TC Energy Corporation	-74.32%	0.00%	-1.35%	-75.67%	0.03%	-0.02%

The table provides an overview of the companies with the highest negative Aggregated Climate VaR contribution in the portfolio. The position weight of each individual security in the portfolio is multiplied by the Aggregated Climate VaR to establish the Climate VaR risk contribution of the portfolio. Aggregated Climate VaR in this chart is the sum of Policy Risk from Direct GHG Emissions (Scope 1) Climate VaR, Technology Opportunities Climate VaR and Physical Climate VaR for the selected scenario.

Climate VaR numbers are calculated at the security level, i.e. 2 securities associated with the same issuer could have different Climate VaR.

Portfolio Level Sovereign Climate VaR Results

	Portfolio
1p5C NGFS Orderly	-0.64%
1p5C NGFS Disorderly	-0.38%
2C NGFS Orderly	0.47%
2C NGFS Disorderly	-0.12%
3C NGFS Current Policies	0.67%
3C NGFS	-0.10%
Coverage	0.86%

Portfolio Weights of Largest Contributor Countries by Time-to-maturity

Country/Duration	Total
Germany	27.76%
South Africa	15.10%
Indonesia	14.21%
Poland	8.47%
United States	8.41%
Romania	7.03%
Singapore	6.12%
Hungary	5.49%
Czech Republic	3.90%
Turkey	3.27%
All other countries	0.25%
Total	100.00%

Total includes all other country buckets not listed in the above list.

Coverage here denotes total portfolio coverage across all asset classes, not only the sovereign portion of the portfolio. The coverage metrics presented in this report are computed in the context of the entire long-only side of the portfolio – no weight adjustments are performed for the respective scopes of corporate or sovereign exposures.

Understanding Sovereign Climate VaR

Sovereign Bond Climate VaR is designed to provide a forward-looking and return-based valuation assessment to measure climate related risks in a sovereign bond investment portfolio. The fully quantitative model offers insights into how climate change could affect sovereign bond valuations through the use of a stress testing framework. It estimates the change in the sovereign yield curve when market expectations move from a climate-agnostic baseline expectation to any other climate scenario. Yield curve changes are then used to stress test the value of local-currency sovereign bonds. The model produces two types of outputs: the potential impact of climate change and economic decarbonization on implied yield curves and sovereign bond valuations.

# Implied Temperature Rise

MSCI Implied Temperature Rise Company Analysis

Aggregated Implied Temperature Rise

Portfolio: 2.5°C

Implied Temperature Rise: Companies with Highest Temperature Alignment

Company Name	Weight	Implied Temperature Rise
EQM MIDSTREAM PARTNERS, LP	0.0%	10.0°C
LINDE PUBLIC LIMITED COMPANY	0.0%	10.0°C
TRIP.COM GROUP LIMITED	0.0%	10.0°C
BOOKING HOLDINGS INC.	0.0%	10.0°C
Carnival Corporation	0.0%	10.0°C
ESKOM HOLDINGS SOC LIMITED	0.0%	10.0°C
ALIMENTATION COUCHE-TARD INC.	0.0%	10.0°C
METHANEX US OPERATIONS INC.	0.0%	10.0°C
COMSTOCK RESOURCES, INC.	0.0%	10.0°C
RWE Aktiengesellschaft	0.0%	10.0°C

Implied Temperature Rise: Companies with Lowest Temperature Alignment

Company Name	Weight	Implied Temperature Rise
BARCLAYS BANK PLC	0.1%	1.3°C
Cellnex Telecom S.A.	0.0%	1.3°C
ELECTRICITE DE FRANCE SA	0.0%	1.3°C
NATIONAL GRID PLC	0.0%	1.3°C
BARCLAYS PLC	0.0%	1.3°C
TenneT Holding B.V.	0.0%	1.3°C
METROPOLITAN LIFE GLOBAL FUNDING I	0.0%	1.3°C
RTE RESEAU DE TRANSPORT D ELECTRICITE SA	0.0%	1.3°C
AIRBNB, INC.	0.0%	1.3°C
CONSOLIDATED EDISON, INC.	0.0%	1.3°C

Implied Temperature Rise

The Implied Temperature Rise (ITR) metric provides an indication of how well public companies align with global temperature goals. Expressed in degrees Celsius, it is an intuitive, forward-looking that shows how a company aligns with the ambitions of the Paris Agreement – which is to keep a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The portfolio-level Implied Temperature Rise compares the sum of “owned” projected GHG emissions against the sum of “owned” carbon budgets for the underlying fund holdings. The portfolio's total estimated carbon budget over- / undershoot is then converted to a degree of temperature rise (°C) using the TCRE. The allocation base used to define ownership is Enterprise Value including Cash (EVIC) in order to enable the analysis of equity and corporate bond portfolios.