Carbon investing in the Multi-Asset Blend Funds

EU Allowances and the EU Emission Trading System

The European Union Emissions Trading System (EU ETS) is a key tool used by the EU to fight climate change by limiting greenhouse gas emissions from major industries. It works on a "cap-and-trade" principle, where a maximum limit (or cap) is set on the total emissions allowed from sectors like power plants, manufacturing, and aviation. This cap is gradually reduced over time to drive overall emissions down and encourage cleaner industrial practices.

EU allowances (EUAs) are a type of permit used within the EU ETS to control greenhouse gas emissions. Each allowance gives the holder the right to emit one tonne of carbon dioxide (CO_2) or an equivalent amount of another greenhouse gas. The EU sets a limit on the total number of allowances available, reducing this limit over time to encourage businesses to cut their emissions.

In scope companies which pollute must hold enough allowances to cover their emissions; otherwise they face fines and will need to purchase additional allowances to cover the gap.

Allowances can be bought, sold, or traded on the market. This creates an incentive for companies to reduce their emissions - if a business pollutes less, it can sell its extra allowances to another company that needs them. Over time, as the number of allowances decreases, the system is designed to use market dynamics to encourage businesses to adopt cleaner technologies. The reduced supply should mean each allowance is more valuable, incentivising lower pollution levels and making it more costly to create more emissions.

EU Allowances in the Multi-Asset Blend Funds

Within each of the Funds, YOU Asset Management currently allocate 1% of the assets to an Exchange Traded Commodity (ETC) which directly holds EUAs. Investments in the product directly remove EUAs from circulation such that they cannot be used by polluters. This reduces the volume of EUAs in circulation and directly bids up the cost of pollution for each £1 invested in our Funds.

The investment case

EUAs are designed to be scarce, and to become more scarce over time as the EU reduces their supply to meet their net zero goals. This makes them an attractive investment in their own right, alongside the environmental benefits. One thing which is critical to bear in mind is that EUAs (and therefore investing in them directly via an

1 -Scope 1 and 2 carbon emissions.
Data based on MSCI ESG Manager data where available, where not available a proxy index figure was used, and as at 30/06/25. EUA price, Fund AUMs and exchange rates as published 30/06/2025.

ETC) are volatile products. As ever at YOU Asset Management, our solution to managing this risk is via appropriate sizing in our portfolios and diversification via exposure blending.

Environmental impact

As well as being an attractive long term investment in its own right, we believe there is a material benefit in investing in EUAs to help battle climate change.

Each year EUAs are issued and a proportion of these are sold at auction. Proceeds from this auction are used by EU member states primarily for climate related activities. Each member state must spend at least 50% of the revenues on these activities but latest data from the ETS shows over 75% has been spent. As such the system directly helps support funding EU member climate related spending.

Further, by removing supply from being potentially purchased by polluters we are directly making it more costly to pollute.

We have worked with industry data experts to assess the carbon emissions of each of our Funds.

For the **MAB Cautious Fund,** it is estimated that the total relevant carbon emissions[1] for companies held in the underlying investments as of 30 June 2025 equates to around **6 tonnes of CO2 equivalent per £100,000 investment**. Based upon the prevailing price of EUAs at the end of June 2025, by holding 1% exposure to the EUA ETC this equates to holding EUA certificates equivalent to **2.9 years of those carbon emissions**.

For the **MAB Balanced Fund,** it is estimated that the total relevant carbon emissions[1] for companies held in the underlying investments as of 30 June 2025 equates to around **6 tonnes of CO_2 equivalent per £100,000 investment**. Based upon the prevailing price of EUAs at the end of June 2025, by holding 1% exposure to the EUA ETC this equates to holding EUA certificates equivalent to **2.9 years of those carbon emissions**.

For the **MAB Growth Fund,** it is estimated that the total relevant carbon emissions[1] for companies held in the underlying investments as of 30 June 2025 equates to around **6 tonnes of CO_2 equivalent per £100,000 investment**. Based upon the prevailing price of EUAs at the end of June 2025, by holding 1% exposure to the EUA ETC this equates to holding EUA certificates equivalent to **2.7 years of those carbon emissions**.

For the **Adventurous Fund,** it is estimated that the total relevant carbon emissions[1] for companies held in the underlying investments as of 30 June 2025 equates to

1 -Scope 1 and 2 carbon emissions.
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around **6 tonnes of CO_2 equivalent per £100,000 investment**. Based upon the prevailing price of EUAs at the end of June 2025, by holding 1% exposure to the EUA ETC this equates to holding EUA certificates equivalent to **2.6 years of those carbon emissions**.

These assessments are assuming the emission levels don't change over the period or going forward. Should, as expected, companies emit fewer tonnes of CO_2 in future years than in the previous reporting period these 1% holdings would represent coverage for even more years of those emissions.

1 -Scope 1 and 2 carbon emissions.
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