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First Addendum to the Prospectus

(the **Addendum**)

LOS ANGELES CAPITAL GLOBAL FUNDS PLC

(the **Company**)

(an investment company with variable capital incorporated with limited liability in Ireland with registered number 499159 and established as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended))

This Addendum is supplemental to, forms part of and should be read in conjunction with, the prospectus of the Company (the **Prospectus**) and supplements of each of the sub-funds of the Company (the **Supplements**).

The Directors of the Company whose names appear under page 73 of the Prospectus accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors of the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information and the Directors accept responsibility accordingly.

Dated: 8 March 2021

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Addendum. For the purposes of interpretation, in the event of any conflict between this Addendum and the Prospectus, any such conflict shall be resolved in favour of this Addendum.

IMPORTANT: If you have any question about the contents of this Addendum, you should consult your, legal adviser, accountant or other financial adviser.

The purpose of this Addendum is to provide certain disclosures for the purposes of Regulation 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial sector (the (**SFDR**) in respect of the Company and Los Angeles Capital Global Fund, LACM World Defensive Income Equity Fund and LACM ESG Solutions Fund- U.S. (each a **Fund** and together the **Funds**).

1. A new sub-section is added under "Company" in the Prospectus after the sub-section entitled "Distribution".

<u>Status under the SFDR</u>

(i) Sustainability risks

The Investment Manager has implemented a policy in respect of the integration of sustainability risks in its investment decision making-process, which applies in relation to each of the Funds. Further information on this policy is set out below under "**Summary of the Investment Manager's Sustainability Risks Policy**" below.

(ii) Principal adverse impacts

The principal adverse impacts of investment decisions on sustainability factors are generally not currently considered by the Manager, due to the lack of information and data available to adequately assess such principal adverse impacts ,or the Investment Manager as they are not officially in scope for principle adverse impacts. However, the Investment Manager does consider certain principle adverse impacts of its investment decisions in relation to certain indicators such as carbon footprint and carbon intensity, diversity and exposure to controversial weapons.

The Investment Manager does not consider the principal adverse impacts of its investment decisions on sustainability factors, beyond those listed above, in respect of the Company or its Funds on the basis that, in the context of the investment strategies of the Funds, it is not possible to conduct detailed diligence on the comprehensive list of principal adverse impacts of the Investment Manager's investment decisions on sustainability factors as outlined by the SFDR.

(iii) Article 8 and 9 SFDR

The LACM World Defensive Income Equity Fund and the Los Angeles Capital Global Fund do not have as their objective sustainable investment and do not promote environmental or social characteristics for the purposes of the SFDR. The LACM ESG Solutions Fund – U.S. includes environmental and social characteristics as well as the considerations set out below, but is currently categorised as an Article 6 for SFDR.

The Funds are therefore not subject to the additional disclosure requirements for financial products referred to in Article 8 or Article 9 of the SFDR.

Responsible investing policy statement

The Investment Manager has implemented a responsible investing policy which it follows in its management of the Funds. Under this policy, the Investment Manager has integrated consideration of ESG issues into its investment processes (including in respect of the Funds and strategies where investments promote positive environmental, social and governance outcomes and/or seek to mitigate the negative impact of those investments on environmental, social and governance factors).

The Investment Manager's responsible investing policy statement is available on its website at: www.lacapm.com.

Adherence to responsible business codes and international standards

In connection with ESG, the Investment Manager adheres to responsible business codes and internationally recognised standards for due diligence and reporting. The Investment Manager adheres to the following codes and standards:

- Task Force on Climate Related Financial Disclosures (TCFD), and
- UN Principles for Responsible Investment (UN PRI).

The Investment Manager's RI Transparency Report can be found on its website at https://lacapm.com/responsible-investing.

Summary of the Investment Manager's Sustainability Risks Policy

1.1 The Investment Manager has implemented a Sustainability and Climate Risk Policy (the "**Policy**"), which sets out the Investment Manager's policies in respect of the integration of sustainability risks in its investment decision-making process, as required by the SFDR. This following section is a summary description of the key features of the Policy.

1.2 Under SFDR, "**sustainability risk**" means an environmental, social or governance ("**ESG**") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. The Policy therefore approaches sustainability risk from the perspective of the risk that ESG events might cause a material negative impact on the value of its clients' investments.

The Investment Manager employs multiple sustainability considerations across all mandates and believes that incorporating ESG data into its model, as part of a multi-factor framework, has the potential to improve forward-looking expected returns and manage risks over short, medium and long time horizons. The Investment Manager believes that companies with improving governance characteristics will outperform over time, and that the management of a company's human capital and natural resources plays an important role in creating long-term shareholder value. The Investment Manager further believes that poor management of sustainability issues, specifically those related to transition and physical risks associated with climate change, are financial risks and thus employs specific monitoring tools to analyze investment risks through an ESG and climate-focused lens.

As part of its broader risk management processes when investing, the Investment Manager has implemented procedures to (i) identify, (ii) measure, (iii) manage and (iv) monitor sustainability risks.

(i) Identify

The Investment Manager utilizes quantitative techniques to identify sustainability risks that it believes are priced in the market. The Investment Manager's factor work incorporates a variety of ESG metrics including governance/management quality measures, explicit ESG/sustainability factors, dynamic peer group assessments utilizing machine-learning techniques to capture the impact of ESG themes and investor preferences for companies with stronger ESG management; as well as valuation adjustments for significant ESG events.

(ii) Measure

The Investment Manager's process is structured to identify today's drivers of return and contribution to risk. The Investment Manager's factor work indicates that investors are pricing sustainability risks and as a result, it is becoming increasingly important to measure these drivers of return in the investment process. The Investment Manager believes that ESG and climate considerations are important aspects of a comprehensive risk management approach and therefore utilizes additional tools to broaden our insights. In addition to risk contribution reports the Investment Manager has identified the following "Sustainability Monitoring Tools" to assess sustainability risks and principal adverse impacts of investment decisions.

- Performance Attribution – to consider the positive or negative impact of sustainability posture on portfolio performance relative to the benchmark.
- ESG Analysis – ESG profile, including absolute and relative ESG score based on the Investment Manager's proprietary ESG model. Breakdown of E, S and G risk exposure in aggregate, exposure to ESG laggards.
- ESG Controversies related to governance, environmental or social/employee matters.
- Portfolio Carbon Footprint – total emissions, carbon intensity, and sector and security level attribution of emissions.
- Scenario Testing – The Investment Manager analyzes transition and physical risks, as well as the opportunities associated with climate change under various warming scenarios.
- Allocation to green and brown revenue sources.
- Diversity Analysis
- Exposure to controversial weapons

(iii) Management

The Investment Manager manages sustainability risks in its investment process through the consideration of ESG factors in the Investment Manager's Dynamic Alpha Stock Selection Model® (the "**alpha Model**") which is utilizes in all client portfolios. This includes factors such as: ESG/sustainability factors, custom governance and management quality metrics; valuation adjustments for ESG news events; and dynamic peer groups that utilize machine-learning techniques to capture ESG themes.

With respect to the LACM ESG Solutions Fund- U.S., the Investment Manager applies Exclusionary Screening for particular issuers and industries with unusually high risk. Furthermore, the Investment Manager also applies a Best-in-Class approach where the LACM ESG Solutions Fund- U.S. incorporates its ESG Model alongside its alpha Model when selecting securities in order to enhance the sustainability profile of the Fund. The Investment Manager believes this will improve the risk profile of its clients' portfolios as it relates to sustainability.

In addition, the Investment Manager manages the LACM ESG Solutions Fund-U.S. on a thematic and impact basis, with the specific purpose of pursuing particular ESG-focused outcomes or objectives, including companies with stronger management of ESG risks as determined by the Investment Manager's ESG Model, those with better carbon management and companies who are directly contributing to climate solutions. Due to the ESG and climate focus of such investments, the Investment Manager generally considers that ESG risks to the value of these portfolios will be lower.

While the LACM ESG Solutions Fund-U.S. does restrict investments based on sustainability risks as outlined herein, other strategies are subject to the Investment Manager's broader sustainability risk measurement and policies. The Investment Manager's portfolio managers are provided with information on sustainability risks, and are encouraged to take sustainability risks into account when making an investment decision, sustainability risk would not by itself prevent the Investment Manager from making any investment. Instead, sustainability risk forms part of the overall risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of risk. However, the Investment Manager does not apply any absolute risk limits or risk appetite thresholds which relate exclusively to sustainability risk as a separate category of risk.

(iv) Monitoring

The Responsible Investing Solutions Group "RISG" monitors client portfolios and provides a feedback loop to investment personnel. ESG or climate-focused strategies are reviewed based on the metrics outlined in section ii on a more frequent basis than other strategies.

Impact of sustainability risks on returns

The Investment Manager also uses various analyses to identify potential risks related to ESG, including those associated with ESG controversies and climate-related risks. Assessment of sustainability risks is complex and may be based on data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Investment Manager's alpha Model, ESG Model and third party risk models (together the "**Models**") will correctly assess the impact of sustainability risks on a Fund's investments.

A sustainability risk may arise and impact a specific investment or may have a broader impact on an economic sector, geographical regions and/or jurisdictions and political regions.

Many economic sectors, regions and/or jurisdictions, including those in which a Fund may invest, are currently and/or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include governmental and/or regulatory intervention, evolving consumer preferences and/or the influence of non-governmental organisations and special interest groups.

The Investment Manager's investment philosophy is rooted in the belief that markets are dynamic and investor preferences for various characteristics change through time. Regulatory pressures and capital flows will influence such preferences and the Investment Manager's investment Models are structured to adapt to these changing macro conditions. The Investment Manager incorporates various ESG data in the investment process and has identified an increased emphasis on ESG in recent years.

Furthermore, the Investment Manager believes that the physical impacts of climate change could negatively impact portfolio returns, and believes that the best protection against climate-related risks such as extreme weather events, floods and wild fires, are investments in climate solutions. The Investment Manager uses quantitative techniques to identify leaders and emergent technologies focused on such solutions as they evolve and undergoes scenario testing to identify potential exposure to climate-related physical and transition risks

Laws, regulations and industry

Norms play a significant role in controlling the impact on sustainability factors of many industries, particularly in respect of environmental and social factors. Any changes in such measures, such as increasingly stringent environmental or health and safety laws, can have a material impact on the operations, costs and profitability of businesses. Further, businesses which are in compliance with current measures may suffer claims, penalties and other liabilities in respect of alleged prior failings. Any of the foregoing may result in a material loss in value of an investment linked to such businesses.

Further, certain industries face considerable scrutiny from regulatory authorities, non-governmental organisations and special interest groups in respect of their impact on sustainability factors, such as compliance with minimum wage or living wage requirements and working conditions for personnel in the supply chain. The influence of such authorities, organizations and groups along with the public attention they may bring can cause affected industries to make material changes to their business practices which can increase costs and result in a material negative impact on the profitability of businesses. Such external influence can also materially impact the consumer demand for a business's products and services which may result in a material loss in value of an investment linked to such businesses.

Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or otherwise cause a material adverse impact on sustainability factors may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost ahead of their anticipated useful life. Attempts by sectors, regions, businesses and technologies to adapt so as to reduce their impact on sustainability factors may not be successful, may result in significant costs being incurred, and future ongoing profitability may be materially reduced.

In the event that a sustainability risk arises as identified by the Investment Manager's quantitative process, this may cause investors, including the Investment Manager in respect of a Fund, to determine that a particular investment may be less attractive.

In addition to the above, a description of certain other sustainability risks identified by the Investment Manager as being potentially relevant to the investments made by the Fund and hence its returns, is set out below. The Investment Manager's multi-factor ESG Model uses incorporates the Sustainability Accounting Standards Board's ("SASB") framework to emphasize the financially material key issues most relevant within each sub-industry, and therefore most likely to impact the company's financial performance or condition over the long term. The ESG Model considers sustainability risks as outlined below, however the description is not exhaustive.

(i) Environmental

Environmental risks are associated with environmental events or conditions and their effect on the value of assets to which the Fund may have exposure. Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region. Environmental risks include:

(A) Climate change: risks arising from climate change, including the occurrence of extreme weather events (for example major droughts, floods, or storms) may adversely impact the operations, revenue and expenses of certain industries and may result in physical loss or damage of, or otherwise loss in value of, assets, and in particular physical assets such as real estate and infrastructure. Global warming may result in extreme heat waves, increased localised or widespread flooding and rising sea levels, compromising infrastructure, agriculture and ecosystems, increasing operational risk and the cost of insurance, which may affect the utility and value of investments. To the extent that companies in which a Fund invests have historically contributed to climate change, they could face enforcement action by regulators and/or be subject to fines or other sanctions. The likelihood and extent of any such action might be unknown at the time of investment.

(B) Natural resources: the relationship between businesses and natural resources is becoming increasingly important due to the scarcity of fresh water, loss of biodiversity and risks arising from land use. Water is critical to agricultural, industrial, domestic, energy generation, recreational and environmental activities. Reduced supply or allocation of water and/or increased cost in supply and controls over its use may adversely impact the operations, revenue and expenses of certain industries in which a Fund may invest. Biodiversity underpins ecosystem services such as food, clean water, genetic resources, flood protection, nutrient cycling and climate regulation. A continued loss of biodiversity may adversely affect the operations, revenue and expenses of certain industries in which a Fund may invest, such as land users and marine industries, agriculture, the extractives industries (cement and aggregates, oil, gas and mining) forestry and tourism. Land use and land use management practices have a major impact on natural resources. In particular, industries dependant on commodities linked to deforestation such as soy, palm oil, cattle and timber may suffer an adverse impact on their operations, revenue and expenses as a result of measures taken to manage land use.

(C) Pollution and waste: pollution adversely affects the environment and may for example, result in negative impact on human health, damage to ecosystems and biodiversity and reduced crop harvests. Measures introduced by governments or regulators to transition to a low-carbon economy and more broadly reduce pollution and control and reduce waste may adversely impact the operations, revenue and expenses of industries in which a Fund may invest. Technologies linked to environmentally harmful materials or practices may become obsolete, resulting in a decrease in value of investments.

(ii) Social

Social risks may be internal or external to a business and are associated with employees, local communities and customers of companies in which a Fund may invest or otherwise have exposure. Social risks also relate to the vulnerability of a business to, and its ability to take advantage of, broader social "megatrends". Such risks may arise in respect of the company itself, its affiliates or in its supply chain. Social risks include:

(D) Internal social factors: human capital considerations such as human rights violations, lack of access to clean water, food and sanitary living environment, human trafficking, modern slavery / forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour which may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation. The profitability of a business reliant on adverse treatment of human capital may appear materially higher than if appropriate practices were followed.

(E) External social factors: for example, restrictions on or abuse of the rights of consumers including consumer personal data, management of product safety, quality and liability, relationships with and infringements of rights of local communities and indigenous populations may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation.

(F) Social "megatrends": trends such as globalisation, automation and the use of artificial intelligence in manufacturing and service sectors, inequality and wealth creation, digital disruption and social media, changes to work, leisure time and education, changes to family structures and individual rights and responsibilities of family members, changing demographics including though health and longevity and urbanisation are all examples of social trends that can have a material impact on businesses, sectors, geographical regions and the vulnerability and inability to adapt or take advantage of such trends may result in a material negative impact on a Fund's investments.

(iii) Governance

1.3 Governance risks are associated with the quality, effectiveness and process for the oversight of day to day management of companies in which a Fund may invest or otherwise have exposure. Such risks may arise in respect of the company itself, its affiliates or in its supply chain. These risks include:

(A) Lack of diversity at board or governing body level: the absence of a diverse and relevant skillset within a board or governing body may result in less well-informed decisions being made without appropriate debate and an increased risk of "group think". Further, the absence of an independent chairperson of the board, particularly where such role is combined with the role of chief executive officer, may lead to a concentration of powers and hamper the board's ability to exercise its oversight responsibilities, challenge and discuss strategic planning and performance, input on issues such as succession planning and executive remuneration and otherwise set the board's agenda.

(B) Inadequate external or internal audit: ineffective or otherwise inadequate internal and external audit functions may increase the likelihood that fraud and other issues within a company are not detected and/or that material information used as part of a company's valuation and/or the Investment Manager's investment decision making is inaccurate.

(C) Infringement or curtailment of rights of (minority) shareholders: the extent to which rights of shareholders, and in particular minority shareholders (which may include the Fund are appropriately respected within an company's formal decision making process may have an impact on the extent to which the company is managed in the best interest of its shareholders as a whole (rather than, for example, a small number of dominant shareholders) and therefore the value of an investment in it.

(D) Bribery and corruption: the effectiveness of a company's controls to detect and prevent bribery and corruption both within the company and its governing body and also its suppliers, contractors and sub-contractors may have an impact on the extent to which a company is operated in furtherance of its business objectives.

(E) Lack of scrutiny of executive pay: failure to align levels of executive pay with performance and long-term corporate strategy in order to protect and create value may result in executives failing to act in the long-term interest of the company.

(F) Poor safeguards on personal data / IT security (of employees and/or customers): the effectiveness of measures taken to protect personal data of employees and customers and, more broadly, IT and cyber security will affect a company's susceptibility to inadvertent data breaches and its resilience to "hacking".

(G) The absence of appropriate and effective safeguards for employment related risks: discriminatory employment practices, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistleblowers and non-compliance with minimum wage or (where appropriate) living wage requirements may ultimately reduce the talent pool available to the company, the wellbeing, productivity and overall quality of its workforce and may lead to increased employment and other business costs.

2. <u>Status of this Addendum</u>

2.1 This Addendum is a supplement to, and must be read in conjunction with, the Prospectus.