

Sustainable Investment

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Center Parcs: where woodland meets wellbeing

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Nestled in the heart of Britain's forests, Center Parcs UK has become synonymous with family holidays that blend nature and leisure. With six villages across the UK and Ireland, each spanning around 400 acres of woodland, Center Parcs offers getaways that aim to promote biodiversity and sustainable living. Each village offers a range of self-catering accommodation, from apartments and lodges to luxury treehouses and a wide range of leisure activities.

Center Parcs has been a long-standing holding in the sustainable fixed income funds. The business is owned by private equity company Brookfield Property Partners, a long-term, supportive shareholder, which was clearly evident during the Covid period, injecting capital into the business to help see it through those unprecedented and challenging times.

Why do we like the bonds?

The structure involves a whole-business securitisation of the five UK villages, with the Irish location sitting outside the securitisation.

From a credit perspective we like:

- Resilient, established business
- Excellent track record
- Well-regarded management team
- Supportive shareholder
- High level of advanced and direct bookings

Despite a challenging consumer environment and cost pressures, Center Parcs continues to deliver, enjoying high occupancies, repeat business and excellent guest satisfaction scores.

A strong commitment to the environment and sustainability

The woodland environment is recognised by Center Parcs as a formal stakeholder. Every village is designed to blend in with its surroundings. As well as having aesthetic and emotional value to guests, Center Parcs' woodland locations also have environmental significance: woodlands act as carbon sinks, helping mitigate climate change. By situating resorts in UK forests, Center Parcs reduces the need for long-haul travel, lowering carbon footprints.

Each Center Parcs' village operates under a 10-year Forest Management Plan, covering woodland health and regeneration, waterway conservation and grassland/scrub maintenance. These plans ensure ecological resilience while maintaining the guest experience.

In addition, Center Parcs has developed Biodiversity Action Plans with ecologists and stakeholders. These cover habitat statements and performance indicators, and annual surveys of birds, bats, reptiles, and flora, and targets aligned with UK Biodiversity Action Plan and UN Sustainable Development Goals.

Accreditation and education

Center Parcs has proudly held The Wildlife Trusts' Biodiversity Benchmark Award for over 15 years, validating its commitment to ecological excellence. Annual audits track progress against biodiversity targets, ensuring accountability.

Nature centres and conservation rangers also offer guests hands-on learning experiences, from wildlife walks to interactive sessions for children. This fosters environmental awareness and inspires future generations.

A model for sustainable tourism

Center Parcs UK exemplifies how leisure and conservation can coexist. By embedding biodiversity into its core strategy, it ensures that guests enjoy a unique holiday experience while contributing to the health of ecosystems. In a world grappling with climate change and habitat loss, Center Parcs stands as a model for sustainable tourism.

Key Risks

Past performance does not predict future returns. You may get back less than you originally invested. We recommend this fund is held long term (minimum period of 5 years). We recommend that you hold this fund as part of a diversified portfolio of investments.

The Funds managed by the Sustainable Future Team:

Are expected to conform to our social and environmental criteria.

May hold overseas investments that may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of a Fund.

May hold Bonds. Bonds are affected by changes in interest rates and their value and the income they generate can rise or fall as a result; The creditworthiness of a bond issuer may also affect that bond's value. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts. The value of a bond would be significantly affected if the issuer either refused to pay or was unable to pay.

May encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.

May invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.

May invest in smaller companies and may invest a small proportion (less than 10%) of the Fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares.

May, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.

The use of derivative instruments that may result in higher cash levels. Cash may be deposited with several credit counterparties (e.g. international banks) or in short-dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

Outside of normal conditions, may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

May be exposed to Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

Do not guarantee a level of income.

The risks detailed above are reflective of the full range of Funds managed by the Sustainable Future Team and not all of the risks listed are applicable to each individual Fund. For the risks associated with an individual Fund, please refer to its Key Investor Information Document (KIID)/PRIIP KID.

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

A collective redress mechanism by consumers in respect of infringements of applicable Irish or EU laws is available under the Representative Actions for the Protection of the Collective Interests of Consumers Act 2023 which transposes Directive (EU) 2020/1828 into Irish law. Further information on this collective redress mechanism is available from Representative Actions Act - DETE (enterprise.gov.ie)

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