MARKETING COMMUNICATION

GIB ASSET MANAGEMENT

Impact and Engagement Report

2022

Introduction

Welcome to our first Impact Report and thank you for your interest. We have long held the view that the greatest financial success belongs to those individuals and companies that can solve the great challenges of their time, and that positive profits are driven by positive impacts.

We believe investors that can identify these themes and the companies that can create financial value in contributing to them can outperform for their clients. To deliver on this mission we have hired teams with long and prestigious track records in Thematic Investing, Active Engagement and ESG Integration adding a number of sustainability focused active management strategies to our long established index solutions business.

This impact report covers the three new funds launched in 2021 and 2022: GIB AM Sustainable World Fund, GIB AM Sustainable World Corporate Bond Fund and GIB AM Emerging Markets Active Engagement Fund. Our Sustainable World funds identify what we believe to be the great challenges of our time and seek out companies that can create financial value by contributing to their solution. Our Sustainable World equities team focuses on identifying the world's most pressing social and environmental challenges and seeks out companies whose products and services provide long-term solutions resulting in positive performance from their positive impact.

Our GIB AM Emerging Markets Active Engagement Fund aims to maximize risk-adjusted returns by investing and engaging on operational and sustainability related topics. We identify what we believe are undervalued businesses through bottom-up analysis and then partner with companies to drive change on material ESG issues to generate alpha.

This impact report is designed to add a focus on the sustainable impacts of our investments to our existing disclosure on their financial impacts and performance. We do this in service of our clients as we believe these impacts can drive financial returns but also because these impacts alter the planet in which those returns will be enjoyed.

We have a long way to go in company disclosure and data analysis before we can deliver the same degree of reporting on impact as we do on financial performance. That said, we do hope you enjoy our attempt to add our voice to the debate and play our part in improving transparency on sustainable impact and its financial value creation.

Neil Brown

Neil Brown
Head of Equities

In 2022 the GIB Fixed Income team launched the GIB AM Sustainable World Corporate Bond Fund, part of the Sustainable World family of funds. With our equity colleagues, we share the common belief that if we can identify the great challenges of our time and seek out companies that can contribute to their solution, we will identify resilient businesses whilst supporting the transition to a sustainable world. We want to support companies not just because of where they are today, but to support their ambition of where they want to be in the future. Importantly, we believe that you can invest sustainably and deliver compelling returns within fixed income.

The evolution of sustainable investing within fixed income has been more measured than our equity counterparts. The structure of large credit teams has resulted in ESG integration being widely adopted. In addition, the focus from the investment banks on facilitating sustainable finance has seen the rapid expansion of labelled bonds markets. However, the next step, in terms of taking a holistic approach to sustainable investing that focusses on what products a business makes or services a business provides, as well as how they operate and finance, has been less evident.

Over the last year, we have dedicated our time to taking our fixed income investment process to that next level. We are four seasoned fixed income investors who are passionate about sustainable investing and we have been given the opportunity to build our own investment process. This has allowed us to build an approach that ensures sustainability is at the core of every investment decision.

We have built a truly global credit portfolio with a focus on Investment Grade issuers, but with the opportunity to invest in resilient businesses and improving stories in Emerging Markets and High Yield.

Whilst the fund was only launched in September 2022, we are keen to start as we mean to go on, with a commitment to transparency, sharing examples of our holdings, as well as details of how we approach sustainable investing in fixed income.

Samantha Lamb

Samantha Lamb
Head of Fixed Income

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GIB AM

Sustainable World Fund

Total AUM	Fund Launch Date	Fund Team
$40m 31/12/2022*	01/10/2021	Neil Brown Mark Evans Matthew Kates Oliver Gottlieb Bhavin Siyani

"As our 10 year financial forecasts now sit well beyond the horizon of the 2030 Sustainable Development agenda, we must continue to increase our focus on the impact of these products and the behaviours of the companies who sell them on our global goals.

2022 will be remembered for many reasons but 2023 stands above all as the half way mark from global agreement on our greatest challenges with the launching of the SDGs in 2015 to target deadlines of 2030"

Neil Brown, Head of Equities, GIB Asset Management

Neil Brown
Head of Equities

Mark Evans, CFA
Global Equity Analyst

Matthew Kates
Global Equity Analyst

Oliver Gottlieb, CFA
Global Equity Analyst

Bhavin Siyani, CFA
Global Equity Analyst

*Source: GIB AM Analysis , as at 31/12/2022

The GIB AM Sustainable World Fund seeks to achieve capital growth through investment in a portfolio of global equities issued by companies that the Investment Manager believes have the potential to create value while having a positive impact on global sustainability.*

Process

We follow a six stage process that starts with the world's greatest challenges, identifies the potential solutions to them and then focuses on the investment opportunities arising from these solutions.

The team begins by **identifying and selecting themes,** with a focus on the greatest challenges and opportunities for growth over the next 5-50 years. This is based on United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), Sustainable Development Goals (SDGs), academic, and private sector research. The challenges and solutions are narrowed down to those that offer a financial opportunity and those that can be addressed by companies in the MSCI World index. The positive impact of the solution, total addressable market, and growth rate are assessed where possible.

The team then **analyses products, selecting companies that the team believes will provide solutions to these challenges and can outgrow their peers**. The team targets companies they believe are most likely to deliver the greatest long term returns from greatest impact on the themes. Bottom up analysis integrates theme growth and company execution to forecast revenues out up to 10 years.

Operations are then reviewed, targeting companies that the team believes operate in a sustainable way to deliver financial returns. The team assesses the value drivers of each stock and maps relevant sustainability factors. Research is drawn on a range of data sources including companies, academics, Non-Governmental Organisations (NGOs) and research houses and frameworks such as Sustainability Accounting Standards Board (SASB) and impact measurement initiatives. Internal Environmental, Social and Governance (ESG) assessments are integrated into the team's view of the company and forecast financials.

The team incorporates **sustainability factors deeply** into their earnings forecasts out 10 years assessing the theme's underlying growth and the company's ability to execute. Their integrated forecasts are then valued to derive a review price and target position size.

The team aims for a **diversified**, multi-theme, core investment offering.** The strategy is concentrated (30-65 positions), long-only and unhedged. It aims to outperform the MSCI World Index by 2% (gross) per annum over 5 rolling years.

The final and continuous stage of the investment process involves **engaging with investee companies** to drive positive change and to unlock potential alpha. The team aims to focus on financially material sustainable factors that may drive returns. Where appropriate, measurable goals are developed for monitoring success.

Source: GIB AM Analysis , as at 31/12/2022

Main Risks

*All investments involve risks. **The main risks include: Equity Risk, Emerging Markets Risk, Efficient Portfolio Management Risk, Concerntration Risk, Investment Fund Risk, Sustainable Investment Risk, Financial Markets and Regulatory Change, Volatility Risk, Depositary Risk Change.** Please see See "Risk Descriptions" in the prospectus for more information. Any of these risks could cause the fund to lose money, to perform less well than similar investments, to experience high volatility (ups and downs in NAV), or to fail to meet its objective over any period of time.

**Diversification does not guarantee a profit or protect against a loss.

For further details please see the Pre-Contractual Disclosures on page 18 of the Fund supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Our Themes

Our thematic work looks to uncover the great challenges of our time, their potential solutions and the scale of the financial opportunity in products that may deliver those solutions. We pursue a multi thematic approach and with 8bn people on a finite planet, the great challenges of our time are social and environmental: "people and planet".

In each thematic area we look for global agreements on challenges, our foundation in social is the UNDP Human Development Index (HDI) which has been evaluating performance against the great social challenges of our time for more than 30 years.

Our environmental foundation is broader but we have drawn on the priorities of the UNEP, the Planetary Boundaries of the Stockholm Resilience Centre and global agreements such as the Paris Agreement on Climate Change.

From the Social, Environmental and Economic (SEE) pillars of the 1987 Brundltand Report to the 231 indicators of the SDGs, there is a wealth of evolving literature on our greatest challenges.

Understanding the solutions, identifying the products that contribute to those solutions, and finding the companies that can create financial value by positively contributing to those solutions remains our focus. We also analyse how each theme is aligned to the SDGs.

Our Themes

Sustainability Drivers

Sustainability Themes

People			Planet		
Health	Inclusivity	Safety	Circularity	Clean Energy	Efficiency

Identify Sub Themes

Health	Inclusivity	Safety	Circularity	Clean Energy	Efficiency
Nutrition Affordable Care Fitness Medical Innovation Oncology Cardiovascular Diabetes Medical Efficacy	Education Savings Gap Decent Employment Connectivity Payments SME Support Responsible Finance	Cybersecurity Clean and Safe Mobility Insurance	Renewable Materials Future Food Systems Waste Treatment & Recycling Water Sustainable Commod-ities	Energy Storage Renewable Energy Hydrogen	Sustainable Logistics Buildings Frontier Technology Industrial Automation Industrial Decarbon-isation High speed rail

SDG Alignment*

People

HEALTH (27%)
Affordable Care
Cardiovascular
Diabetes
Fitness
Medical Efficacy
Medical Innovation
Nutrition
Oncology

INCLUSIVITY (25%)
Connectivity
Decent Employment
Payments
Responsible Finance
Savings Gap
SME Support

SAFETY (12%)
Clean and Safe Mobility
Finance for Good
Insurance
Cybersecurity

Planet

EFFICIENCY (20%)
Frontier Technology
Buildings
Industrial Automation
Sustainable Logistics

CIRCULARITY (7%)
Future Food Systems
Renewable Materials
Water

CLEAN ENERGY (5%)
Renewable Energy

*SDG image source: United Nations Sustainable Development Goals

The above graphic shows the fund's exposure to our sub-themes as of 31/12/22. For illustrative purposes only, may be changed without prior notice. For further details please see the Pre-Contractual Disclosures on page 18 of the Fund supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Portfolio Impact Calculator

Investing **$1 million* in the GIB AM Sustainable World Fund** is the equivalent to:

People

Female Employees Difference**

The percent of female employees of the Fund is **lower** than the MSCI World Index.

Compared to MSCI World Index:
Weighted proportion of female employees (%)

Portfolio	38.0
Benchmark	40.0
Difference	-2.0

Difference (in pp****):
-2.0
Female employees

Job Creation Difference***

The job growth rate of the Fund is **higher** than the MSCI World Index.

Compared to MSCI World Index:
Growth in number of jobs (%)

Portfolio	5.0
Benchmark	2.0
Difference	3.0

Difference (in pp****):
3.0
Job growth

Planet

Water Usage Savings

3,340 m3 from companies' operations

An investment in the Fund would finance **less water** usage than an equivalent investment in MSCI World Index.

Compared to MSCI World Index:
m3 from companies' operations

Portfolio	942
Benchmark	4,282
Difference	-3,340

Savings equivalent to:
232
Households consumption per month

Energy Usage Savings

62 Gigajoules used in companies' operations

An investment in the Fund would finance **less energy** usage than an equivalent investment in MSCI World Index.

Compared to MSCI World Index:
Gigajoules used in companies' operations

Portfolio	469
Benchmark	532
Difference	-62

Savings equivalent to:
33
Light bulbs per year

CO2 Emission Savings

31 Tons of CO2e from companies' operations

An investment in the Fund would finance **less carbon** emissions than an equivalent investment in MSCI World Index.

Compared to MSCI World Index:
Tons of CO2e from companies' operations

Portfolio	15
Benchmark	46
Difference	-31

Savings equivalent to:
32
New York - London roundtrip flights (per passenger)

Waste Generation Savings

6 tonnes of waste from companies' operations

An investment in the Fund would finance **less waste** generation than an equivalent investment in MSCI World Index.

Compared to MSCI World Index:
Tonnes of waste from companies' operations

Portfolio	74
Benchmark	311
Difference	-237

Savings equivalent to:
235
Garbage cans

*All data representing GIB AM Sustainable World Fund as at 31 December 2022. $1 million includes cash holdings. Actual holdings represented as of 31 December 2022 is $971,700.
** Number of women employees as a share of the total workforce, expressed as a percentage.
*** Net number of new employees compared to the previous year as a share of the total workforce, expressed as a percentage.
****Percentage points.
Various indices provided for comparative purposes only. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Data in partnership with
CLARITY AI

Portfolio Carbon Highlights

	GIB AM Sustainable World Fund	MSCI World Index	Difference
Scope 1+2 weighted average carbon intensity (tons of CO2e / $M sales)	43.6	182.6	-76.1%
Scope 3* upstream weighted average carbon intensity (tons of CO2e / $m sales)	251.3	270.8	-7.2%
Scope 3* downstream weighted average carbon intensity (tons of CO2e / $m sales)	196.7	503.2	-60.9%

We have chosen to include Scope 3 emissions, as we understand that these emissions can represent the largest source of emissions for companies, especially for banks and insurance companies. The majority of overall emissions for banks and insurance companies are linked to their loan and project financing activities, rather than to their office operations. These emissions require measurement outside of a company's organisational boundaries, meaning that they are significantly harder to calculate. Reporting is less comprehensive for Scope 3 emissions than it is for Scope 1+2 emissions, however we believe that we should report consistently and transparently, and including Scope 3 emissions helps to do so.

Source of figures: MSCI ESG Research Carbon Calculator, as at 31/12/2022

*Scope 3 are emissions that are not produced by the company itself, but are indirect emissions that result from activities related to the business, however occur outside of the company's direct control. Scope 3 emissions can be further broken down into two categories: upstream (purchased goods and services) and downstream (sold goods and services).

For the full fund disclosure, please see title 1, page 34 for all fund information. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Highlights of our portfolio companies' positive impact*

People

Health

- *Medical Innovation*: Thermo Fisher provided 11 billion diagnostic tests[1]
- *Oncology*: Roche treated 16.36 million patients with medicines[2]
- *Diabetes*: Novo treated 34 million patients with diabetic care products[3]
- *Nutrition*: Kerry reaches 1.1 billion consumers with positive and balanced nutritional solutions[4]
- *Fitness*: Planet Fitness and BasicFit provide over 20 million low-cost gym memberships[5]

Inclusivity

- *Connectivity*: Cellnex, American Tower and T-Mobile US provide connectivity globally with 324,000 mobile towers sites, and provide 10 million rural households with high-speed broadband[6]
- *Decent employment*: Automatic Data Processing paid 40 million employees[7]
- *SME support:* Intuit has 100 million customers worldwide[8]
- *Responsible Finance*: DNB Bank, M&T Bank and Partners Group provided $29 billion in SME Loans in Scandinavia, $1.3 billion in US affordable housing loans, and created 16,651 net jobs globally by private market investee companies[9]

Safety

- *Insurance*: Chubb, Tryg and Verisk have $3.3 billion of agricultural climate premiums, repaired 365,000 (35%) of motor claims using approved use parts, and have extreme event risk models for 110+ countries[10]
- *Cybersecurity*: Zscaler protected 34 million users by cyber security products[11]
- *Clean and safe mobility*: Aptiv saved 100 million tonnes of emissions by products since 2015[12]

Planet

Efficiency

- *Frontier Technology*: Qualcomm reduce power consumption in their leading modules through innovation by 10%, every year[13]. ASML reduced energy use per exposed wafer pass by 37% over the period from 2016-2021[14]. NVIDIA's GPUs enable servers that are approximately 20 times more energy efficient than traditional CPU servers for AI workloads[15]
- *Sustainable Logistics*: JB Hunt estimate that 3.5 million metric tonnes of CO2e will be avoided by converting over-the-road loads to intermodal[16]. Wabtec supplied freight locomotives that travelled 1.5 billion miles in 2021, which is 3-4 times more fuel efficient than trucking[17]
- *Buildings*: Kingspan will save 193 million tonnes of CO2e over the life of their insulation systems sold in 2021[18]. Trane saved 50 million metric tonnes of CO2e from customer's carbon footprint from the sale of energy efficient air conditioning since 2019[19]

Clean Energy

- *Renewable Energy*: Orsted, Verbund and Enphase respectively produced 22,160 GWh from renewable sources, avoided 22 million tonnes of CO2e in 2021 by hydropower, and sold 52 million solar inverters[20]

Circularity

- *Water*: Ecolab's products and services helped to conserve 215 billion gallons of water[21]. Xylem provides clean water for 4.7 million people living in low socio-economic areas[22]
- *Renewable Materials*: Westrock recycled 7.3 million tonnes of paper packaging for use, instead of plastic[23]

*Most recently reported figures at 31/12/2022
For the full fund disclosure, please see title 1, page 34 for all fund information.

Impact Case Studies

Planet Fitness

Theme: Fitness

Challenge

- 42% of United States of America (USA) population were obese in 2018 up from 31% in 2000[24].
- Obesity-related conditions are among the leading causes of preventable, premature death[25].
- The estimated medical cost of obesity in the USA in 2016 was $261 billion[26].

Solution

- 20-40% reduction in all-cause mortality through exercise[27].
- SDG 3.4: Reduce the mortality rate attributed to non-communicable diseases by a third[28].

Obesity is one of the largest challenges to healthy living. It is a global issue that is increasing exponentially around the world. In 2018, it was estimated that over 40% of the USA population was obese[29]. This fact begins our search for companies that may deliver the most effective solutions to this challenge. Exercise is one of the most straightforward solutions to tackle obesity. The World Health Organisation (WHO) reports that up to 5 million deaths a year across the globe could be avoided if people were more active[30]. Longer working days, increases in sedentary behaviour (e.g. screen-based entertainment) and cities designed to promote 'passive transport' all contribute. Studies suggest that participation in exercise is associated with a 20-40% reduction in all-cause mortality compared with non-participation[31]. This makes more exercise an enabler of SDG 3 to reduce premature mortality from non-communicable diseases by a third by 2030[32].

One of our key holdings to meet this challenge is Planet Fitness, the USA's leading low-cost, high-value gym operator. Through their mission to democratise fitness and make it accessible to all, Planet Fitness target first-time gym members - a huge market in the USA as approximately 80% of the population does not have a gym membership[33]. Some of the challenges they solve include cost, $10 a month; convenience, over two thousand sites across the USA to be "local" to the whole population; and intimidation, they create a welcoming atmosphere under their "Judgement Free Zone" banner[34].

Typically, 40% of new members at Planet are first-time gym members[35]. We estimate that since 2012 the business has been responsible for bringing c.4.5 million people into the gym system and helping them to get fitter[36]. Membership numbers passed their pre-Covid peak levels earlier this year. Their Chief Executive Officer recently commented that members are visiting the gyms more frequently than they did in the past. Planet Fitness is stepping up investment and recently became the first fitness brand to achieve the 'WELL Health-Safety rating', a global accreditation given to those companies who ensure their premises offer the highest level of health and safety standards in their industry[37].

For illustrative purposes only. For the full fund disclosure, please see title 1, page 34 for all fund information.

Enphase

Theme: Clean Energy

Challenge

- We understand that concentrations of carbon dioxide and greenhouse gases continue to increase due to fossil fuel consumption.
- To limit global warming to 1.5°C, all countries must reduce fossil fuel use substantially, improve energy efficiency, and increase the use of alternative energy[38].
- Global greenhouse gas emissions need to peak before 2025 at the latest, and be reduced by 43% by 2030, to limit global warming to a 1.5°C target[39].

Solution

- With the power sector accounting for around 40% of global energy-related carbon emissions[40], its decarbonisation will be critical to mitigating climate change.
- Companies that accelerate the transition to cleaner energy sources such as renewable equipment providers, power infrastructure, hydrogen-based businesses, renewable energy enablers and advancers.

The world is not currently on a pathway that is consistent with the Intergovernmental Panel on Climate Change's (IPCC) analysis. The GIB AM Sustainable World Fund investment team believes that the enablers, and subsequent leaders, will be companies that accelerate the transition to cleaner energy sources. This includes renewable equipment providers, power infrastructure, hydrogen-based businesses, renewable energy enablers and advancers. The solutions and the technology exist and are becoming increasingly affordable.

Enphase Energy is a leading supplier of micro inverters and storage systems for solar energy. Its semiconductor-based micro inverter system converts energy at the individual solar module level. It brings a system-based high-technology approach to solar energy generation, storage, control, and management – returning control to customers, and facilitating the creation of integrated, electrified homes. By connecting solar energy to storage, smart energy products and real time monitoring, Enphase products are estimated to have offset over 20.8 million metric tons of carbon dioxide, equivalent to providing 3.5 million homes with electricity for one year[41]. We believe that Enphase's products are helping drive adoption of solar and solving our greatest challenges. As we assess the difficulties of the current environmental crisis, and the challenges that lie ahead, we look for companies that may provide solutions and positively impact our world. This is at the heart of our strategy and of Enphase[42].

For illustrative purposes only. For the full fund disclosure, please see title 1, page 34 for all fund information.

T-Mobile US

Theme: Connectivity

Challenge

- 37% of global population, 2.9 billion people, have never used the internet[43]. Even in developed markets, 157 million Americans have no high speed internet connection[44].
- In the USA, 17% of those aged 55-64 and 39% of 65 and older cohorts do not have smart phones[45].

Solution

- Low-price 5G phone tariffs for all.
- Low-price home broadband access for rural and lower income households from fixed 5G wireless access devices.
- Smartphones for those aged 55+ on the most affordable packages.

With 327 million people and a population density of 34/km sq. (1/6th of the average of the largest European nations), mobile coverage is uniquely challenging in the USA. This means that mobile tariffs in the USA are very high by global standards ($45/month for a three-line plan) and connectivity is very low. In the USA, 157 million people have no regular High Speed Internet connections[46]. This can severely limit work and education opportunities. A quarter of households in the USA earn less than $30,000 per annum[47]. Of these, less than 60% have any broadband access. Similarly, some 19 million out of 50 million USA's rural households are unconnected to broadband[48].

T-Mobile US (TMUS) is a national wireless carrier in the USA. TMUS has no fixed network cable infrastructure or content investment. It seeks to offer the fastest and cheapest 5G services, **typically 20%-30 cheaper than the competition**[49]. As well as offering all the population faster, cheaper internet connectivity, it is specifically focussing on 'under-penetrated segments', notably rural, seniors, first responder customers, thereby enhancing its wider social impact. TMUS' 'Project 10Million' has already connected 3.2 million students and High Speed Internet has reached 10 million rural households[50].

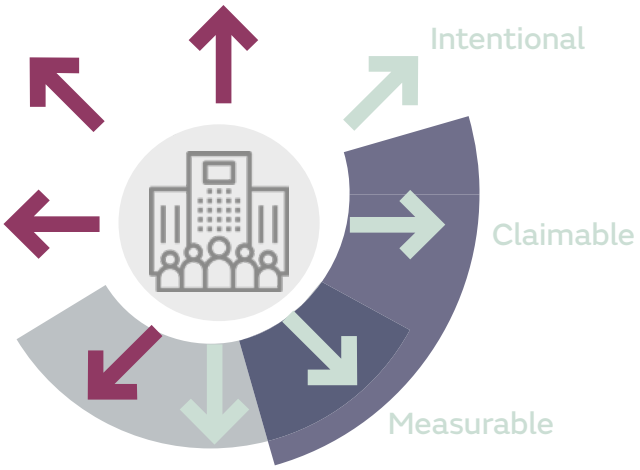
With the launch of 5G, it can now offer viable wireless home broadband, breaking the costly broadband monopoly of many cable companies. In 2023, TMUS should be able to offer mid-band 5G to the entire USA population, many years ahead of its competitors[51]. Many regional virtual network operators that offer low cost local connectivity are also supported by TMUS[52].

For illustrative purposes only. For the full fund disclosure, please see title 1, page 34 for all fund information.

Engagement Framework

Adding enhanced value is core to the GIB AM Sustainable World Fund investment philosophy. We seek to accomplish this by building strong relationships and engaging with investee companies to drive change. We believe our engagement may drive actual positive change in tackling global sustainability challenges, and generates potential alpha in our portfolio returns.

We engage with portfolio companies through one-to-one meetings, group meetings, letters and emails, as well as site visits. Engagement with our investee companies focuses on financial materiality and the sustainable factors that we believe can drive returns. Where appropriate, we develop measurable goals to monitor success.



Proxy voting is a key part of engagement. It provides us with an opportunity to exercise our rights as owners of companies. We aim to vote at all company meetings, in line with GIB AM policies. Voting allows us to formally express our view on certain aspects of a company, as well as serving as an opportunity to engage with our companies on current resolutions and future issues.

In 2022, Glass Lewis was our third party provider for proxy voting.

Engagement Highlights

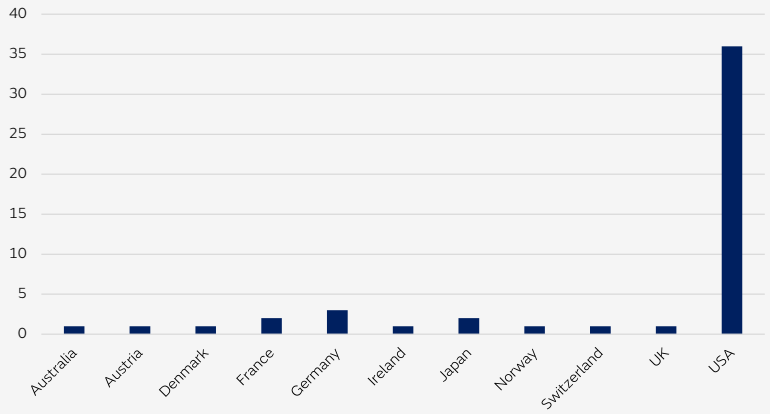
Engagement Type	Count
1-1 Meeting	15
Emails & Letters	24
Group meeting	9
Site visit	2
Total	**50**

Source: GIB AM Analysis, as at 31/12/2022

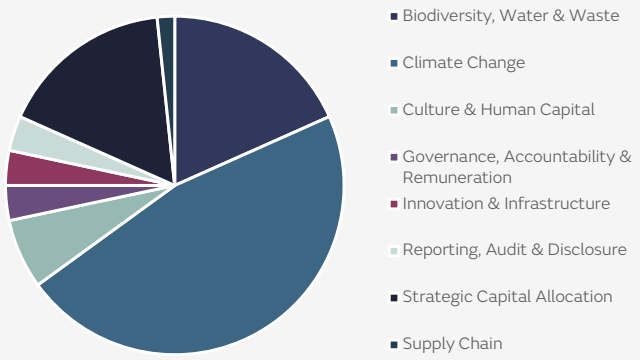
For illustrative purposes only. The Fund does not offer performance or capital guarentee. For further details please see the Pre-Contractual Disclosures on page 18 of the Fund supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Engagement Highlights

Engagements per Country



Types of Engagement



We have had 50 instances of communication with companies, engaging on topics ranging from biodiversity, water and waste, to strategic capital allocation. We have prioritised engagement with companies who have not aligned with a 1.5 degree world, or have material carbon emissions. This means that climate change has been our biggest point for engagement (47%), in keeping with our firm-wide commitment to supporting the shift towards climate-friendly investments. Our next largest engagement themes were biodiversity, water and waste (18%), and strategic capital allocation (17%). The majority of our engagement has been in the USA (72%). This stems from our large weighting towards USA growth companies. Our main avenues for engagement have been through letters to portfolio companies and one to one meetings. We also conducted 2 site visits, and took part in several group meetings.

HelloFresh

As part of the CDP Non-Disclosure program, we led the outreach to HelloFresh. We sent a co-signed letter to the Chief Executive Officer requesting that HelloFresh report climate change metrics using the CDP reporting system. This would ensure systematic and comparable reporting. We have also engaged with Hellofresh on how their business can help reduce the challenge of food waste. By encouraging the company to increase their focus on this challenge, we can guide them to provide sustainable solutions to an increasingly eco-conscious consumer base.

Charles Schwab

We also engaged with Charles Schwab, the dominant investment services platform in the USA (with over 34m clients). It offers a wide range of savings advice and services.

We engaged with Schwab on how they are encouraging their customer to invest their cash balances in higher interest funds ('cash sorting'). This approach marginally reduces short-term revenue but improves long – term customer loyalty. We also engaged on Schwab's net zero plans efforts. The company has no official commitments, but is focused on cutting their real estate energy use.

Schwab have installed a new solar field in North Texas that powers its recently built data centre.[53]

Source: GIB AM Analysis , as at 31/12/2022

For illustrative purposes only. For the full fund disclosure, please see title 1, page 34 for all fund information.

GIB AM

Emerging Markets Active Engagement Fund

Total AUM	Fund Launch Date	Fund Team
$50m 31/12/2022*	29/07/2022	Greg Konieczny Kunal Desai Marcin Lewczuk Megan Ie

"Our engagement with portfolio companies continues to build traction and momentum. Our active engagement approach seeks to unlock hidden value in partnership with portfolio companies. This offers a potent lever to drive future returns.

In assessing our first three months of operation, we are encouraged by several meaningful engagement outcomes. We are even more excited about what comes next."

Greg Konieczny, Head of Global EM Equities, GIB Asset Management

Greg Konieczny
Head of Global EM Equities

Kunal Desai, CFA
Co Portfolio Manager

Marcin Lewczuk, CFA
Co Portfolio Manager

Megan Ie
Senior Analyst

*Source: GIB AM Analysis , as at 31/12/2022

The GIB AM Emerging Market Active Engagement Fund's investment objective* is to achieve capital growth. We aim to achieve this by a proprietary and tested two-pillar process that identifies undervalued businesses through its fundamentally driven bottom-up and seeks to generate additional alpha by partnering with all portfolio companies on material ESG and operational improvements. This is reflected in a high conviction, concentrated core strategy with a long-term focus on harnessing the power of compounding cash flows and active ESG engagement.

Process

A two pillar investment approach

1 A fundamental bottom-up process

A detailed due diligence approach to public equities

2 Engagement ↓ ESG & operational improvements

Targeted engagement aims to generates additional alpha

High conviction, scalable strategy

A concentrated long term strategy with low turnover

Long Term Ownership Mind-set

Value creation from the power of compounding

Established Emerging Markets team

>65 years' combined EM experience with proven track record & clear alignment

The GIB AM Emerging Markets Active Engagement Fund is a global Emerging Markets fund which combines a fundamental bottom-up research process with active engagement to drive ESG & operational improvements within portfolio companies. The Fund invests in companies over the long term with low portfolio turnover and a high conviction approach to our holdings.

Main Risks

*All investments involve risks. The main risks include: Equity Risks, Emerging Markets Risk, Frontier Markets Risk, Efficient Portfolio, Management Risk, Financial Markets and Regulatory Change, Investment Fund Risk, Volatility Risk, Concentration Risk, Depositary Risk, Derivatives and Securities Financing, Transactions Risk, Sustainable Investment Risk, Investments in Asia Pacific and Emerging Markets Risk, PRC Risks. Please see See "Risk Descriptions" in the prospectus for more information. Any of these risks could cause the fund to lose money, to perform less well than similar investments, to experience high volatility (ups and downs in Net Asset Value (NAV)), or to fail to meet its objective over any period of time.

For illustrative purposes only.

Portfolio Carbon Highlights

	GIB AM Emerging Markets Active Engagement Fund	MSCI Emerging Markets Index	Difference
Scope 1+2 weighted average carbon intensity (tons of CO2e / $M sales)	72.1	324.3	-77.8%
Scope 3* upstream weighted average carbon intensity (tons of CO2e / $m sales)	293.3	282.1	4.0%
Scope 3* downstream weighted average carbon intensity (tons of CO2e / $m sales)	212.5	700.3	-69.7%

We have chosen to include Scope 3 emissions, as we understand that these emissions can represent the largest source of emissions for companies, especially for banks and insurance companies. The majority of overall emissions for banks and insurance companies are linked to their loan and project financing activities, rather than to their office operations. These emissions require measurement outside of a company's organisational boundaries, meaning that they are significantly harder to calculate. Reporting is less comprehensive for Scope 3 emissions than it is for Scope 1+2 emissions, however we believe that we should report consistently and transparently, and including Scope 3 emissions helps to do so.

Source of figures: MSCI ESG Research Carbon Calculator, as at 31/12/2022
Please note that carbon data is not monitored as part of this fund's investment process

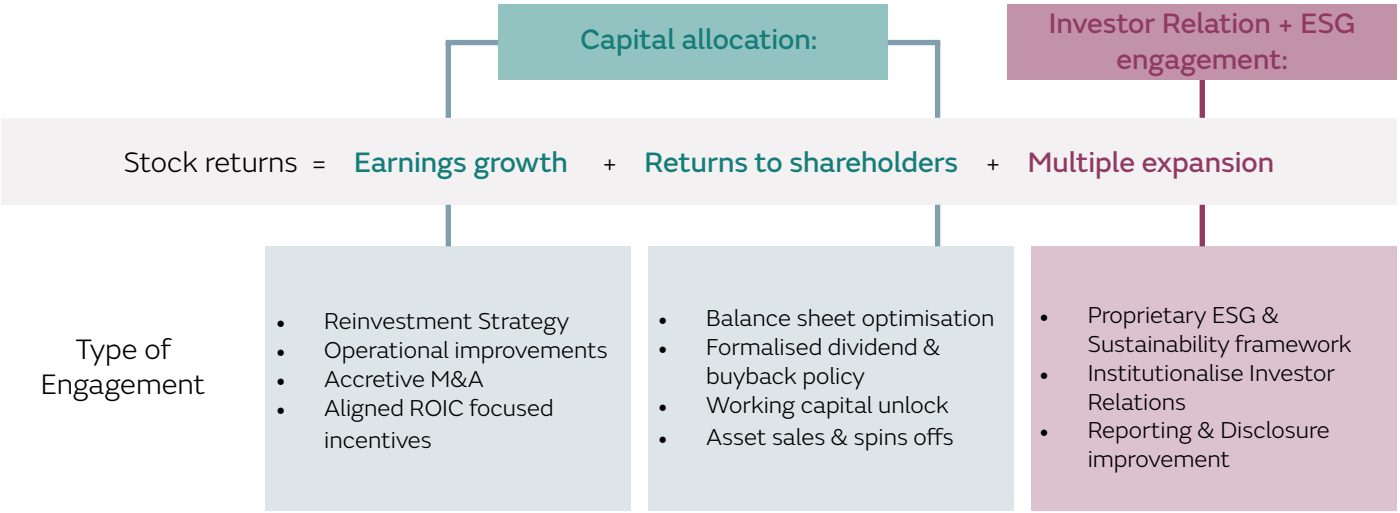
*Scope 3 are emissions that are not produced by the company itself, but are indirect emissions that result from activities related to the business, however occur outside of the company's direct control. Scope 3 emissions can be further broken down into two categories: upstream (purchased goods and services) and downstream (sold goods and services).

For the full fund disclosure, please see title 2, page 34 for all fund information. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Engagement Framework

Approach to Sustainability and Engagement

Our approach to engagement focuses on two categories to catalyse improvements in our portfolio companies – capital allocation and engagement. Our aim is that both categories will help drive a sustainably improving and underappreciated Economic Value Added (EVA) profile through the combination of higher incremental returns and lower implied costs of capital.



A core belief of our investment philosophy is that shareholder engagement is much more than hostile aggression. It should include all forms of engagement by minority investors to help controlling owners and management teams develop a roadmap for change that provides a pathway of higher incremental returns and/or an improved ESG profile.

We believe that the more effective and efficient method of engagement is to drive change through partnership with management teams. We begin our interaction with humility, pursuing a significantly longer time horizon and an initial unswerving ambition to improve alignment. Our interaction with companies is private as a result, with presentation decks, open discussions and whitepapers much preferred to public shareholder letters.

Active engagement with portfolio companies on topics related to sustainability and operational issues is a key pillar of our Fund. We believe that companies that can improve on their ESG standing and address most relevant and material sustainability risk will, eventually, benefit from reduced cost of capital and in return, higher valuation multiples.

Source: GIB AM Analysis , as at 31/12/2022

For illustrative purposes only. For further details please see the Pre-Contractual Disclosures on page 18 of the Fund supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus. For the full fund disclosure, please see title 2, page 34 for all fund information. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Our initial ESG/sustainability engagement is typically a 12-18 months' process and involves the following 3 steps:

1. **Materiality Matrix:** uses a deep stakeholder analysis and survey in order to identify what the most relevant and material ESG risk factors are;

2. **Sustainability Strategy:** establishing an ambitious long-term sustainability plan with a focus on 4-5 areas identified in the Materiality Matrix analysis;

3. **Management Alignment:** incorporating ESG/sustainability Key Performance Indicators (KPIs) into executive compensation.

We apply this framework across all our portfolio companies. The objective is to create tailored and focused ESG targets and agendas. This helps to identify the most material issues that we believe will unlock potential hidden value and drive greater market recognition of this. In addition, by incorporating ESG KPIs into executive compensation schemes, we believe we may increase the chances of the successful delivery of the plan.

Action

- Present **ESG engagement deck** to company
- Showcase prior experience in driving higher sustainable returns through economic value added
- Encourage a '**Sustainability Materiality Survey**' to be conducted amongst key stakeholders

- Introduce **Sustainability Committee** at Board level, or appoint **Board Member** responsible for Sustainability
- Formulation of the **long-term sustainability strategy**
- Focus on key 4-5 material areas (aligned with UN SDG) previously identified by **'Materiality Matrix' ***

- Modify management. Long-term incentives to include a significant portion linked to **long-term sustainability KPIs**

Outcome

- Portfolio company creates a **'Materiality Matrix' *** based on the findings from their own internal survey

- Seeks to create ambitious **long term ESG KPIs** to shape incentivisation and alignment
- Communication to key stakeholders and investors helps drive a structurally **lower cost of capital**

- Proper **alignment of management incentives** with key stakeholders
- **Ownership mentality culture**

*Materiality matrix in this context refers to an organization's significant economic, environmental and social impacts, or to issues that substantively influence the assessments and the decisions of stakeholders.

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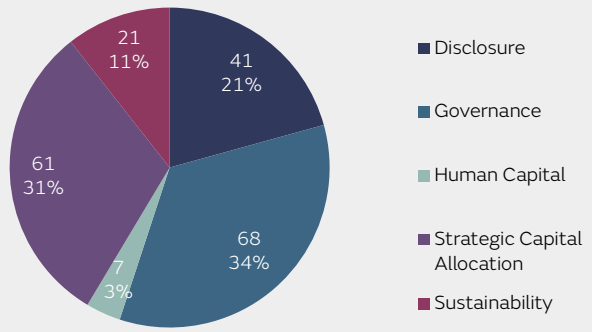
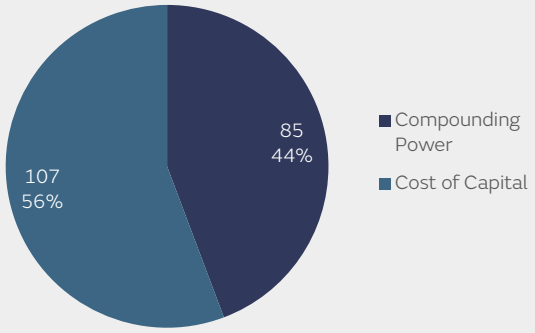
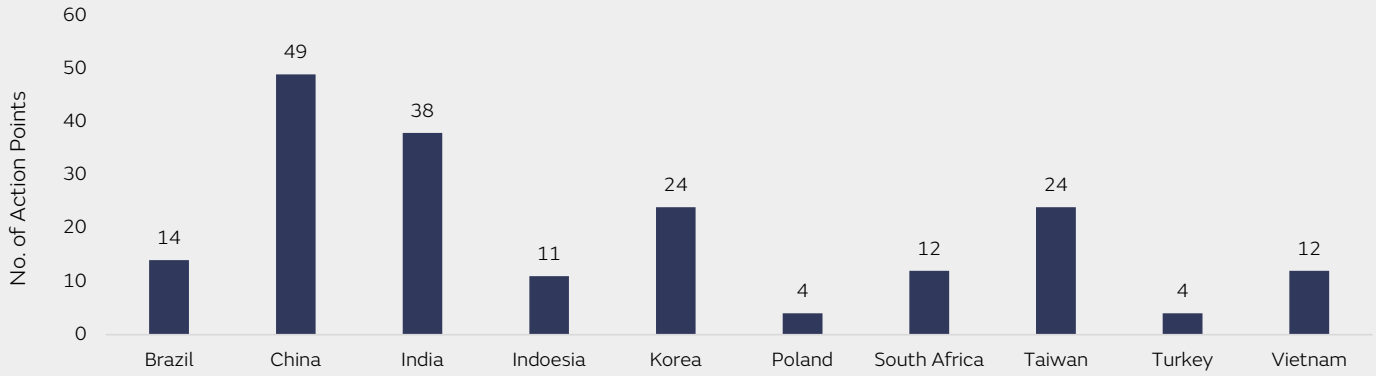
Engagement Highlights

Engagement Type	Count
Meeting	3
Call/ Presentation	29
Letter	12
Webinar	1
Total	**45**

For illustrative purposes only







Engagement progress

We define proposed Action Points based on the sustainability strategy developed around each portfolio company. In total, our engagement activity identified 192 engagement Action Points so far. The 192 Action Points can be split into an improvement in Disclosure (21%), Governance (34%), Human Capital (3%), Strategic Capital Allocation (31%) and Sustainability (11%). From an impact perspective, 44% of Action Points seek an improvement in compounding power, whilst 56% of items focus on reducing the business' market implied cost of capital. Combining an improvement in compounding power alongside reducing a company's market implied cost of capital is central to re-rating the justified valuation multiple. On a country basis, Chinese and Indian companies dominate with 49 and 38 Action Points respectively. Our main approach to engagement has been through calls (29 instances), however, we have also sent twelve letters, organised three one on one meetings, and hosted one company by webinar.

Source: GIB AM Analysis, as at 31/12/2022

For illustrative purposes only. For the full fund disclosure, please see title 2, page 34 for all fund information.

Engagement Case Study 1

One of our companies, a Taiwanese semiconductor business, is an industry leading integrated circuit (IC) design house, with a significant market share in server BMCs (Baseboard Management Controllers). The company is well positioned to benefit from a strong outlook for server BMCs outlook and an increasing total addressable market (TAM) as the BMC market diversifies. Our engagement has focused on:

- Capital allocation to unlock balance sheet efficiency,
- Governance, to implement best practices, and
- The implementation of a sustainability strategy to address human capital and environmental issues.

Turbulent market conditions and a challenging inventory adjustment cycle has meant that the company has seen its share price fall materially. Given the strength of the business, we believe that this is an opportunity for the company to initiate a significant share buyback program and put to work the large amount of cash on its balance sheet. In our opinion this will not only provide an attractive capital allocation decision from a shareholders' perspective but could also send a strong signal of confidence to the market about the longer term business outlook.

A buyback program at these depressed multiples could allow the company to secure undervalued shares. It can allocate these shares to employee compensation schemes to attract and retain human capital. Since we became shareholders, the company has announced a buyback program, met favourably by the wider market.

Engagement Case Study 2

We hold a Brazilian industrial electric motors manufacturer, with a long track record in international markets and exposure to exciting growth markets and themes. Since becoming shareholders, we have been engaging with the company on several issues:

- Disclosure,
- Governance, and
- The continued integration of sustainability into their business practices.

The company has set ambitious greenhouse gas emission reduction targets. We have successfully encouraged them to include these targets as a key metric for determining management variable compensation. We believe that, in the longer term, this will help lower the company's implied cost of capital and align incentives with their wider sustainability strategy. The company has been a top three contributor to the fund's returns since inception.

Source: GIB AM Analysis, as at 31/12/2022
For illustrative purposes only. For the full fund disclosure, please see title 2, page 34 for all fund information.

Engagement Case Study 3

One of our portfolio companies, an Indian consumer business, is a leading global player in the food and beverages sector. The company has strong growth prospects as it expands into more diversified food categories and continues developing its traditional business lines. Engagement has been centered on:

- Simplifying the company's complex holdings structure,
- Increasing visibility through an investor day, and
- Reviewing the strategy for capital allocation decisions.

Despite clear franchise strength, this company has seen its valuation dampened by a complex group structure with multiple cross holdings. Our engagement has focused on simplifying this structure alongside seeking to unwind these cross holdings. We believe this may lower the company's implied cost of capital. Following our engagement, shareholders have voted for a motion put forward to address this. The impact has been a rise in the share price as the market ingests a 10% net profit uplift through positive synergies and a lower implied cost of capital.

Engagement Case Study 4

The deep correction in the Chinese market this year has revealed a number of attractive opportunities, with the potential for clear upside through our engagement with these companies. One such holding is a Chinese semiconductor manufacturer operating in the image sensor market. Our engagement has focused on improving ESG disclosure and encouraging the company to produce a sustainability report. We believe doing so will enable the company to benefit from a lower implied cost of capital over time. Since becoming a shareholder, the company has accepted several of our suggestions and released an ESG report. It has subsequently been upgraded by MSCI ESG with a target of multiple upgrades ahead.

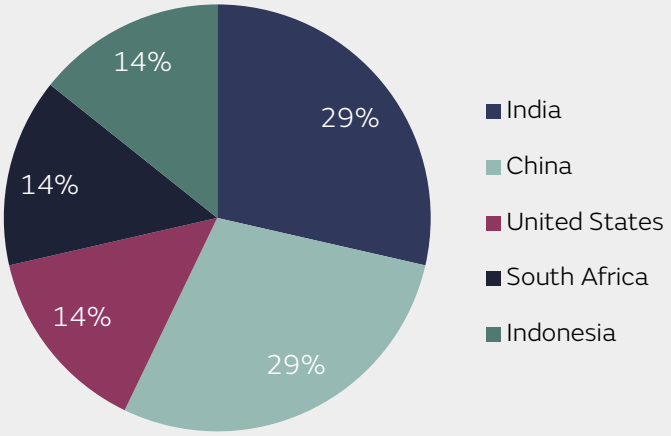
Source: GIB AM Analysis, as at 31/12/2022
For illustrative purposes only. For the full fund disclosure, please see title 2, page 34 for all fund information.

Voting

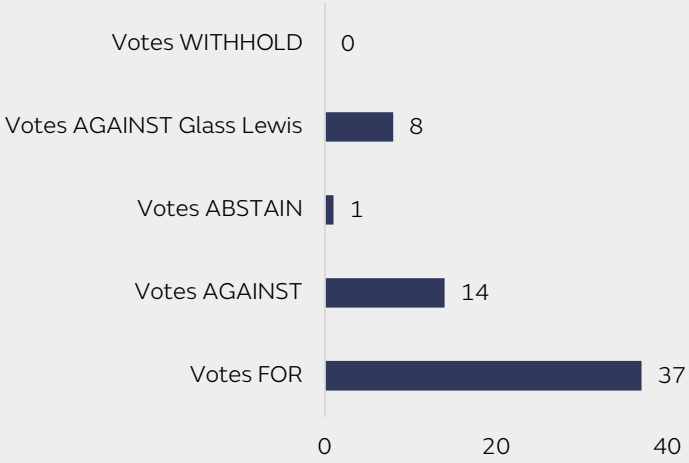
We vote with the intention of creating long-term value for our clients. We do this by supporting motions that we believe will either lower the implied cost of capital for the company, or increase the long-term compounding power of the business. As a result, we will vote against both management and Glass Lewis if we don't believe their recommendation will create long-term value for our clients. We aim to vote on 100% of our holdings. In 2022, Glass Lewis was our third party provider for proxy voting.

Since launching the fund, we have voted 52 times across 5 markets, voting in favor of proposals 37 times and voting against proposals 14 times. We have abstained from voting on 1 proposal and we've voted against the Glass Lewis suggestion 8 times.

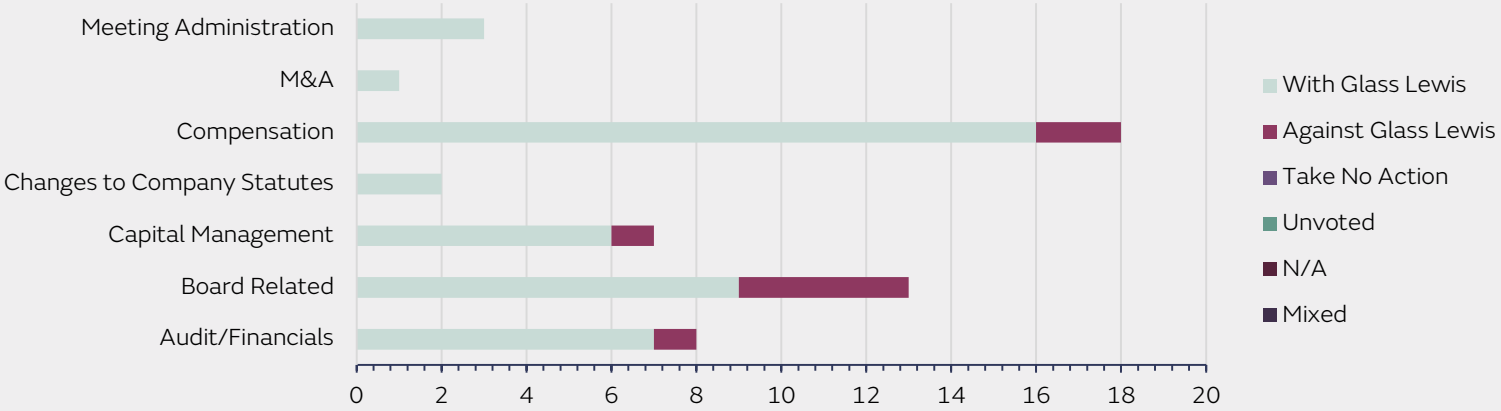
Meetings Voted by Market



Vote Cast Statistics



Proposal Categories - Votes versus Glass Lewis



Source: GIB AM Analysis, as at 31/12/2022

For illustrative purposes only. For the full fund disclosure, please see title 2, page 34 for all fund information.

GIB AM

Sustainable World Corporate Bond Fund

Total AUM	Fund Launch Date	Fund Team
$26m 31/12/2022*	30/09/2022	Samantha Lamb Pascal Nicoli Thomas Hansen Gustav Owen

"We have built a team with diverse backgrounds and expertise within fixed income, but who each share a common goal of delivering returns for our clients while supporting a sustainable future for people and planet. We have also built an investment approach from scratch to help support businesses solving the world's biggest challenges, while ensuring we invest in some of the most compelling credits from a long-term perspective. The result is a balanced and diversified portfolio that aims to deliver returns, whilst supporting those companies who are making a difference."

Samantha Lamb, Head of Fixed Income, GIB Asset Management

Samantha Lamb
Head of Fixed Income

Pascal Nicoli
Co Portfolio Manager

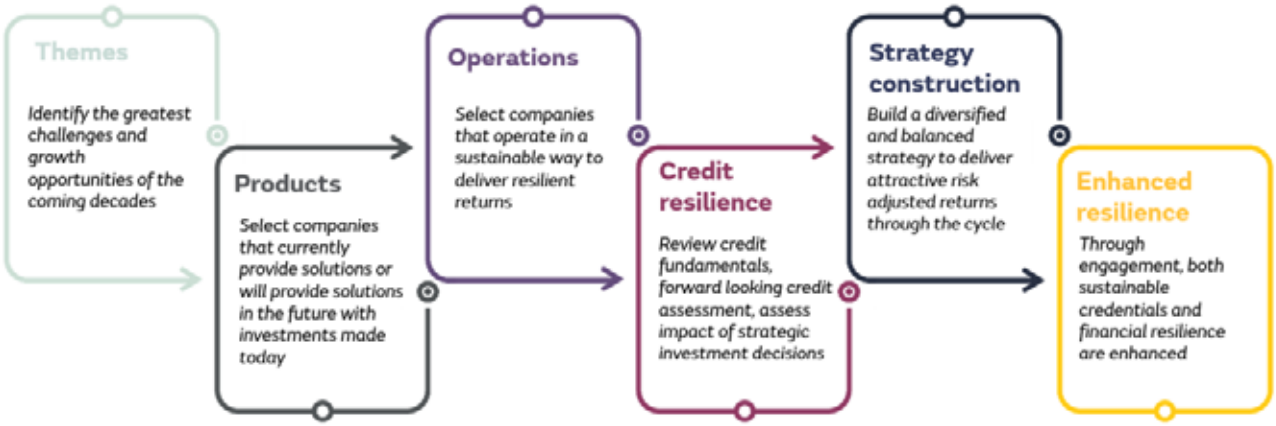
Thomas Hansen
Co Portfolio Manager

Gustav Owen
Co Portfolio Manager

*Source: GIB AM Analysis, as at 31/12/2022

The GIB AM Sustainable World Corporate Bond Fund seeks to achieve income and capital growth. The fund's sustainable investment objective is to invest in global corporate bonds of companies that we believe have the potential to create a positive impact on global sustainability.*

Process



The GIB AM Sustainable World Corporate Bond Fund is a long-term global investment grade fund with strategic asset allocations to high yield and emerging markets.

We use the same thematic framework as the GIB AM Sustainable World Fund, that seeks to identify the biggest challenges to sustainability over the medium to long term. We aim to identify and invest in companies that we believe will have a positive impact on our sustainability themes, and, in doing so, deliver strong returns.

- Our process starts with building our **long-term thematic framework** – what are the biggest challenges facing people and planet?
- We identify a subset of companies, which through their **products** or services contribute to solving these challenges.
- We proceed to analyse the way they go about their **operations** – is the way they do business consistent with a sustainable approach and are we comfortable the underlying business will be around for the long term?
- Once we have established thematic and operational alignment, we carry out an in-depth credit analysis of the company with specific focus on integration of strategic future investment plans as well as establishing the general **credit resilience** of the issuer.
- Finally, we **construct the portfolio** reflecting long-term credit valuations and bottom-up opportunities in global sustainable credit with the aim to outperform the benchmark over cycle.
- On an on-going basis, we **engage** with the investee companies as we seek to drive positive change and improve resilience

Source: GIB AM Analysis, as at 31/12/2022

Main Risks

*All investments involve risks. The main risks include: Counterparty Risk, Credit Risk, Currency Hedging at Share Class Level Risk, Liquidity Risk, Changes in Interest Rates Risk, Sustainable Investment Risk, Derivatives and Securities Financing Transactions Risk, CoCo Bonds Risk, Depositary Risk, Emerging Markets Risk, Efficient Portfolio Management Risk, Investment Fund, Risks Associated with Investment in Convertible Securities and Hybrid Securities, Financial Markets and Regulatory Change. Please see See "Risk Descriptions" in the prospectus for more information. Any of these risks could cause the fund to lose money, to perform less well than similar investments, to experience high volatility (ups and downs in NAV), or to fail to meet its objective over any period of time.

Note: The portfolio will exclude stocks with revenue derived from prohibited activities, e.g. alcohol production or controversial weapons. It will also exclude based on international standards, such as UN Global Compact or any environmental, social, and governance controversies. For illustrative purposes only, may be changed without prior notice. For further details please see the Pre-Contractual Disclosures on page 18 of the Fund supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Our Themes

The thematic work draws on research from the UNDP, SDGs, academia, and the private sector. The themes are split between challenges facing both people and planet. For each theme, the team seeks to identify the challenge, the solutions and then the products and services that can deliver positive solutions and opportunity. The fund targets companies from a global universe that can deliver sustainable financial returns, operational excellence and positive impact through their products or services. The fund excludes companies that engage in harmful activities that are contrary to the fund's sustainability themes, or meet the fund's ESG exclusion criteria. Collaborative engagement takes place, where appropriate, with portfolio companies to drive positive change.

Sustainability Drivers

Sustainability Themes

People			Planet		
Health	Inclusivity	Safety	Circularity	Clean Energy	Efficiency

Identify Sub Themes

Health	Inclusivity	Safety	Circularity	Clean Energy	Efficiency
Nutrition Affordable Care Fitness Medical Innovation Oncology Cardiovascular Diabetes Medical Efficacy	Education Savings Gap Decent Employment Connectivity Payments SME Support Responsible Finance	Cybersecurity Clean and Safe Mobility Insurance	Renewable Materials Future Food Systems Waste Treatment & Recycling Water Sustainable Commod-ities	Energy Storage Renewable Energy Hydrogen	Sustainable Logistics Buildings Frontier Technology Industrial Automation Industrial Decarbon-isation High speed rail

SDG Alignment*

People

HEALTH (14%)
Affordable Care
Cardiovascular
Medical Innovation
Nutrition
Oncology

INCLUSIVITY (40%)
Connectivity
Responsible Finance
Insurance

SAFETY (9%)
Safe Mobility
Insurance

Planet

EFFICIENCY (40%)
Buildings
Electrified Mobility - Autos
Frontier Technology
High Speed Rail
Innovation
Sustainable Logistics

CIRCULARITY (11%)
Renewable Materials
Sustainable Commodities

CLEAN ENERGY (13%)
Hydrogen
Solar, Hydro & Wind
Renewable Energy

*SDG image source: United Nations Sustainable Development Goals as at 31/12/2022

The above graphic shows the fund's exposure to our sub-themes as of 31/12/22. For illustrative purposes only, may be changed without prior notice. For further details please see the Pre-Contractual Disclosures on page 18 of the Fund supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Portfolio Carbon Highlights

	GIB AM Sustainable World Corporate Bond Fund	Custom Benchmark	Difference
Scope 1+2 weighted average carbon intensity (tons of CO2e / $M sales)	216.9	316.9	-31.5%
Scope 3* upstream weighted average carbon intensity (tons of CO2e / $m sales)	273.2	261.1	4.6%
Scope 3* downstream weighted average carbon intensity (tons of CO2e / $m sales)	456.8	619.1	-26.2%

We have chosen to include Scope 3 emissions, as we understand that these emissions can represent the largest source of emissions for companies, especially for banks and insurance companies. The majority of overall emissions for banks and insurance companies are linked to their loan and project financing activities, rather than to their office operations. These emissions require measurement outside of a company's organisational boundaries, meaning that they are significantly harder to calculate. Reporting is less comprehensive for Scope 3 emissions than it is for Scope 1+2 emissions, however we believe that we should report consistently and transparently, and including Scope 3 emissions helps to do so.

Source of figures: MSCI ESG Research Carbon Calculator, as at 31/12/2022

*Scope 3 are emissions that are not produced by the company itself, but are indirect emissions that result from activities related to the business, however occur outside of the company's direct control. Scope 3 emissions can be further broken down into two categories: upstream (purchased goods and services) and downstream (sold goods and services).

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Highlights of our portfolio companies' positive impact

People

Health

- *Medical Innovation*: Thermo Fisher provided 11 billion diagnostic tests[1]
- *Oncology*: Roche treated 16.36 million patients with medicines[2]
- *Cardiovascular*: Medtronic served 72+ million patients[3]

Inclusivity

- *Responsible Finance*: DNB Bank provided $29 billion in SME Loans in Scandinavia[4] and Lloyds and Natwest provided $84 billion in the UK[5]. Bank of America and JP Morgan arrange $500 billion sustainable financing per years[6]
- *Connectivity*: Millicom provided 300,000 rural Panamanians with mobile and digital coverage for the first time in 2021, connected 2,853 schools or public institutions in Latin America – ahead of their 2030 commitment[7]. Helios Towers, one of the largest independent tower companies in Africa, had 3.3 thousand sites in rural locations in 2021 and aims to double this amount in the coming years to further connect the unconnected[8]

Safety

- *Clean and safe mobility*: Aptiv saved 100 million tonnes of emissions by products since 2015[9]
- *Insurance*: Chubb has $4.4 billion of agricultural crop premiums[10]

Planet

Efficiency

- *Industrial decarbonisation*: Steel Dynamics uses recycled scrap or internally generated iron substitutes for 84% of material used in furnaces to produce steel in the Electric Arc Furnaces[11]
- *Buildings*: Cemex, a large cement producer (signatory of the UN Global Compact since 2004 and part of the Race to Zero campaign) launched Vertua in 2020, its first-ever net-zero CO2 concrete, which is now part of an extensive family of products that includes low carbon cements, concrete, as well as aggregates and admixtures globally available[12]

Clean Energy

- *Renewable Energy*: Orsted's capacity of total installed renewable increased by 15 % to 13.0 GW in 2021[13]. Iberdrola added 3,500 new MW of new renewable capacity through cutting-edge facilities like the photovoltaic plants, contributing to CO2 emissions at 60 grams per kWh in Europe, almost one-fourth lower than peers[14]. Greenko is one of India's leading Renewable Energy companies, replacing fossil fuels with integrated decarbonised energy and grid assets enabling sustainable and affordable energy, with a net installed capacity of 7.5 GWdc across 15 States in India[15]
- *Sustainable commodities:* Darling Ingredients produced 372 million gallons of renewable diesel in 2021, representing growth of 35% since 2019[16]

Circularity

- *Renewable Materials:* Packaging/Plastic Replacement: Ball Corp shipped 112 billion aluminium beverage cans[17]. DS Smith replaced 313 million units of problem plastic with recyclable alternatives since 2020/2021[18]. Klabin produces 415 thousand tonnes per year of recycled paper, making it the largest paper recycler in Brazil[19]

*Most recently reported figures at 31/12/2022

For the full fund disclosure, please see title 3, page 34 for all fund information.

Impact Case Studies

Greenko

Theme: Clean energy

Challenge

- We understand that concentrations of carbon dioxide and greenhouse gases continue to increase due ever-increasing demands for energy.
- The share of renewable energy in primary supply must grow to 74% by 2050 to meet the 1.5°C Scenario[20].
- The global population is set to grow by a further 2 billion people by 2050, with rising incomes increasing demand for energy services[21].

Solution

- Hydro and Wind - energy efficiency and renewable energy are the main pillars of the energy transition.

Climate change is a critical issue in the 21st century. Concentrations of carbon dioxide and greenhouse gases continue to increase, driven mainly by consumption of fossil fuels to satisfy ever-increasing demands for energy. The impacts of climate change include increased frequency and magnitude of heatwaves and storms, changes in the distribution of disease vectors, worsening air pollution episodes, decreases in water supply and impacts on crop yields and food prices.

In order to meet the 1.5°C scenario, the share of renewable energy in primary supply must grow to 74% by 2050[22]. The International Renewable Energy Agency (IRENA) estimates that to meet the objectives of the Paris Agreement, cumulative investment in global renewable energy needs to reach USD $27 trillion in the 2016-2050 period[23]. Furthermore, at the COP26, India announced its intent to achieve 500GW of its installed capacity through non-fossil fuels and 50% of its energy requirement from renewables by 2030[24].

We use this global challenge as a starting point to search for companies which can help to solve climate change through their products and services. The GIB AM Sustainable World Corporate Bond Fund team believes that the enablers, and subsequent leaders, will be companies that may accelerate the transition to cleaner energy solutions. This includes, but is not limited to, renewable equipment providers, power infrastructure, hydrogen-based businesses and renewable energy providers. The solutions and the technology exist and are becoming increasingly affordable.

The desperate need for clean energy to combat climate change led us to Greenko. It is one of the largest independent renewable energy companies in India[25]. Greenko is set to contribute to decarbonisation and to benefit from India's ambitious renewable energy targets. All of the company's revenues are derived from renewable electricity generation in India. This aligns Greenko very closely with our themes. The company has a portfolio of 17 GW and a pipeline of 15 GW of wind, solar, hydro, and energy storage assets spread across 15 States in India[26]. We also see potential opportunities to increase value and impact by engaging with the company to better understand and develop the renewable energy ecosystem in India.

For illustrative purposes only. For the full fund disclosure, please see title 3, page 34 for all fund information.

Trane Technologies

Theme: Efficiency

Challenge

- Building and construction are responsible for 39% of all carbon emissions in the world[27].
- The global footprint of floor area added by building is expected to double by 2060 – the equivalent of adding an entire New York City to the world, every month for 40 years[28].
- Heating and cooling buildings is responsible for nearly 20% of the world's carbon emissions (over half of the operational emissions that come from buildings)[29].

Solution

- Better insulation, heating and cooling systems are the main ways to save energy and resources - among these are energy efficient Heating, Ventilation and Air-Conditioning (HVAC) systems.
- It is estimated that energy efficient air conditioning systems can reduce cooling-related energy demand by up to 50%. The average efficiency of air conditioners sold today is less than half of what is typically available on the shelves –and 1/3 of the best available technology[30].

Together, the building and construction industries are responsible for 39% of all carbon emissions in the world, making decarbonisation in this industry necessary to combat climate change. Of this, 28% of emissions are operational and come from the energy used to heat, cool and light buildings, whilst the remaining 11% are embedded carbon emissions from the materials (mainly concrete and steel) and construction processes used throughout the whole building lifecycle[31]. In addition, global building floor area is expected to double by 2060 – the equivalent of adding an entire New York City to the world, every month for 40 years[32]. Business as usual will generate spiralling emissions. To get on track to net-zero carbon building stock by 2050, the International Energy Agency (IEA) estimates that by 2030 direct emissions need to fall by 50% and indirect emissions by 60%. In particular, the activities of heating and cooling buildings are responsible for c.17% of the world's carbon emissions (over half of the operational emissions that come from buildings)[33]. Better insulation and heating and cooling systems are the main ways to save energy and resources - among these are energy efficient HVAC systems. It is estimated that energy efficient air conditioning systems can reduce cooling-related energy demand by up to 50%. The average efficiency of air conditioners sold today is less than half of what is typically available on the shelves – and 1/3 of the best available technology[34].

Trane Technologies partners with customers to address their sustainability challenges, through products in the heating, cooling and transport segments. It has deep experience and a diversified offering across hydro, wind and solar power generation. 100% of revenue is derived from residential, commercial or transport HVAC, which makes Trane Technologies deeply aligned with our themes. In our view, the company is also aligned to meeting the needs to keep average global temperature rises to 1.5 degrees and is certified by the Science-Based Targets Initiative[35]. The company's strategy is to invest in higher efficiency products, based on next generation refrigerants, ahead of global deadlines. There are also potential opportunities to increase value through engagement with the company. For example, exploring opportunities to develop low-cost and energy efficient solutions for low-income countries and agreeing improvements in product specific emissions data.

For illustrative purposes only. For the full fund disclosure, please see title 3, page 34 for all fund information.

Caixa

Theme: Inclusivity

Challenge

- Annual investment of $2.4 trillion is needed until 2035 to limit temperature rise to below 1.5 °C from pre-industrial levels[36].
- Unprecedented capital is required for general social/environmental problems, but only $53 trillion of assets (c.33%) have basic ESG/sustainability considerations[37].
- Lack of small business credit: 40% of formal Micro, Small and Medium Enterprises (MSMEs) in developing countries have an unmet financing need of $5.2 trillion every year[38].

Solution

- Development of direct lending for sustainable investment including Climate Finance products to fund energy transition and a broader commitment to sustainable capital markets.
- Provision of retail and MSME banking services and the development of digital bank/credit models to widen credit access and improve lending for affordable housing.

Banks can play a key role in supporting development through the provision of finance to support access to health, education and capital for local economies, as well as for longer term transformational projects. A key way for banks to produce impact is by making sustainable investments. The IPCC estimate that an annual investment of $2.4 trillion is needed by 2035 to limit temperature rises to below 1.5 °C from pre-industrial levels[39]. Unprecedented capital is required to meet general social/environmental problems. Currently, only $53 trillion of assets (c.33%) have basic ESG/sustainability considerations[40]. There is also a lack of small business credit, with 40% of MSMEs in developing countries, have aggregate unmet financing need of $5.2 trillion every year[41]. The provision of retail and MSME banking services and development of digital bank/credit models may widen credit access and improve lending for affordable housing. Additionally, development of direct lending for sustainable investment including Climate Finance products can help to fund the energy transition.

Caixa is Spain's largest retail bank with a long-held focus on sustainability. The company derives all of its revenues from the provision of financial services, making it fully aligned with our themes. Caixa provides a full range of services including residential mortgages, consumer loans, MSME lending, asset management, pension planning and insurance. In addition, they aim to facilitate the provision of €64 billion of sustainable/ ESG financing between 2022-24. Caixa are a Net Zero Banking Alliance member, commited to net zero emissions by 2050 from both their own operations and from the ones that they finance. They have also been a signatory member of the Spanish network of the United Nations Global Compact since 2012[42]. We see engagement opportunities with Caixa to better understand and develop funding for sustainable projects and access to banking services.

For illustrative purposes only. For the full fund disclosure, please see title 3, page 34 for all fund information.

Engagement Framework

The GIB AM Sustainable World Corporate Bond Fund invests in the debt of 80-100 companies. For the Fund to include a company, it must meet at least one of the following sustainability indicators:

- Percentage of revenue exposure to a sustainability theme;
- Percentage of capital expenditure exposure to a sustainability theme;
- Percentage of development capital expenditure (i.e. expenditure reserved for business expansion or transition) exposure to a sustainability theme;

Our investment process follows a number of additional steps to ensure that the companies we invest in do no significant harm. An operational assessment of the business is completed to understand where the material risks are to the business, and how these risks are being managed and mitigated over time. Finally, we assess the governance of the business and management's track record.

Our fund has recently launched. In the next 12 months, we will prioritise our targets for engagement based on risk materiality. Where appropriate, our engagement will focus on three areas derived from our research process:

Source: GIB AM Analysis, as at 31/12/2022

For illustrative purposes only. The Fund does not offer performance or capital guarentee. For further details please see the Pre-Contractual Disclosures on page 18 of the Fund supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus. **The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund.** There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Disclaimers:

Title 1 GIB AM Sustainable World Fund

Opinions, estimates, views, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, and are subject to change without prior notice. There can be no guarantee they will be met. Given for illustrative purposes only, might be changed without prior notice. Portfolio holdings should not be considered as a recommendation to buy or sell individual securities and are subject to risk.

The Fund does not offer performance or capital guarantee. Please see the Prospectus for complete information on the investment process, objectives and strategy of the Fund. There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

For further details please see the Pre-Contractual Disclosures on page 18 of the Fund Supplement. Please refer to the GIB AM Responsible Investment Policy and the GIB AM ESG Regulatory Statement. For more product-specific information, please refer to the Prospectus.

The decision of the investor to invest in the promoted fund should take into account all the characteristics and objectives of the fund. There is no guarantee that ESG considerations will enhance a Fund's investment strategy or performance.

Title 2 GIB AM Emerging Markets Active Engagement Fund

Opinions, estimates, views, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, and are subject to change without prior notice. There can be no guarantee they will be met. Given for illustrative purposes only, might be changed without prior notice. Portfolio holdings should not be considered as a recommendation to buy or sell individual securities and are subject to risk.

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Title 3 GIB AM Sustainable World Corporate Bond Fund

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