
RESPONSIBLE INVESTING STATEMENT

Los Angeles Capital Management

APPROACH TO RESPONSIBLE INVESTING

Los Angeles Capital Management LLC (the 'Firm') defines Responsible Investing ('RI') as involving the consideration of Environmental, Social, and Governance ('ESG') issues in its investment stewardship practices, including its quantitative stock selection process, management of custom ESG solutions, active ownership, and risk management practices. The Firm incorporates ESG factors in its quantitative factor modeling with the objective of enhancing returns, reducing risk, and meeting client specific investment objectives in accordance with the Firm's fiduciary responsibilities. The Firm also incorporates quantitative data related to sustainability characteristics of investee companies as part of the Firm's consideration of material risks.

GOVERNANCE AND OVERSIGHT

The Responsible Investment Solutions Committee ('RISC') is responsible for managing and overseeing responsible investment activities across the Firm. The RISC reports to the Board. The Board oversees all Firm policies and approves the Firm's 'Collaborative Engagement' activities, which support the incorporation of ESG criteria in investment analysis and the disclosure and management of material ESG and climate-specific risks. The responsibilities, membership, and purpose of the RISC are outlined in detail in its Committee Charter. The Firm's Responsible Investing Policy is reviewed annually and may be updated more frequently if necessary. Updates are intended to reflect any changes in the Firm's processes including those changes that are a result of the Firm's portfolio reviews and research, and changes and enhancements to the Firm's Model process that are approved for implementation by the Firm's Investment Committee.

INVESTMENT PHILOSOPHY AND STEWARDSHIP

Los Angeles Capital's Dynamic Alpha Stock Selection Model® (the 'Model') is forward-looking and adaptive, seeking to capture insights of how new financial metrics, including those related to ESG and sustainability, influence a stock's expected return. The Firm incorporates select ESG criteria to assess investment opportunities, including explicit ESG and climate-related factors, which are dynamically weighted through time based on observed investor preferences. The Firm's Model includes ESG specific factors, such as ESG Sentiment, which intends to gauge capital flows associated with ESG, and Sustainability, which represents the Firm's proprietary ESG Model. The ESG Model is used to assess successful management teams and identifies environmental and social issues on a sub-industry basis, seeking to capture long-term value creation prospects through the lens of sustainability.

Below are some further examples of RI considerations specific to Environmental, Social, and Governance criteria:

- **Environmental:** The Firm's Model includes Climate Opportunities and Climate Resilience factors, which identify companies best positioned for a low carbon economy and more likely to withstand increased extreme weather events that may affect business operations or employee productivity. The Firm's factor modeling also considers how physical and policy risks related to climate impact valuations. Within the Firm's dedicated ESG Model, material environmental risks and opportunities are identified on a sub-industry basis. These include proprietary metrics of emissions intensity and climate governance, in addition to topics such as water stress or hazardous waste, for example. *To meet the needs of clients' environmentally focused objectives, Los Angeles Capital can also employ a multi-faceted climate approach to reduce current carbon emissions in a portfolio while considering forward-looking climate risk management and opportunities.*
- **Social:** Within the Firm's dedicated ESG Model, material social issues are identified at the sub-industry basis. These include topics such as human capital development, employee relations, and diversity, for example. ESG controversies are also included within the Firm's factor modeling, seeking to capture the impacts of issues such as labor disputes or human rights violations, amongst other ESG-related issues, on returns. *The Firm can incorporate client specific considerations such as adherence with minimum standards or positive social outcomes upon client request.*
- **Governance:** Los Angeles Capital's Model includes a Management category, which seeks to gauge management quality and governance through a diversified set of quantitative factors, including considerations for the transparency of management teams, quality of earnings, proven management success, and sustainability, leveraging the Firm's dedicated ESG Model. The Governance pillar within this ESG Model incorporates assessments for board structure and diversity, ownership, pay and accounting practices, business ethics, and tax transparency. Good governance considerations are considered within the Firm's Model and are utilized to monitor strategies within scope of The European Union's Sustainable Finance Disclosure Regulation ('SFDR').



SUSTAINABILITY AND CLIMATE RISKS

Sustainability and climate risk indicators will evolve through time as investor preferences, research insights, and regulatory considerations evolve. Los Angeles Capital believes that ESG, sustainability, and climate considerations are important aspects of a comprehensive risk management approach, and seeks to identify, measure, monitor, and manage such risks within its investment process. The Firm provides custom reporting to clients on such risks upon requests.

The Firm employs various sustainability considerations across all actively managed mandates, some of which address those required by regulatory authorities such as SFDR. Clients may request that principal adverse impacts ('PAIs') specified as part of the SFDR regulation are taken into account in portfolio construction. In addition to risk contribution, the Firm has identified sustainability monitoring tools to assess sustainability risks, outcomes, and adverse impacts of investment decisions. The Firm incorporates ESG data into its Model to improve forward-looking expected returns and manage risks over short, medium, and long-term horizons.

CUSTOM SOLUTIONS

In addition to integrating ESG criteria in portfolios through factors within its Model, the Firm collaborates with clients to provide the following customized ESG solutions for a more targeted responsible investment approach:

- **Sustainability-Focused Objective:** This approach emphasizes sustainable management practices and typically results in an improved ESG profile.
- **Low Carbon and Climate Considerations:** Low carbon optimization techniques may be applied to achieve specific carbon emissions levels or reduction targets. The Firm conducts scenario testing and is able to implement considerations for forward-looking climate-related risks and opportunities.
- **Net Zero:** Los Angeles Capital collaborates with clients to craft bespoke net zero solutions, focusing on decarbonization in tandem with increased allocation to climate solutions. The Firm can structure portfolios to align with a 1.5°C temperature increase, per the goals of the Paris Agreement.
- **Exclusionary Screening:** In addition to legally required exclusions, the Firm employs bespoke screening upon request based on a client's values or beliefs, or on minimum standards of business practices based on international norms. The Firm can also establish constraints to satisfy minimum ESG criteria and thresholds. The Firm works closely with clients to understand the impact of restrictions on portfolio risk and performance and has systems in place to ensure compliance with clients' investment policies.
- **Custom Benchmarks:** The Firm manages mandates against custom benchmarks upon client direction, which may include the omission of certain securities or industries, or the utilization of third-party benchmarks with a low carbon or ESG orientation.
- **Impact:** Outcome-focused solutions for client portfolios may be employed to allocate capital to securities whose products, services, or business operations create positive impact for the environment or society. The Firm can align portfolios with certain UN Sustainable Development Goals and ensure adherence with the UN Guiding Principles on Business and Human Rights.

ACTIVE OWNERSHIP

Los Angeles Capital defines 'stewardship' as the responsible allocation, management, and oversight of capital to create long-term value for clients. The Firm's active ownership efforts focus on disclosure and transparency with the intention of benefiting the quantitative modeling process and portfolio returns. The Firm has adopted a multi-dimensional approach to active ownership that emphasizes its support of a consistent and transparent framework for the disclosure of material financial information related to sustainability. The Firm seeks to promote long-term value creation and stewardship from three primary vantage points of active ownership:

- **Proxy Voting:** The Firm votes proxies as directed by its clients. Clients may direct Los Angeles Capital to use the Firm's standard guidelines, which call for an evaluation of environmental and social issues through the lens of long-term shareholder value, or other guidelines to align with their own objectives. The Firm can facilitate certain custom proxy voting guidelines for a client's portfolio holdings upon request.
- **Collaborative Engagement:** The Firm participates in collaborative engagements as an outgrowth of its research efforts in understanding the risks and rewards associated with ESG issues, and because it believes that greater uniformity and transparency in corporate disclosure practices will provide material, decision-useful financial information essential to making high quality investment decisions. This includes financially material information related to climate change in line with the recommendations of the International Financial Reporting Standards. The Firm also participates in various initiatives, including Climate Action 100+, CDP's Non-Disclosure Campaign, and Glass Lewis' third-party engagement solution.
- **Global Investor Initiatives:** The Firm is a signatory or member of various Global Investor Initiatives to support the incorporation of relevant ESG criteria in corporate disclosure and investment decision-making, and to enhance its quantitative modeling and investment analysis. These include Principles for Responsible Investment, Task Force for Climate-Related Financial Disclosures, CDP, IFRS Sustainability Alliance, and Institutional Investors Group on Climate Change.



Climate Opportunities: Developed from a combination of various ESG and climate-specific data sources, the Climate Opportunities factor seeks to identify issuers that should both be robust to a transition to a low carbon economy and offer competitive advantages within that same economy given exposure to emergent green technologies. Machine learning techniques are utilized to identify companies showing leadership as it relates to climate risks and opportunities and spans companies transforming business models to become more carbon efficient, as well as companies directly exposed to low carbon technological innovation.

Climate Resilience: The factor captures the extent that companies are resilient to physical risk, such as those companies with assets and businesses that are insensitive to extreme weather events, or those likely to suffer losses and restrictions on normal business in the face of worsening environmental conditions.

ESG Sentiment: The factor rates a company between 0 and 10, on an industry-neutral basis, by measuring a company's impact on issues related to the three pillars of ESG investing, which are environmental, social, and governance. A third-party vendor score is utilized in order to capture capital flows associated with ESG as well as sentiment for ESG in the market on a forward-looking basis.

Sustainability: The Firm's dedicated, multi-factor ESG Model seeks to gauge long-term value creation prospects specifically through the lens of sustainability. The ESG Model emphasizes the material ESG issues for each sub-industry and includes raw carbon emissions data as well as proprietary modeling of emissions intensity to gauge leadership relative to peers, and to expand upon the definition of materiality. This factor is utilized within our assessment of management success, as described above.

LEGAL DISCLOSURES

This publication is for general information purposes only and does not constitute an offer to sell any security. The investment processes described herein, are for illustrative purposes only and are subject to change. This document is intended for sophisticated institutional and professional investors only and should not be passed on, used by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation, or otherwise distributed by the recipient to any other person or organization.

The Firm, Los Angeles Capital Management LLC ("Los Angeles Capital") is an independent investment advisory firm founded in 2002, that is employee owned through its parent entities, and registered under the Investment Advisors Act of 1940 with the US Securities and Exchange Commission. Registration does not imply a certain level of skill or training. Los Angeles Capital is an institutional adviser that offers global equity active management in both developed and emerging markets.

Forward Looking Statements. This paper may contain certain statements deemed to be forward-looking statements. All statements, other than historical facts, contained within this paper that address activities, events or developments that Los Angeles Capital expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions and analyses made by Los Angeles Capital in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances, many of which are detailed herein. Such statements are subject to a number of assumptions, risks, uncertainties, many of which are beyond Los Angeles Capital's control. Please note that any such statements are not guarantees of any future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Risks. The information described herein has not been recommended by any securities or regulatory authority. Such authorities have not confirmed the accuracy or determined the adequacy of this paper. Before embarking on any investment program, an investor should carefully consider the risks (including the risk of losing some or all of the invested capital) and suitability of a strategy based on their own investment objectives and financial position. Equity investments entail equity risk and price volatility risk. The value of stock and other equity securities will change based on changes in a company's financial condition and on overall market and economic conditions.

Risk of Loss. The potential for profit is accompanied by the possibility of loss. Investors must be prepared to lose all or substantially all of their investment.

Risks of Quantitative Investment Management. There can be no assurance that the Firm's investment strategies will be successfully implemented or provide the intended results as unexpected factors may dominate the market during certain periods. Quantitative investing relies on data, hardware, and software for implementation of the investment process and its business operations. To the extent data is incorrect, not available or stale, or software/hardware does not function as planned, results could deviate from expectations, which may negatively affect investment performance. Refer to Item 8 of the Firm's ADV Part 2 Brochure for further information about risks at <https://www.adviserinfo.sec.gov/Firm/119033>.

Equity Market Risk. Equity securities generally fluctuate in value more than bonds and may decline in value over short or extended periods.

Risk of Errors. The nature of complex quantitative investment management processes is such that errors may be extremely hard to detect, and in some cases an error can go undetected for an extended period of time. Furthermore, each component of the investment process has elements that present the possibility for human error. While the Firm has a number of controls designed to assure that the account construction process operates as intended, analytical errors, software errors, development errors, and implementation errors, as well as data errors are inherent risks.

Responsible Investing Risk. Applying socially responsible investment constraints limit the number of investment opportunities available, and as a result, portfolio investment returns may differ and even underperform portfolios that are not subject to such constraints. Furthermore, the Firm's proprietary scoring methodology used to identify companies better managing their ESG risks is dependent upon information and data that may be incomplete, inaccurate, or unavailable, which could cause the Firm to incorrectly assess a company's ESG performance. Sustainability considerations of an issuer may not operate as expected when considering ESG issues. Accounts are subject to ESG-related risks, some of which are not captured by the Firm's investment process.

Market Disruptions and Geopolitical Risks. Market disruption can be caused by economic, financial or political events and factors. Such disruptions could lead to increased market volatility, reduced liquidity in the securities markets, or significant negative impacts on issuers and the securities markets.

Systems Disruptions and Cybersecurity Risks. The operations of the Firm, its counterparties, its service providers, financial market operators, and security issuers are dependent on technology, information, and communication systems. A failure or disruption of any such system or a security breach or cyberattack could significantly disrupt operations, potentially resulting in financial losses to an account, a significant disruption to the Firm's business operations, and create impediments to trading and communications.

ESG Implementation. This document discusses Los Angeles Capital's current efforts to integrate responsible and sustainable investing principles into its investment processes across various investment strategies. Environmental, social, and corporate governance (ESG) data is integrated into Los Angeles Capital's Dynamic Alpha Stock Selection Model®. The Firm's quantitative investment model technology allows the Firm to offer customized solutions to its clients. Furthermore, a client may elect to incorporate additional ESG considerations into their portfolio. As an example, the Firm can incorporate specific ESG information on a customized basis into its investment process. Accounts that employ a responsible investing tilt will also hold securities that were not selected due to their ESG characteristics and as result the portfolio may hold securities that have a negative ESG profile.

ESG Matters. Applying socially responsible investment constraints limit the number of investment opportunities available, and as a result, portfolio investment returns may differ and even underperform portfolios that are not subject to such constraints. Furthermore, the Firm's proprietary scoring methodology used to identify companies better managing their ESG risks is dependent upon information and data that may be incomplete, inaccurate, or unavailable, which could cause the Firm to incorrectly assess a company's ESG performance.

