Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Global Balanced Risk Control Strategy

Stewardship Report 2022

CUSTOMISED SOLUTIONS | **GLOBAL BALANCED RISK CONTROL TEAM** | MARCH 2023

Throughout 2022, Morgan Stanley Investment Management's (MSIM) Global Balanced Risk Control team (GBaR) sought to complement our sustainable investment integration process by engaging where we believe we can make a difference in addressing systemic environmental and social challenges, while adding value to clients' portfolios.[1]

The team's engagement is backed up by the same intensive top-down analysis of global risk that characterises our asset allocation strategy. This, in turn, is complemented with focused, in-depth bottom-up research on each engagement target. Our approach allows us to fully understand the long-term drivers of sustainability-related risks across our portfolios and within our investee companies. Our in-depth understanding of sustainability risk gives us room to engage thoughtfully, with the aim to improve the long-term resilience of our investee companies and to realise positive environmental and social outcomes.

For the year ending 31 December 2022, GBaR engaged with issuers on 55 occasions broadly across four targeted thematic areas. These engagements not only allowed us to establish constructive dialogues and advocate for positive sustainability outcomes, but also helped inform our investment decisions.

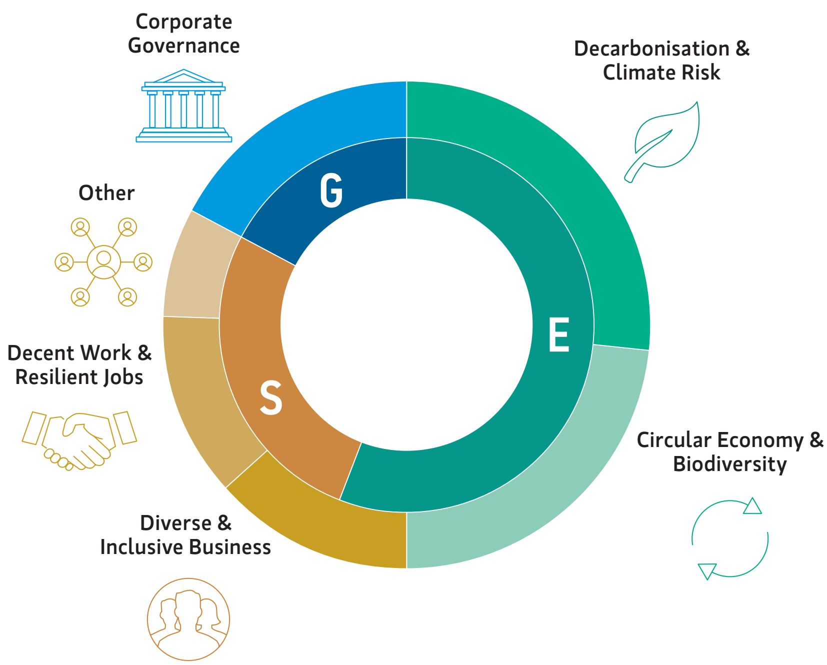
[1] Engagement is not a binding requirement of the Strategy's approach to ESG. Individual funds and client accounts operating within the strategy may have specific ESG related goals and restrictions that affects ESG integration. Please refer to governing documents of individual vehicles to understand their binding ESG criteria.

Example targeted Thematic Areas

BIODIVERSITY PAGE 4	DECARBONISATION PAGE 6
DIVERSITY & INCLUSION PAGE 8	CORPORATE GOVERNANCE PAGE 10

Source: MSIM's GBaR team

All GBaR Team Engagements by ESG Topics in 2022



Our Approach to Stewardship

We define stewardship as an overarching approach to monitoring, engaging issuers and exercising shareholder rights across our portfolios that is designed to promote the long-term success of companies and create sustainable value for our clients,

The GBaR team believes that we have a duty to work with the firms in which we invest to achieve distinct sustainability-related outcomes. We aim to fulfil this duty by engaging directly with issuers through effective exercise of our proxy voting and other rights as shareholders. The team's stewardship objectives are tied to outcomes that include:

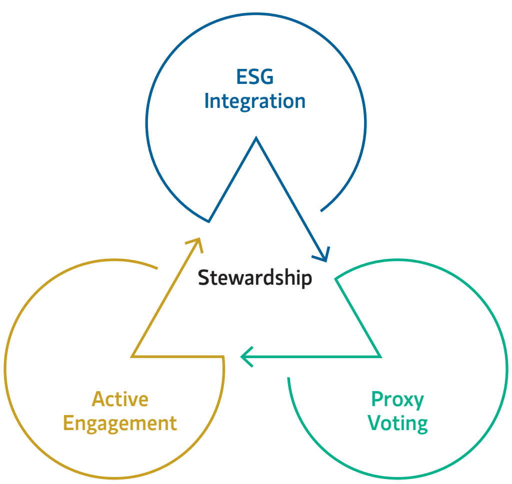
- Enhanced disclosure of sustainability-related information by issuers
- Securing and encouraging improved management of material sustainability-related risks and opportunities
- Improving and enhancing our own understanding of any sustainability-related risks in our portfolios

Typically, the team's main engagement priorities are guided by top-down thematic research, based on an assessment of material ESG risks and opportunities by our dedicated ESG analysts. We believe this is the ideal approach for our strategy, as researching risks to the global economy and global markets is also central to the GBaR asset allocation process. ESG concerns such as climate change definitively fall into the team's definition of potential "risk events." This approach therefore ensures that stewardship is a natural extension of the team's philosophy around risk control.

Our engagement strategy is based on three main components: Risk, Impact, and Quality. This allows the team to focus on thematic ESG issues that contribute to global sustainability imperatives, as well as the performance of our portfolios. These components can broadly be summarised in the below Engagement Process:

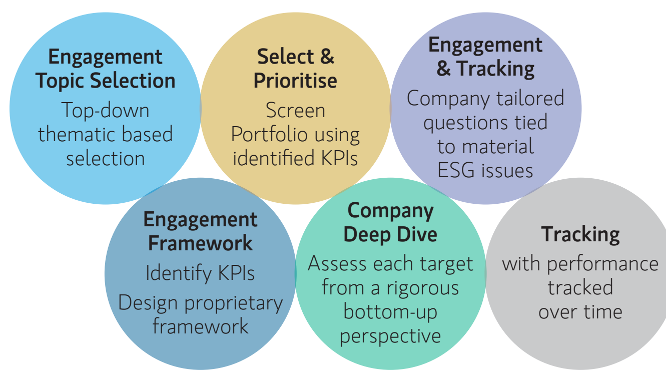
To maximise the effectiveness of our engagements, we increasingly collaborate with a number of MSIM teams, including the firm's dedicated Global Stewardship team. We find internal collaboration highly effective in pooling resources and expertise to achieve common goals. Approximately a third of GBaR's engagement strategies carried out during FY 2022 (Year end Dec-31) were collaborative efforts with other MSIM colleagues, mostly led by GBaR. This represents an increase from 15% and 10% in the preceding two periods, respectively.

GBaR's Approach to Stewardship



Source: MSIM's GBaR team, as of May 31, 2023. This represents how the portfolio management team generally implements its investment process under normal market conditions. Individual funds and client accounts may have specific ESG related goals and restrictions. Please refer to governing documents of individual vehicles to understand their binding ESG criteria.

GBaR's Approach to Stewardship



Source: MSIM's GBaR team, as of May 31, 2023.

Engagement Theme: Circular Economy & Biodiversity

BREATHING LIFE INTO BIODIVERSITY AWARENESS – DEFORESTATION CASE STUDY

80%

OF TERRESTRIAL BIODIVERSITY RESIDES IN FORESTS[2]

5 million

HECTARES OF FORESTS RICH IN BIODIVERSITY ARE LOST EVERY YEAR[3]

In addition to the climate crisis, we are also facing a potential biodiversity collapse. Like climate change, loss of biodiversity and natural capital is a systemic risk, which could generate profound negative environmental and social consequences and lead directly to major business or market disruption.

Over the reporting year, the team sought to encourage our portfolio companies' management teams to better understand the potential impact and costs of neglecting the biodiversity challenge and to seek to integrate the consideration of biodiversity-related issues into their business strategies.

Underlining how reliant economic and societal activity is on a healthy and diverse ecosystem, the World Economic Forum ('WEF') found that $44 trillion of economic value generation—over half the world's total GDP—is moderately or highly dependent on ecosystem services.[4]

The team focused on the Consumer Staples and Consumer Discretionary sectors, as this is where we believe biodiversity risk was most concentrated in our portfolios. Companies in these sectors are particularly exposed to deforestation-related risk through their supply chains. They are, of course, also dependent on the abundant benefits derived from biodiverse and healthy ecosystems such as raw materials for their products and clean and abundant sources of water for their operations.

In 2022, the team carried out intensive, bottom-up research on 13 companies. In doing so, the team designed a proprietary framework to leverage company-reported and third-party data and to translate this quantitative and qualitative data into standardised and comparable rankings. Companies are scored from 0-100% based off the team's assessment of company policy and practices on KPIs within each category. The framework allows the team to assess, prioritise and track each individual target's progress on key engagement requests.

Example Bottom Up Biodiversity Assessment Framework

	TOTAL SCORE	BIODIVERSITY	DEFORESTATION	SUPPLY CHAIN	FAIR AND EQUITABLE SHARING	WATER & WASTE
Leaders	87.31%	85.71%	89.47%	84.09%	94.44%	83.33%
	73.85%	53.57%	88.16%	86.36%	69.44%	66.67%
	71.92%	25.00%	89.47%	88.64%	83.33%	75.00%
	68.85%	53.57%	77.63%	68.18%	100.00%	50.00%
	66.54%	53.57%	78.95%	72.73%	69.44%	54.17%
	63.85%	33.93%	64.47%	59.09%	100.00%	75.00%
	63.46%	28.57%	81.58%	70.45%	100.00%	41.67%
	61.15%	64.29%	59.21%	50.00%	88.89%	50.00%
Laggards	47.43%	21.43%	62.50%	40.91%	66.67%	41.67%
	46.54%	32.14%	71.05%	29.55%	44.44%	41.67%
	44.23%	35.71%	23.68%	50.00%	25.00%	95.83%
	38.46%	28.57%	35.53%	20.45%	61.11%	54.17%
	35.00%	7.14%	28.95%	47.73%	33.33%	66.67%

ESG rankings are not intended as a recommendation and are subject to change. Rankings are relative and subjective and are not absolute standards of quality. Rankings apply only to portfolio holdings and do not remove the risk of loss.

[2] "The State of the World's Forests: Forests, Biodiversity and People." UN Environment Programme (UNEP), Food and Agriculture Organization of the United Nations (FAO) 2020.

[3] "Global Forest Resources Assessment 2020". Food and Agriculture Organization of the United Nations 2020.

[4] WEF, Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy (2020).

CASE STUDY 1

We engaged with a U.S. Household Products company, which had been at the forefront of investors' minds for a number of years when it comes to deforestation concerns. The company was subject to a successful shareholder proposal in 2020 to eliminate deforestation and intact forest degradation from its supply chain.

The team believes that the company has not made progress as requested by the proposal. For example, regarding wood pulp, the company commits to responsible forestry management practices, but does not have a clear deforestation commitment. The company believes that Canadian forests are not at threat of deforestation. The team asked the company to set a clear, companywide, time-bound commitment to ending deforestation by 2030 and to test the Taskforce for Nature-related Financial Disclosures (TNFD) framework.

While the company disagreed on elements of our request, they were open to testing the TNFD framework.

We believe the company should strengthen its policies and increase transparency on suppliers. As such, we will continue to engage on this issue.

CASE STUDY 2 & 3

We identified two Brazilian Packaged Foods & Meats companies as highly exposed to deforestation risk via their supply chain.

Brazil is the world's second largest producer of beef. While the dynamics of deforestation in the Brazilian Amazon are complex, it is commonly accepted that cattle ranching, and soybean farming are the predominant causes of deforestation in the Amazon.[5]

In 2022, we engaged with one of the largest Brazilian beef producers. The team queried what processes the company had in place to prevent land grabbing and questioned the company on how they worked with indigenous communities to ensure their lands are not adversely impacted by the company supply chain.

The company explained their 'Fund for the Amazon' programme, which promotes and finances initiatives to encourage forest conservation and provides financing for various indigenous communities. The company explained enhancements to its due diligence procedures for suppliers.

While the company has made progress on addressing deforestation, we believe that it remains highly exposed to continued risk. We believe that it is important to continue monitoring the company's practices in this area.

Additionally, in 2022, we met with an additional Brazilian food manufacturer which we believed to be exposed to deforestation-related risk through its sourcing of soybeans and to a lesser extent cattle. Given significant concerns, we asked the company to set a clear company-wide, time-bound commitment to ending its contribution to deforestation by at the latest 2030. Additionally, we asked the company to scale up its traceability efforts of indirect suppliers and to provide enhanced disclosure around deforestation-related risks. While the company welcomed our suggestions they would not, at the time, commit to time-bound commitments.

While not pleased with the company's response, given the importance of this topic, we plan to continue to work with the company in 2023 to help them better account for deforestation-related risk throughout their supply chain.

These examples are provided for illustrative purposes only. There is no assurance that the engagements will be successful and/or result in positive investment outcomes.

[5] "Types and rates of forest disturbance in Brazilian Legal Amazon, 2000–2013," Science Advances. Vol. 3 No. 4 (April 2017); "The role of pasture and soybean in deforestation of the Brazilian Amazon," Environmental Research. Vol. 5 No. 2 (April 2010).

Engagement Theme: Decarbonisation & Climate Action

BURNING QUESTIONS: ENGAGING THE GLOBAL ENERGY VALUE CHAIN

80%

APPROXIMATE SHARE OF FOSSIL FUELS IN THE GLOBAL ENERGY MIX[6]

GBaR has long considered climate change as a potential risk event and one of the key issues facing society and impacting markets. Indeed, recognising this risk within our portfolios that consider ESG factors, the team implements an additional tilt towards companies that we believe are better managing the risks and opportunities in the global transition towards a low carbon economy.

However, we also recognise that integration alone does little to mitigate the causes and effects of climate change. The GBaR team therefore uses its influence to engage with some of the most carbon-intensive sectors of the economy. During the reporting period, the team continued its engagement programmes with Oil and Gas and Electric Utility companies. Additionally, the team has begun a research programme and engagement outreach initiative with companies involved in carbon-intensive activities, such as cement production and transport. Over the reporting period, the team engaged with five Oil and Gas-related companies and nine Electric Utilities.

ELECTRIC UTILITIES

As direct transformers of fossil fuels into power, Electric Utility companies are some of the most carbon-intensive companies globally. However, through transitioning towards cleaner sources of power generation and building out electricity transmission infrastructure, the sector is central to the decarbonisation of economies.

Since 2020, GBaR has engaged regularly with Electric Utility companies across Europe, the U.S. and Southeast Asia to encourage more ambitious decarbonisation plans, such as those laid out by the International Energy Association. Typically, the team's engagement has focused on prioritising renewables over gas in the transition away from coal fired generation. GBaR has also focused on encouraging investee companies to step up their near-term decarbonisation ambitions.

Over the course of GBaR's initiative, the team regularly meets staff directly responsible for the decarbonisation strategies. Given the scope and scale of this challenge, the team intends to continue to engage over a number of years with the Electric Utility companies we hold, so that we can monitor progress and push for greater ambition.

To date, GBaR is pleased that our target companies' strategies are increasingly aligned with the ambition required to decarbonise the sector. Through continuous dialogue with our target companies, GBaR has validated our research findings that not only do renewables provide lower carbon electricity, but they are also increasingly the cheapest option compared to thermal assets. We believe that over the long-term this has the potential to lower not only emissions, but also customer bills.

However, the journey to decarbonisation is not always straightforward. Power generation is a highly complex and regulated industry, and the team has, through our engagements, come to understand and sympathise with the challenges inherent in such a large-scale transition from fossil fueled power generation to a predominately renewables-based system. Indeed, these challenges are not only associated with oft-cited limitations of renewable energy (intermittency for example), but are also tied to issues such as regulatory requirements to maintain fossil fueled plants, well founded concerns for a Just Transition, and bottlenecks concerning permitting.

[6] "World Energy Outlook 2022." IEA 2022.

CASE STUDY 4

The team has engaged with a U.S. Utility company to encourage management to target net zero emissions and phase out coal since 2020. We most recently met the company at the start of 2022.

We believe the company is a global leader when it comes to decarbonisation, however, we were concerned that the management does not have any longer-term targets beyond 2025. We have consistently requested the company commit to a long-term net zero target.

In our most recent call, the company described their thinking around planning for net zero and subsequently publicly announced a net zero plan targeting 2045 a few months after the call. Additionally, the company shut down all its coal-fired plants except for minority ownership stakes in two coal plants, which are due to close by 2024 and 2028, respectively (representing 0.4% of its capacity).

We are pleased with the company's new ambition and continued commitment to phase out coal. The company's plan will need to be monitored closely, as it requires significant investment over a long period of time. However, the company has a good track record and strong balance sheet to support the plans.

On the other hand, we believe the company could bring forward its decarbonisation ambition to 2035, in line with IEA recommendations, given significant regulatory tailwinds. The company's track record shows this may be possible.

CASE STUDY 5

Similarly, we have also engaged with a large European Utility company since 2020, most recently holding a meeting in 2022.

Since 2020, the company has made significant progress towards decarbonisation. This is demonstrated by their reported carbon intensity of 96g/Kwh in 2021 vs 172g/Kwh in 2014. However, we believe the company could cement its leadership position by bringing forward its net zero ambition. The team suggested that the company should follow the International Energy Agency's Net Zero guidance and seek to achieve net zero emissions in their generation by 2030 in operations in advanced economies, and 2040 in emerging markets economies.

The company agreed with GBaR on the need for a globally quicker decarbonisation of the electricity system. Since our last engagement, the company announced an updated net zero target for scopes 1 and 2 by 2030 and across scope 3 by 2040. It expects to invest 65-75 billion Euros between 2026 and 2030 to transform its business towards network and renewable assets. This is in line with our expectations, and we consider this engagement closed.

These examples are provided for illustrative purposes only. There is no assurance that the engagements will be successful and/or result in positive investment outcomes.

OIL AND GAS

As both a major source of global emissions, and the primary supplier of carbon-intensive fossil fuels, the energy industry is a key contributor to the climate challenge. While we recognise that Oil and Gas will remain a component of our energy system for some time, we believe that the energy transition necessitates a re-examining of energy companies' long-term strategy. To date, the rate of change across the sector is slow and companies continue to heavily invest in capital and carbon intensive assets. Indeed, there are signs that a more constructive commodity backdrop in 2022 may encourage this trend to continue.

We believe that warrants scrutiny. As touched on in our previous Stewardship Report, we encourage the energy companies that we invest in to establish decarbonisation strategies in line with the Paris Agreement. Our engagement requests that strategies be clearly defined, complemented with interim targets, and accelerated.

Furthermore, we expect Oil and Gas companies to ensure their existing assets are operated as responsibly as possible. In practice, this means monitoring and reducing operational greenhouse gas emissions, particularly methane. Methane has 28-times the heat-trapping potential of carbon dioxide over a 100-year period and 80 times over the first 20 years according to the Environmental Defense Fund.[7] It is estimated that Oil and Gas accounts for between 20-25% of anthropogenic methane. Minimising methane emissions from Oil and Gas operations is therefore a key lever investors have to mitigate global warming over the short-term.

[7] "Methane: A crucial opportunity in the climate fight." Retrieved on March 6, 2023 at https://www.edf.org/climate/methane-crucial-opportunity-climate-fight.

CASE STUDY 6

The team first engaged with this European Oil and Gas company at the onset of our Oil and Gas engagement programme in 2021. The team continues to encourage the company along its decarbonisation path holding an ongoing and consistent dialogue to ensure management is held to account.

Notably, since our first call in 2021, the company has become one of the first long-term Paris-aligned Oil and Gas companies as assessed by the Transition Pathway Initiative and is tilting its portfolio towards natural gas and renewable energy.

Additionally, it is worth highlighting the company's relatively strong position on lobbying versus their peers as an indication of their commitment to sustainability. We have encouraged the company to continue its strong practices and have used it as an example in engagement with others.

In 2021, the team requested that the company adjust its Scope 3 reduction ambitions to cover the entirety of its operations, not just Europe. We are pleased that they have adopted this advice.

Additionally, we have consistently pressed the company to prioritise cutting its methane emissions, given its heightened global warming potential. Again, the company continues to adopt progressive policies to mitigate methane emissions.

Undoubtedly, the company's transition is still in its infancy. The team believes there is still work to do to translate the company's ambition into action and we will continue to monitor the company's data for evidence of strategic change.

For example, we believe the company should begin to consider more aggressive transition scenarios that factor in a more rapid decarbonisation pathway as part of their stress testing for projects.

While 2022 demonstrated the importance of our traditional energy sources, it also showed why our continued reliance on them may not be pragmatic. Policy makers are increasingly aware of this dilemma.

These examples are provided for illustrative purposes only. There is no assurance that the engagements will be successful and/or result in positive investment outcomes.

Engagement Theme: Diverse & Inclusive Business

BARRIERS TO BOARDROOMS? DIVERSITY & INCLUSION

72%

PERCENTAGE OF DIRECTORS FROM HISTORICALLY UNDERREPRESENTED GROUPS AS A PROPORTION OF NEWLY APPOINTED DIRECTORS IN S&P 500 IN 2021[8]

Diversity, equality, and inclusion (DEI) are critical aspects of the "S" in ESG. There is growing evidence that companies with greater employee and management diversity alongside an inclusive culture may be better positioned to outperform.[9]

While progress on DEI can feel slow, we believe there are reasons to be cheerful. For example, at S&P 500 companies, 72% of newly appointed directors in 2022 came from historically underrepresented groups (female and minorities).

On the other hand, in many markets, discussions on gender have only just started and progress is from a lower base. Therefore, it is essential that our team take a differentiated view depending not only on the market where the company is based but also on industry and company specific factors. Nevertheless, the team will generally vote against board members deemed responsible for nominating directors where there is no female representation on the board. This is a baseline. The team is also increasingly interested in assessing racial diversity of boards in regions where the team believes there is an opportunity to do so.

DEI considerations should of course not just be isolated to the boardroom. A strong cohort of diverse talent throughout an organisation can help drive inclusivity and provide a wider pipeline of talent to flow to the C-Suite. We therefore engage with companies to promote DEI throughout their businesses.

Defining DEI

DIVERSITY	EQUITY/EQUALITY	INCLUSION
Presence of difference within a given context, such as an organisation. The term can refer to a diversity of identities, or characteristics, such as gender, race and sexual orientation. Diversity refers to a group, rather than an individual. However, a person can bring additional diversity to a company or group.	People have fair access, opportunity, resources and power to thrive. All people are treated identically, without consideration for barriers and disadvantages that exist for particular groups. Studies referenced often use the terms 'equity' and 'equality' interchangeably.	Described as the actions taken to understand, embrace and leverage the unique strengths and facets of diversity for all individuals so that they feel welcomed, inclusion is not a natural consequence of diversity.

Source: MSIM's GBaR team, as of May 31, 2023.

[8] 'S&P 500 Board Diversity Snapshot.' Spencer Stuart. 2022.

[9] See for example, McKinsey & Company, 'Diversity Wins'. 2020

CASE STUDY 7

The team identified a Scandinavian retail company that flagged for potential concerns over both board and workforce diversity.

With increased regulatory and shareholder scrutiny on board diversity and given the constraints on the company (the company has a small board, tenure issues and a staggered director election policy) we believe it would be prudent for them to take action to achieve at least 40% female representation on their board as soon as practical to avoid an abrupt disruption to an already well functioning board when regulation comes in to force in 2026.

We explained that ideally we would like to see a formalised aspirational target of 40% gender balance as regards board composition incorporated in the diversity or corporate governance policy. We do however think that a strong first step would be placing a female on the board committee with nomination responsibilities.

Lastly, the company could improve its disclosure on how it is attracting, retaining and promoting diverse candidates. This may be more and more important as the company executes its growth ambitions through Scandinavia and increasingly hires from non-native populations.

The team found the engagement very informative and were pleased to see how transparent the company is on the challenges and opportunities they are facing. The company has relayed our feedback to the board, and we will continue to monitor their progress against our request.

CASE STUDY 8

The team engaged with a prominent American Media & Entertainment Company alongside another investment team at the firm.

We referred to a recent shareholder proposal on gender diversity and requested that the company fully comply with the request for more granular data. The company committed to enhancing its disclosure in line with the shareholder proposal and has already made refinements since our engagement.

More generally, we discussed how the board oversees the development and retention of diverse talent within the company to senior levels and were pleased to hear how increasingly involved the board were in the strategy. We discussed the company's bottom-up approach to hire from a more diverse pool of talent including using diverse interview panels.

Additionally, with reference to numerous research reports on the U.S. consumer showing a preference for diverse storytelling,[10] we spoke about diversity in decision making or high visibility areas such as those involved with greenlighting content, production and other roles in front and behind the camera.

We plan on engaging with this company for the long term. We believe diversity and inclusion to be key for this company. The goal should be organisational settings that allow all talent to flourish. We believe this may be a direct lever for improving performance.

These examples are provided for illustrative purposes only. There is no assurance that the engagements will be successful and/or result in positive investment outcomes.

[10] For example: Authentic Inclusive Representation in Film - Read the Report and Download the Tip Sheet — Center for Scholars & Storytellers (scholarsandstorytellers.com)

Engagement Theme: Corporate Governance

GAS, GUNS, AND CORPORATE GOVERNANCE: PROXY VOTING IN 2022

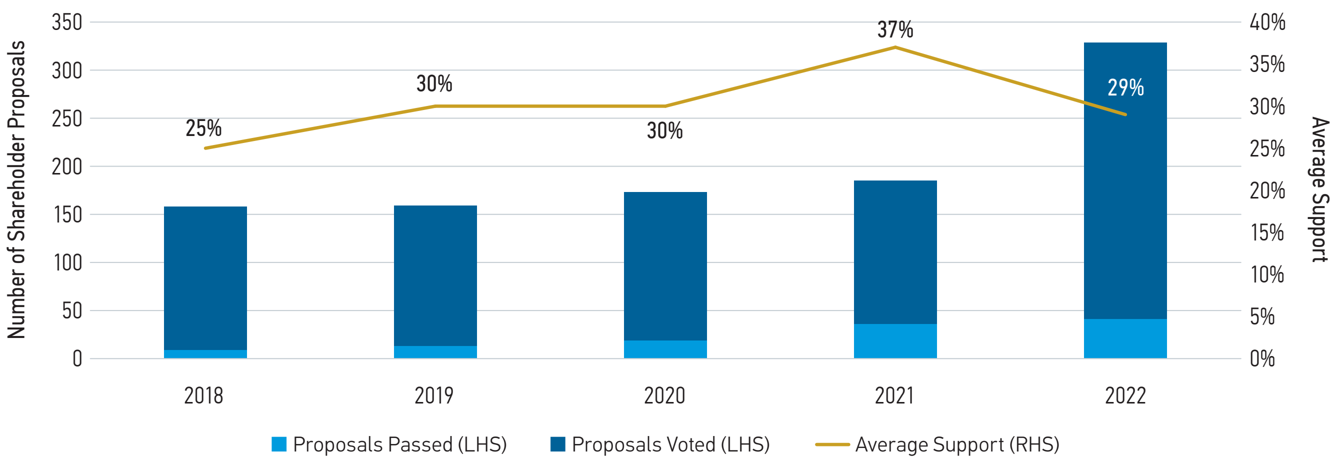
We see proxy voting as an integral component of our normal monitoring and engagement activity. We seek to exercise voting rights on all shares held by our clients, unless the costs or administrative burden of doing so are excessive, such as in markets with share blocking. To promote consistency in voting proxies on behalf of our clients, we follow MSIM's Proxy Voting Policy.[11]

The 2022 proxy season was framed by a number of colliding forces as described in more detail below: On the one hand, record breaking levels of support for ESG Shareholder proposals across the U.S. in 2021 crashed headlong into an increasingly politicised backlash against investors who are increasingly challenging companies on their actions regarding climate change and social inequality.

Against this backdrop, we saw investors show a lower level of general support for ESG shareholder proposals. In 2022, Environmental and Social proposals decreased after steadily rising throughout the last decade, reaching the lowest average percentage of votes cast in the U.S. market since 2018.[12]

For our part, we remained focused on scrutinizing each individual proposal on its own merits. Our voting seeks to be consistent with our assessment of the materiality of specific ESG issues on a company's financial performance and relationship with its stakeholders. In 2022, the GBaR team supported approximately 59% of shareholder proposals on ESG related matters with which we were presented.

Shareholder Voting Trends in the U.S.



Source: PWC. August 2022.

[11] www.morganstanley.com/im/publication/resources/proxyvotingpolicy_msim_en.pdf

[12] PWC Boardroom recap: The 2022 proxy season

CASE STUDY 9

The team initiated engagement with a UK Communications company on the back of significant concerns with continued poor remuneration policy implementation at the company.

Notably, we were concerned that the Remuneration Committee intervened and exercised positive discretion to adjust metrics in order to make them more achievable. The team expressed satisfaction at the board's Remuneration Committee and Pay Policy refreshment, however, we were concerned that the former Chair remained a member. The team believed that as the company moves towards a new remuneration policy, they should exercise a break with the past and relieve the director of his remuneration committee duties. The team pointed out significant shareholder discontent with the director in question at the last annual meeting.

The company agreed in hindsight that exercising positive discretion was egregious and accepted that the former Chair of the Remuneration Committee was the focus of a lot of shareholder ire.

The team notified the company it would vote against the Pay Report and for the Pay Policy in light of adjustments made as well as voting against the former Chair of the Remuneration Committee. Highlighting broader shareholder discontent at the annual general meeting, the management Pay Report received only about 29% of votes cast in support of the proposal while the Pay Policy received approximately 90%.

Notably, in the days after the team's engagement with the company, the director in question opted not to stand for re-election.

CASE STUDY 10

The team engaged with the chairman and CEO of a prominent UK Food Retailer in 2022. The company was targeted by an investor coalition calling for the company to become a living wage accredited employer.

As firm believers in the necessity of a living wage, the team were disappointed to see the board recommend against voting for the proposal and sought more colour as to why. While we acknowledged the company currently pays 100% of its direct staff the living wage, we believe they should gain accreditation and seek to extend this standard to all outsourced staff.

The proposal failed to reach the required level of support at the company's annual general meeting.

As the cost of living continues to rise, GBaR will monitor the living wage foundations guidance and seek to ensure the company continues its established practice of paying the wage and encourage the company to extend the standard. We are pleased to note the company has recently aligned with the latest guidance from the foundation, albeit not for indirectly hired staff.

These examples are provided for illustrative purposes only. There is no assurance that the engagements will be successful and/or result in positive investment outcomes.

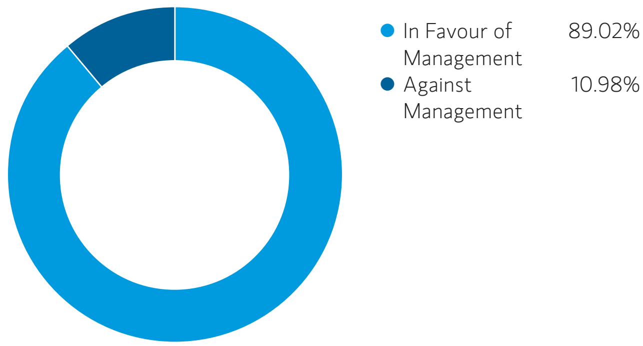
Proxy Voting Statistics 2022 – Global Balanced Risk Control Team

- ✓ We voted on 13,302 resolutions at 1,074 shareholder meetings
- ✓ We voted Against at least on resolution at 50.32% of shareholder meetings
- ✓ We voted Against Management approximately 11% of the time
- ✓ We voted Against 27.52% of Executive Renumeration resolutions
- ✓ We voted For 59% of Shareholder Proposals related to ESG matters

Proxy Voting Overview 2022

Number of Votable Meetings	1,083
Number of Voted Meetings	1,074 (99%)
Number of Votable Resolutions	13,450
Number of Voted Resolutions	13,302 (98.90%)

GBaR's Approach to Stewardship



Risk Considerations

There is no assurance that the Strategy will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in this portfolio. Please be aware that this strategy may be subject to certain additional risks. There is the risk that the Adviser's **asset allocation methodology and assumptions** regarding the Underlying Portfolios may be incorrect in light of actual market conditions and the Portfolio may not achieve its investment objective. Share prices also tend to be volatile and there is a significant possibility of loss. The portfolio's investments in **commodity-linked notes** involve substantial risks, including risk of loss of a significant portion of their principal value. In addition to commodity risk, they may be subject to additional special risks, such as risk of loss of interest and principal, lack of secondary market and risk of greater volatility, that do not affect traditional equity and debt securities. **Currency fluctuations** could erase investment gains or add to investment losses. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. **Longer-term** securities may be more sensitive to interest rate changes. **Equity and foreign securities** are generally more volatile than fixed income securities and are subject to currency, political, economic and market risks. Equity values fluctuate in response to activities specific to a company. Stocks of **small-capitalization companies** carry special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. The risks of investing in **emerging market** countries are greater than risks associated with investments in foreign developed markets. **Exchange traded funds (ETFs)** shares have many of the same risks as direct investments in common stocks or bonds and their market value will fluctuate as the value of the underlying index does. By investing in exchange traded funds ETFs and other **Investment Funds**, the portfolio absorbs both its own expenses and those of the ETFs and Investment Funds it invests in. Supply and demand for ETFs and Investment Funds may not be correlated to that of the underlying securities. **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the portfolio's performance. A **currency forward** is a hedging tool that does not involve any upfront payment. The use of **leverage** may increase volatility in the Portfolio. **Diversification** does not protect you against a loss in a particular market; however, it allows you to spread that risk across various asset classes. **ESG** Strategies that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

A separately managed account may not be appropriate for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required.

For important information about the investment managers, please refer to Form ADV Part 2.

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