

# Responsible Investment Policy

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# 1. INTRODUCTION

Aperture Investors, LLC (together with its affiliates, "Aperture", "us" or "we") aims to always put its investors first. This philosophy carries through our business, from the way we structure our incentive system to the way that we invest. We believe that, over time, careful consideration of material responsible investment factors may improve outcomes for investors, so we have adopted the protocols and procedures detailed in this Responsible Investment Policy (the "Policy") for certain funds and accounts that have elected to adhere to the Policy (collectively, "Clients").

The Policy covers research, proxy voting, and exclusion criteria, among other things. The precise manner of adoption and implementation of the Policy may vary by Client, and certain funds and accounts managed by Aperture have elected not to adhere to the Policy.

The Policy is reviewed on an annual basis by Aperture's Responsible Investment Committee and is subject to revision by the Responsible Investment Committee at any time.

Aperture has committed to the following initiatives:

- United Nations Global Compact
- United Nations Principles for Responsible Investment (PRI)
- Investor Stewardship Group (ISG)





## 2. INCENTIVE SYSTEM

Aperture was founded on the simple premise that incentive compensation in investment products should be connected to the performance of those products. Our objective is to produce excess returns (on a relative or absolute basis, as applicable) for our Clients over time, and we believe that we've created an incentive system for our portfolio managers that puts Client results first. We believe this alignment between Clients' interests and our compensation demonstrates our recognition that ESG principles matter not only in the way we invest but also in the way we run our business. Further, we believe that our model creates a level of alignment with our investors rarely seen in our industry. When investing on behalf of our Clients, our main objective is to generate excess returns (on a relative or absolute basis, as applicable). Because we believe material responsible investment factors affect performance in various ways, we are committed to integrating such factors into the research process in a thoughtful way. These factors may vary depending on investment themes, asset classes, and investment philosophies. We do not believe in standardized responsible investing frameworks and "one size fits all" approaches, so we deliberately give our investment teams autonomy and discretion in their investment processes.

## 3. RESEARCH

The investment teams may utilize various sources of information to analyze and monitor potential investments, including, among other things, information from third-party ESG research and/or data providers, financial press, credit rating services and media reports.

For certain Clients, in addition to environmental and social factors, investment teams review and analyze corporate governance, in particular with respect to sound management structures, employee relations, staff remuneration, tax compliance, as well as responsible decision-making into investment processes.



## 4. PROXY VOTING

The main purpose of our proxy voting is to promote and protect the rights and interests of our Clients as shareholders. In furtherance of that goal, certain Clients are subscribed to proxy voting services that take into account sustainability concerns and promotes sustainable business practices, such as advocating for stewardship of the environment, fair labor practices, non-discrimination, the protection of human rights and advancing principles of good corporate governance. Aperture maintains a written proxy voting policy that, among other things, provides that we may override the proxy voting services in order to act in the best interests of our Clients.

## 5. EXCLUSIONARY FRAMEWORK

Based on input from third-party service providers, Aperture has developed a series of exclusionary screens to prohibit certain investments if they are deemed to not meet the minimum sustainability criteria of our Clients.

### a) SCOPE

The exclusionary screen applies exclusively to (a) direct investments in single issuers of securities, (b) indirect investments that provide long exposure to single issuers of securities, such as through derivatives, and (c) investments in baskets of issuers of securities over which we retain investment discretion. The screen does not apply to indices, ETFs, or other similar pooled products where we do not have discretion over the underlying securities. Also, it does not apply to short positions, so all our Clients are permitted to take short positions in issuers included on the exclusionary screen.

The scope of the applicability of the exclusionary screen may vary, as explained in greater detail below.





## Exclusionary Screen Overview

Each Client has selected an exclusionary screen rubric to apply to its investments based on its strategy — “Class A,” “Class B” or “Class C” (each, a “Class”). The below percentages show revenue limits for different categories of activity and Classes. In addition, any issuer that is in violation of country exclusions based on international sanctions or has severely breached at least one of the UN Global Compact principles, is prohibited for all three Classes. For additional details on which fund is subscribed to which Class, please refer to the individual Client organizational documents.

Exclusionary Screen Classes			
ACTIVITY	CLASS A	CLASS B	CLASS C
<b>WEAPONS</b>			
Production of Controversial Weapons	0%	0%	0%
<b>FOSSIL FUELS AND NUCLEAR ENERGY</b>			
Thermal Coal	-	25%	20%
Oil Sands	-	25%	20%
Nuclear Power Generation	-	-	30%
<b>OTHER CONTROVERSIAL ACTIVITIES</b>			
Tobacco Production	-	5%	0%
Palm Oil	-	-	10%



## b) DEFINITIONS OF EXCLUSIONS

**Controversial Weapons:** All three Classes will avoid investments in issuers that produce controversial weapons. At the date of publication of this Policy, Aperture considers the following weapons to be controversial:

- **Cluster Munitions:** Under the Convention on Cluster Munitions, the development, production, acquisition, stockpiling, and transfer of cluster munitions is prohibited. The convention, also known as the Oslo Convention, entered into force in 2010.
- **Landmines:** Under the 1997 Anti-personnel Landmines Convention, often referred to as the Ottawa Convention or the Anti-Personnel Mine Ban Treaty, signatories agreed to prohibit the use, stockpiling, production or transfer of anti-personnel mines.
- **Biological and chemical weapons:** The Biological Weapons Convention (formally known as “The Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological and Toxin Weapons and on their Destruction”), effectively prohibits the development, production, acquisition, transfer, stockpiling and use of biological and toxin weapons. The Chemical Weapons Convention, which prohibits the development, production, stockpiling and use of chemical weapons.
- **Depleted uranium weapons:** The use of depleted uranium weapons is controversial and raises concerns about potential long-term health effects, due to its chemical and radioactive toxicity.
- **Blinding laser weapons, incendiary weapons, and non-detectable fragments:** These are addressed in the United Nations Convention on Certain Conventional Weapons and its Protocols. The convention aims to ban or restrict the use of specific types of weapons that are considered to cause unnecessary and/or unjustifiable suffering to combatants or to affect civilians indiscriminately.
- **Nuclear weapons outside of the Non-proliferation Treaty (NPT):** The NPT is an international treaty designed to prevent the spread of nuclear weapons and related technology, while promoting cooperation toward nuclear disarmament. Investments in countries that are either non-signatories or non-compliant with the treaty should be avoided.





**Sanctions-Related Exclusions:** All funds and accounts managed by Aperture comply with Aperture's Global Sanctions Policies and Procedures, which prohibit the holding of certain assets under laws, rules and regulations promulgated in the U.S., UK or EU, as applicable.

**Fossil Fuels:** Worldwide, fossil fuels are used to generate energy - in the form of electricity, heat, and fuel for transportation. If society continues to depend on fossil fuels in the quest for energy security, it will lead to an increase in greenhouse gas emissions and could trigger a climate tipping point on our planet. To prevent this outcome, 195 nations agreed to a joint approach to combat climate change at the COP 21 in Paris in 2015 (often referred to as the "Paris Agreement").<sup>1</sup> The Paris Agreement recommends reduced investment in businesses with substantial revenue derived from thermal coal extraction and oil sands.

- **Thermal coal:** Thermal coal, which is mainly used for power and heat generation, is one of the most carbon-intensive fossil fuels and a major contributor to greenhouse gas emissions. Metallurgical coal (coking coal), which is a key material in the process of steel production, is not included in this category.
- **Oil sands:** Oil sands, also known as tar sands, are a mixture of sand, water, clay, and bitumen (a type of thick crude oil). The extraction of oil sands poses a significant risk to the environment, due to the high greenhouse gas emissions, energy-intensity and destruction to the landscape and biodiversity that accompany such extraction.

**Nuclear Power Generation:** Even though nuclear reactors do not produce carbon dioxide or air pollution while operating, the mining and refining of uranium ore require large amounts of energy. In addition, there are several major environmental and social concerns related to nuclear power, such as the creation of radioactive waste and reactor safety.

**Tobacco Production:** Tobacco is responsible for over 8 million human deaths each year, resulting from either direct tobacco use or second-hand smoke.<sup>2</sup> Because of the public health concerns, as well as the economic cost associated with tobacco, certain Classes exclude investments in issuers involved in manufacturing tobacco products such as cigarettes, cigars, e-cigarettes and chewing tobacco. This also includes issuers that grow or process raw tobacco leaves.

<sup>1</sup> United Nations Framework Convention on Climate Change. "Historic Paris Agreement on Climate Change", <https://unfccc.int/news/finale-cop21>

<sup>2</sup> World Health Organization, July 2023 <https://www.who.int/news-room/fact-sheets/detail/tobacco>



**Palm Oil:** Palm oil is a commodity that is commonly used in various consumer-related products. Intensive palm oil production can have severe environmental and social impacts, such as deforestation, air, soil and water pollution, widespread habitat loss for endangered species and displacement of indigenous peoples. The exclusionary screen identifies issuers that are involved in the production and distribution of palm oil.

**UN Global Compact:** The exclusionary screen identifies issuers that are in severe breach of UN Global Compact Principles on human rights, labor standards, environmental protection and anti-corruption.

## c) IMPLEMENTATION

Aperture uses a recognized third-party service provider to identify issuers that should be included on the exclusionary lists. Aperture updates its exclusionary lists twice a year. If a portfolio manager disagrees with this third-party assessment, he or she may appeal such exclusion to the Responsible Investment Committee. The Responsible Investment Committee has the discretion to diverge from the list provided by the third-party service provider if the Responsible Investment Committee determines the third-party data is materially incomplete or inaccurate, and therefore Aperture's exclusionary list may differ from that provided by the third-party service provider in certain circumstances.

In the event that an issuer is added to an exclusionary list, the relevant portfolio managers will initiate the sale of related positions held in an orderly manner over a reasonable period of time.