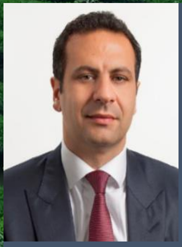
FIM Partners

Annual Sustainability Report 2021

Message from our CIO



I am pleased to share our 2021 Annual Sustainability Report which highlights our approach to Responsible Investing along with key initiatives and milestones achieved during the year. This is our first integrated report encompassing both Equities and Fixed Income strategies.

With the focus having been on our Equities approach last year, this year we wanted to highlight the strides made on the Fixed Income front which included the development of an exceptional Sovereign ESG framework, as well as the classification of FIM Partners' UCITS, FIM GEM Debt Fund under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), underlining our commitment to responsible investment and transparency.

One of our key initiatives last year was aimed at placing an enhanced focus on climate change, which is paramount in our markets considering the food security risk it poses amongst others. While our ESG KPI database captures the environmental metrics of portfolio holdings, we recognized that merely monitoring these metrics did not suffice. In response, using the SASB guidelines, we categorized portfolio holdings based on their respective industry emission risk level and accordingly devised an engagement roadmap for each category. This will not only augment our investment due diligence process to better incorporate climate change risk but also facilitate climate change awareness amongst our portfolio investments.

Finally, while quantitative returns are considered a benchmark of success, we at FIM Partners are ardent believers that achieving returns in a sustainable manner is equally important. In that regard I am pleased to see the progress across key ESG metrics across our investments.

Going forward, we will continue to enhance our internal sustainability capabilities whilst utilizing our platform to increase awareness as part of our commitment to being a responsible investor.

Hedi Ben Mlouka
Founder and CIO

The ESG Team

Our approach to ESG is codified in FIM Partners Responsible Investment Policy and is integrated into our processes by the entire investment team.

We have also established a dedicated ESG Team composed of our Sustainability Lead and senior investment team members across asset classes to spearhead our sustainability initiatives and lead the firm-wide efforts towards the continuous improvement of our processes.

Maryam Mughal
Sustainability Lead

Matthew Vogel
Head of Sovereign Research & Portfolio Manager

Mohammed Ali Hussain
Head of Equities Research

Kia Williams
Senior Analyst
Fixed Income

Marten Bressel
Portfolio Manager & Trader
Fixed Income

2021 IN REVIEW: FIM PARTNERS

For 2021, the following changes and updates have occurred at the firm level.

ESG Policies

FIM Partners Responsible Investment (RI) Policy incorporated the following changes:

- Updating the sector exclusion list to completely exclude coal mining activity; previously the revenue threshold had been capped at 30%.
- Including our proprietary Sovereign-specific ESG processes in the RI policy.

The FIM Partners Stewardship Policy and Guidelines were also finalized.

All changes and updates have been approved by our Board of Directors.

Reporting on the UN PRI

In 2021 FIM Partners became eligible to report to the UN Principles for Responsible Investment (UN PRI) for the first time since becoming a signatory in 2019.

The first Assessment Report by the UN agency is expected in June 2022.

ESG Training

The topic of sustainability is constantly evolving making it imperative to ensure that the investment team has the right tools to excel.

Team trainings also provide a good platform for interactive discussions on how to improve our processes based on the team's consistent dialogue with portfolio holdings and assessment of country-level developments.

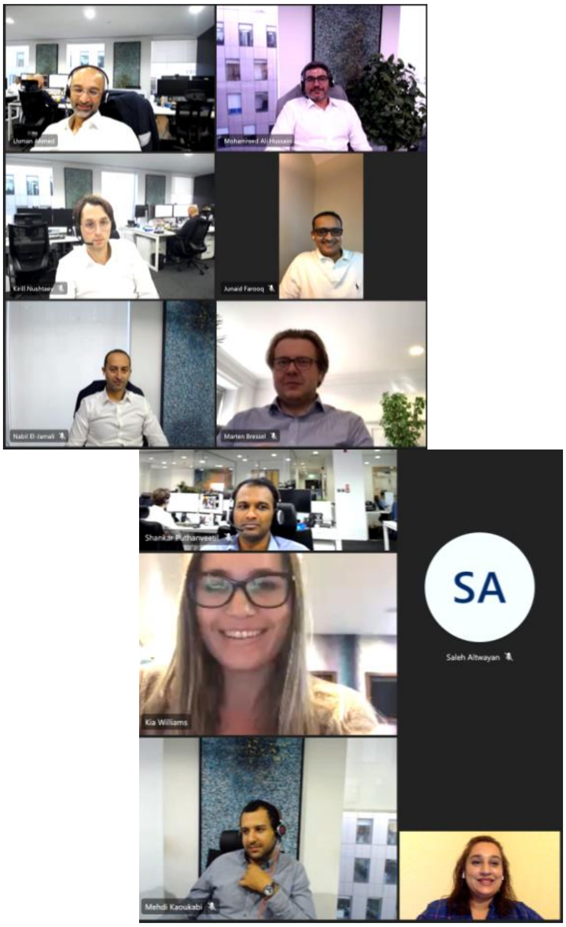
During the year we held two classroom style training sessions. The first was conducted by an international sustainability consultant and was dedicated to our revised ESG scoring methodology.

The second training was conducted by our Sustainability Lead, and focused on material environmental aspects that could impact our investments and educating the team on our new climate risk classification of portfolio holdings (discussed in more detail on page 7).

Updated Sector Exclusions [1]

- Tobacco production/distribution (5%)
- Alcohol production/distribution (5%)
- Gambling
- Adult entertainment including pornography
- Illegal and nuclear Weapons, including but not limited to cluster munitions, anti-personnel mines, biological weapons, chemical weapons, depleted uranium munitions and non-detectable fragments, incendiary and blinding weapons
- Coal mining
- Radioactive materials
- Unbonded asbestos fibres
- Any product or activity deemed illegal under applicable local, national laws or subject to internationally agreed phase-outs or bands as defined in global conventions and agreements

(1) Revenue threshold in parentheses where applicable



Monthly ESG Meetings

The ESG Team, composed of senior investment team members across asset classes, held monthly meetings throughout the year. During these meetings, team members provided updates for their respective departments and progress on firm-wide initiatives.

Updated the ToRs of the ESG Committee

In the last quarter of the year, new terms of reference of the ESG Committee (Committee) comprised of members of the ESG Team and the firm's Compliance Officer, were adopted by the Board whereby the Committee will meet at least bi-annually. The objective of the Committee is to establish board level oversight of the implementation of FIM Partners' Responsible Investment Policy.

Management Questionnaires and ESG Scorecards

At the end of the first quarter, we finalized the updated sector-specific questionnaires and scorecards. This was further to the recommendations of the international sustainability consultant engaged in 2020 to enhance our ESG assessment methodologies which included the development of sector-specific ESG scorecards to better capture material sector risks and align the scoring process accordingly. In the following months, we shared the updated questionnaires with all portfolio companies and updated our scorecards accordingly. We are pleased to see the high level of responses to our updated questionnaire considering its wider scope.

Covid-19 Protocol

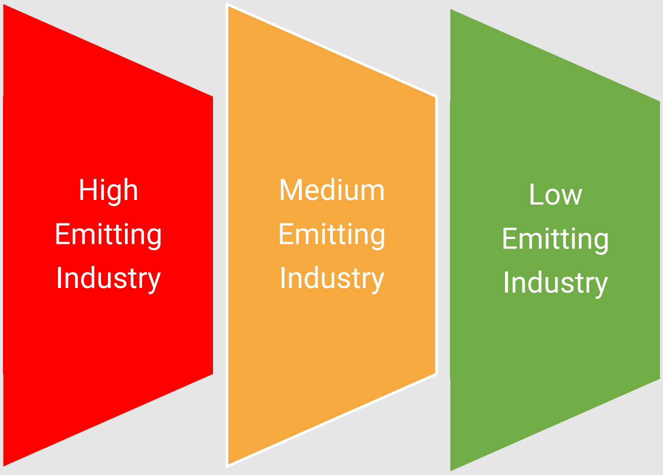
Since the pandemic, the firm has abided by all regulations and upheld all social distancing rules at the workplace. Protocols have been put in place after careful assessment of the ground realities. These have included either all staff working at home or working in the office on a rotational basis and eventually full capacity only when it was completely safe to do so. Within the offices, there are detailed rules on observing distancing measures.

Addressing Climate Change Risk

In the last few years, extreme climate change related events are becoming more frequent leading to devastating global losses. It is also important to consider the potential wide-ranging impact on future asset valuations if climate change risks remain ignored.

Hence, an effective strategy that addresses climate change related risks for our investments has become increasingly imperative. While our management questionnaires capture significant information regarding a company's environmental profile, we felt that monitoring alone is not enough. Rather an approach that prioritizes climate change risk in an engagement framework was required.

As a first step, utilizing the SASB industry materiality map, we have devised a strategy by splitting our portfolio sectors into three color-coded tiers: high emitters, medium emitters, and low emitters. These tiers will define the engagement road map for each invest based on their climate risk profile, with high emitters getting the highest priority. Most of our investments are in medium and low-emitting industries, thereby reducing climate change risk from the outset. A sample engagement road map of a medium-emitting industry has been outlined below.



Engagement road map for a Medium Emitting Industry

Stage 1

0 – 12 months

- Build awareness regarding material ESG risks
- Recommend changes and the adoption of international sustainability guidelines
- Recommend a dedicated resource (internal or external consultant) for calculating / reporting on company's carbon footprint

Stage 2

12 – 18 months

- Review progress on annual or sustainability report on ESG metrics
- Review progress on aligning with a sustainability framework or guideline
- Gauge management willingness to change/adapt through regular meetings

Stage 3

18 – 36 months

- Company reports on Scope 1, Scope 2 and Scope 3 emissions, preferably in a publicly-available annual report
- If management achieves 2 out of 3 initiatives outlined below, we remain invested: (i) Reports on ESG metrics, (ii) aligns with an international guideline or, (iii) hires a dedicated sustainability resource.

Webinar: Saudi Arabia’s ESG Transformation

In September 2021, FIM Partners held an engaging webinar titled ‘The Saudi Transformation from an ESG Perspective’.

The key panel speakers were:

- Hawazen Nazieh Nassief, Vice President of ESG at National Energy Services Reunited Corporation
- Bandar Al Blehed, Director of Client Relations and Head of ESG at Tadawul – the Saudi stock exchange
- Iyad Abdulrahman Al-Garawi, Secretary General of, GM of Board Affairs, Corporate Governance and Investor Relations at SABIC, which is one of the largest petrochemical companies in the world

Our objective for organizing this webinar was to increase awareness about the sustainability efforts that are underway in the Kingdom of Saudi Arabia which aim to turn it into an open and diverse society and economy. Our panelists discussed the challenges that are being addressed on the ground, as well as the fast-paced changes linked to Vision 2030 and the National Transformation Plan that are leading to better social and economic outcomes as well as investment opportunities.

Some of the key takeaways from the session were:

- Saudi Arabia is going through remarkable developments in the areas of structural and social reform, especially as compared to its regional peers;
- In the area of human rights, the Kingdom has enacted reforms that are addressing major shortcomings. In 2019, the World Bank’s Women, Business and Law Report highlighted that Saudi Arabia is one of the most improved economies due to comprehensive reforms in mobility, workplace, parenthood, entrepreneurship, and pension;
- The Kingdom’s National Transformation Plan sets out an ambitious economic diversification strategy away from the legacy dependency on oil;
- For Saudi corporates and their regulators, becoming ESG-compliant is not just a demand from investors but to also align with the country’s ambitious vision;
- Corporates such as SABIC who have been focused on socially-responsible processes and reporting on key metrics for over a decade find it beneficial to do so because it helps them take stock of any gaps or inefficiencies when formulating long-term strategies and goals;
- Tadawul, the Saudi stock exchange, has adopted and aligned with several sustainability initiatives such as the UN Sustainable Stock Exchange Initiative and aims to create a dedicated ESG index while also rolling out corporate sustainability disclosure guidelines.

FIM Partners representatives’ Matthew Vogel, Head of Sovereign Research & Portfolio Manager; Mohammad Ali Hussain, Head of Research and Maryam Mughal, Sustainability Lead also participated in the interactive webinar.

To view the recorded session of the webinar, please contact us at **investorrelations@fimpartners.com**.

2021 IN REVIEW: EQUITIES

One of the key milestones this year has been the methodological enhancement of our proprietary ESG Scorecards and the associated scoring methodology.

We developed our first ESG scorecard in-house in 2018. All holdings were evaluated using these scorecards which measure a range of quantitative and qualitative criteria across the ESG spectrum. The scoring range is from 0-100 with 50 deemed as a minimum inclusion score. Our original scorecard covered just over 40 indicators along with 16 unique KPI data points. However, all investments were evaluated on the same questions and metrics thereby not adequately capturing sector specific material risks.

In 2021, with the aid of an international sustainability consultant, we created a more nuanced scorecard with a sector-specific methodology. For example, a financial company is now assessed on 60 indicators and 24 unique KPI data points. Similarly, a relatively higher emitting company in the Industrials and Materials sector will be measured on 69 indicators and 33 KPIs. The weighted scoring for each sector is now based on sector materiality risks rather than the homogenous approach deployed earlier, thereby making our approach in line with global best practices.

While we continue to retain the services of a leading global ESG risk rating provider to aid negative screening and controversy alerts, we rely on our proprietary approach for determining ESG scores. Currently, our database consists of detailed ESG profiles, including sector-specific metrics and KPIs for over 80 corporates and continues to grow. During the year, we scored a total of 51 listed companies across the different public equity strategies. The continued growth of our database provides a unique edge in an investment space which remains under researched in terms of coverage by global ESG Risk rating providers.

'Environmental' indicators and KPI Metrics of our legacy ESG Scorecard

		Yes/No	Risk Level	Score
1	**Environmental Factors**			0
1.1	Does the company have an Environmental Policy in place		Low	
1.2	Is the Company compliant with all local environmental regulations		Low	
1.3	Has the company been involved in any environmental controversy events (lawsuits, court orders)		Low	
1.4	Does the company have an Environment Management System		Low	
1.5	Does the company monitor any of the applicable metrics:		High	
1.5.1	Water Usage			
1.5.2	Waste Management			
1.5.3	Energy Consumption			
1.5.4	Greenhouse Gas Emissions			
1.5.5	Carbon Emissions/Carbon Footprint			

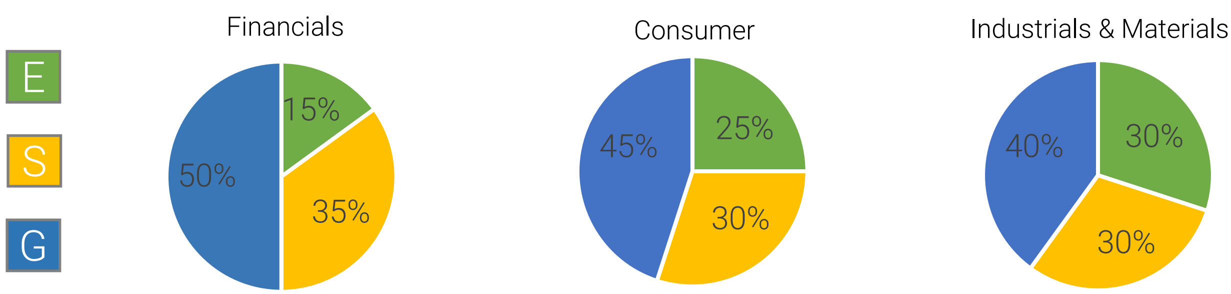
	2015	2016	2017	2018	2019	Comments
Environment						
Water Usage (M3)						
Waste Management						
Energy Consumption (MwH)						
Greenhouse Gas Emissions						
Carbon Emissions/Carbon Footprint						

Environmental Indicator and KPI Metrics of the new ESG Scorecard for the Industrials & Materials sector

		Yes/No	Points	Fundamental / aspirational
1	**Environmental Factors**		0	
1.1	Does the Company have an Environmental Policy in place?		0	Fundamental
1.1.1	Does the Environmental Policy set out the Company's commitment and approach to managing all material environmental issues in its operations? (e.g. energy, water, waste, greenhouse gas emissions, air pollution/quality)		0	Fundamental
1.1.2	Is the Environmental Policy approved by the Company's Board?		0	Fundamental
1.2	Has the Company been involved in environmental incidents and/or breached relevant environmental regulations?		0	Fundamental
1.3	Does the Company have an Environment Management System (EMS) or an Environment Management Plan (EMP)?		0	Fundamental
1.3.1	Is the EMS or EMP in accordance with an independent standard such as i.e. ISO 14001?		0	Aspirational
1.4	Does the Company have improvement targets (annual or otherwise) for any of the following:			
1.4.1	Water use		0	Fundamental
1.4.2	Waste generation		0	Fundamental
1.4.3	Energy consumption		0	Fundamental
1.4.4	Greenhouse Gas emissions (as a minimum Scope 1 and Scope 2 CO2 emissions)		0	Aspirational
1.4.5	Air pollution/quality		0	Fundamental
1.5	Has the Company implemented over the past 12 months, or plans to implement in the coming year improvement programs or initiatives for any of the following:			
1.5.1	Water usage		0	Fundamental
1.5.2	Waste generation		0	Fundamental
1.5.3	Energy consumption		0	Fundamental
1.5.4	Greenhouse Gas emissions (as a minimum Scope 1 and Scope 2 CO2 emissions)		0	Aspirational
1.5.5	Air pollution/quality		0	Fundamental
1.6	Has the Company's performance improved/remained strong over the last three years in the following areas:			
1.6.1	Water usage		0	Fundamental
1.6.2	Waste generation		0	Fundamental
1.6.3	Energy consumption		0	Fundamental
1.6.4	Greenhouse Gas emissions (as a minimum Scope 1 and Scope 2 CO2 emissions)		0	Aspirational
1.6.5	Air pollution/quality		0	Fundamental
1.7	Does the company have a program in place to minimise its dependency on raw materials and/or products with known negative environmental impacts or run a program with suppliers to help minimise these impacts?		0	Fundamental
1.8	Does the company have innovative products and an R&D program that seek to improve the environmental performance of products in use (i.e. reduce embodied carbon, improve energy efficiency of buildings) and minimise the environmental impacts at end of use stage?		0	Aspirational
1.9	Does the company have a system in place to identify exposure of its operations to climate change risks, such as severe weather, water stress, migration of peoples and diseases?		0	Fundamental
1.9.1	Has the company implemented any measures over the past 12 months, or plans to in the next year, that reduces its exposure to Climate Change risks?		0	Aspirational
1.10	Has the company been involved in environmental controversies (not covered above)?			Fundamental

Environmental KPIs	2017	2018	2019	2020	Notes
Water usage - mains and groundwater (m^3)					
Energy used in operations (MWh)					
Renewable energy used in operations (MWh) *					
Non-hazardous waste generated (metric tons)					
Non-hazardous waste recycled (metric tons) *					
Non-hazardous waste sent to landfill (metric tons) *					
Hazardous waste generated (metric tons) *					
Scope 1 Greenhouse Gas emissions (tons of CO_2 or CO_2e) *					
Scope 2 Greenhouse Gas emissions (tons of CO_2 or CO_2e) *					
Total Scope 1 & 2 Greenhouse gas emissions (tons of CO_2 or CO_2e)					
Annual Particulate matter - $PM_{2.5}$ (Microgram per cubic meter (μg/m³))					Annual average ambient concentrations of PM2.5 in micrograms per cubic meter
Nitrous Oxide (N_2O) emissions (tons of N_2O)					Key controls of PM
Sulphur dioxide (SO2) emissions (tons of SO_2)					Key controls of PM
Ammonia (NH_3) emissions (tons of NH_3)					Key controls of PM

Comparison of Score Weighting by Sector



ESG Highlights from FIM Partners Equities Funds

38% companies have adopted environmental management systems

60% companies have formal environmental policies

56% companies monitor their energy consumption

56% companies track their carbon footprint*

100% companies have opportunities for human capital development

71% companies have at least one woman in senior management

100% companies have CSR initiatives and activities

79% companies whose Board is at least one-third independent

90% companies have at least one independent director on its Audit Committee

46% companies have an independent director chairing its Audit Committee

56% companies have at least one woman on the BoD

77% companies have whistleblower programs

96% companies have anti-bribery policies

* Results are from FIM Partners' public equity funds as of December 2021

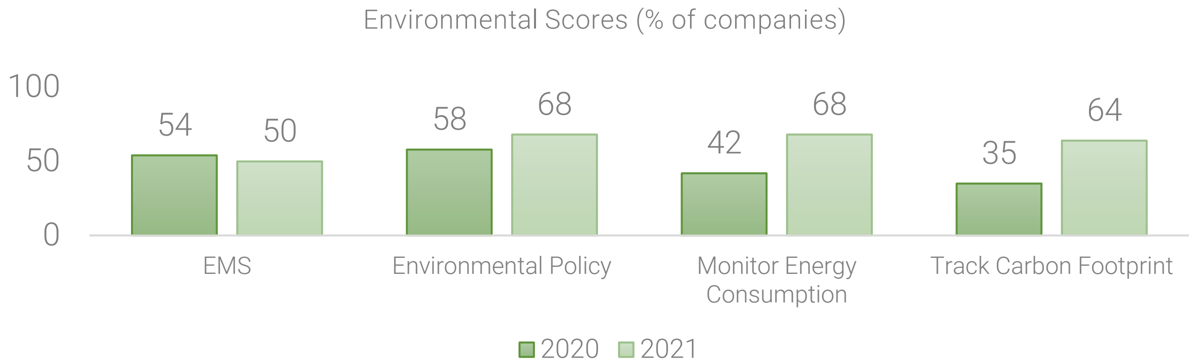
In Focus - EM Frontier Fund

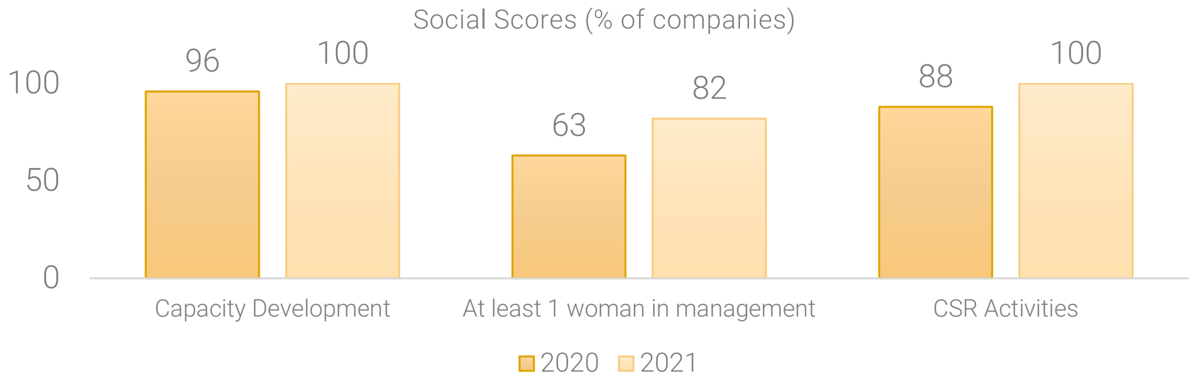
In last year's Sustainability Report, we shared a snapshot of the ESG metrics of our EM Frontier fund. While year on year overall portfolio score comparisons are not very informative given evolving holdings, the fact that the consolidated portfolio ESG score remained stable (70 vs. 69) is encouraging considering we have migrated to a more comprehensive sector-specific scoring methodology this year.

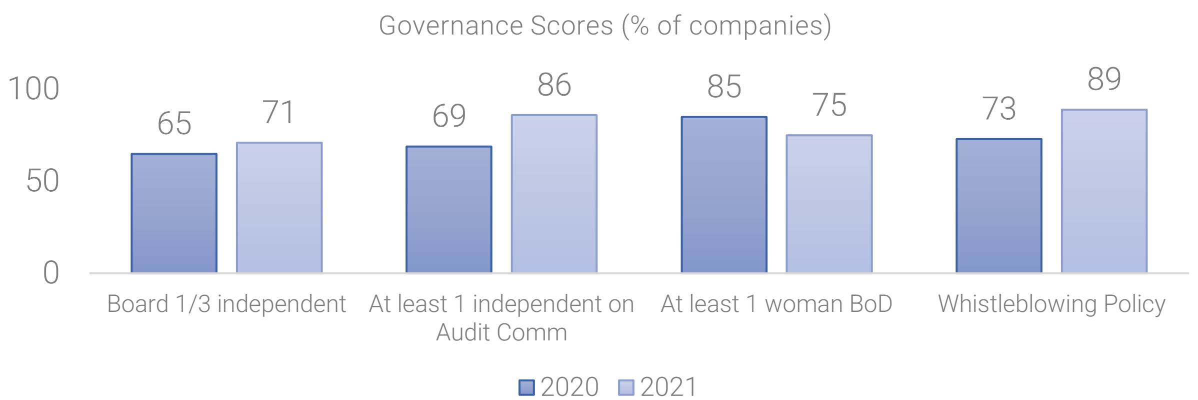
Perhaps more comparative is the trend across individual metrics. As shown below, our portfolio companies continue to trend in the right direction with improvements across the board, especially in the environmental realm.

Key factors contributing to this improvement include: (i) Our internal efforts to align our investments with businesses and more specifically managements that embrace the merits of sustainability, and (ii) Policy developments in our markets such as setting of net-zero targets, gender diversity and mandatory corporate ESG disclosures.

Our goal is to continue to ensure that our investments reflect the highest sustainability standards whilst generating strong returns in tandem.







ESG Highlights from portfolio companies

African Telecom Company

ESG Highlight: Company's inspiring sustainability strategy

The company is a leading Pan-African telecommunication and mobile money service provider that has recently launched a comprehensive sustainability strategy with financial inclusion and access to education as the key projected outcomes, amongst others.

The company also aims to address its environmental impact and work towards developing an even more inclusive working environment. The company aligns itself with a number of Sustainable Development Goals and has set specific goals and commitments in order to achieve its targets.

Some of the company's other goals include data security, service quality, supply chain due diligence and ESG compliance, digital inclusion, greenhouse gas emissions reduction targets and environmental stewardship.

UAE Air freight and Logistics provider

ESG Highlight: Achieved carbon reduction goal

This UAE logistics company is focused on reducing its environmental impact. The company has a robust sustainability strategy which is in line with the UN Sustainable Development Goals and the different UAE visions. In 2016, the company set a goal to cut carbon emissions per shipment by 20% by 2020 but achieved this target by 2019. In light of this, the company committed to cutting an additional 20% emissions from its operations.

In 2017, the company completed 3 solar farms, one in Jordan, Amman and two in Dubai, UAE. The company aims to look into using electric vehicles in the near future while already testing out a few in Jordan.

The company is a part of several global and regional partnerships that promote sustainability as well.

Engagement Spotlight

Highlight: Meeting with Bangladeshi Regulator

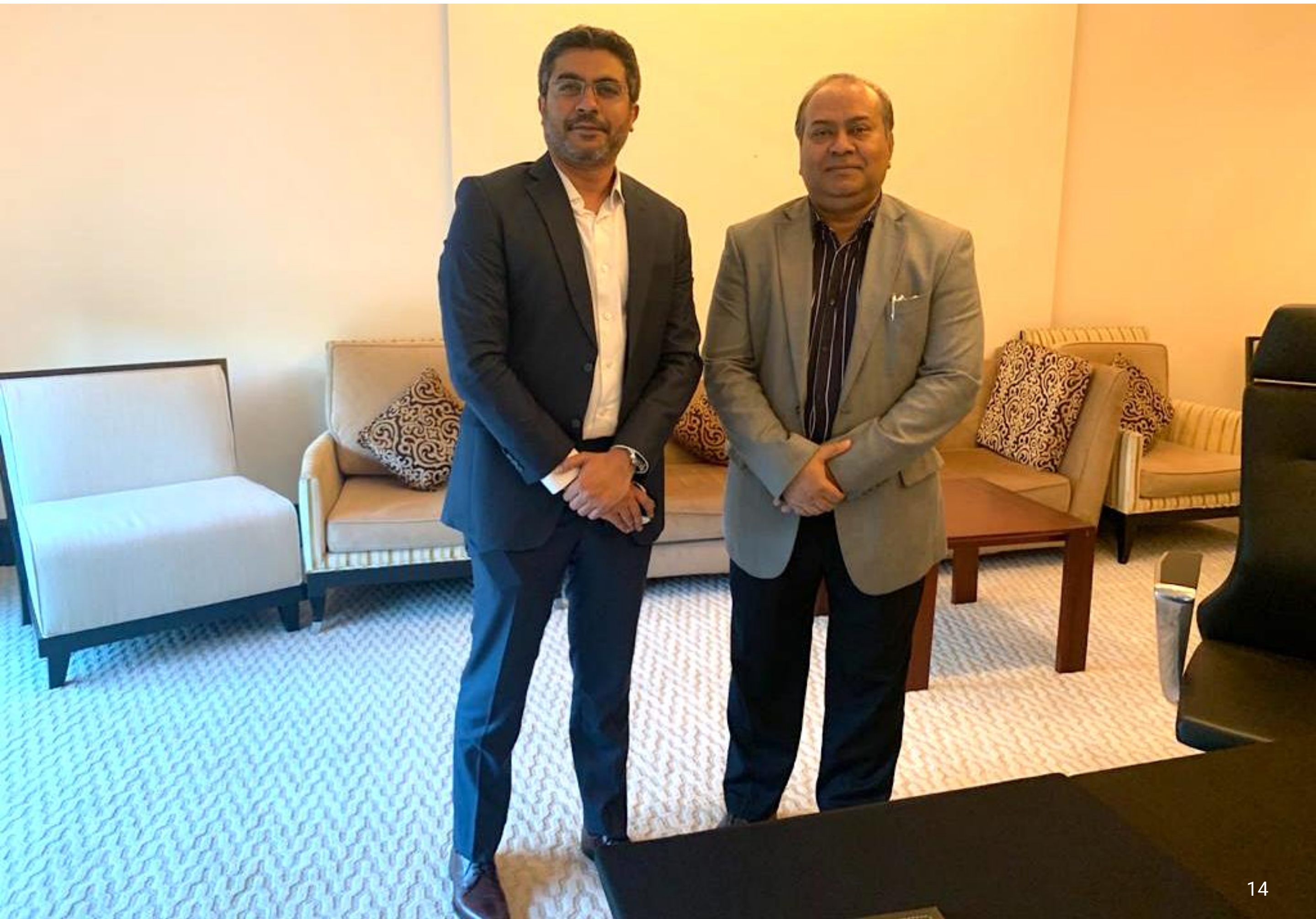
Stakeholder engagement is critical to bring about change. In addition to regular engagements with our portfolio companies, we believe it is imperative to engage with local regulators who can play an important role in enhancing sustainability awareness.

In February 2021, FIM Partners held a meeting with the Bangladesh Security Exchange Commission (BSEC). The meeting participants included BSEC Chairman, Professor Shibli Rubayat – Ul – Islam, BSEC Commissioner Khondoker Kamaluzzaman and FIM Partners' Head of Research, Mohammad Ali Hussain. During the meeting we discussed several key issues related to investor relations and ESG disclosures.

With regards to investor relations, it was recommended that the regulator persuade at least the 30 largest Bangladeshi listed companies to hold analyst briefings on a quarterly basis to keep investors abreast of developments. The Chairman acknowledged that this is something that they were considering.

We also addressed the concern that Bangladeshi listed companies are prohibited from giving forward guidance. The Chairman indicated this restriction was to prevent trading on non-public information. FIM recommended that management issue quarterly guidance in their investor briefing or quarterly disclosure which would suffice as public disclosure. BSEC team agreed that this was a workable solution but since it would require an amendment to the regulatory Act, it would take time to materialize.

Lastly, we shared statistics on the rising share of sustainability-linked products in global AUMs and encouraged the BSEC to mandate ESG disclosures for listed companies, starting with the top 30 listed companies in terms of market capitalization. The example of the Philippines was provided, where listed companies are required to provide ESG disclosures as part of their annual reports. BSEC agreed this is a good initiative and would reach out to us to get some insight on adequate disclosures.



Engagement Spotlight

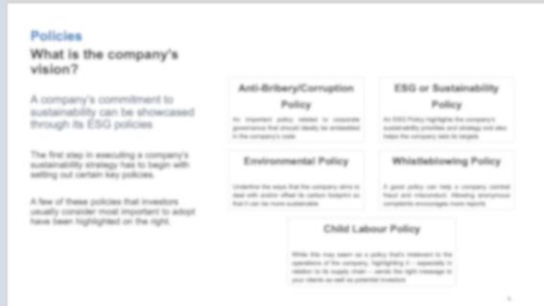
In addition to ongoing engagements with portfolio companies, we focused on deeper engagement with a select few companies. This is line with our philosophy that engagement should be a tool to educate rather than dictate. Feedback from our management questionnaires identified deficiencies in terms of certain key policies and tracking of sustainability metrics. Subsequent conversations with the companies, which included an Egyptian digital payments platform and a Pakistani IT services company, indicated a lack of awareness rather than unwillingness to adapt. Hence, we formalized an engagement roadmap to address these matters.

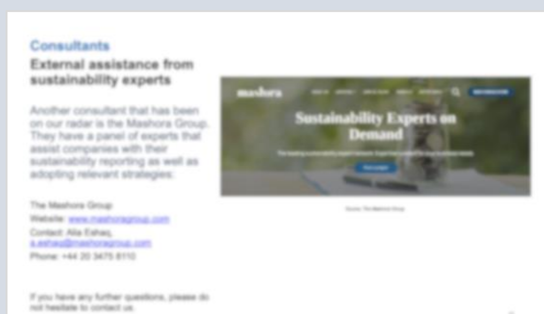
Over the upcoming months, we closely engaged with both companies with detailed discussions on the merits of establishing key internal policies and monitoring material sustainability metrics. Post these discussions, we shared detailed feedback reports with the respective senior management teams.

The recommendations included the need for formulating important ESG policies and practices relating to the environment, whistleblowing, and child labor practices, to name a few. We also stressed the importance of monitoring and reporting consumption patterns, especially their Scope 1, Scope 2 and Scope 3 emissions, as well as key data points related to social and governance factors (snapshots on the right).

The managements' responses have been positive and they have requested our assistance for recommendations on external consultants that can assist with establishment of the requisite procedures. We continue to follow-up with the companies in order to track their progress.

Outcome: Engagements ongoing





Other key engagement highlights include:

Egyptian diagnostics company
Issue: Shareholder Returns

We have been engaging with the company for over 7 years now. Recently, we had been concerned with the valuation discount of the business and recommended that the company do a cross listing in their home country where the company would command stronger investor attention and facilitate valuation re-rating. After some back and forth with the company's CEO and then the Chairman of the Board, we are pleased to report that the company implemented our suggestion. The company began trading its dual-listed shares in the second quarter of the year.

Outcome: Engagement successful

Bangladeshi telecom company
Issue: Sustainability reporting and disclosures

We have been engaging with the company for the past two years to commence public ESG disclosures. In our 2020 Sustainability Report, we mentioned that the management had indicated they would begin providing these disclosures. We are pleased to report that those disclosures are now being reported on a quarterly basis.

Outcome: Engagement successful

Bangladeshi pharmaceutical company
Issue: Investor Relations/Governance

The company had not been responsive to our queries or heeded our repeated calls for engagement for the last couple of years. The company also refuses to hold conference calls with international investors unless they meet in person in Bangladesh or at the AGM. After finally being able to secure a call with the CFO, it was clear the management did not see the need for communicating with investors .

Outcome: Divestment from the company

We are also pleased to report that a few of our portfolio companies published sustainability reports and/or highlighted key ESG metrics on their websites for the first time last year. It is heartening to see our engagement efforts bearing fruit.

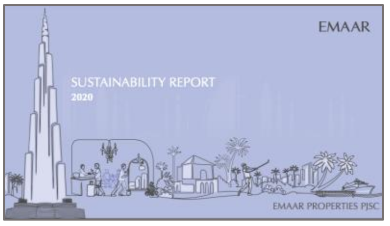
Bangladeshi Telecom – ESG Disclosure Snapshot

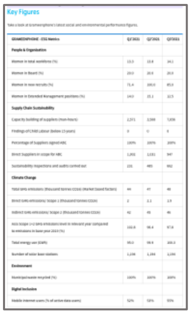
Environmental, Social & Governance

Key Figures

Take a look at Grameenphone's latest social and environmental performance figures.

GRAMEENPHONE - ESG Metrics	Q1'2021
People & Organisation	
Women in total workforce (%)	13.61
Women in Board (%)	10
Women in new recruits (%)	71
Supply Chain Sustainability	
Capacity building of suppliers (man-hours)	2,571
Findings of Child Labour (below 15 years)	0
Suppliers signed an ABC	100%
Direct Suppliers in scope for ABC	1,002
Sustainability inspections and audits carried out	231
Climate Change	
Total GHG emissions (thousand tonnes CO2e) (Market based factors)	44.22
Direct GHG emissions/ Scope 1 (thousand tonnes CO2e)	1.73
Indirect GHG emissions/ Scope 2 (thousand tonnes CO2e)	42.49
Asia Scope 1+2 GHG emissions level in relevant year compared to emissions in base year 2019 (%)	102.84
Total energy use (GWh)	95.02
Number of new solar base stations	0
Environment	
Municipal waste recycled (%)	100
Digital Inclusion	
Mobile Internet users (% of active data users)	52





Proxy Voting

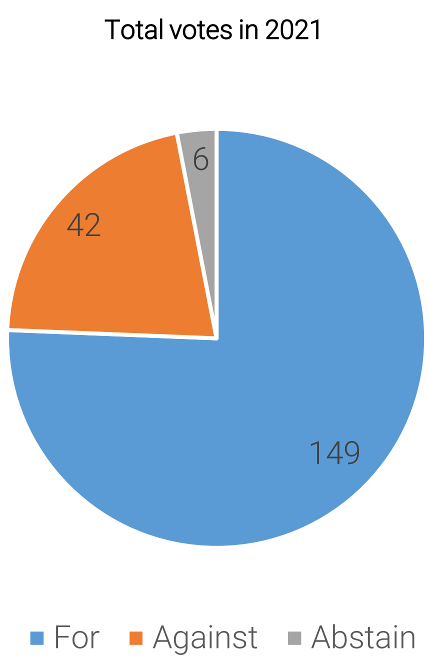
Where the power to vote proxies to take shareholder actions on other corporate actions has been delegated to FIM Partners, we vote proxies in the best interest of our clients based on what we believe will maximize shareholder value as a long-term investor. All this is done in accordance with our Proxy Voting and Corporate Action Policy. Our voting is prioritized in companies in which we, in aggregate, hold no less than 0.5% of the total outstanding shares.

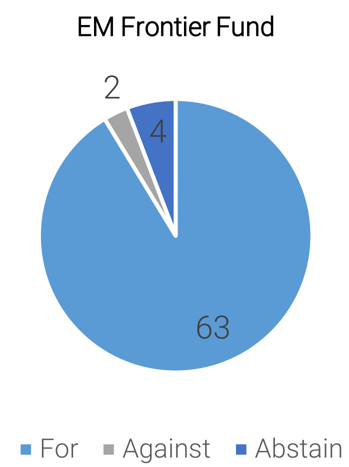
Our investment professionals formulate their vote recommendation based on research of the company and assessment of the specific proposal. Our investment professionals may seek to engage with the company's executives or board members to improve their understanding of a proxy proposal and/or to provide our advice on how a company can enhance their ESG practices.

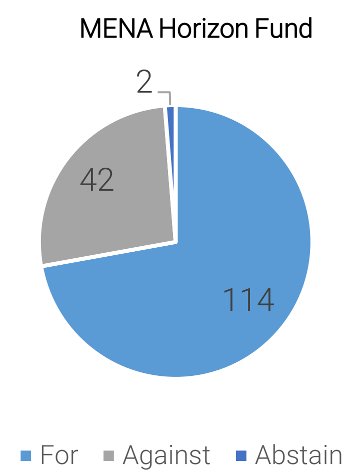
We generally support shareholder proposals that require reasonable disclosure of information related to ESG factors. We also support, where relevant, proposals requesting the review or adoption of environmental or social policies.

Information on how FIM Partners voted securities within a reporting period and information regarding the rationale for proxy-voting decisions in a client's portfolio may be provided upon request. To encourage greater transparency in the industry, we will seek to provide a summary of our voting records at least annually in a format and level of detail that we see appropriate and in line with the requirements or limitations set by our clients. Where required by law, we always disclose detailed voting records.

In 2021, the investment team, along with our Sustainability Lead, worked together to vote at several meetings; our voting pattern throughout the year is highlighted below.







In the Spotlight

This year we showcase our investment in Krka, a leading Slovenian generic pharmaceutical company and provide a snapshot of its ESG profile.

Spotlight: Krka

Krka is a generic pharmaceutical company based in Slovenia that produces and sells prescription pharmaceuticals, non-prescription products, and animal health products. The company's strategy is embedded in the principles of sustainable development.

The company attained an 82/100 score in FIM's ESG Scorecard, which is well above the portfolio average of 70. Krka has several outstanding practices based on its sustainability model, some of which are highlighted below.

Environmental initiatives

Krka complies with the EU Chemicals Strategy where it aims to restrict the use or generation of hazardous substances throughout the product life cycle, increase the efficiency of energy and raw material consumption and reduce potentials for industrial accidents. It has also been granted the ISO 14001 Environmental Management System (EMS) certificate, which requires them to reduce their environmental impact.

Some of the company's key environmental milestones include a reduction in the consumption of wastewater (by 28%) and river water used to supply cooling towers (by 2.9%). The company also reduced the quantity of waste disposed in landfills by 10 tonnes. Reportedly, Krka's CO2 emissions have been reduced by 17,000 tonnes over the past few years.

In September 2021, the company also took part in the annual European Mobility Week for the sixth year in a row to showcase its commitment to green mobility. Krka employees used sustainable means of transport to get to work in a "car-free" manner which included riding a bicycle, roller blading, or simply walking.

Social initiatives

Krka ensures high quality products and services for all its users. This is done by examining finished products in laboratories under validated analytical methods, devices and procedures. The company's products comply with all relevant requirements and regulations. In 2021, the company allocated EUR 156.4 million to research and development with a 10% annual revenue target.

Spotlight: Krka (contd.)

Krka also conducts supplier audits which takes into consideration several factors including (but not limited to) suppliers' prices, quality, regulatory compliance and their social responsibility.

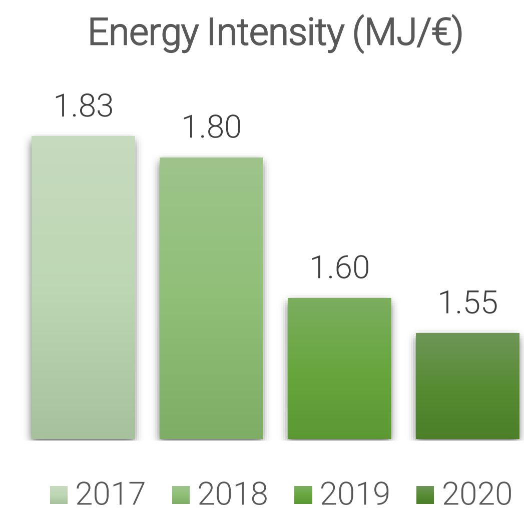
Krka confirms equal opportunity for all its employees regardless of their gender, race, religion, nationality or cultural background. There are over 11,600 employees at the company, out of which 61% are women. At 47%, almost half the management positions in the company are held by women. Krka places an emphasis on employee development with a focus on upskilling in various fields so that employees can grow professionally. In 2020, the number of training hours per employee was 32 – a 21% decline (due to the pandemic) from the 40+ hours consistently logged per employee between 2017 and 2019. The company improved health and safety at work: the Lost Time Accident Rate indicator decreased by 16.6% in 2020 as compared to the previous year. Minor accidents during the year also decreased by 24.1%. Working with fire and rescue services, local fire departments and emergency medical service teams, the company conducted 45 fire drills during the year.

The company also supports several CSR projects which related to health and improving the quality of life. These include donating modern healthcare devices such as ultrasound machines, incubators and a modern birthing bed. The company also supports several non-profits and contributes towards sport-related clubs and events, to highlight a few of their outreach programs.

Corporate governance

The company has a two-tier governance system with a management board and supervisory board. In total, there are 14 directors, 4 of whom are women, and all are independent.

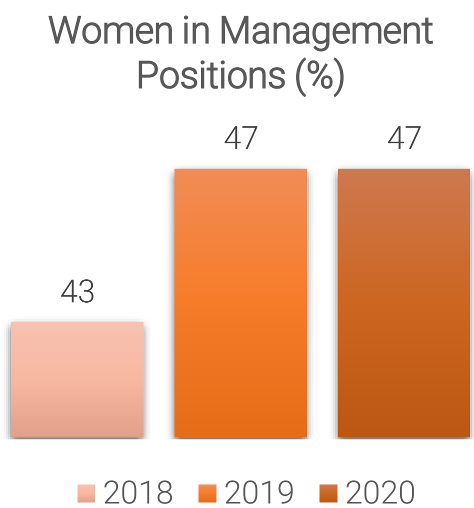
The company extensively reports on several sustainability indicators with regards to the environment and its employees. Krka aligns with several international initiatives of sustainability and is cognizant of its impact on the UN Sustainable Development Goals. In our communication with the company, we have seen a commitment from management to continuously work on upgrading their ESG governance and reporting and we look forward to working with them.



>41% Increase
in environmental investments in 2020

>16% Decrease
in the Lost Time Accident Rate indicator in 2020

45 Fire Drills
conducted in 2020



Source: Company response to FIM's ESG Management Questionnaire, FIM ESG Scorecard & Krka's Annual Reports/Website

INTRODUCTION: FIXED INCOME

FIXED INCOME ESG STRATEGY

Sustainable investing is embedded in all our investment processes at FIM Partners including fixed income securities, where we believe that there are multiple topics that need to be focused on from an ESG perspective. From the investment team's background in policy and development economics formed at the World Bank and IMF, there is inherently a strong emphasis on institutional strength and reform orientation, which is endogenized in our assessment of key macro-political credit drivers.

The ESG framework, made dynamic with measurements of change in the input indices, further strengthens in a quantitative and qualitative way the rigorous country risk assessment conducted with more traditional tools.

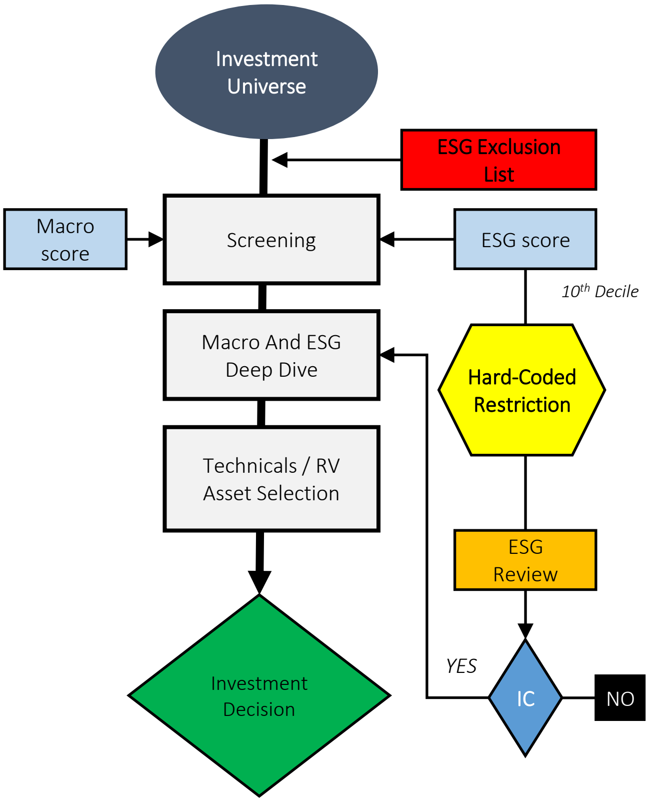
Our sovereign ESG framework: Active, dynamic and material

As a starting point, we identify the essential ESG factors. Governance naturally comes first. Run a country well, and you get good results – you conduct transparent and orthodox policies, have institutional strength and flexibility to face challenges, and have a sense of social contract that works for the long-term benefit of the population and achieves sustainable and equitable growth.

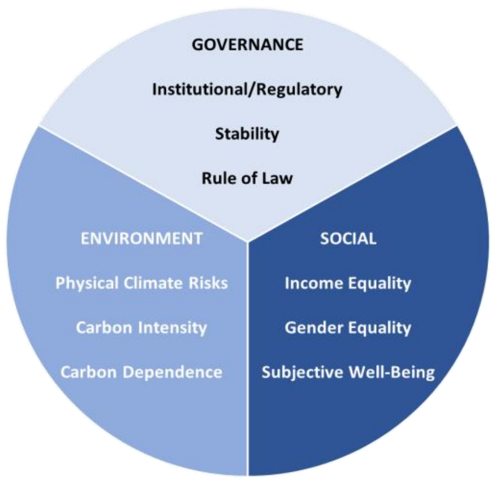
In the scope of environmental factors, we tend to look more at physical climate risks, carbon intensity, and human health matters at the country-level, while being cognizant of financing risks to sovereigns and corporates that do not progress in carbon reduction strategies.

In the social sphere, we consider the social contract essential. We find the concept of subjective well-being as a useful complement to the metrics of income, life expectancy, education and health, in that it can provide greater understanding about whether people believe that the government acts in its interests to feel safe and taken care of. Subjective well-being is also effective in "localizing" for those human rights issues most important to the average person or family.

Thus, our framework seeks to capture factors which are going to drive country risk and its manifestation in asset prices. We have added a number of tools to maximize the impact our assessment can have on returns.



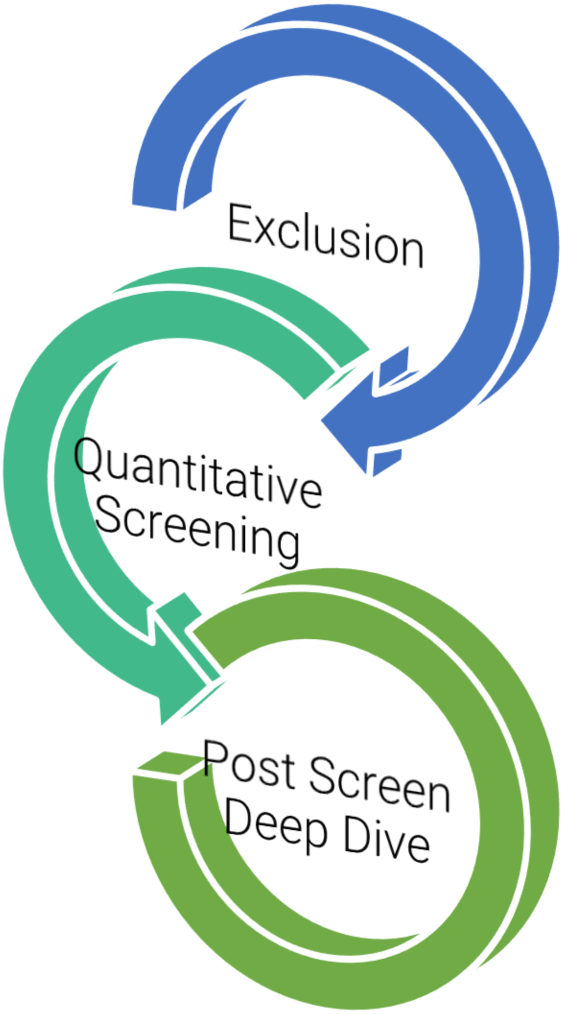
The Investment Process



ESG factors influencing country risk

First Level: Exclusion

First, we exclude a limited set of countries from the prospective investment universe. We use the countries in the US sanctions list and the bottom 10 countries in the Fragile States Index (FSI). The frequency of revision in this list is whenever sanctions changes occur and for the FSI, annually at the time the index is updated. With respect to the FSI, countries in the lower deciles are also subject to enhanced analysis; fragilities often lead to credit events triggered. A bottom decile FSI might be in a state of civil war or unrest and countries close to that threshold are susceptible to enter into unrest.



Second Level: Dynamic Quantitative Screening Process

The countries that are not excluded then enter into the Dynamic Quantitative Screening Process. We utilize indices that capture critical indicators for E, S and G. Our index inputs may change over time, but we have a strong preference for more simple series with a longer history and, of course, cover as many of the 100 countries we assess as possible. We analyze these components of our index against several return horizons using multivariate regressions. Furthermore, rather than using static index scores alone, we include the change in the scores to this analysis, then select weightings and whether we use the static or change in the variable. The level is important, but the direction is often most critical in credit spread movements. In fact, over the last year the EM countries with the largest improvement in our EM score exhibited a normalized average spread tightening of 30bps whereas the countries showing a deteriorating score widened 160bps on average. We augment the exclusion list with the bottom decile performers from our scoring system, adding them to a compliance-coded restricted list that requires a special investment committee discussion should we want to “override” the restriction.

Third Level: Post Screening Deep Dive & Supplemental High Frequency Metrics

Frontier and Emerging Markets score lower than Developed Markets in ESG. Denmark’s ESG score never changes and tells us nothing about its bond yields.
When Pakistan or Turkey’s ESG changes, it tells us a lot about the respective bond yields. The indices and our model are simply not sufficient for us to generate alpha without additional work. We therefore conduct “deep dives” and the use of an events calendar and high frequency socioeconomic data. Any number of factors may trigger a requirement for a deeper analysis, which may focus on the overall ESG picture, on one pillar or on one specific issue.

An event calendar is essential to ensure socio-political assessments are made prior to elections, national dialogues on reform, and other potentially catalytic events. Changes in government can impact structural and institutional reform, and macroeconomic policymaking and thus drive asset prices.

As we see with the growth of thematic ESG capital market activities, governments that tackle environmental and social risks may stand to get cheaper and more diversified sources of financing. On the risk side, a government that dissolves its judiciary and erodes rule of law will see weaker FDI and potentially weaker portfolio flows.

Cited above, the FSI remains a critical part of our screening for countries not automatically excluded. Civil strife can materialize slowly or quickly, and the indices have their own timetable. Ethiopia did not face an automatic exclusion in 2020 when civil war erupted. But it was ranked 22nd in the FSI (just outside the lowest decile), a very weak score among the investible set of countries at which we look. At the news of a political disruption in the Tigray region, driven by local authorities' complaints over the conduct of elections, we decided to divest our Ethiopia exposure – we understood that there was a confluence of factors that would work against our investment – the donor community/G20 had developed a debt restructuring framework for highly debt-distressed countries, and Ethiopia was already possibly entering into that regime due to the pandemic. We held discussions with academics and experts on the Horn of Africa to gauge how at risk the country was to civil war, and we divested. It has been a sound investment decision, with those bonds trading from a price of 110 to 65 by the end of 2021. We think it particularly important to reflect back on the interplay of the fundamental economic analysis and the ESG analysis.

Also at the weaker end of the ESG spectrum is Pakistan. In fact, it is in our lowest score decile, meaning we have had to justify its inclusion in our portfolio based on a deep dive into the direction of ESG factors. We have a very high degree of engagement in Pakistan, rooted in ongoing discussions with policymakers, business leaders IFIs, and local NGOs. This visibility, supported by positive evolution of its governance score in our scoring system as seen through institutional reforms aided by a Government commitment to an IMF program and greater infusion of foreign private capital makes Pakistan, for now, investible for us. In addition, the combination of macro and ESG factor improvements has generated solid alpha for our portfolio.

Beyond its use for countries at the very lowest levels of scoring, the dynamic score from the Level Two analysis can catch a lot across the scoring spectrum. But in those countries with greater macro/creditworthiness concerns, it is often not sufficient to capture critical ESG developments. As part of our ongoing analysis, we therefore track higher frequency socio-economic data such as poverty, unemployment and real wages as key metrics which can be catalytic in asset price movements.

Argentina is a good case in point. A full-blown economic crisis unfolded in 2018, which led to a record IMF bailout. We felt that it would be extremely difficult for the Government to stick to program targets and that a subsequent debt crisis may not be averted in 2-3 years. Our macro analysis was, thus, one very susceptible to political risk. The market rally of H1 2019 was driven by optimism that incumbent President Macri would be re-elected in the autumn. However, skyrocketing poverty in 2018 and 2019 foretold his heavy defeat in the August 2019 primary, triggering a sharp spike in debt yields and default. Things have not improved. Argentina had one of the biggest health crises from the pandemic, and now 42% of the population is living below the national poverty line. As they seek to negotiate another IMF program to avoid an official sector default, the political backdrop is extremely fragile due to social conditions and fears of more austerity. The ongoing difficulties in negotiating a new program are reflected in current debt spreads.

A good example of a country at the higher end of the scoring spectrum, for which our ESG assessment goes beyond the scoring system to identify medium-term drivers of credit spreads, is Saudi Arabia. The post-pandemic recovery in oil prices is a major tailwind, but there are revolutionary social reforms happening there that are bringing millions of women into the Saudi workforce and others that are improving the rights of migrant workers and creating new social freedoms for the general population. Policies to diversity the economy further thus drive non-oil productivity higher, creating more jobs and reducing downside risks from oil price corrections. Saudi Arabia was considered to be a future victim of climate change, but, in fact, the country is turning its oil resources into a financing source for diversification. In sum, we can say even if oil prices decline, there is scope for the sovereign to re-rate.

Engagement

What should be clear from this process is that engagement is essential. The role of policy and political risk is paramount and these are best assessed on the ground and through engagement with a broad set of stakeholders.

Secondly, we know that we can lever our views and expertise by seeking the active involvement of our stakeholders in this journey. We want governments, NGOs, opposition, IFIs, corporate leaders to understand our positions on ESG factors. We think building these relationships increases the chance that challenges are addressed. While we are a relatively small investor, we represent our own community of stakeholders – our investors, our portfolio companies in the countries where we invest, our regulators, etc. Our voice must be heard.

Aside from engagement at the local level, we try to be actively involved with entities such as ministries of finance and central banks, the World Bank, index providers, investment banks and UN PRI. We host our own webinars and participate as panelists in others on topics such as ESG in the Middle East, ESG in Saudi Arabia, the use of ESG indices, and human rights in sovereign debt analysis. We also disseminate materials on our ESG framework to a broad range of stakeholders including the above-mentioned institutions.

Fixed Income Corporates

Corporates within the fixed income strategy follow the same responsible investment processes – exclusions, scoring, engagement – as the equities strategy (See Appendix I). Prior to investment in primary market issues, an initial controversy screening is completed by the firm's Sustainability Lead. Following investment into a corporate, and with the expectation that the corporate will be held in the portfolio for a period of at least 3 months, the Sustainability Lead and the investment team member engage with the management and sends FIM's proprietary questionnaire so that the investment's ESG profile can be assessed.

FIM Partner's UCITS, FIM GEM Debt Fund classified as Article 8 of the SFDR in the last quarter of 2021

In March 2021, the European Union's Sustainable Finance Disclosure Regulation (SFDR) came into effect. The regulation was created to standardize sustainability disclosures of investment funds and is mandatory for all financial advisors and financial market participants such as banks, asset managers, insurers etc. All EU-based managers, and those that market products to the EU, are required to comply with the regulation by disclosing sustainability-related risks and impacts to all financial products in a uniform manner, based on a classification system of sustainability compliance. In 2021, the GEM Debt Fund, which primarily invests in sovereign fixed income and foreign exchange was classified as meeting the SFDR Article 8 category. This categorization demands that the Fund applies an integrated ESG-approach to its investment process and can display the materiality of this integration in terms of investment outcomes. The EU's SFDR disclosure requirements are welcomed by FIM Partners as a positive development for sustainable investing in emerging markets, where ESG factors, especially in the sphere of governance and social pillars, are paramount. Beyond the EU rules, we see the industry evolution in applying ESG metrics as a clear positive.

Outlook 2022

- Better engagement with companies will continue to be a focus for FIM Partners in the coming year. Deeper engagement in the form of detailed feedback reports will be delivered to corporate managements in order to fill any information gaps and to enhance their awareness on ESG practices.

- Honing our strategy for addressing Climate Change risks within our portfolio companies is a priority for us. Tracking and reporting on our funds' carbon intensity is something we look forward to working on as well.

- Barring travel restrictions, we intend to organize a physical ESG event in one of our markets in 2022. Our aim with these events is to gather leading stakeholders on the same platform to facilitate better learning outcomes in the shape of improved sustainable practices.

- Going forward, we will continue to enhance our internal sustainability capabilities and prioritize ESG education for all the employees at FIM Partners.

Appendix I

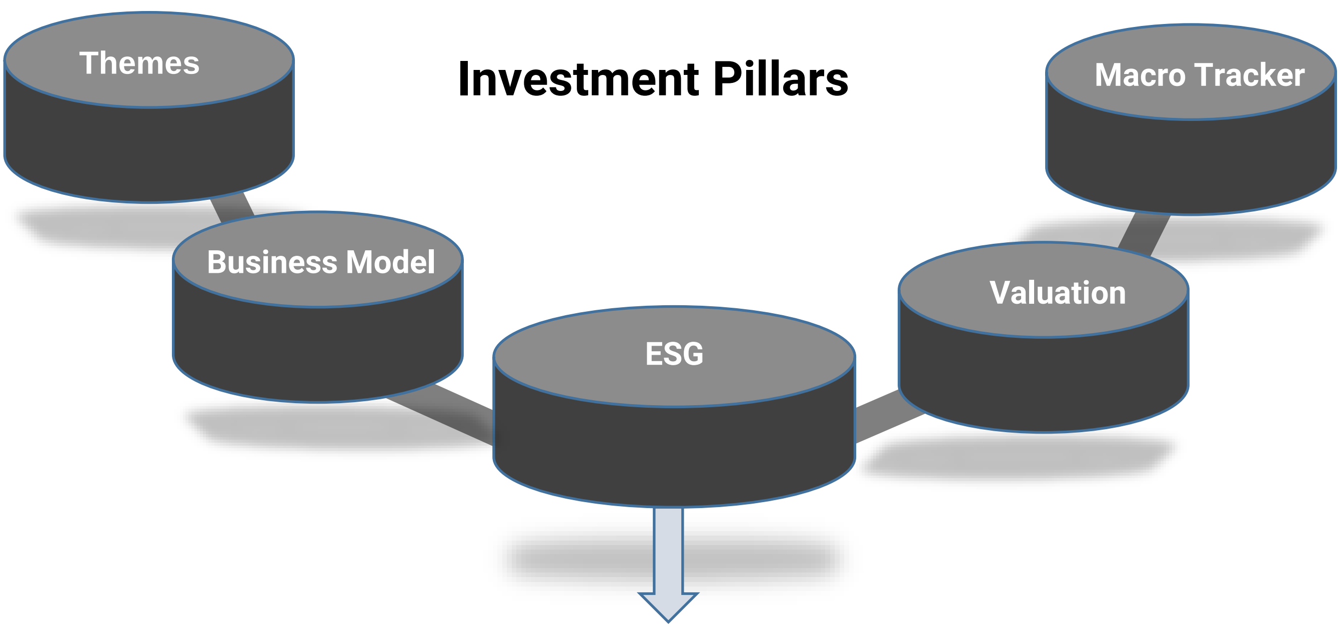
Our Approach – Equities & Corporate Fixed Income

At FIM Partners, the integration of sustainable or more specifically, environmental, social and governance (ESG) factors is an integral pillar of our investment approach. Our due diligence process mandates developing a holistic view of the entire ecosystem surrounding our investments and this would not be complete without an assessment of their long-term sustainability.

We firmly believe that applying an overlay of sustainability factors over financial attributes provides an added level of scrutiny that ultimately leads to better investment decisions. ESG should not be a mere box ticking exercise but rather an engine to facilitate positive change. Our decade long experience in these markets has taught us that engagement via constructive dialogue can be a powerful platform to do so. Engaging, and more importantly, educating our companies about global best practices allows us to understand how managements perceive and manage non-financial factors which in turn feeds into our information edge.

We also align with the six principles of the UN Principles of Responsible Investment and have been committed to embedding them in our strategy and decision-making processes.

ESG in the Investment Process



Exclusion

- Countries facing sanctions
- UNGC violators
- No-go sectors such as illegal weapons, adult entertainment, gambling, alcohol and tobacco etc

Integration

- FIM ESG Scorecard
- Annual Management Questionnaire
- Site Visits / Management Meetings
- FIM ESG KPI metrics database
- Controversy Alert tool

Engagement

- Proxy voting
- Direct engagement with managements
- Emphasis on constructive dialogue
- ESG-focused awareness events

Pillar 1 - Exclusion

There are three clearly defined levels of exclusion applied to our investment universe:

Country exclusion: Countries that are facing sanctions by one or more Sanctions Authorities are excluded from our investment universe. The sanctions can be economic or financial and can even include trade embargoes that are administered or enforced from time to time.

UNGC violations: We exclude companies that have consistently breached one or more of the Ten Principles of the UN Global Compact (UNGC) without introducing any measures to mitigate the effects. However, we monitor violators on an annual basis and those companies that have taken concrete measures to rectify the original violations and carry a low probability of future violations may be allowed to become part of our investment universe.

Sector exclusion: We exclude certain sectors based on our norms and values that we perceive as having a detrimental impact on the environment or society whilst also carrying long-term ESG tail risks. Some of the key excluded sectors include adult entertainment, alcohol, gambling, illegal & nuclear weapons and tobacco*.

UNGC Principles

- Human Rights
- Labor Standards
- Environment
- Anti-Corruption & Bribery

No-Go Sectors

- Alcohol
- Adult Entertainment incl pornography
- Coal Mining
- Gambling
- Illegal & Nuclear Weapons*
- Radioactive materials
- Tobacco
- Unbonded asbestos fibres

**The complete list of our exclusion criteria can be found in the FIM Partner's Responsible Investment Policy*

Pillar 2 - Integration

Integration entails evaluating all potential investments on a range of quantitative and qualitative criteria through our proprietary ESG Scorecard. The Scorecard measures each company performance across 40 indicators covering a range of quantitative and qualitative criteria across the ESG spectrum. The purpose of the scorecard is not to feed into another layer of exclusion per se but rather to identify material risks that could lead to future areas of engagement. Scorecards are updated annually unless a material event occurs in the interim in which case the matter is immediately flagged to the Sustainability Lead and raised to the Investment Committee to ascertain the next steps.

All portfolio companies are required to complete our annual management questionnaire along with a ESG KPI supplement encompassing 16 unique data points. Whilst aiding our scoring assessment, the combination of the questionnaire and the ESG KPI supplement serve as an awareness mechanism to help managements get in the habit of collecting and analyzing certain data points, eventually leading to us educating them on their merits.

Internally, given the dearth of third-party ESG coverage of our markets, the KPI supplement helps augment our internal database which we utilize for benchmarking and cross-comparison purposes. There have been instances where we share industry level insights with portfolio companies to flag areas of improvement and industry best practices, thus feeding into our engagement efforts.

Pillar 2 – Integration Process

Method	Information Sources	Outputs
▪ FIM Proprietary ESG Scorecard covering 40 Indicators ▪ Pre & Post Investment Controversy Tracking	▪ Annual Management Questionnaire ▪ Public information i.e. regulatory filings, media reports, etc. ▪ Site Visits & Management Meetings ▪ Sustainalytics Controversy Alert Tool	▪ Investment ESG Score from 0-100 with 50 deemed a minimum passing score (with exceptions) ▪ FIM ESG KPI Database ▪ Identifying future engagement areas

Our scoring methodology employs a Low risk/Best practice to High risk/Minimum criteria with a scoring range of 0-100 with 50 deemed as a minimum inclusion score. Exceptions to the rule are potential investments for which there is strong evidence that the company's score will exceed the minimum threshold in the near term. Currently there are no investments in the portfolio that score below the minimum threshold.

We do not outsource our investment due diligence process as we believe the investment team should have a holistic view of an investment; with sustainability not being an exception. As such, the bulk of our sustainability related due diligence efforts are conducted by the investment team with the oversight of the Sustainability Lead and Head of Research.

The addition of our Sustainability Lead to the team at the end of 2020 marks an important milestone. By augmenting our internal capabilities, we are better positioned to enhance our integration and engagement processes and efforts.

External Resources

We have retained the services of Sustainalytics, a leading global ESG risk rating provider, primarily to assist in flagging controversies for potential and existing investments through their proprietary Controversy Alert Tool. We also rely on their global expertise to strengthen our internal methodologies, especially when it comes to sector materiality issues and global best practices. However, given their relatively low coverage of our investment universe, coupled with its inherent public information deficit, we do not rely on their risk ratings.

Samples of FIM's Management Questionnaire and ESG Scorecard

Pillar 3 - Engagement

Voting

Where the power to vote proxies or to take shareholder actions on other corporate actions has been delegated to FIM Partners, we vote proxies and act in the best interest of our clients based on what we believe will maximize shareholder value as a long-term investor, all in accordance with our Proxy Voting and Corporate Action Policy.

Direct Engagement

In our experience, engagement enhances business practices and helps to identify leading managements. Building awareness about sustainable practices in the markets we invest in may take time but ultimately will bear fruit. We do not delegate the responsibility of connecting with our shareholdings to external consultants.

Our engagements are designed to elicit constructive dialogues with managements where we focus on educating versus dictating as we are cognizant that change is a gradual process. Our engagement priorities are centered on material ESG risks and/or the development of controversies. If the team does not see any signs of improvement from its engagement efforts following the passage of a reasonable amount of time, the team will consider divesting from an investment keeping the materiality of the engagement matters in perspective.

Sample letters sent to Managements and Boards

Signatory of:

PRI Principles for Responsible Investment

FIM Partners has been a signatory of the United Nations Principles for Responsible Investing (UN PRI) since 2019. We are committed to integrating ESG factors into our investment processes, decision making and active ownership practices.

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