



Statement Regarding Environmental, Social and Corporate Governance (ESG)

August 2020

Our research focuses on identifying, thoroughly testing, and incorporating investment signals into our quantitative alpha and risk models. We understand that environmental, social, and corporate governance (ESG) considerations can impact businesses' profitability and sustainability of earnings, in addition to the risks associated with their securities. As such, we evaluate and selectively incorporate ESG information into our investment process.

In 2016, we became a signatory to the Principles for Responsible Investment ("PRI") demonstrating our recognition of the importance of these issues.

Investment Process

We incorporate what we believe to be the best investment insights into our clients' portfolios with the objective to deliver sustainable alpha on a risk-controlled basis. Consistent with this ambition, all investment and risk signals, including those associated with ESG information, are evaluated in a systematic and rigorous manner prior to inclusion in our process. For example, we have found that strong corporate governance tends to contribute to stable and well-managed firms.

At the request of our separate account clients, we can also employ exclusionary screens, group restrictions, continuous penalties, ESG-tilted benchmarks, or a combination of these approaches that accommodate a variety of responsible investment considerations specified by the client. Furthermore, we offer a number of commingled funds that use these approaches to help satisfy clients' ESG-related objectives. For example, we currently offer an approach that imposes a linear restriction on a portfolio's carbon exposure, and we offer an ESG-tilted Global Equity – Beta Neutral fund within which our process rewards going long stocks with good ESG characteristics and going short stocks with poor ESG characteristics.

Active Ownership

We offer ESG specific proxy voting services to clients upon request. The proxy services we provide are outsourced to a well-known third party service provider. Our proxy service provider is responsible for monitoring events affecting the issuers of securities as required to cast informed votes; making decisions on voting securities and voting the securities in a timely fashion; and maintaining necessary records.

Continued Commitment to Research

One of our core beliefs is that active management is an intrinsically dynamic activity, and we continually reinvest in research, including that related to ESG concepts and characteristics. To this end, we recognize that the risks and return potential related to ESG issues change and evolve over time. We are therefore committed to considering and evaluating various signals associated with ESG information as well as related third-party academic research to identify potential return or risk implications associated with ESG-based signals.

To ensure that progress is measured and continuous, our Responsible Investing Committee meets semi-annually to discuss our approach to various ESG related issues, both in our investment process and in our internal business practices.