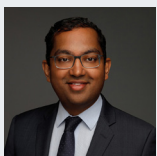




Impact Investing in an Era of Change



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Impact investing lives in a complex world of risk and opportunity—one of great change and disruption to presumed norms. Hari Balkrishna, Portfolio Manager of the Global Impact Equity Strategy shares his thoughts on decisions he makes in the context of our core investment principles.

Society has endured a tumultuous period over the last two years. A global pandemic, economic uncertainty, and military conflict in Europe. These events have caused deep loss and upheaval to the daily lives of individuals, families, and communities around the world. With uncertainty touching many aspects of personal and professional lives, this period has been challenging for many.

However, amid the uncertainty, we see cause for optimism. Change is often born of extremes—and we are living in a period of extremes in many respects. The challenges of our era have bred open and broad

debate about the rights and freedoms of humankind, the growth in inequality, and the clear and obvious pressures on our environment. Signs of shifting behaviour are emerging, driven by some of the most challenging events of our time. Yet, change is only likely to be durable if backed by collective support from society, in part to influence global policymakers, but also to advance the principles and activities of those who govern businesses around the world.

To this point, rarely have society and investors mobilized in the way we have seen in the past two years, with clear and raised

expectations as to how businesses should conduct themselves in the context of the environments in which they operate. We are encouraged by the significance and action businesses are applying to demands for new and improved principles. Companies are innovating in response to societies' demands for solutions to pressing issues, and industry leaders are adapting in recognition of their responsibilities and impact.

2021 was a breakout year for investors seeking to make more active and conscious choices to favour companies that show clear leadership in environmental and social issues. Impact investing has become a vital tool for investors seeking to position themselves to contribute to better social and environmental outcomes. The societal backdrop has created an increasing number of opportunities to access positive impact in public markets. Market volatility is also expanding the investable universe and our ability to position ourselves for environmental impact. These factors create real potential for impact investing within a dual mandate that seeks positive environmental and social impact alongside excess financial returns.

As we embark on our impact journey, the commitment of our impact investment team is essential, but so too is that of our organization, given the scale of our corporate relationships and the scale of the challenge we are addressing.

Alongside our impact framework, three principles of resilience guide our decision-making:

Research and a perspective on change

As we seek to understand, capture, and contribute to positive impact, we apply the full breadth of resources at our disposal, spanning both fundamental research and our growing ESG capabilities. As companies are responding to the challenges of our time and shifting investment to address global pressure points, the opportunity to own businesses that create a positive impact on society and the planet has become greater than ever. It is critical to differentiate the past and future, however, and between temporary and durable change, especially in periods of rapid evolution.

Breadth and diversification

We appreciate that many investors focus on specific areas or themes within the sphere of impact investing with a view to aligning their principles with a desired outcome. Our approach is based on a belief that we can invest in, advocate for, and capture impact - globally and across environmental and societal dimensions. Given the inherent conviction nature of impact investing, we believe that there are real benefits in breadth and diversification when considering the resilience of an investment approach aimed at both positive impact and financial returns.

Patience and persistence

Changes required to address our environmental and societal pressures are long term and necessitate patience. However, this should not deflect from the need for active engagement and persistence in the present. Social and environmental priorities are evolving and have been accelerated by the impact of the coronavirus pandemic. We seek long-term and compound benefits from our corporate interactions, impact research, and investment decisions.

We are steadfast in our commitment to target positive impact and performance objectives. We continue to draw influence from external experts in impact investing to ensure that we embedded the principles that clients require from a values-based investment approach. We continue to invest in our responsible investment team and grow our fundamental research platform to help analyze and understand corporate change. We have also formalized and deepened our corporate engagement approach and appointed an external impact measurement partner, Net Purpose.

Successful impact investing

While the world's challenges are urgent and require positive action in the present, successful impact investing is inherently linked to the duration and persistence of change in the future.

The challenge for our industry is that impact investing lives in a complex world of risk and opportunity—one of great change and disruption to presumed norms. This should not deter our industry from responding to the challenges of our era, however. On the contrary, these challenges require imagination, research, investment in new capabilities and ultimately, commitment.



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