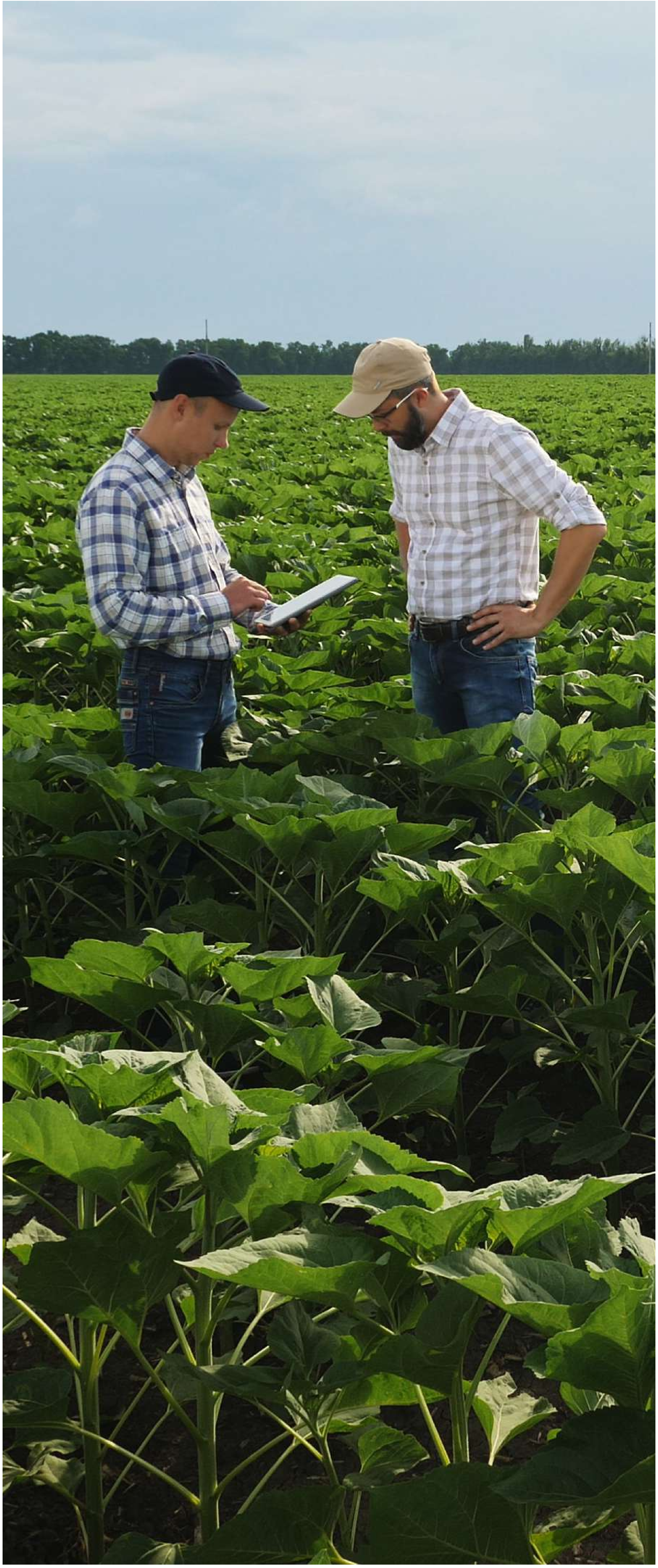
MONEDA®
ASSET MANAGEMENT

ANNUAL RESPONSIBLE INVESTMENT REPORT 2020

OUR COMMITMENT TO ESG

SIGNATORY OF:
PRI Principles for Responsible Investment



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INTRODUCTION

MONEDA ASSET MANAGEMENT is a specialist asset manager with a regional focus on Latin America and a track record of over 25 years investing across the capital structure of companies in the region. We are one of the leading asset managers in Latin America, currently managing over USD 10 billion in assets on behalf of our clients through different investment vehicles and mandates.

Our investment philosophy is based on a long-term, fundamentally driven approach, which includes a strong ESG - environmental, social, and corporate governance issues – component and is implemented by one of the region's largest dedicated investment teams.

Our clients include private and institutional investors - pension funds, insurance companies, sovereign funds, family offices, amongst others - in Chile, Latin America, USA, Canada, Europe, Asia, and the Middle East.

We have a track record as an active investor committed to sustainability, good corporate governance, and socially responsible practices. We were the first asset manager in Chile to become a signatory of the UN-supported Principles for Responsible Investment in 2018, and through this pledge we are committed to continue developing the inclusion of corporate governance, environmental and social issues within our investment analysis as well as promoting such practices in Chile and throughout the region.

This report explains our commitment to responsible investment and how we integrate ESG in our investment process. You will find our approach to ESG integration, a summary of our engagement activities, as well as specific engagement cases. This report summarizes Moneda's activities during 2020.

OUR MESSAGE

Dear Clients,

At Moneda Asset Management we are proud to present our third Annual Responsible Investment Report, regarding the initiatives carried out during 2020.

As long-term investors with a long history of fulfilling our fiduciary duty, it is fundamental to evaluate both financial and non-financial risks. Therefore, our investment philosophy considers it necessary to include ESG elements in our decision-making process, in order to improve our risk management and deliver sustainable long-term over performance. Climate change, climate emissions, working conditions, employee diversity, corruption, strong tax strategies, an independent and highly qualified Board, as well as the relationship with local communities are some of the elements that significantly influence the performance of companies belonging to a globalized world.

In 2020, we continued to progress in all matters related to ESG, helping the promotion and inclusion of these principles in our processes and in the marketplace. Internally, our ESG-dedicated analysts received the CFA UK ESG Certificate, strengthening their expertise and ability to further develop our responsible investment strategy, create new analytical tools, and expand our ESG research.

We also made significant progress in one of the main areas of concern for our responsible investment strategy: climate change. In November we became public supporters of the TCFD, and during the year we began measuring the carbon footprint of our largest strategies, and to analyze, assess, and manage climate-related risks and opportunities at a fund and at an issuer level using energy transition scenarios and sensitivity analysis on carbon tax scenarios. In addition to this, we carried out engagement activities with several companies in our portfolios that operate in sectors exposed to climate-related risks to encourage them to report based on TCFD recommendations and develop their internal climate change strategies.

As we all know, 2020 was a year like no other. The consequences of the COVID-19 pandemic and national lockdown measures were felt across different industry sectors in which we invest, with companies responding in a myriad of ways. To understand, evaluate, and compare these reactions, we conducted a COVID-19 ESG Study based on surveys sent to companies operating in the sectors most affected by the pandemic.

During the past year, we continued to support the work of the PRI and the development of responsible investment in the region. Our ESG analysts participated as speakers in the PRI-led webinar “Advancing Responsible Investment in Latam and Spain”, where they presented our responsible investment

OUR MESSAGE

strategy and best-practices in ESG analysis and stewardship. In addition to this, the ESG Team spoke in other webinars in the region sponsored by the PRI, such as the Responsible Investment webinar for Paraguay and one organized by the UN Global Compact in Bolivia. Finally, we organized a webinar for our clients following the publication of our second Annual Responsible Investment Report.

We continue to believe that responsible investment is no longer a niche and has become a fundamental and necessary part of investment strategies worldwide. Through the PRI, more than 3,900 signatories with over USD 103 trillion in assets under management are committed to continue investing under these principles. In 2020, there were 44 new signatories in Latin America (excluding Brazil), 5 of them being Chilean. In 2018, Moneda became the first Chilean asset manager to sign these principles, which as of December 2020 had 13 signatories in Chile and 72 in the region, representing more than USD 550 billion in managed assets. Indeed, most Chilean pension funds, one of our main clients, have signed the principles in the last two years and represented almost half of the new Chilean signatories during 2020 and 2019.

This is a good signal for Chile and Latin America, where we see that more and more investors and clients are paying attention to these issues. Furthermore, we believe that the number of companies that are starting to consider, evaluate, and improve their performance in ESG matters has also increased, even if many of them are not publicly informing these actions.

For 2021 and beyond, our commitment at Moneda is to continue increasing the focus on engagement processes, especially those related to climate change and energy transition, but without losing sight of other key issues affecting the Latin American region, such as deforestation and water stress. We shall strengthen our role as responsible investors and continue developing our financial analysis including ESG variables as well as continuously updating our internal policies regarding this matter. We trust that as we continue along this path, we will help to create a positive effect that will allow other companies to incorporate sustainable practices and, in turn, more investors to consider these elements. Chilean and foreign institutional investors are ever more demanding on manager selection and their integration of ESG issues in investment analysis and decisions. We take this as a motivating challenge that drives us towards continuous improvement.

We are proud to be leading this trend locally, to encourage companies to integrate ESG aspects in their business strategy, and to continue working side by side with the PRI in promoting responsible investment in Latin America.

Moneda Asset Management.

SUSTAINABLE MILESTONES

1993

- Moneda is co-founded with the IFC of the World Bank

2016

- Formalization of our ESG Policy
- Best Board Director in ALAS20 Awards

2018

- Signature of Principles for Responsible Investment
- Member of the PRI's Advisory Committee for LatAm (ex. Brazil)
- Leading Institutional Investor in Responsible Investment ALAS20 Awards

2019

- Fiona Reynolds (PRI's CEO) speaks at Moneda's Annual Seminar
- Expansion of ESG Team

2020

- **COVID-19 ESG Study**

As a way of delivering guidance to companies in our portfolios regarding the appropriate response to the COVID-19 pandemic and gathering information on the labor management and operational health & safety measures they had implemented, our ESG Team developed a COVID-19 ESG Study analyzing response measures from companies in those industry sectors that were more affected by the pandemic.

- **ESG Policy Update**

Given the evolving process of our responsible investment strategy, we updated our ESG Policy to include new developments introduced on our analysis and decision-making framework.

View our ESG Policy here.

- **TCFD Supporter**

In November, we became public supporters of the TCFD (Task Force on Climate-Related Financial Disclosures) that aims to develop recommendations for more effective climate-related disclosures that could promote more informed investment decisions. This was also supported by engaging with critical companies on their reporting standards.

- **PRI Strategy & Governance Score**

Moneda's approach on responsible investment was recognized by the PRI with a score of A on the Strategy & Governance section of its Reporting Framework.

OUR INVESTMENT PHILOSOPHY

We invest in companies across their capital structure, searching for investment ideas throughout the region with a country and industry agnostic approach. Our mission is to create value for our clients through higher-than-market returns over the long term. To accomplish this, we base our investment decisions on fundamental bottom-up company analysis with a long-term approach.

As long-term and forward-looking owners, our company analyses involve in-depth knowledge of companies, their economics, industry dynamics, ownership structure and management, as well as an understanding of the competitive environment in which firms conduct their business.

Also, given our long-term approach, we take into consideration a broad base of risks and opportunities in our investment analysis, including ESG aspects, which under our consideration contribute to generate a solid conviction when making an investment decision.

We incorporate ESG factors in our investment analysis as we believe that a company's social impact, environmental practices, and governance are key to protect and potentially enhance its profitability over the long run. Moreover, we consider that ignoring these factors implies overlooking risks and opportunities that may significantly affect long term growth and cash flow predictability.

Below, is a matrix that showcases how ESG factors are embedded in our proprietary investment analysis framework.

		GREAT	OK	BAD
BUSINESS	ROIC >> WACC ROE vs. Ke	ROIC >> WACC ROE >> KE	ROI = WACC ROE = KE	ROIC << WACC ROE << KE
	Competitive advantages	Identifiable & Sustainable	Identifiable but fading	Not detected
	Business model	Pricing power	Market pricing	Price taker
	Growth prospects	Value additive	Neutral	Value destroyer
	Capital structure	Efficient	Average	Inefficient
	Cash flow volatility	Low	Medium	High
	Refinancing / liquidity	Low risk	Medium risk	High risk
VALUATION	Events	Low dependency	Dependant	High Dependency
	Valuations	Fair	Discount	Avoid / Large Discount
	Assets disposal	Good value	Ok Value	Large impairment
SECURITY	Seniority	Senior / secured	Unsecured	Subordinate
	Covenants	Appropriate	Average	Poor
	Collateral	Over collateralized	Partially collateralized	None
ESG	Environment	Good practices	Standard practices	Bad practices
	Social	Good practices	Standard practices	Bad practices
	Governance	Good practices	Standard practices	Bad practices

ESG INTEGRATION

The integration of ESG factors within our investment decisions is done across all funds and asset classes. We do not focus our efforts in a specific ESG fund or asset class. Instead, we aspire to achieve full ESG integration into all our investments, whether they are part of an equities or fixed income strategy. However, in some cases there are aspects that are specifically considered for fixed income instruments such as ESG covenants, and long-term ESG risk factors or potential lawsuits that are not correctly estimated and provisioned, which could affect the issuer's ability to repay its debt or directly impact its cash flow availability.

We understand this to be a process that will certainly be beneficial in the long run for our clients and that is why we believe in the gradual, but steady development of our ESG integration strategy.

The results of the analysis are presented on individual ESG Reports per company and summarized in our proprietary investment analysis framework, which favors companies with sustainable competitive advantages over long periods of time. Overlooking ESG-related corporate practices may eventually deteriorate the economics of the underlying business and hinder management's ability to foresee, and mitigate, non-financial risks.

What do we mean by Environmental, Social & Corporate Governance?

ENVIRONMENTAL	SOCIAL	CORPORATE GOVERNANCE
Biodiversity and Ecological Impacts	Access & Affordability of Services	Board Composition & Functioning
Greenhouse Gas Emissions	Chemical Safety	Minority Shareholders, Ownership & Control
Product Carbon Footprint	Human Rights & Community Relations	Business Ethics
Air Quality & Toxic Emissions	Financial Product Safety & Labeling	Competitive Behavior
Waste & Hazardous Materials	Responsible Investment Practices	Risk Management
Energy Management	Employee Health & Safety	Supply Chain Management
Water Management	Human Capital Development	Management of Climate-Related Risks & Opportunities
Financing Environmental Impacts	Labor Management & Practices	Character & Alignment of Interests
Green Opportunities	Opportunities in Nutrition & Health	
Energy Transition & Opportunities in Renewable Energies	Data Privacy & Security	
Packaging Materials & Waste	Product Safety & Quality	
Materials Sourcing & Efficiency	Selling Practices and Product Labeling	
Product Lifecycle Management		

ESG Analysis

ISSUER LEVEL

To incorporate ESG factors in our investment analysis, we have developed an internal ESG Questionnaire that is aligned with several international standards such as the International Labor Organization (ILO), the PRI, the U.N. Global Compact, among others, and considered different reporting frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the International Integrated Reporting Council (IIRC). This questionnaire, in addition to data provided by our third-party ESG research provider (MSCI ESG Research), is used to evaluate and rate issuers on their performance.

The final product of the questionnaire is an ESG score given to the issuer which is based upon the answers to this questionnaire as well as the scores given by MSCI ESG Research. First, the questionnaire score is calculated through a weighting system that prioritizes the most relevant aspects for the issuer within each pillar and arrives to a score by pillar. Then, each pillar is also given a specific weight by itself depending on our internal industry-specific ESG risk matrix, which defines the weights of every pillar according to the materiality that the ESG factors have for each industry. Finally, the issuer's final score is the result of the average between the ESG questionnaire score and the score given to the issuer by MSCI ESG Research.

The results of this analysis, and its corresponding insights, are then summarized into a company ESG Report which, depending on the company, will be presented to Portfolio Managers during weekly investment committees alongside the financial analysis of that given issuer, so that Portfolio Managers can be fully informed before taking further investment decisions on the matters discussed.

The content of this report has matured parallel to our ESG Team, and it now includes, among other factors:

- ESG Profile (Rating, Red Flags & Main Risks).
- ESG Performance per Pillar.
- Key ESG Issues and Company Performance.
- Event Study for Controversies.
- Peers Comparison.
- ESG Indicators.

To elaborate the previously described ESG Report, the ESG Team has a standard process which can be described in the following chart:

1. Gathering public information
2. Initial analysis of the company and its industry sector complemented by research provider's data
3. Minor adjustments to ESG questionnaire and direct dialogue with company
4. Company ESG Report to integrate ESG analysis in company valuation

FUND LEVEL

At the individual fund level, our ESG Team updates the scores of each one of our funds quarterly, considering the ESG performance of each of the issuers of the fund and their average weight.

To do this, the ESG Team has created an ESG ratings database which is built with two main sources; on the one side ratings provided by Moneda's external ESG research partner and on the other, the internal ESG scores assigned to each issuer through the deep dive analysis done by the ESG Team and presented in investment committees. This information is useful for Portfolio Managers as they have a broader perspective of the funds they manage, in addition to the analysis at the issuer level.

The final product of this process is the "Moneda Funds' ESG Ratings Report" which our ESG Team produces quarterly.

For each fund included in the report, the following data is presented:

- **Fund ESG Ratings:** The fund's overall ESG rating and rating for each pillar and compared against the benchmark.
- **ESG Indicators:** Key ESG indicators at fund level for each pillar compared against those of the benchmark. These indicators are calculated using a weighted average of the fund's issuers KPIs.
- **Issuer's ESG Ratings:** The ESG ratings for the fund's top 20 issuers and the fund's 5 Best/Worst issuers in terms of ESG rating. The same for the benchmark.
- **Rating Upgrade Opportunities:** Fund's issuers with room to improve their ESG rating in the medium term, mainly by improving their ESG disclosures.
- **Major Issues:** Major incidents or new ESG events that occurred during the quarter that represent a risk or opportunity for the companies in the fund in question.
- **Engagements:** List of fund's issuers with which we have had engagement activities over the previous quarter and during the year.

Besides presenting to them during weekly investment committees, the ESG Team holds dedicated ESG meetings at least twice a year with Portfolio Managers to examine the results and insights of the report and discuss next steps regarding engagement activities, portfolio weighting based on ESG risks & opportunities, and selection of specific issuers requiring ESG deep dive research.

ESG Rating & KPIs

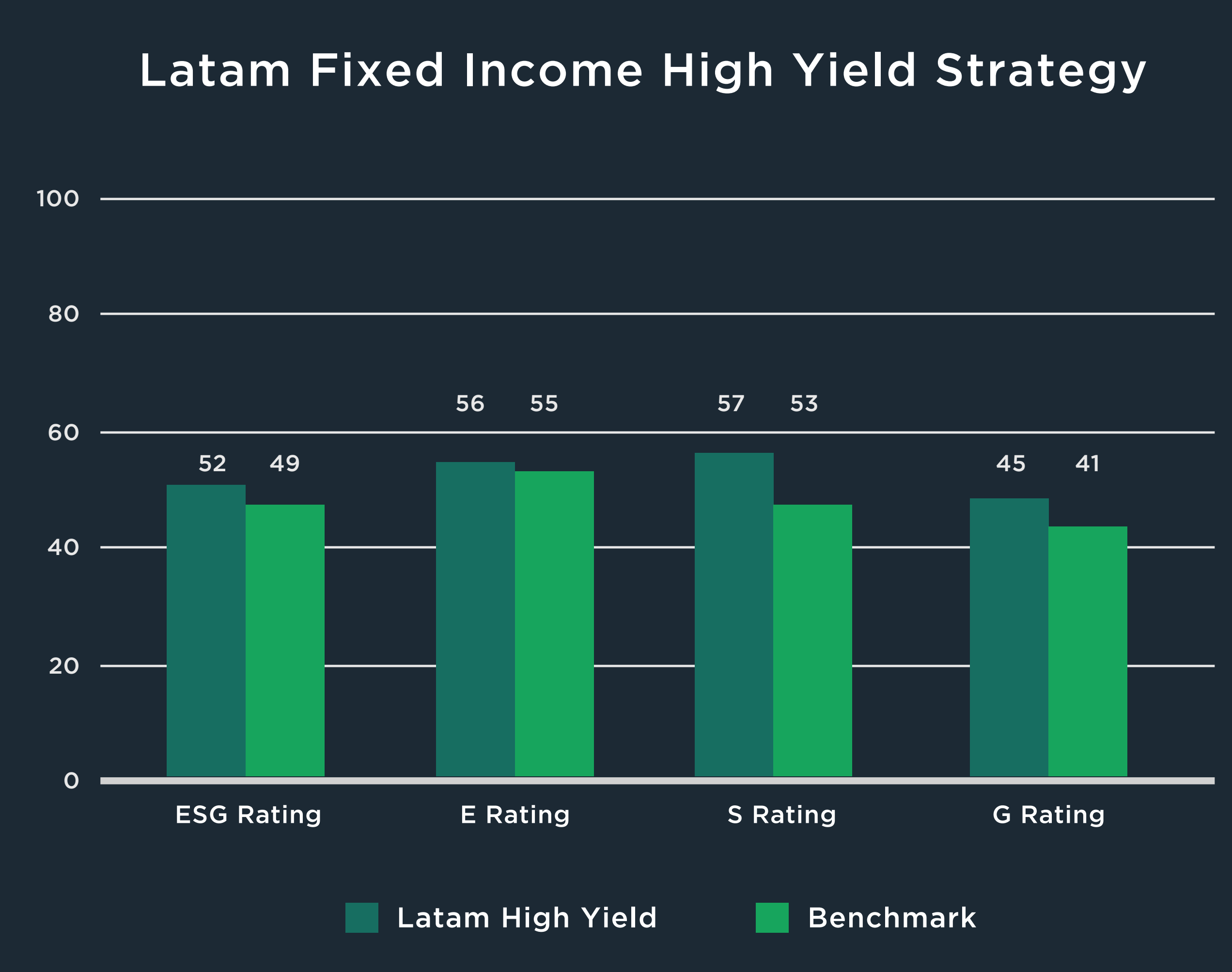
ESG RATINGS BENCHMARKS	
STRATEGY	BENCHMARK
Latam High Yield	JP Morgan CEMBI Broad Diversified Latin America High Yield
Latam Investment Grade	JP Morgan CEMBI Broad Diversified Latin America Investment Grade
Chilean Equities	FTSE Chile All Caps Total Return
Latam Equities	MSCI Emerging Markets Latin America 10-40 Net Return USD

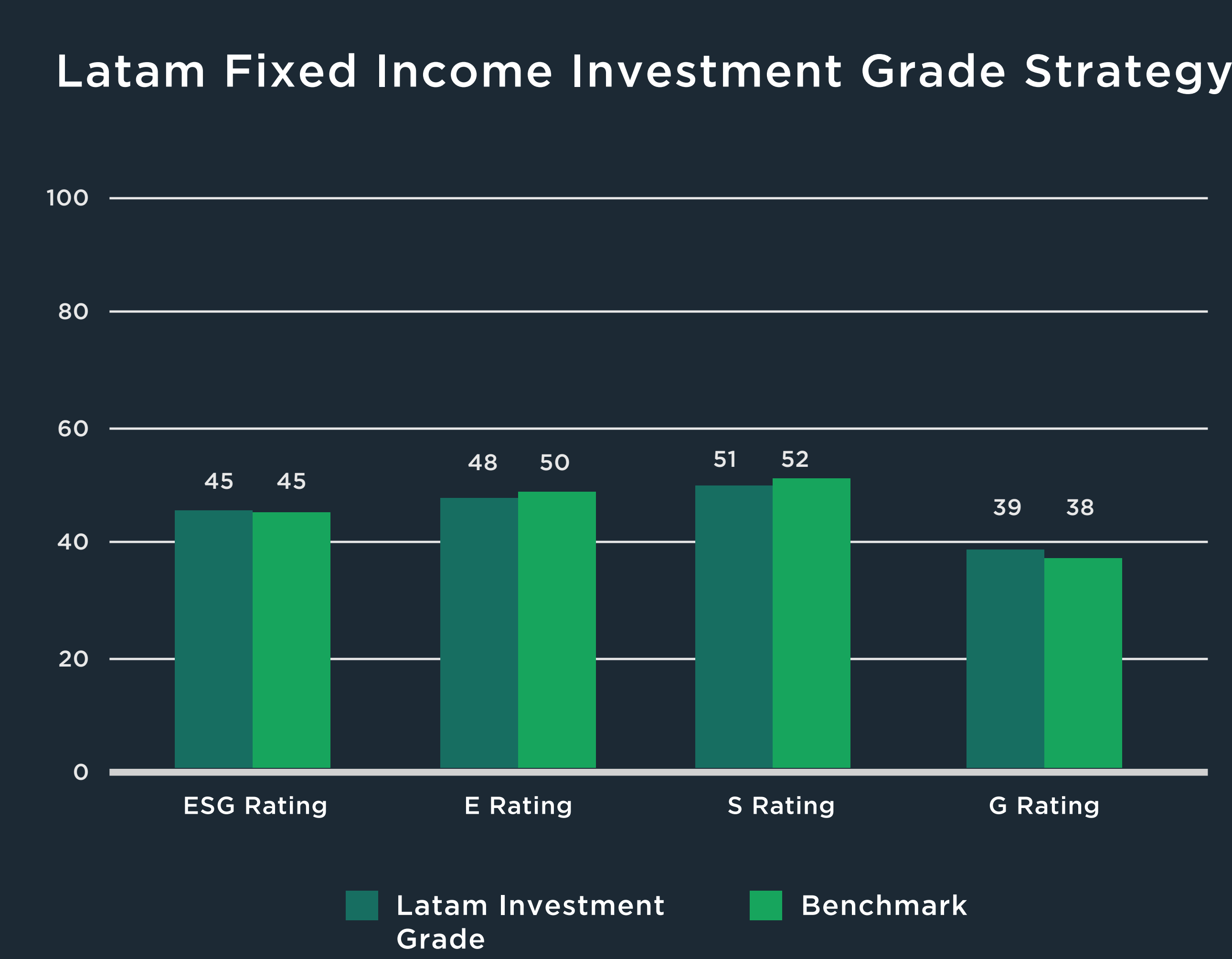
ESG SCORING		
100-86	AAA	LEADER
86-71	AA	LEADER
71-57	A	AVERAGE
57-43	BBB	AVERAGE
43-29	BB	AVERAGE
29-14	B	LAGGARD
14-0	CCC	LAGGARD

ESG RATINGS

The ESG ratings for each fund (overall ESG rating, environmental pillar rating, social pillar rating, and governance rating pillar) are calculated based on the product between each issuer's ESG and ESG pillar rating (explained in the previous section) and their weight, which is recalculated based on the total assets under management for which we have an ESG rating.

By the end of 2020, our four largest strategies in terms of assets under management with ESG coverage fared well against their respective benchmarks on their overall ESG score, with only the Latam Fixed Income Investment Grade strategy being slightly below its benchmark.

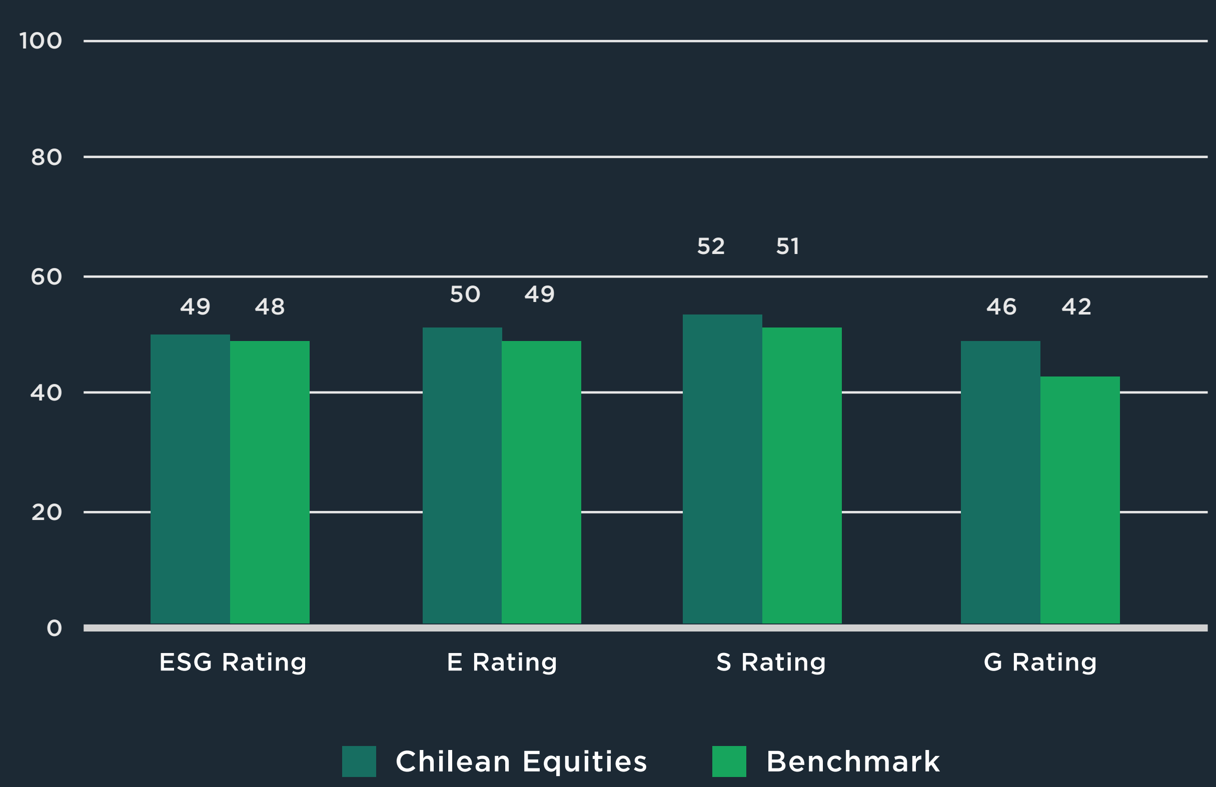




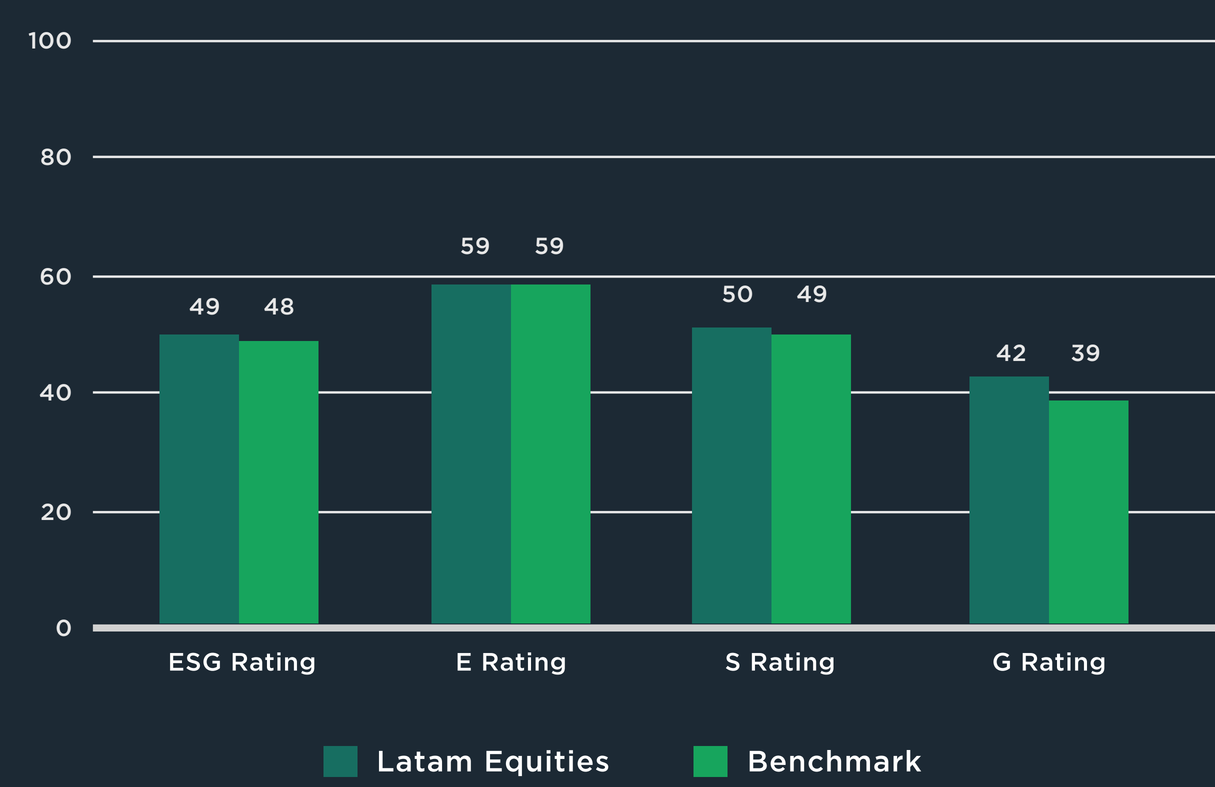
As mentioned before, in terms of overall ESG rating, our Latam Investment Grade strategy is marginally lower than the benchmark (44.7 vs 45.0), with the governance pillar being above the benchmark. The ESG coverage for this fund is 87%, while that of the benchmark is 90%.

On the other hand, our Latam High Yield strategy presents ESG ratings that are all higher than those of the benchmark. However, and although it has increased by almost 20 percent points since 2018, our ESG coverage is lower than that of the benchmark (80% vs 88%), given the higher weight of issuers that do not disclose any public ESG information. One of our goals for 2021 is to keep increasing the ESG coverage for this fund.

Chilean Equities Strategy



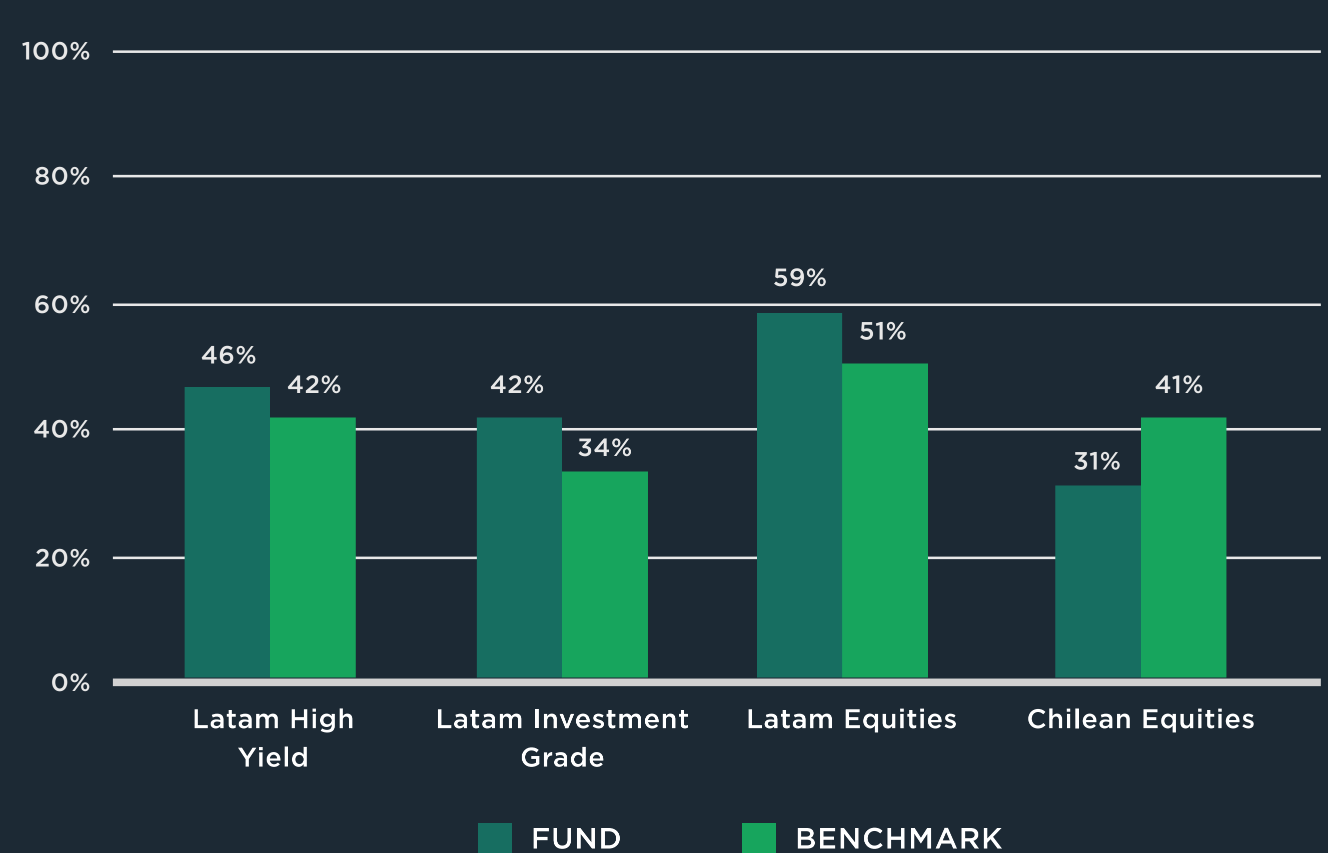
Latam Equities Strategy



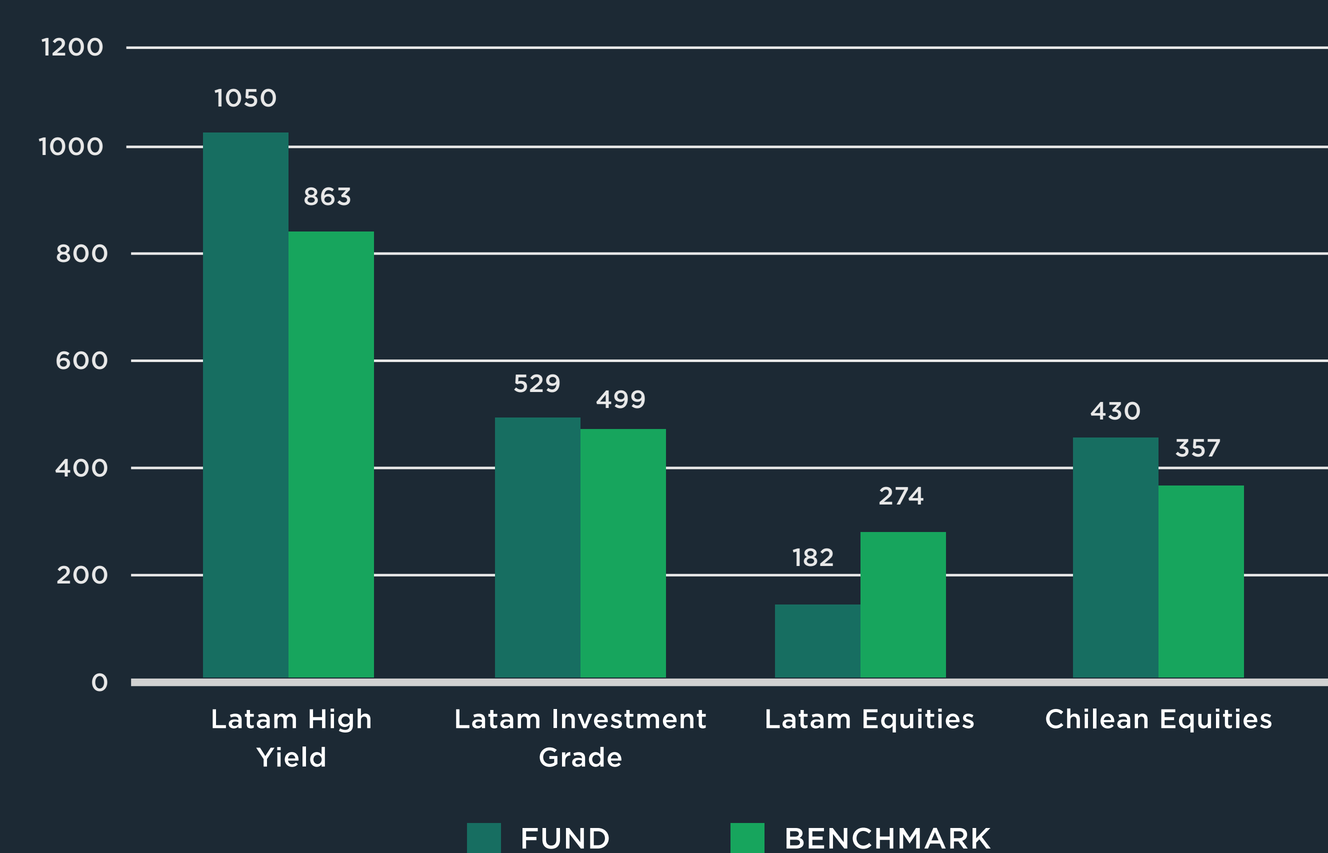
Both of our equity strategies present ESG ratings that are higher than those of the benchmark, with the Latam Equities Strategy having an Environmental rating which is higher than that of any of our other funds, largely due to the high proportion of companies in the banking and technology sectors and the presence of electric utilities with a solid strategy towards renewable energies. The ESG coverage for both strategies is over 92%.

ESG KPIs

% of Companies with a Carbon Emission Reduction Target

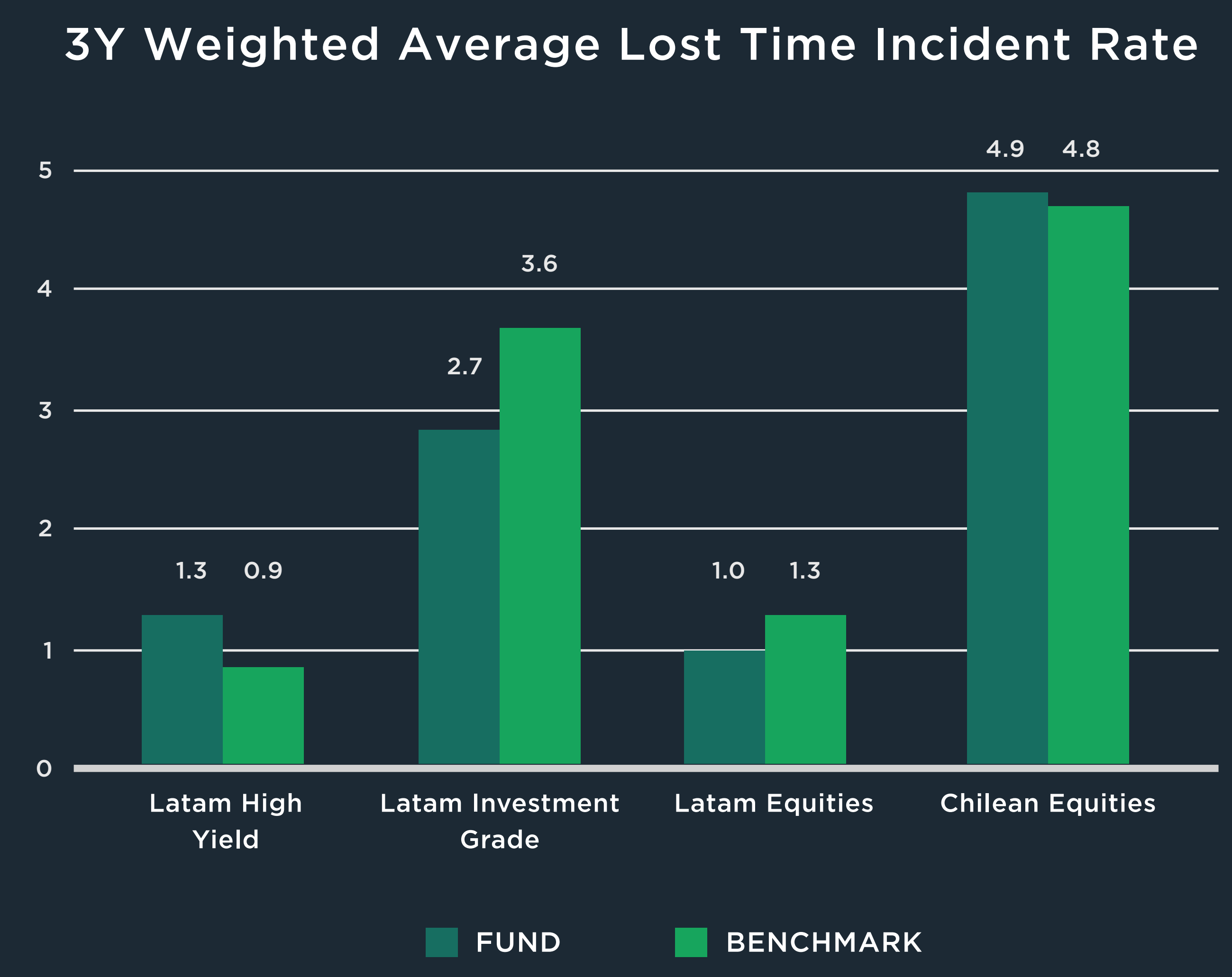


3Y Weighted Average Carbon Emissions Intensity



Climate change is perhaps the most relevant ESG trend and will become even more ubiquitous in the short term, given climate-related risks and the opportunities that will arise through the financing of projects to counteract its consequences. Furthermore, its repercussions will impact underdeveloped and developing regions in a larger degree.

The strategies' carbon emissions intensity represents weighted average Scope 1 + Scope 2 tons of greenhouse gas emissions normalized by revenues in million USD for the years between 2017 and 2019. Most of our funds exhibit a carbon intensity higher than those of their benchmarks, due to their overweight in extractive industries. In the case of our fixed income strategies, however, there is a lack of reporting of carbon footprint from a considerable number of issuers, which could lead to misrepresentations. For this reason, engaging with companies that are not disclosing their carbon footprint and with those with the highest carbon intensity are two areas of focus for our engagement priorities for 2021 and beyond.

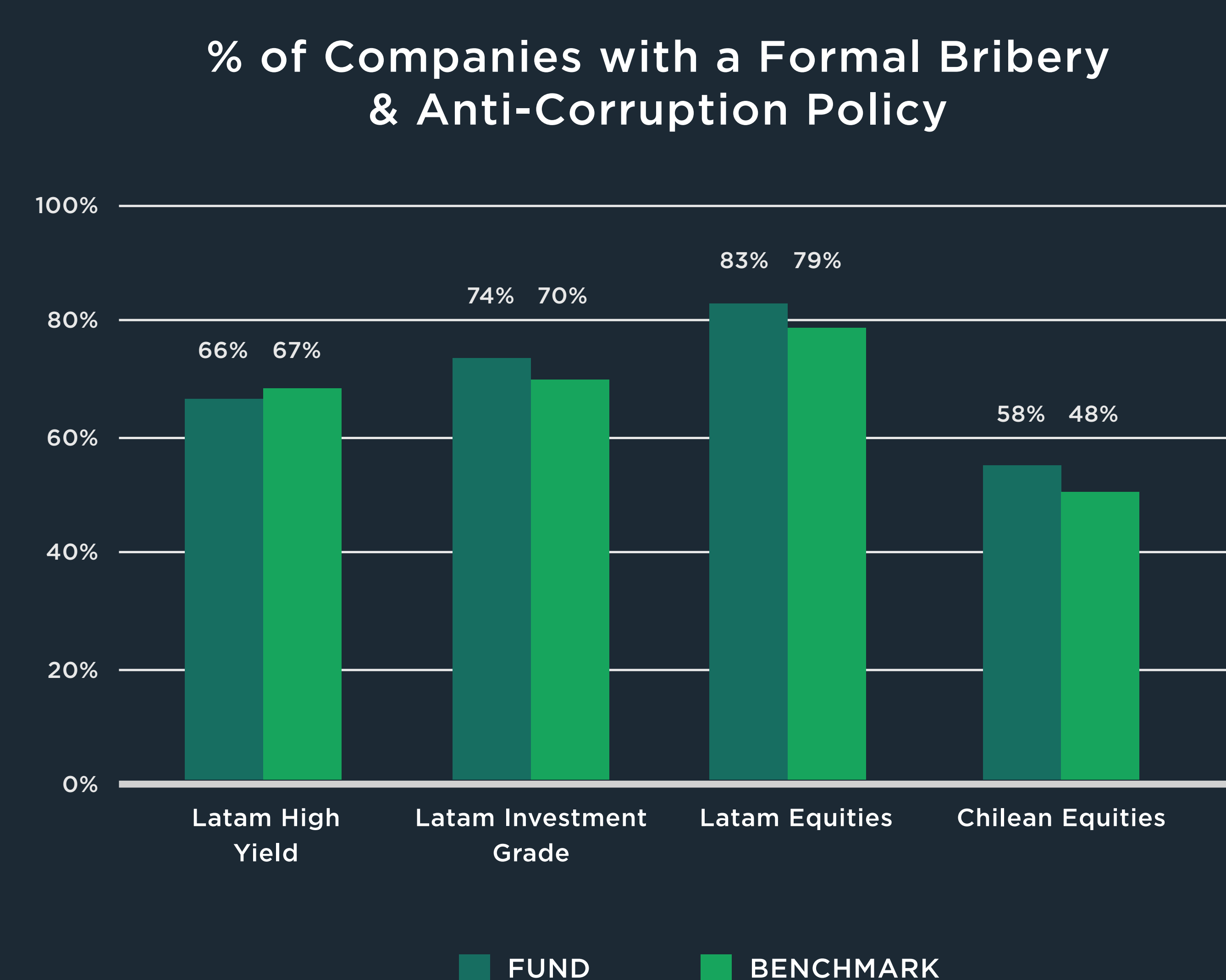


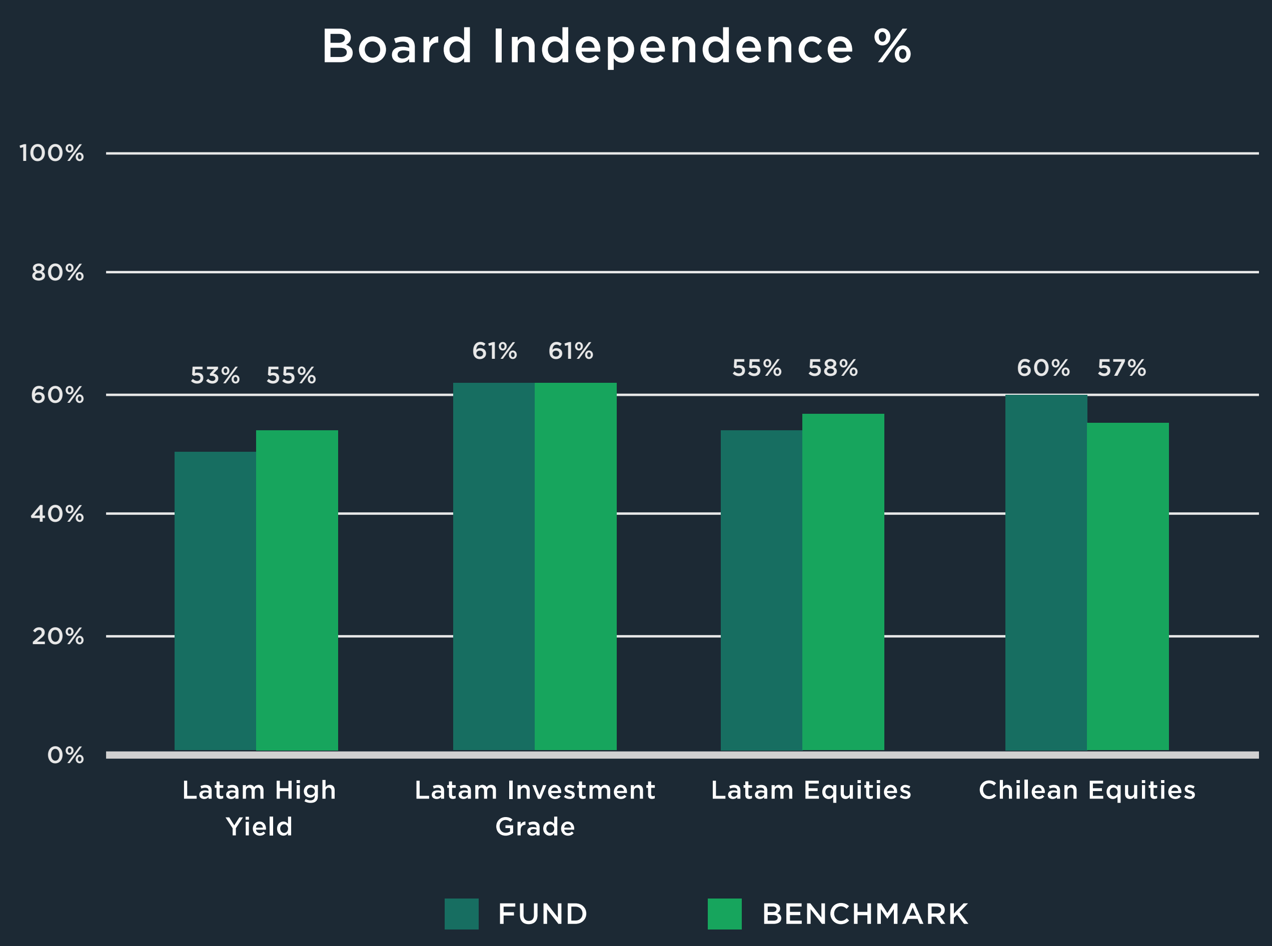
The lost time incident rate (LTIR) indicator measures the number of accidents that resulted in time lost from work of one day/shift or more per million hours worked considering the strategies' issuers that operate in industries with high exposure to health and safety risks, such as oil & gas, mining and metals, construction & engineering, or manufacturing processes, for example. A high LTIR affects not only productivity due to disruptions, but it also indicates how effective the health & safety measures of an issuer are in preventing accidents and injuries.

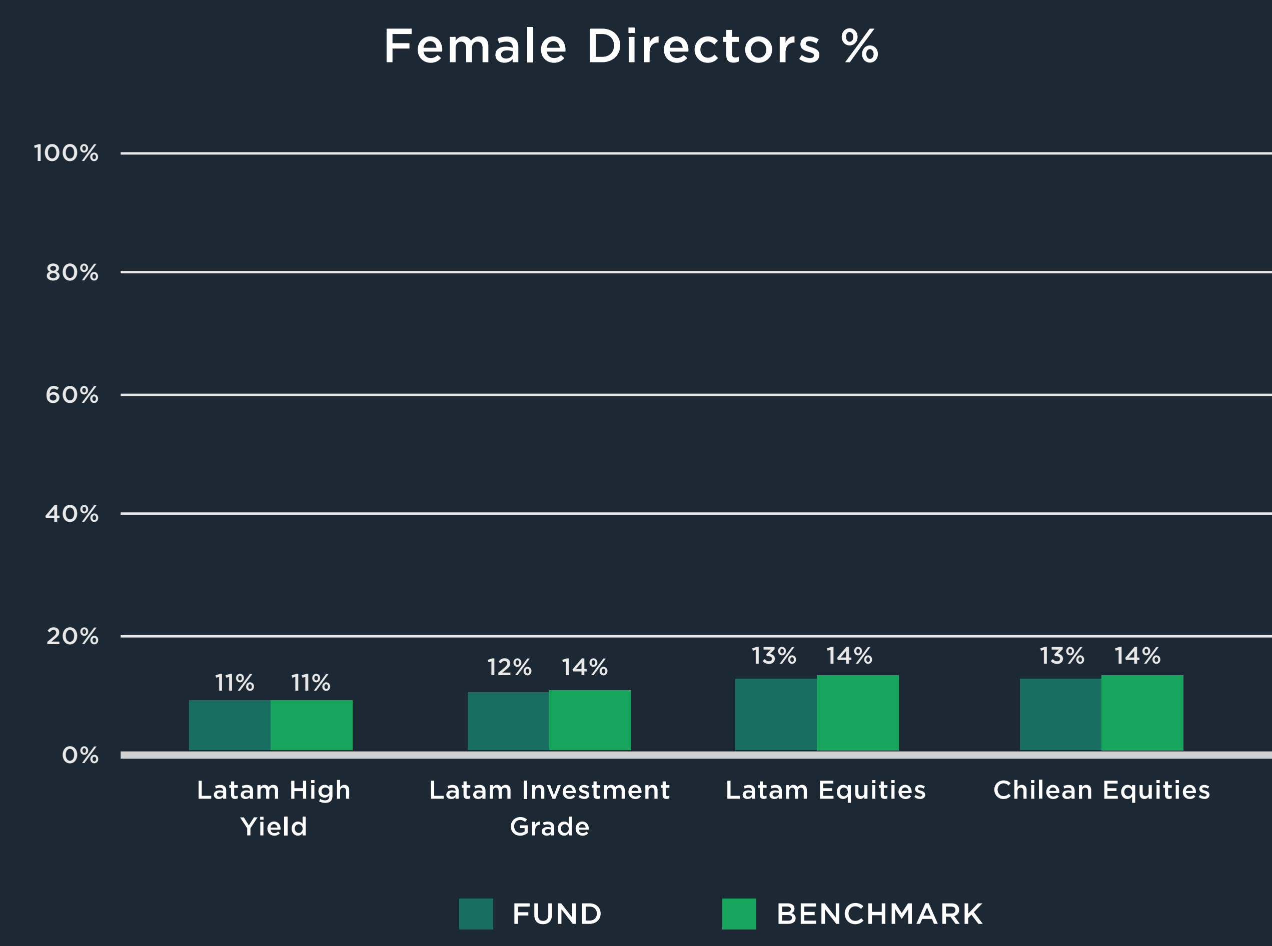
For our Latam High Yield strategy, the presence of two mining companies with a higher-than-average LTIR, which are not present in the benchmark, tilt the indicator higher. For our Chilean Equities strategy, most of its LTIR come from two specific issuers, which are overweight against the benchmark.

The prevention of corruption and bribery and following business ethics guidelines in general are a crucial matter in Latin America, a region that has unfortunately seen a number of these cases. Although we acknowledge that the sole establishment of a solid anti-corruption policy does not preclude the occurrence of corruption cases, we believe it is a valuable control mechanism and acts to deter them.

All our strategies have a higher percentage of companies in their portfolios with a detailed and formal policy on anti-corruption than those of their benchmarks, except the Latam High Yield strategy that has a slightly lower percentage (66.1% vs 67.1% of the benchmark). Nevertheless, we are aware that the percentage of companies with an anti-corruption policy in our Chilean Equities strategy, although higher than the benchmark, is still low and will focus on engaging with those issuers that have not implemented the correct anti-corruption mechanisms.





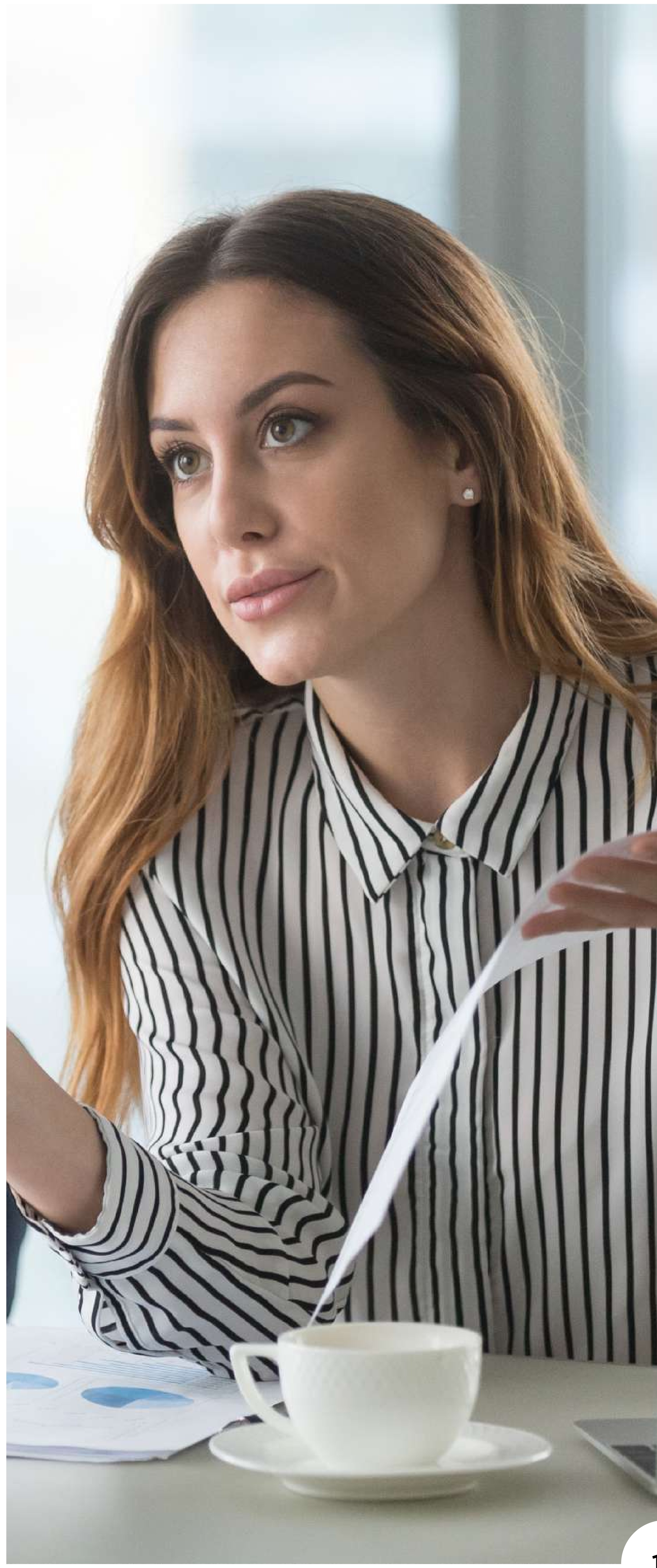


A company's Board of Directors should be the main governance body making sure the correct checks and balances are implemented within the organization and that company management is held accountable, while also representing the various stakeholders of the company. In this sense, ideally, the Board should be composed of diverse and experienced members that are independent of the company's management.

On average, all our funds have an independent majority and are reasonably close to the average independence percentage of their respective benchmarks. However, there remains issuers within our portfolios that present a very low level of independence. For our equity strategies, we have used our proxy voting activities to increase these percentages by voting for capable, independent directors. On our fixed income strategies, we will continue to engage with issuers to improve the level of independence in our holdings.

In terms of gender diversity within the Board, although emerging markets companies have made progress on the number of women sitting in Boards, there is still some way to go. While in 2017 the average percentage of women in Boards in the MSCI EM Index constituents was 10.2%, in 2020 that number rose to 13% (source: MSCI ESG Research). However, that average percentage is far from the 26.2% of the MSCI World Index for 2020. Similar to Board independence, we will continue to exercise our voting rights to increase this percentage.

ACTIVE OWNERSHIP



As part of our philosophy and responsible investment strategy, we firmly believe that the incorporation of ESG factors within the investment analysis decreases the chances that unforeseen risks affect future returns of an asset. Furthermore, ESG analysis can also be beneficial in recognizing issuers that may become potential investment opportunities when either their ESG performance is not priced within their market price or when they have the capability of improving their ESG performance but have not done so yet.

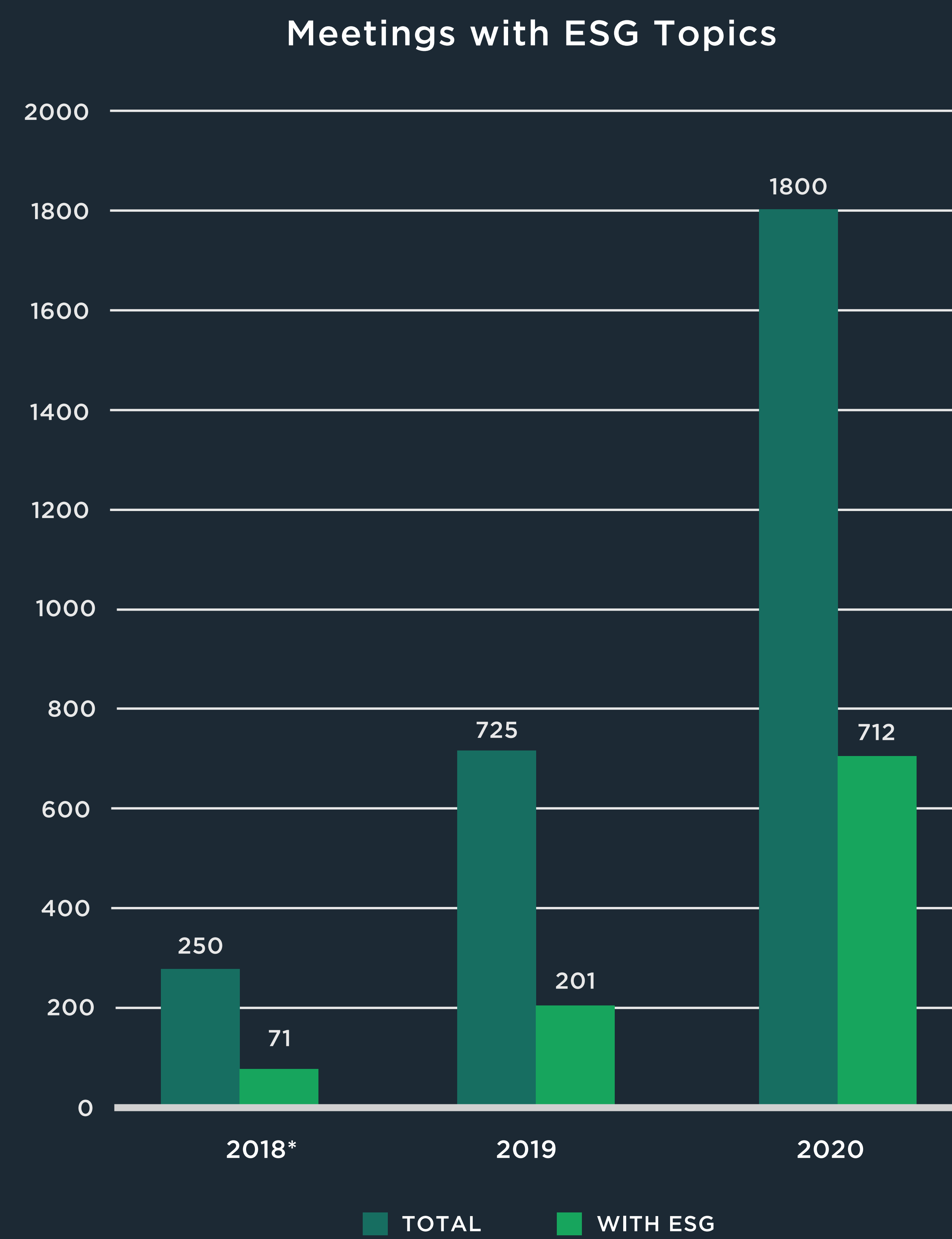
In Moneda we do not apply exclusion lists or preliminary exclusions unless they are part of a specific investment mandate. Instead, we believe that an active ownership approach is much more impactful. As a result of the combination of our long-term investment philosophy and our more than 25 years investing in the region with a focused investment universe of around 500 issuers, we have been able to build a strong rapport with the upper management and the governance bodies of the issuers that we are invested in. Capitalizing on this relationship and the communication channels it sustains, we develop engagement strategies that aim to influence and generate positive changes of an issuer's corporate behavior and sustainability practices that could potentially be value-creating in the long-term as well as maximize the risk-return profile of that specific issuer. We see engagement as an integral aspect of our stewardship commitment and our fiduciary duty to protect and enhance our portfolios' long-term value and that of our clients.

In this sense, instead of immediately divesting when a critical situation arises with an issuer, our philosophy is to accompany them in the process of improving their ESG performance, through direct engagement for specific issues, ongoing communication with company management, and exercising our rights as shareholders and bondholders, which we believe should lead to better and more sustainable returns in the future.

Company Dialogues & Collaboration

In 2020 we registered more than 1,800 corporate meetings and calls with company management or their investor relations department. The significant increase compared to 2019 is mainly due to improvements in the information collection and recording process. We use these meetings to gather better information about the company, inquire about specific concerning issues and how the company plans on resolving them and even point out situations that management has not foreseen or addressed yet.

Out of the 1,800 corporate meetings, 712 of them involved discussions over environmental, social or governance issues such as remediation plans for environmental disasters, strategic measures on handling the COVID-19 pandemic, asset allocation, or management compensation, among others. While during 2018 and 2019, approximately 28% of total corporate meetings and communications registered involved ESG topics, in 2020 this percentage increased significantly to 40%. This increase can be explained by the progressive emphasis we have put to these issues in our analysis and understanding of company dynamics but was also driven by the overall increase in engagement activities and the emergence of COVID-19.



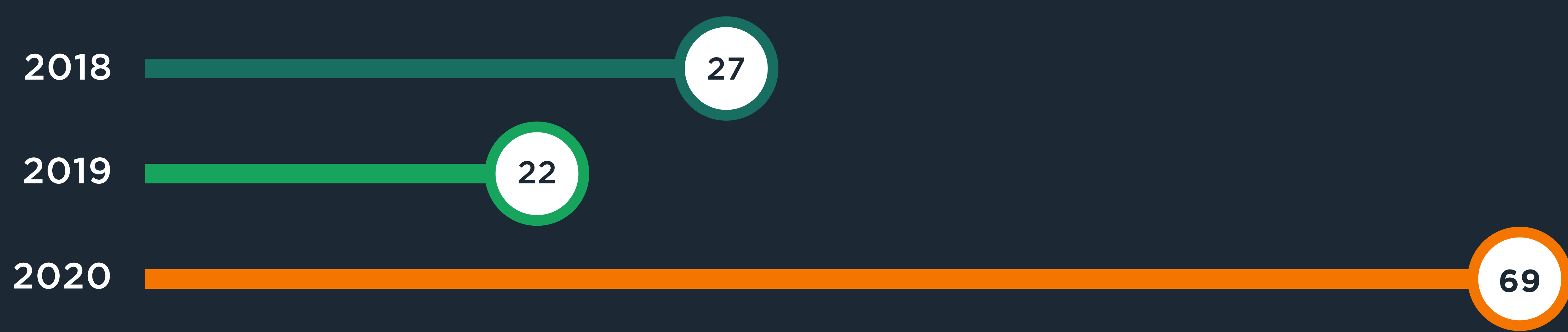
*: Data is only for the second half of the year

Direct Engagement

Besides our regular and direct communication with companies, we also engage with them to improve their ESG performance.

We understand engagement as the process by which investors or creditors seek to promote corporate changes in companies to enhance their value or correct specific weaknesses through a positive rapport and constructive feedback. These changes could be as straightforward as developing a CEO succession plan or more complex and exhaustive, such as the implementation of a new certified environmental management system. Altogether, the basic principle of an engagement is that of mutual agreements and benefits rather than one of unilateral imposition.

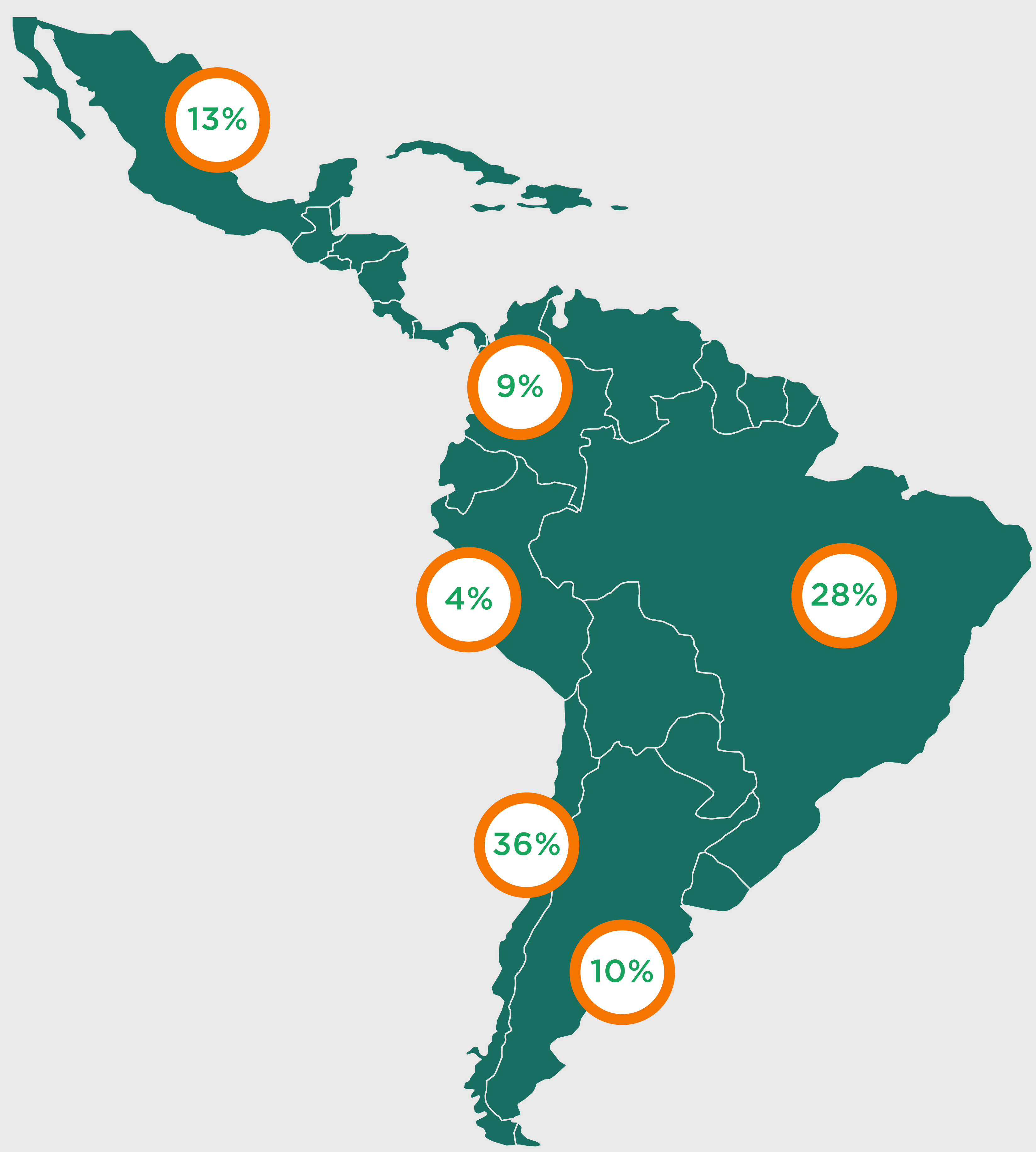
During 2020, we carried out engagements with 69 different companies, a significant increase compared to 2019 and 2018. The main engagement themes during the past year were COVID-19 measures, quality of ESG reporting, and climate change strategies and TCFD reporting.



DIRECT ENGAGAMENTS BY COUNTRY (2020)*

Country	%
Chile	36%
Brazil	28%
Mexico	13%
Argentina	10%
Colombia	9%
Perú	4%

*All percentages have been rounded up to the nearest whole figure, which may result in a percentage total over 100%.



2020 ENGAGEMENT THEME

Encouraging Implementation of TCFD Reporting Guidelines

At the end of 2020 we became public supporters of the TCFD. However, our journey on implementing TCFD guidelines and on presenting our suggestions to our investee companies started at the beginning of the year, when our ESG Team worked on defining the most important climate issues recommended by TCFD to focus on for the different industry sectors. With this in mind, and in order to give clear guidelines on best practices for the incorporation of climate change on companies' strategies and their appropriate disclosure, the ESG Team held discussions and engagements with critical companies in our portfolios most affected by climate-related risks and opportunities.

In this context, the ESG Team focused mainly on companies in the Oil & Gas, Utilities, and Mining and Materials sectors, engaging with them on TCFD guidelines on its four pillars (Governance, Strategy, Risk Management, and Metrics and Targets).

The following issues were addressed:

Metrics & Targets

- Metrics used to measure risks and opportunities associated with climate change.
- Climate-related targets used by the company to measure the progress of its management strategy.

Risk Management

- Processes for the identification, evaluation, and management of transition and physical climate risks.

Strategy

- Climate-related risks and opportunities that have been identified in the short, medium, and long-term.
- Current and future strategic financial guidelines to address climate-related risks and opportunities.
- Scenario analysis for the resilience of the organization's strategy and its financial impacts taking into consideration climate-related transition risks scenarios (greater demand for renewable energy, carbon taxes, regulatory changes, etc.)

Governance

- Board's oversight of climate-related risks and opportunities.
- Main roles and responsibilities of the management for the assessment and implementation of measures related to climate risks and opportunities.
- Incorporation of climate change in strategic planning.

To give detailed guidance on TCFD recommendations, some global best-practices study cases were used in the engagement activities with companies, for illustrative purposes.

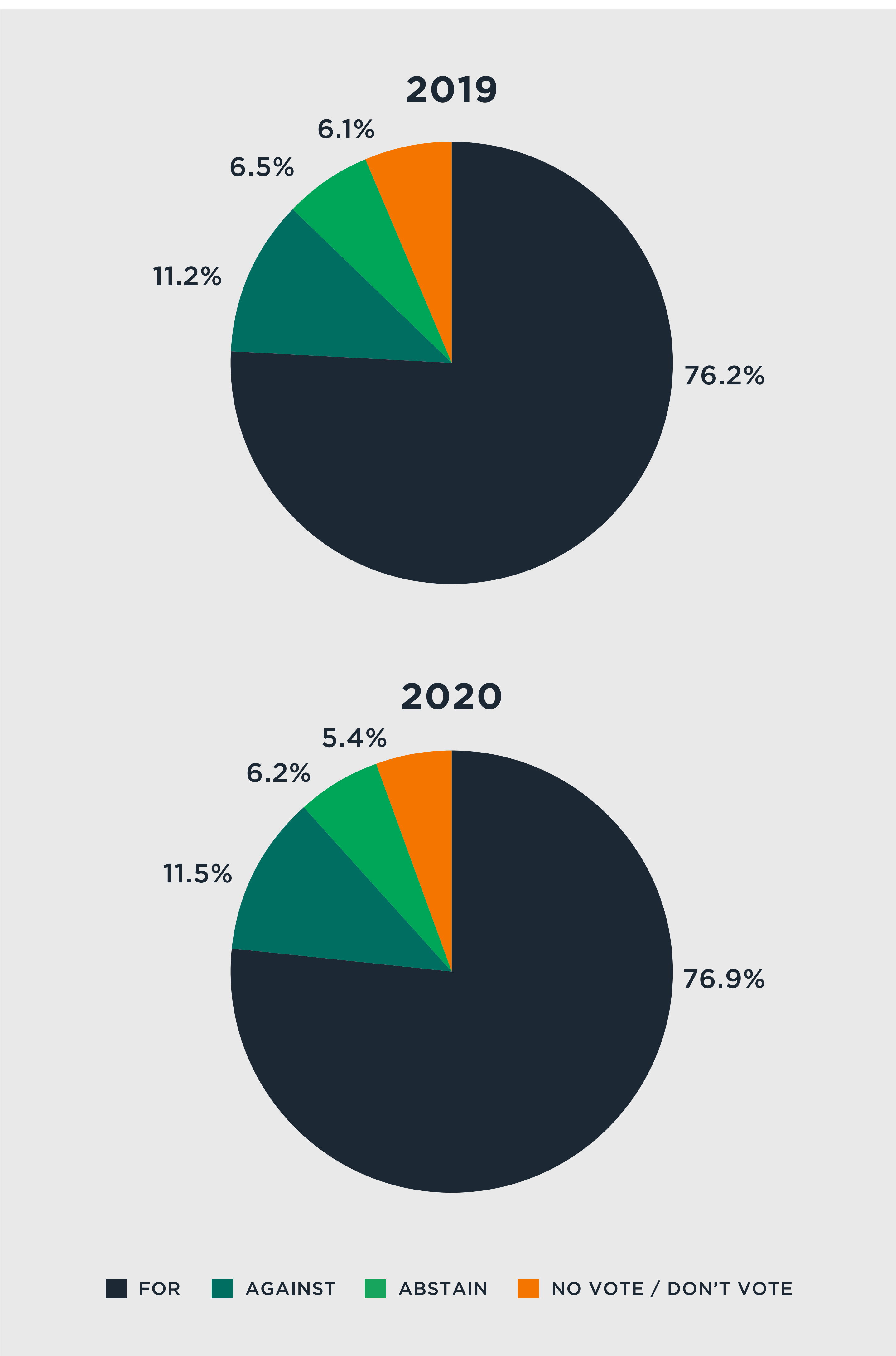
Exercising our Voting Rights

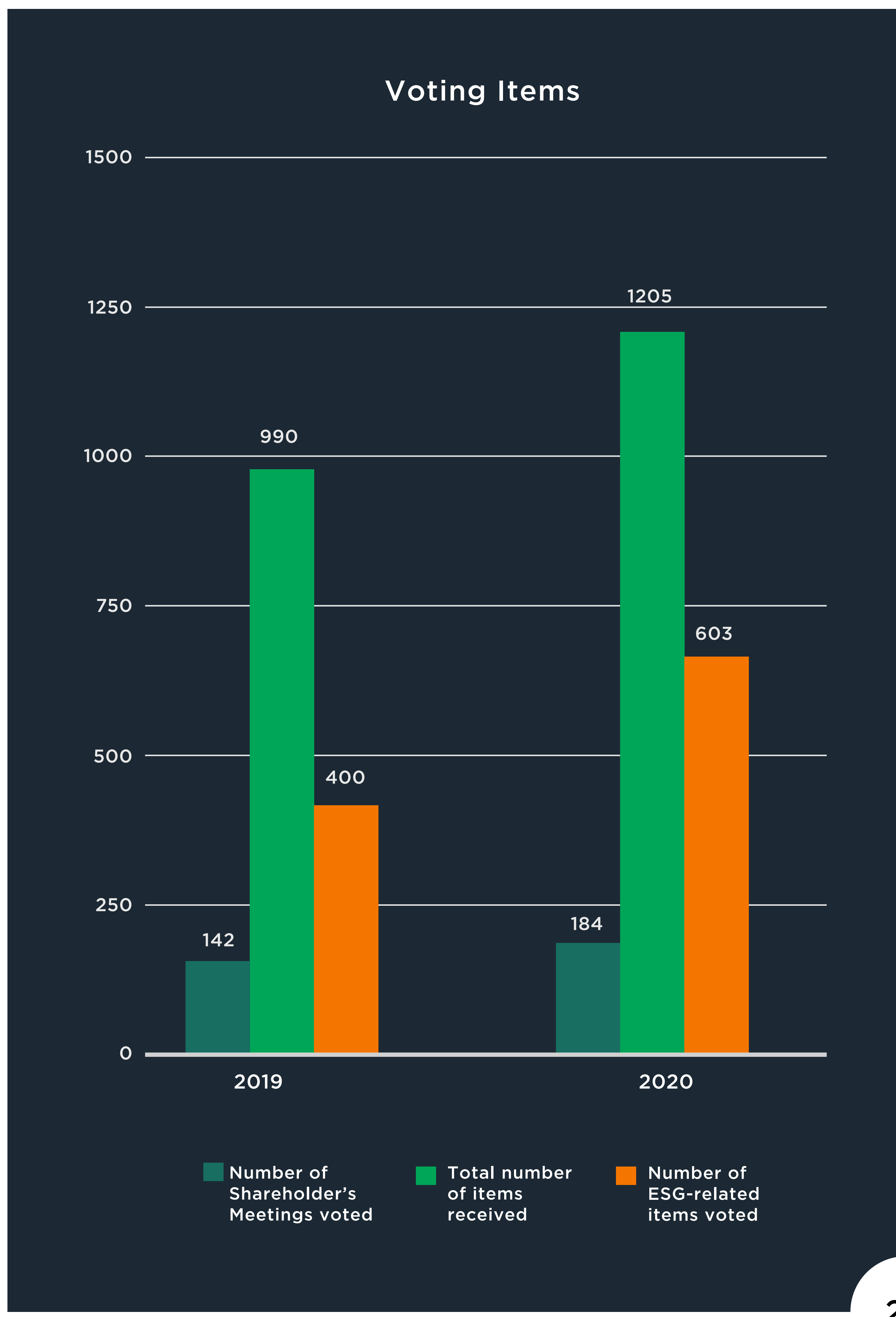
Finally, in addition to direct engagements, we use voting in shareholder meetings to exercise our minority shareholder rights with the intention to guide a company's management towards what we believe is the correct path to create long-term value for all stakeholders.

For our Latin American holdings, we have established a goal to make an informed voting decision on 100% of the ordinary and extraordinary meetings happening during the year. For this, and although Portfolio Managers have the final say on voting instructions, our ESG Team assists on giving voting recommendations for any item pertaining to ESG, aiming to ensure that the companies are correctly managing these factors and including these issues in their long-term strategy.

To facilitate our ESG Team's recommendations, we have developed specific voting guidelines for issues that are commonly included as voting items in these meetings such as Board independence, composition and election, Board and management remuneration schemes, dividend payout, share buyback programs, changes in Bylaws, and shareholder proposals. These guidelines serve as advice as to how to vote for these items depending on specific circumstances, but voting recommendations are usually analyzed on a case-by-case basis and the ultimate voting decision will always be given by the Portfolio Manager.

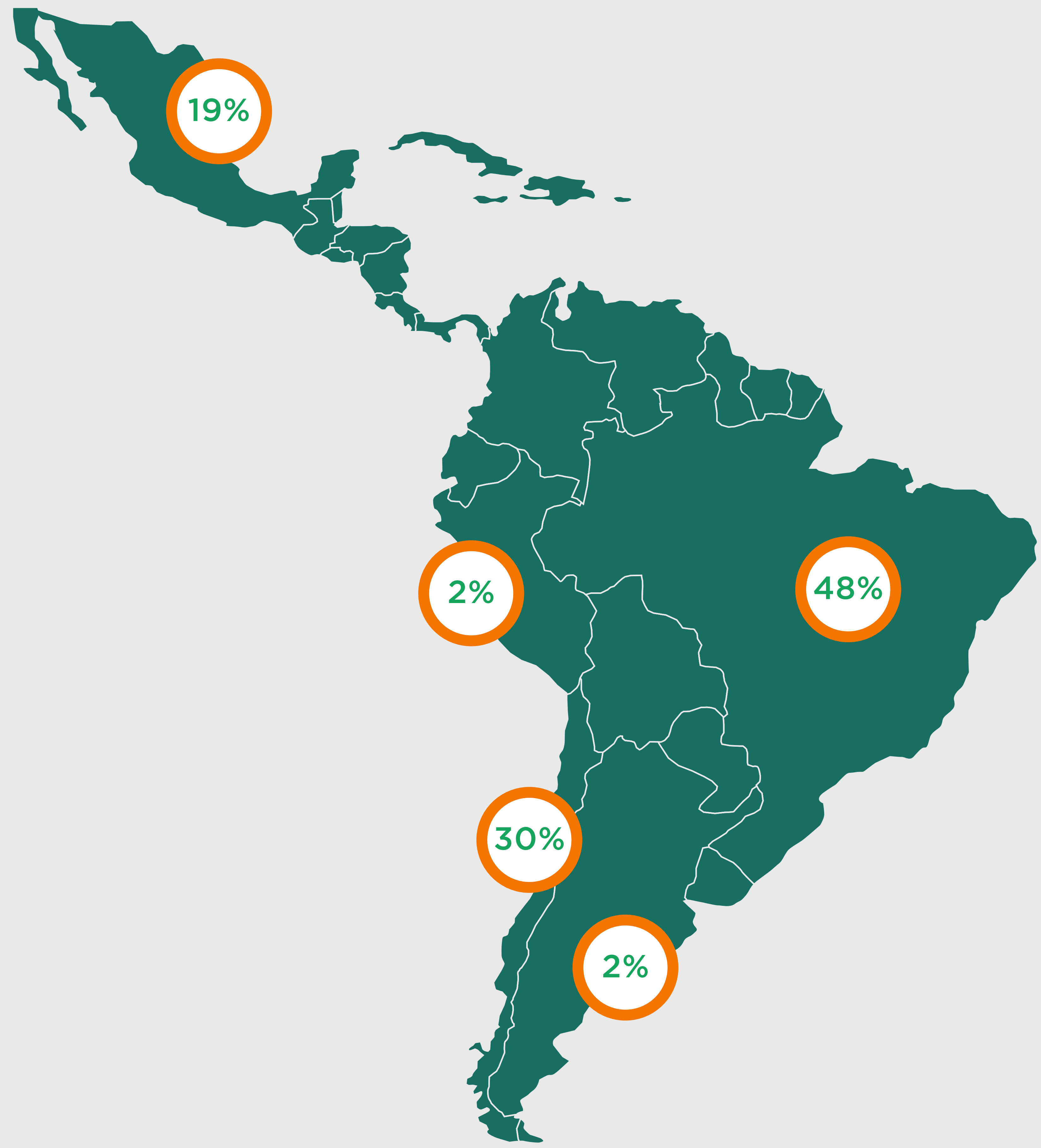
In 2020, we received over 1,200 voting instructions (603 of which were related to ESG issues) and voted in 184 Annual and Extraordinary General meetings (compared to 142 in 2019).





SHAREHOLDERS' MEETINGS BY COUNTRY (2020)*

Country	%
Chile	30%
Brazil	48%
Mexico	19%
Argentina	2%
Perú	2%



*All percentages have been rounded up to the nearest whole figure, which may result in a percentage total over 100%.

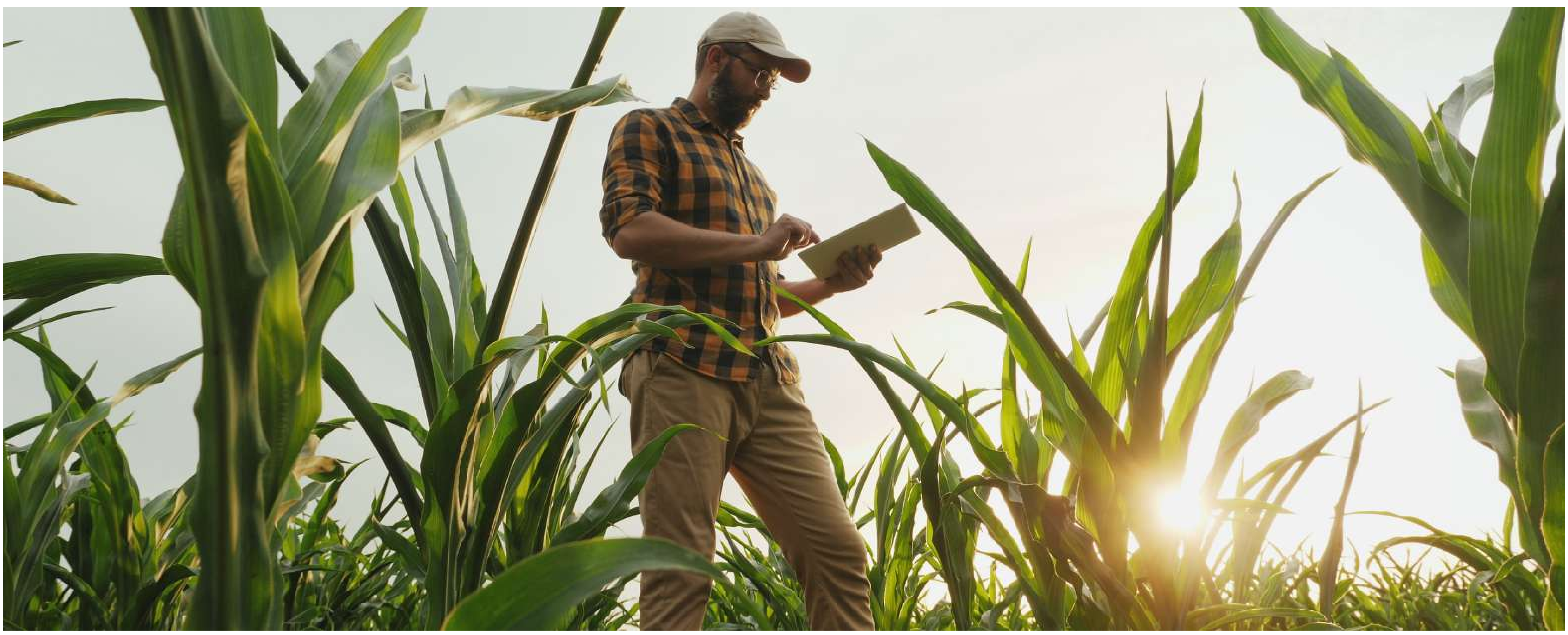
ESG ACTIVITIES DURING 2020

"ADVANCING RESPONSIBLE INVESTMENT IN LATAM AND SPAIN", APRIL 2020

Online event organized by the Principles for Responsible Investment (PRI) that had among its speakers the Moneda ESG Team alongside other PRI signatories from Latin America and Spain. These speakers were showcased as best-practice examples of responsible investment integration for the Ibero-American region.

"THE VALUE OF RESPONSIBLE INVESTMENTS", JULY 2020

Webinar hosted by UNEPFI (United Nations Environment Program Finance Initiative) and the Chamber of Commerce of Santiago. In this event, one of Moneda's Senior Partners and Head of Global Clients, alongside with BlackRock's Director of Investment Strategies for Latin America, presented and discussed responsible investment strategies and their integration in the investment analysis and decision-making progress.



"ZOOMING IN ON RESPONSIBLE INVESTMENT", AUGUST 2020

After the second Annual Responsible Investment Report published by Moneda, our clients were invited to this online chat, where the ESG Team presented in greater depth how environmental, social, and corporate governance factors are incorporated into our decisions and investments processes to properly manage risks and identify opportunities, aiming to generate long term sustainable returns and value creation.

"RESPONSIBLE INVESTMENT PROGRAM OF THE NATIONAL SECURITIES COMMISSION OF PARAGUAY", SEPTEMBER 2020

Program about responsible investment oriented to government entities, regulatory entities, and investors, organized by the UNDP (United Nations Development Program), UNEPFI, the Paraguayan National Securities Commission, and WWF Paraguay. In this opportunity, Moneda's ESG Team was invited to present the implementation of its responsible investment strategy at firm level, as one of the success cases for Latin American asset managers signatories of PRI.

LOOKING AHEAD

ESG RATINGS & COVERAGE

As mentioned in the 2019 Annual Responsible Investment Report, one of the short-term goals of the ESG integration approach at Moneda is to keep rising the coverage of ESG research of our funds. In this sense, we have been able to achieve a coverage of at least 95% for our largest equity funds and above 75% for our largest fixed income funds in terms of assets under management.

In this context, the efforts to work alongside with companies that have low ESG disclosure will remain, aiming to keep increasing the ESG disclosure of investee companies so ESG research coverage can continuously increase and be more detailed and insightful.

STEWARDSHIP REPORTING

Considering the in-depth analysis done by the ESG Team when it comes to exercising our voting rights in extraordinary and ordinary shareholder meetings, especially when ESG matters are involved, such as board and management remuneration, board composition, bylaws changes, among others, is that for the upcoming year, we intend to publish an Annual Stewardship Report. The report will summarize and explain all the relevant data and analysis made during the year related to the voting issues assessed and voting recommendations given so that clients can have details about how we exercise our fiduciary duty based on our investment philosophy through fundamental and quantitative criteria.

DIRECT ENGAGEMENTS

It is our belief that regular engagements with companies on their management of ESG matters as well as the appropriate disclosure of this information, is a necessary work that has positive impacts not only for the company, but also for the most relevant stakeholders. In this line, we plan on tackling these new issues and make use of our strong relationships with issuers to do so. Among the priority issues that will be considered are Climate Change and Energy Transition, Water Scarcity, Deforestation, and Pandemic Management.

APPENDIX I: ISSUER LEVEL SAMPLE CASE STUDY

COMPANY X ESG ANALYSIS

ESG SUMMARY	
Red Flags: None	Outlook: Neutral
Major Issues: None	Risk: Negligible / Low / Medium / High / Severe
Opportunity: None	Score: 56

Company X is engaged in the exploration, development, and production of crude oil and natural gas with operations focused on South America. It has a diversified portfolio of assets with interests in more than 40 exploration and production blocks in Country 1, Country 2, Country 3, and Country 4.
The company is at medium risk of experiencing material financial impacts from ESG factors, due to its medium exposure and average management of material ESG issues. Furthermore, the company has not experienced any significant controversies.

ESG PILLARS

ESG				
ESG	Environment	Good practices	Standard practices	Bad practices
	Social	Good practices	Standard practices	Bad practices
	Governance	Good practices	Standard practices	Bad practices

Environment

Risk Exposure: Carbon Emissions & Climate Change; Waste Management; Biodiversity Management

- The Company reports having recently developed a decarbonization strategy focused on carbon footprint management to reduce its carbon footprint, increase energy efficiency, and mitigate and adapt to climate change. Stemming from this, the Company has begun to enhance its reporting practices based on GRI, TCFD and CDP. Before implementing this strategy, however, the Company had seen increases in its energy intensity and greenhouse gas (GHG) emissions intensity.

- In terms of waste management, Company X has an average management system, mainly focused on measuring and reporting hazardous and non-hazardous waste generation.

- Its biodiversity management system is stronger, with a clear strategy and a plan to invest 1% of its yearly revenues in compensation and remediation programs such as connectivity corridors, strengthening natural reserves and protective reforestation, among others.

Social

Risk Exposure: Health & Safety; Community Relations

- The Company's integrated management system (which includes health and safety) is certified under internationally recognized ISO 9001 (quality), ISO 14001 (environment) and OSHAS 18001 (health and safety) standards. The Company's health and safety indicators have increased slightly in the last 3 years.

- Although the Company has a Social Investment Framework focused on philanthropic donations, technical skills training for local communities, and a local employee and contractor hiring program, it does not report any mitigation measures and local consultations. This may have already brought them difficulties, as they have had issues with local indigenous communities in Block XXXX in Country A, although these have mainly risen due to disputes between the communities and the local government.

Governance

- Company X's main shareholder is a private equity firm which owns 38.7% of common shares.

- The Company's Board of Directors has an above average functioning, with annual elections, 88% of its members considered independent from company management and other interests, and separation of roles between CEO and Chairman, although the latter is not independent.

- In terms of minority shareholders' rights, the Company only has one class of shares, with no voting rights differences, and a 100% tag-along policy. However, shareholders do not have the right to call extraordinary general meetings.

- The Company has an above average anti-corruption strategy that includes employee training in business ethics (both during the onboarding process for new employees as well as annual training for all employees), targeted training for key personnel, and a monitoring process.

BOARD OF DIRECTORS & KEY MANAGEMENT

COMPANY'S BOARD OF DIRECTORS							
NAME	M/F	AGE	TENURE (YEARS)	BOARDS	INDEPENDENT OF MGMT	INDEPENDENT OF OTHER INTERESTS	MGMT LINKS/ DESIGNATION REASON
Name 1 (COB)	M	47	4	2	Yes	No	Executive of controlling shareholder
Name 2 ($)	M	69	4	1	Yes	Yes	
Name 3	M	50	2	1	Yes	Yes	
Name 4 (R$)	M	70	4	1	Yes	Yes	
Name 5	M	40	1	1	Yes	Yes	
Name 6 (I)	M	60	4	1	Yes	Yes	
Name 7 (I)	M	53	2	1	Yes	Yes	
Name 8 (I$)	M	62	4	1	Yes	Yes	

$: Financial Expert / I: Industry Expert / R: Risk Management Expert / COB: Chair of the Board / DC: Deputy Chair. Source: MSCI ESG Research

COMPANY'S KEY MANAGEMENT TEAM		
NAME (POSITION)	M/F	TENURE (START)
Name 9 (CEO)	M	APRIL 2018
Name 10 (CFO)	M	APRIL 2020
Name 11 (Corporate VP Marketing, Logistics and Business Sustainability)	F	--
Name 12 (Corporate VP Field Development, Reservoir Management, Exploration and Business Development)	M	2017
Name 13 (Corporate VP Operations)	M	--
Name 14 (General Counsel)	M	SEPTEMBER 2018

Source: Company information.

KEY ISSUE: CLIMATE CHANGE & TRANSITION RISKS

ENERGY TRANSITION AND DECARBONIZATION

The Company has recognized the relevance and materiality that climate change –and the subsequent energy transition risks— has for the oil & gas industry. Ranging from carbon taxes, a global move away from fossil fuels, and the additional costs stemming from regulatory compliance, the Company may be exposed to significant climate-related risks.

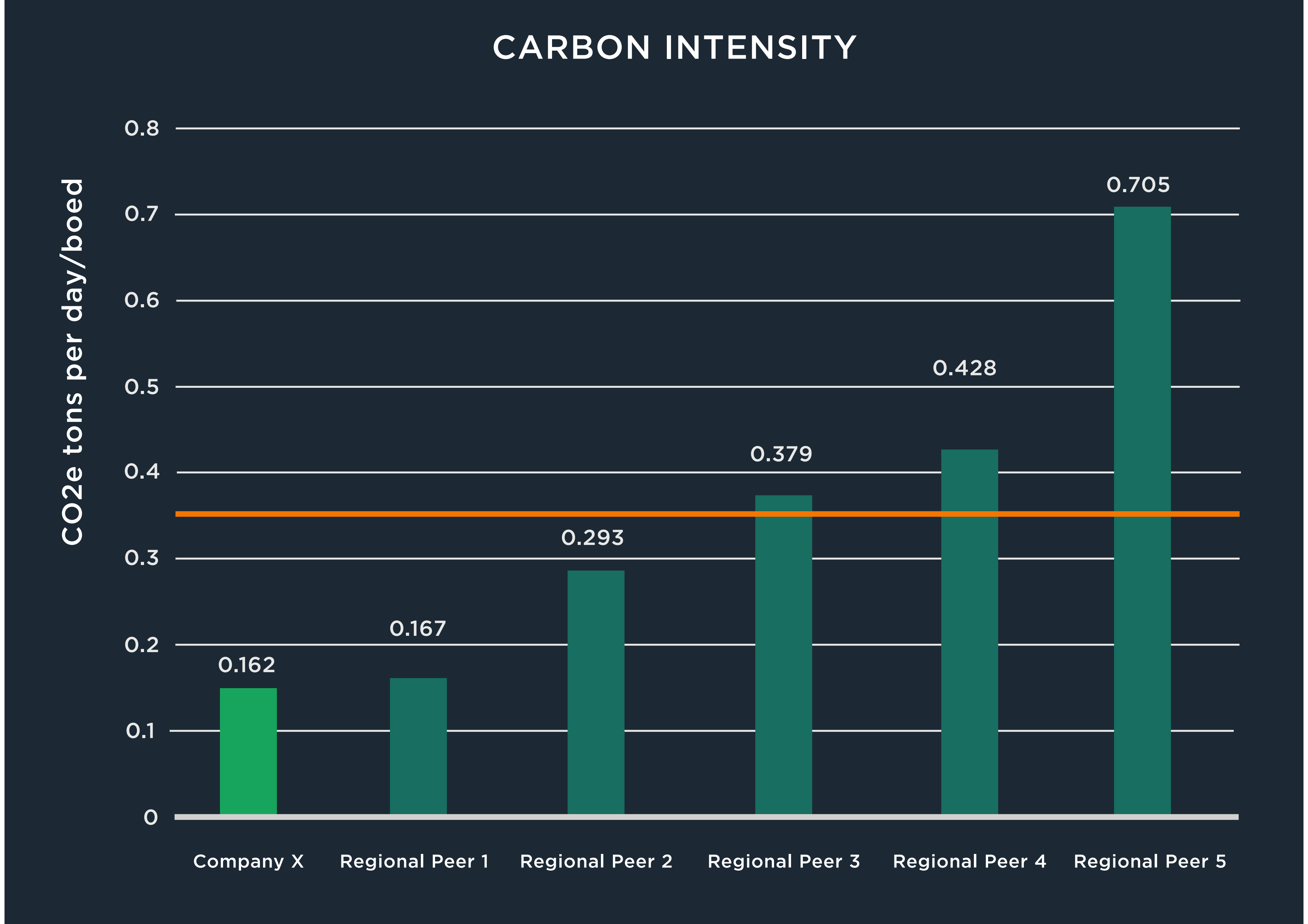
Considering this, Company X started developing a climate strategy based on the reduction of its carbon footprint and increasing its energy efficiency and has also introduce initiatives to mitigate and adapt to climate change. All of this is supported by a 10-year decarbonization strategy (2020-2030), which is based on three time-horizons.

DECARBONIZATION STRATEGY

Time Horizon / Objective	Action Areas	Performance Objectives
First Horizon (2020-2022) Reduce carbon footprint as much as possible, implementing profitable initiatives	1. Reduce carbon footprint through cost effective initiatives that improve efficiency and energy management. 2. Include environmental investments in reforestation and conservation projects in the emissions compensation program, based on their carbon sequestration function. 3. Implement change management efforts across the Company to create greater awareness of climate change and thus accelerate results. 4. Develop a communication strategy to engage stakeholders and position the Company with potential investors.	Robust carbon footprint reporting practice under GRI, CDP and TCFD guidelines. Position the Company in key sustainability indexes and lists. Achieve 15% reduction in CO_2e emission intensity per boe (barrels of oil equivalent) relative to 2019 performance.
Second Horizon (TBD)	Continue to reduce carbon footprint through more aggressive mitigation and compensation initiatives and increasing the Company's gas mix.	
Third Horizon (TBD)	Migrate current business structure to a low-carbon operating model.	

The Company's strategy, thus, seems to be focused on reducing its carbon emissions and producing at lower rates of carbon intensity, mitigating the impact of its emissions through external investment, and increasing, in the long-term, its natural gas mix.

Although, as mentioned, the Company's carbon intensity has increased in recent years, it is still well below the average carbon intensity of regional peers. Indeed, the Company has the lowest carbon intensity at 0.162 CO_2e tons per barrel of oil equivalent produced. This indicator was calculated by calculating the daily average of CO_2e emissions (scope 1 and 2) for 2019 by the total production of oil equivalent barrels per day in 2019 for each company.



Source: Company disclosures.
Orange line represents peers' average: 0.356

CARBON TAX

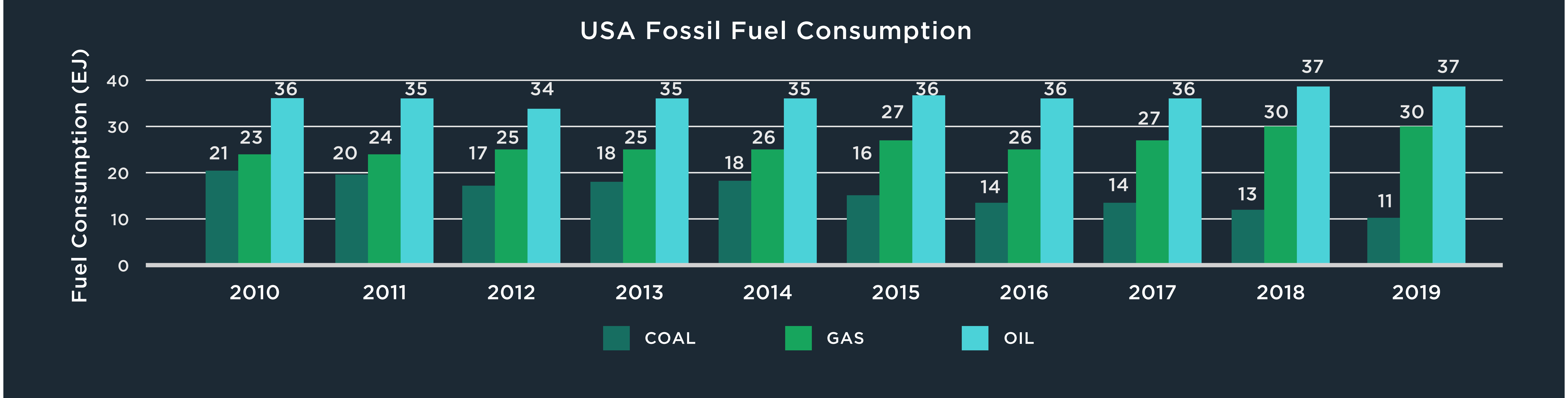
The carbon tax on emissions from fossil fuels is part of the regulations established in Country A's tax reform in 2016, and which began to be applied in 2017. The law determines a charge per ton of CO2 to the wholesale distributors of the following fuels: gasoline, kerosene, jet fuel, motor combustion oil, and fuel oil. Taxpayers can also apply to tax reductions through carbon compensation programs.

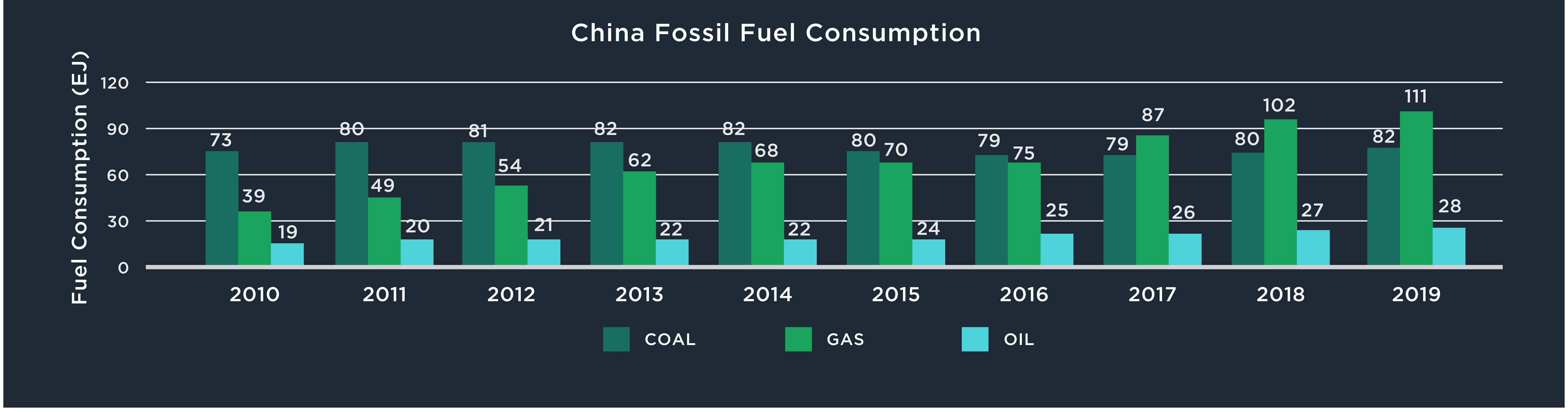
In 2019, the Company paid USD 1.3 million in carbon tax in Country A. To estimate possible financial impacts driven by carbon emissions and define potential carbon taxes to be paid by the Company in the medium and long term, a scenario analysis was performed considering CO2e emissions growth scenarios (from -20% up to 20%) based on the last reported data. The analysis also estimates ratios of $USD per ton of CO2e to be paid. The first scenario is a ratio of 2.6, calculated by dividing the last reported carbon tax paid by the last reported tons of Scope 1 CO2e emissions. The rest of the scenarios have been calculated with increases of 5% and 10% and decreases of 5% and 10%.

Yearly Carbon Cost ($MMUSD)		Annual growth/decrease on ton CO_2e since last year reported (2019)				
		-20%	-10%	0%	10%	20%
$USD per t CO2e Factor	x2.3 (-10% from 2019)	0.94	1.05	1.17	1.29	1.41
	x2.5 (-5% from 2019)	0.99	1.11	1.24	1.36	1.48
	x2.6 (reported in 2019)	1.04	1.17	1.30	1.43	1.56
	x2.7 (+5% from 2019)	1.09	1.23	1.37	1.50	1.64
	x2.9 (+10% from 2019)	1.14	1.29	1.43	1.57	1.72

ENERGY TRANSITION – USA & CHINA FOSSIL FUEL CONSUMPTION

The Company exports most of its oil production and the two main export hubs are primarily the United States and China. Considering this, the graphs below show the evolution of fossil fuel consumption in the last decade for both countries. We can observe that the consumption of oil in both countries has been relatively stable, even though in China it increased by 47% between 2016 and 2019. On the other hand, gas consumption increased significantly in the last decade in both countries, with USA experiencing a gas consumption increase of 30%, while in China it has almost tripled (185% increase). This could potentially become a positive scenario for the Company if, indeed, it increases gas production in its matrix.





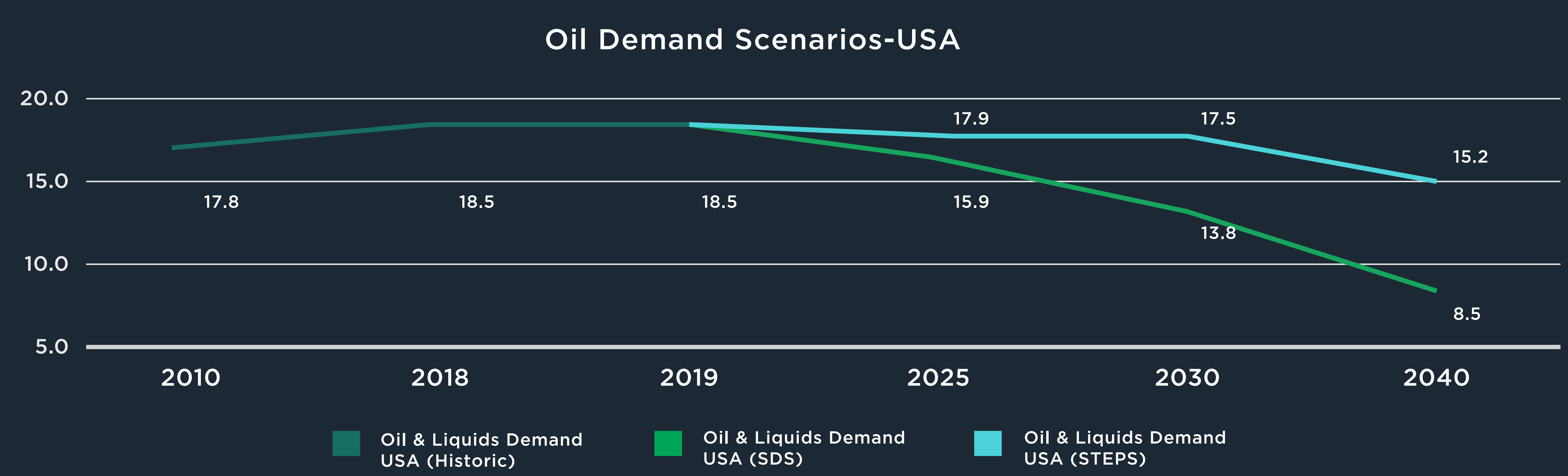
ENERGY TRANSITION – OIL & GAS SUSTAINABLE DEVELOPMENT AND BUSINESS AS USUAL DEMAND SCENARIOS

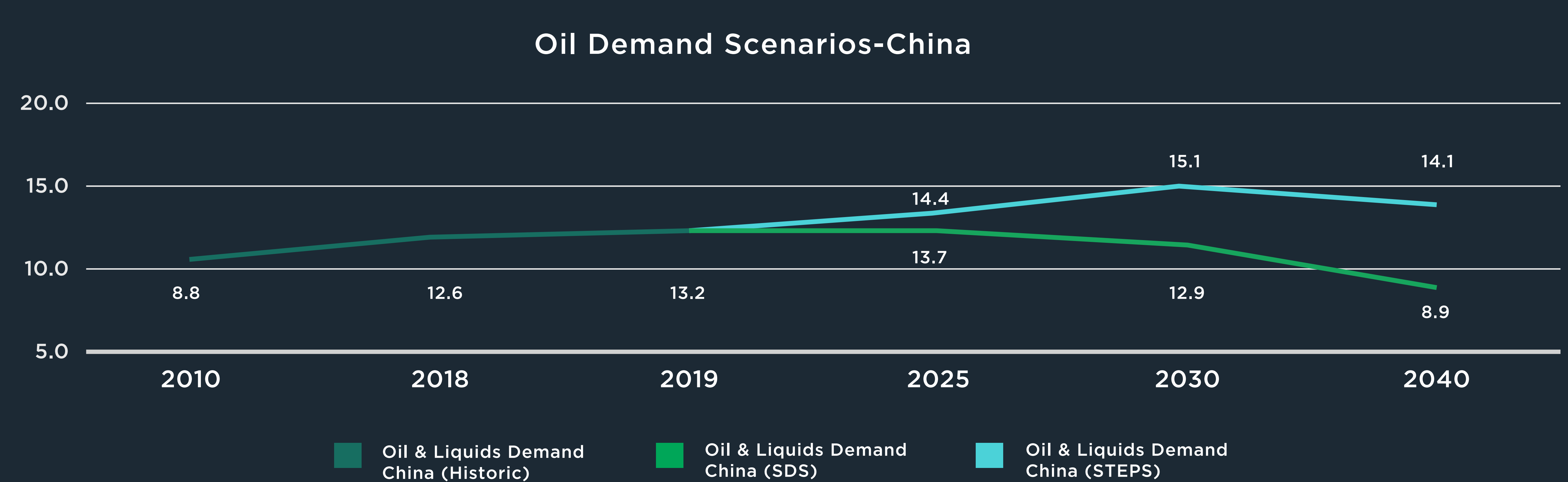
As mentioned, USA and China represent the largest proportion of sales for the Company. The following graphs show the historical oil demands for both countries as well as the expected oil demands under the IEA (International Energy Agency)'s transition scenarios: Sustainable Development and Stated Policies scenarios.

Stated Policies Scenario (STEPS): This scenario considers the announcements made by governments including some far-reaching targets, and aspirations to achieve full energy access in a few years, to reform pricing regimes and, more recently, to reach net zero emissions in some countries and sectors. These ambitions are not automatically incorporated into the scenario: full implementation cannot be taken for granted, so the prospects and timing for their realization are based upon the assessment of countries' relevant regulatory, market, infrastructure, and financial circumstances. Strengthening – or weakening – of future policy action is not assumed, except where there already is specific evidence to the contrary.

Sustainable Development Scenario (SDS): This scenario is fully aligned with the Paris Agreement. Limiting the temperature rise to 1.65 °C with a 50% probability, and global CO_2 emissions from the energy sector and industrial processes fall from 35.8 billion tons in 2019 to less than 10 billion tons by 2050.

In the Sustainable Development Scenario, determined policy interventions lead to a decrease in global oil demand. In this scenario, oil consumption by 2040 in the USA decreases by 54% and in China by 33%. In a business-as-usual scenario (STEPS), oil demand has a different behavior. While in the USA it decreases by 18%, in China it is expected to grow by 7%.





KEY ISSUE: COMMUNITY RELATIONS

The Company has had issues with local indigenous communities in Block XXXX, in Country A, for years now. The problems began in 2017, when indigenous leaders of Amazonian tribes accused the local government of not instituting a local consultation process during the negotiations of the new contract between the government and the Company, which was due to expire at the end of 2019. This resulted in a blockade of the oil field, by indigenous groups, between September and November of that year. Although in November 2018 the government established a schedule for a consent process, the last years have seen complications in this relationship with an average of 226 days of operations suspended, between 2016 and 2019, due to various events including ruptures of the pipeline and community blockades. Indeed, an attack to the pipeline in 2019 halted operations for most of the month of July. During 2020 there have been minimal operations in the block, which entered in force majeure in February of this year and as of November had not restarted operations yet.

It is important to mention that the Company was awarded, in 2015, a two-year contract with Company C to operate Block XXXX (and repeatedly extended due to force majeure) and it does not hold a working interest or a license contract for the block. In this sense, although the Company has been affected by these issues, they do not entirely fall under its responsibility. It is also unlikely that the Company will extend the contract for a 30-year period as was initially negotiated. Thus, although community relations in Country A have had a negative effect for the Company in the past, we do not foresee major risks in the future unless the Company enters into a long-term agreement with Country A's government that includes a working interest or a license contract. If this were to be the case, the issue would have to be reevaluated.

KEY ISSUE: ROYALTIES PAP DISAGREEMENT WITH THE COMPETENT AUTHORITY

The Company makes high-price clause participation ("PAP") payments to the Competent Authority on production at block 1, block 2, block 3, block 4, block 5, and block 6. The PAP payments are paid in cash for all blocks except for those relating to block 1, which are paid using in-kind volumes from production. The PAP is applicable once accumulated production has exceeded 5 million barrels (commercial area for block 1 and exploitation area for exploration and production contracts) and escalates as oil prices increase above a minimum contractual baseline WTI price.

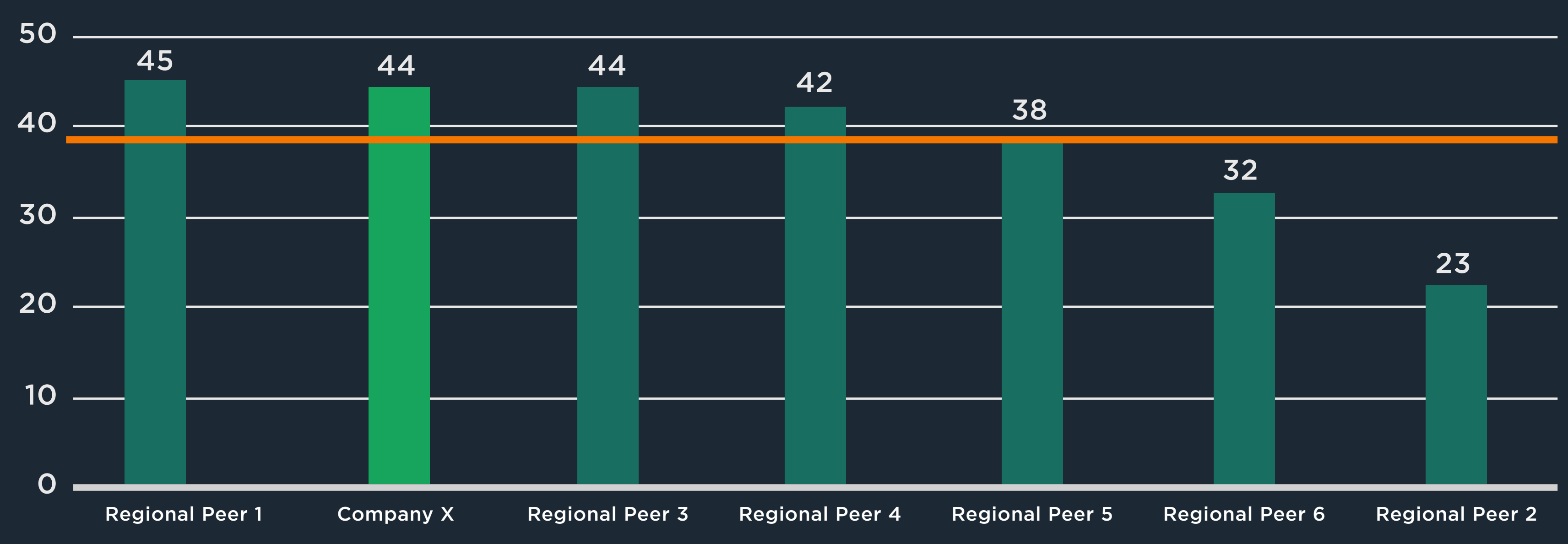
An arbitration process was initiated for the royalties that the Company should have paid for the operation of block 3, which was acquired as part of the acquisition of Company Y in 2013, in which the Competent Authority claimed that $167.2 million plus interest were due as of December 2012.

The Company's interpretation is that the areas of operation that should be considered to estimate if the production was higher than the limit of 5 million barrels necessary to pay the royalty are the "Exploitation Areas", being necessary to review the production of each of these "Exploration Areas" separately to calculate the royalty that need to be paid for each one. While the Competent Authority argued that the proper calculus of the royalty needs to consider the sum of the production of all the "Exploitation Areas". The areas that were discussed were the "SubBlock1", "SubBlock2", "SubBlock3", SubBlock4", "SubBlock5", "SubBlock6", "SubBlock7" and "SubBlock8".

On December 6, 2017, an arbitration panel delivered a ruling in favor of the Company's interpretation. As a result, given the settlement of the matter by the competent judge (the arbitration panel), the contingent liability previously recorded for block 3 was reversed and a recovery of $99.6 million was recognized in the Consolidated Statements of (Loss) Income during the year ended December 31, 2017. After this resolution, the Competent Authority presented another lawsuit against the same court, in response to the previous resolution, and it was also dismissed.

Peers Comparison

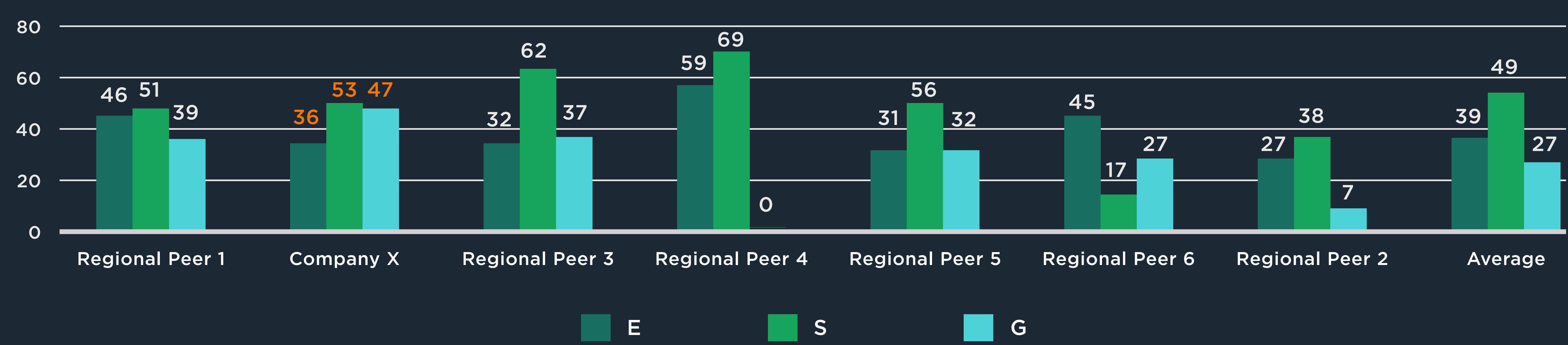
ESG Peer Comparison - Weighted Average Score (MSCI)



Orange line represents peers' average: 38

ESG SCORING	
100-86	AAA
86-71	AA
71-57	A
57-43	BBB
43-29	BB
29-14	B
14-0	CCC

ESG Peer Comparison - By Pillar (MSCI)



To analyze the Company in relation to its industry, 6 peers from the Latin America oil & gas industry were selected and compared in terms of their ESG Rating Score and score by pillar given by MSCI. The Company ranks 2/7 with a score of 44, which is higher than the average ESG Rating Score from selected peers of 38. In terms of pillar's scores, the Company is above the peers' average in the environmental and social pillars, but slightly below the average on the governance pillar.

ESG RATIOS

Operational Indicators					
	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Total production (boed - barrels of oil per day)	76,048	71,032	70,875	-6.80%	-0.22%
Total employees	1,248	1,184	1,160	-7.05%	-2.03%
Production mix (2019)					
Heavy crude oil				46%	
Light and medium crude oil				51%	
Natural gas				3%	

GHG Emissions (tCO2e)					
	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Total GHG emissions (tCO2e Scope 1 and 2)	401,385	537,431	573,578	42.90%	6.73%
GHG emissions intensity (CO2e per boed)	5.3	7.6	8.1	53.33%	6.96%

Energy Consumption					
	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Total energy consumption (MWh)	905,536	899,899	1,347,430	48.80%	49.73%
Total fuel consumption to generate energy, by source					
Fuel Oil (Gal)	17,405,662	17,277,268	22,439,038	28.92%	29.88%
Crude oil (Gal)	19,313,778	12,603,647	16,529,497	-14.42%	31.15%
Gas (KPC)	1,463,142	1,305,289	1,891,642	29.29%	44.92%
Biodiesel (Gal)	208,144	272,394	1,063,938	411.15%	290.59%
Total energy consumption intensity (MWh per boed)	11.9	12.7	19.0	59.66%	50.06%

Biodiversity					
	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Total areas under Protective Reforestation (ha)	975	1,129	1,512	55.08%	33.92%
Number of spills not contained (>1Bbl.)	-	25	11		

Water Management (m3)					
	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Total demand for water	488,450	469,727	1,264,611	158.90%	169.22%
Country A	488,450	469,727	550,982	12.80%	17.30%
Country B	-	-	713.629		
Total water intensity (water m3 per boed)	6.4	6.6	17.8	177.80%	169.82%

Waste Management (tons)

	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Hazardous waste products	1,302.6	3,822.0	2,914.0	123.71%	-23.76%
Ordinary or inert waste products	884.8	317.0	614.4	-30.56%	93.82%
Organic waste products	665.1	380.0	174.4	-73.78%	-54.12%
Recyclable waste products	94.6	120.0	157.4	66.33%	31.13%
Materials reused	0.0	0.42	0.57		36.69%
Non-hazardous waste products	277.6	297.7	440.6	58.72%	48.00%

Supply Chain

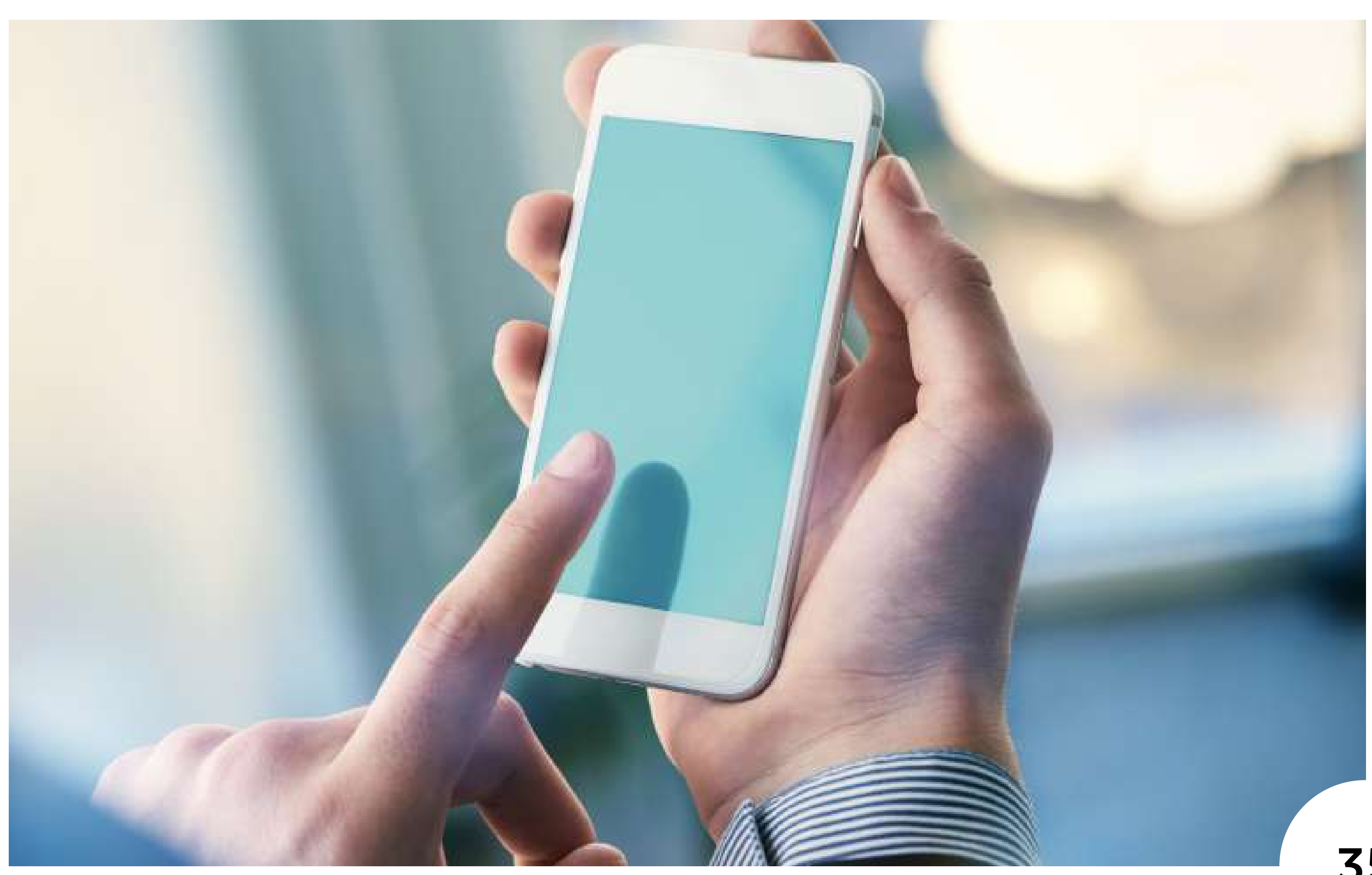
	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Total local purchases: payments made to suppliers (USD million)	105.68	83.09	80.13	-24.18%	-3.56%
Local purchases / total purchases	0.11	0.11	0.12	8.79%	8.50%

Occupational Safety

	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Lost Time Injury Frequency Rate (LTIFR) N° of incidents with leave by million hours worked	0.15	1.59	0.38	0.23	-1.21
Total Recordable Incident Rate N° of recordable incidents per million hours worked	0.91	2.76	2.02	1.11	-0.74
Vehicle Incident Frequency Rate	0.14	0.23	0.05	-0.09	-0.18

Training and Development

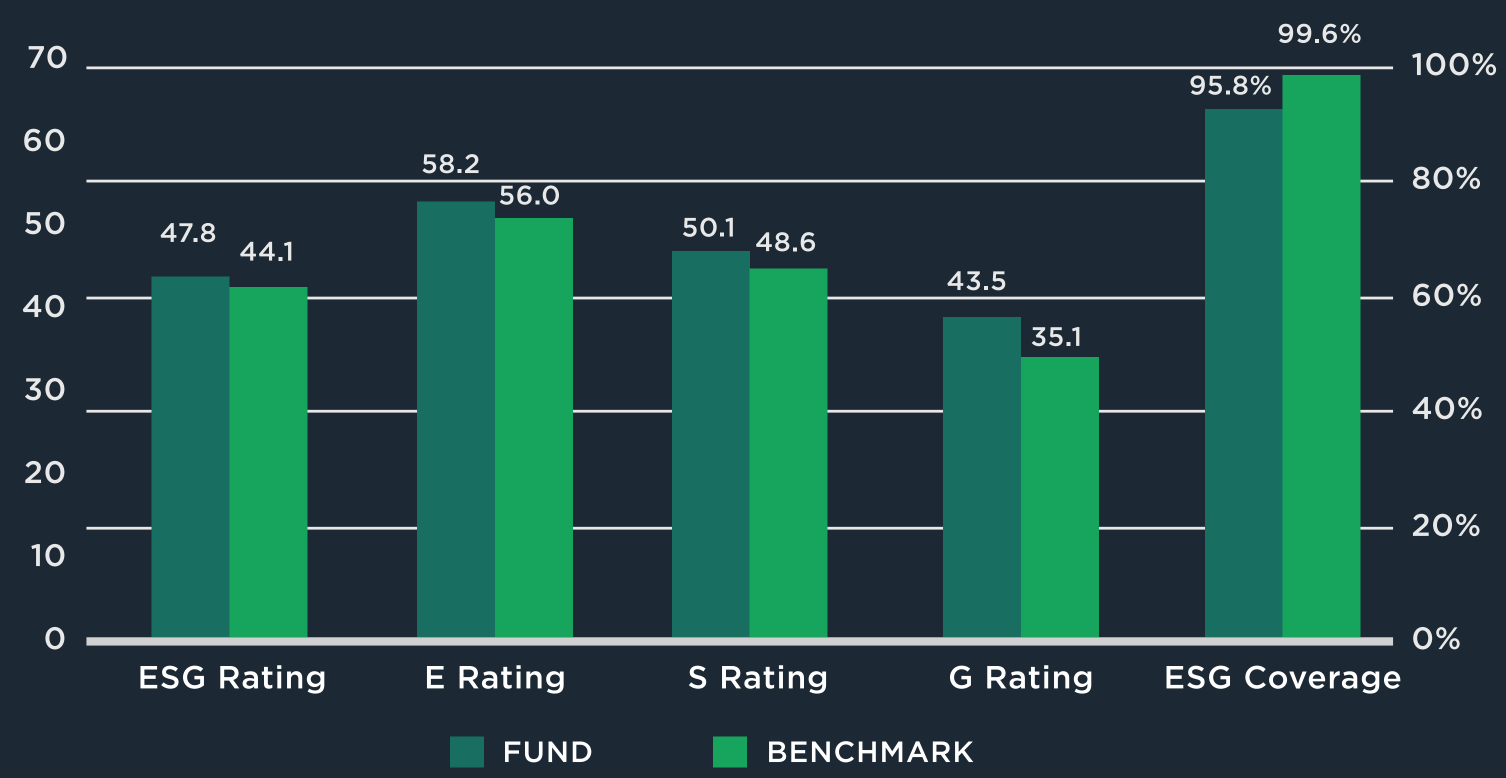
	2017	2018	2019	Δ 2017-2019	Δ 2018-2019
Total training hours	46,384	53,720	31,738	-31.58%	-40.92%
Average training hours per employee	37.3	45.3	27.3	-26.81%	-39.74%
Total investment (US dollars)	391,315	1,064,080	850,000	117.22%	-20.12%
Average investment in training per employee (US dollars)	364	899	733	101.7%	-18.46%



APPENDIX II: FUND LEVEL SAMPLE CASE STUDY

FUND

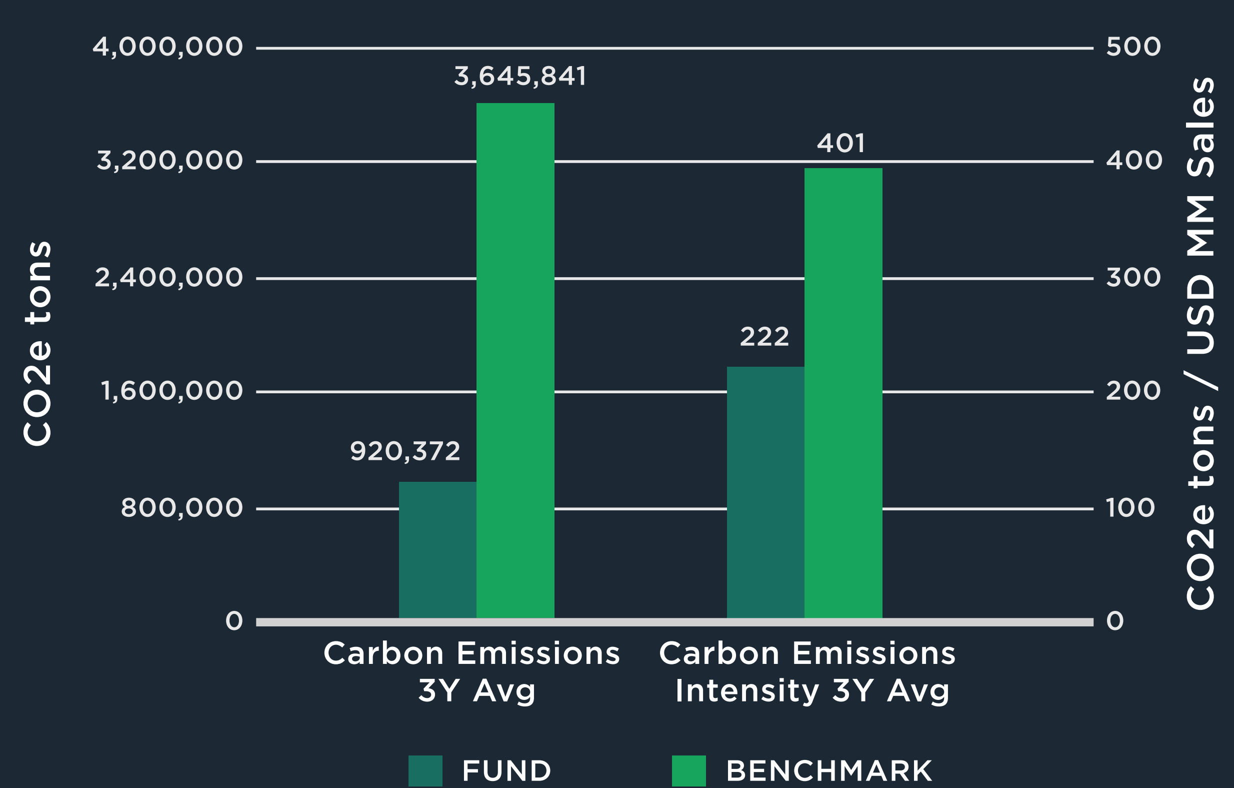
ESG Fund Benchmarking - Ratings & Coverage

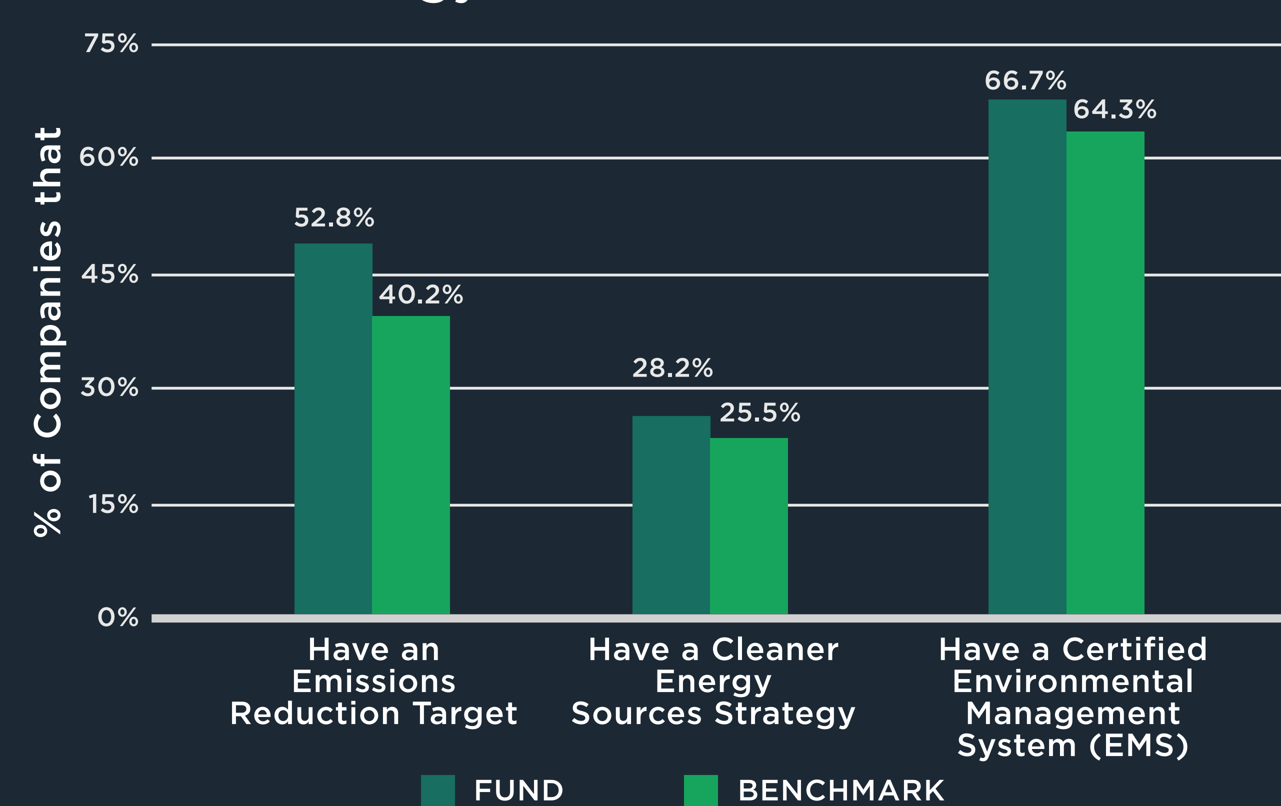


MSCI ESG SCORING		
100-86	AAA	LEADER
86-71	AA	LEADER
71-57	A	AVERAGE
57-43	BBB	AVERAGE
43-29	BB	AVERAGE
29-14	B	LAGGARD
14-0	CCC	LAGGARD

FUND ENVIRONMENTAL INDICATORS

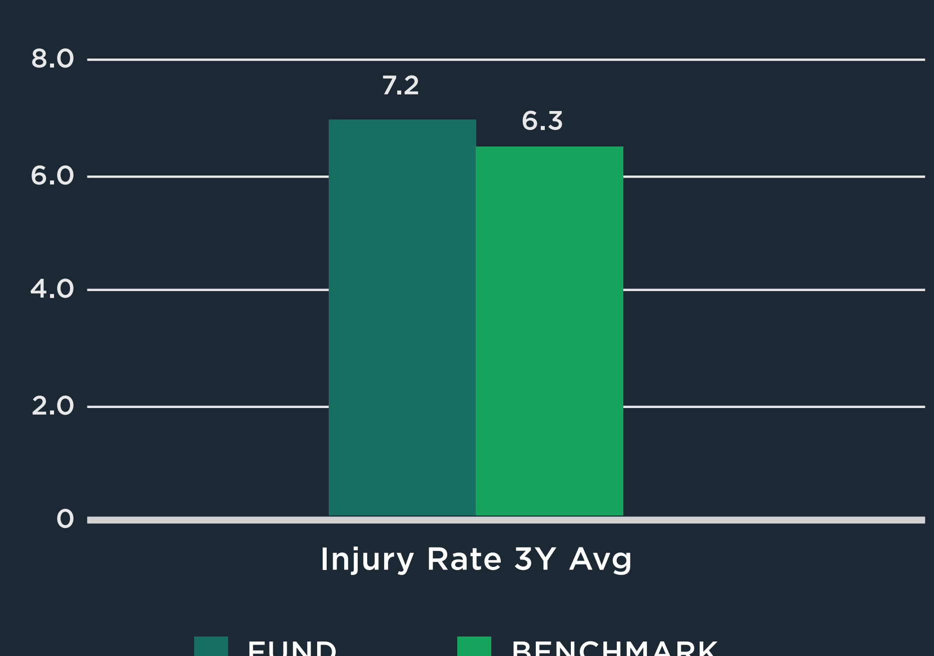
Carbon Emissions & Environmental Straegy

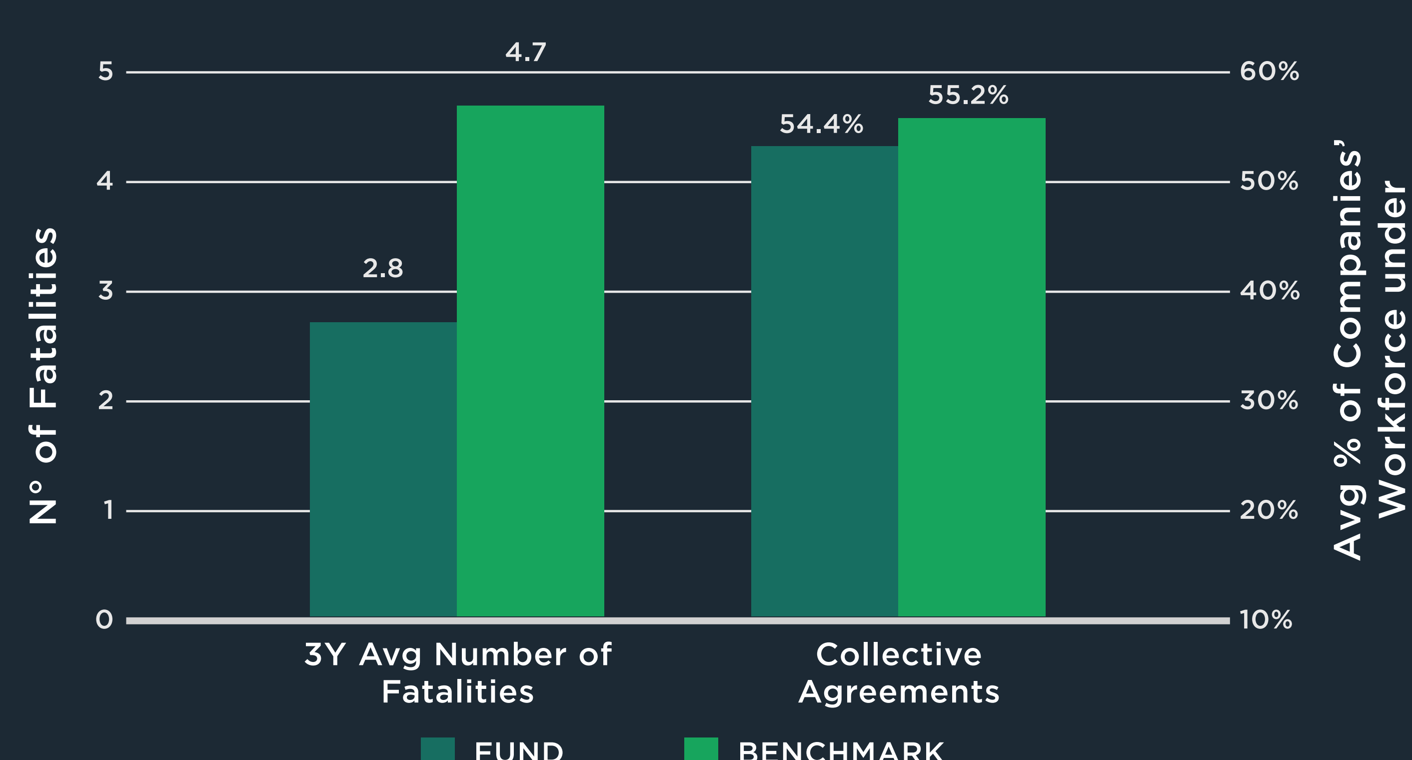




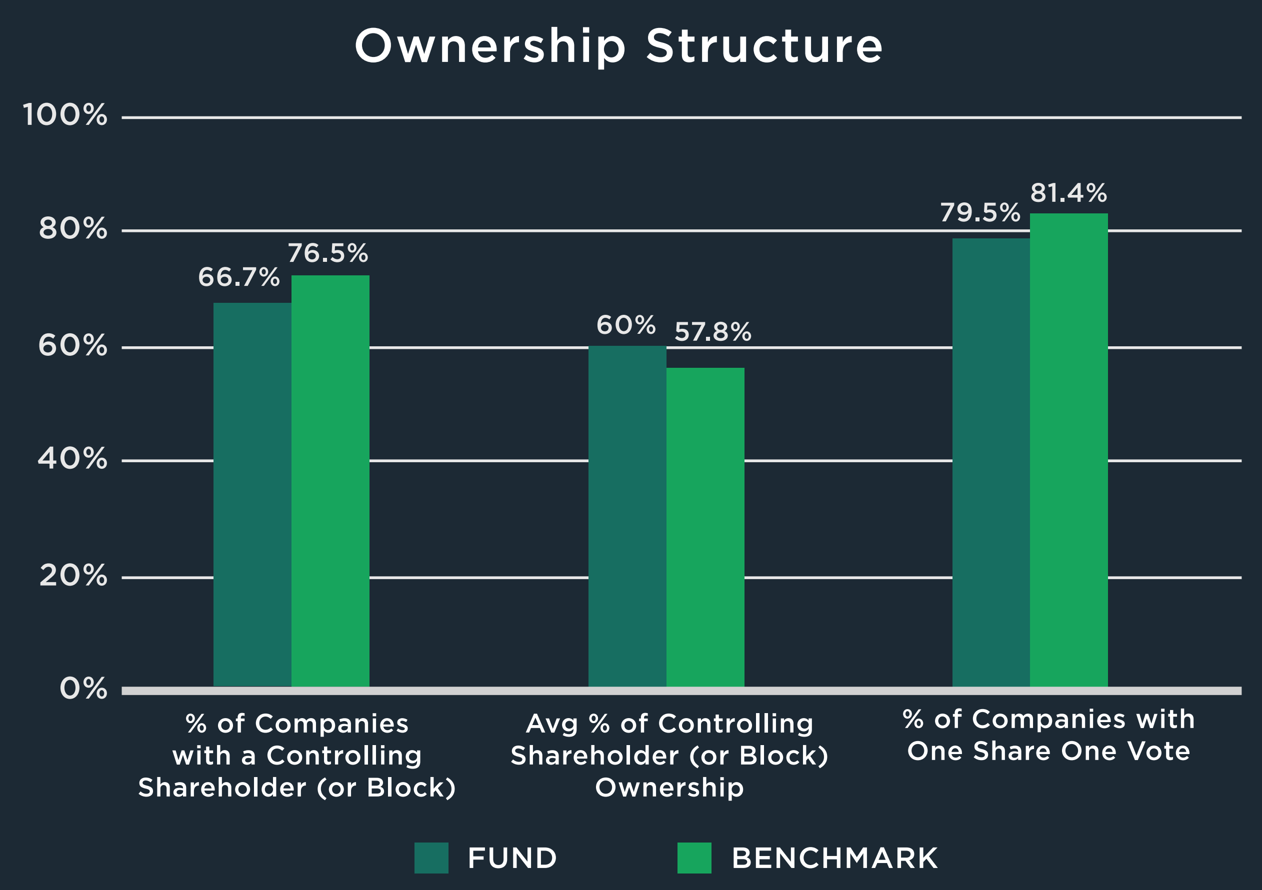
FUND SOCIAL INDICATORS

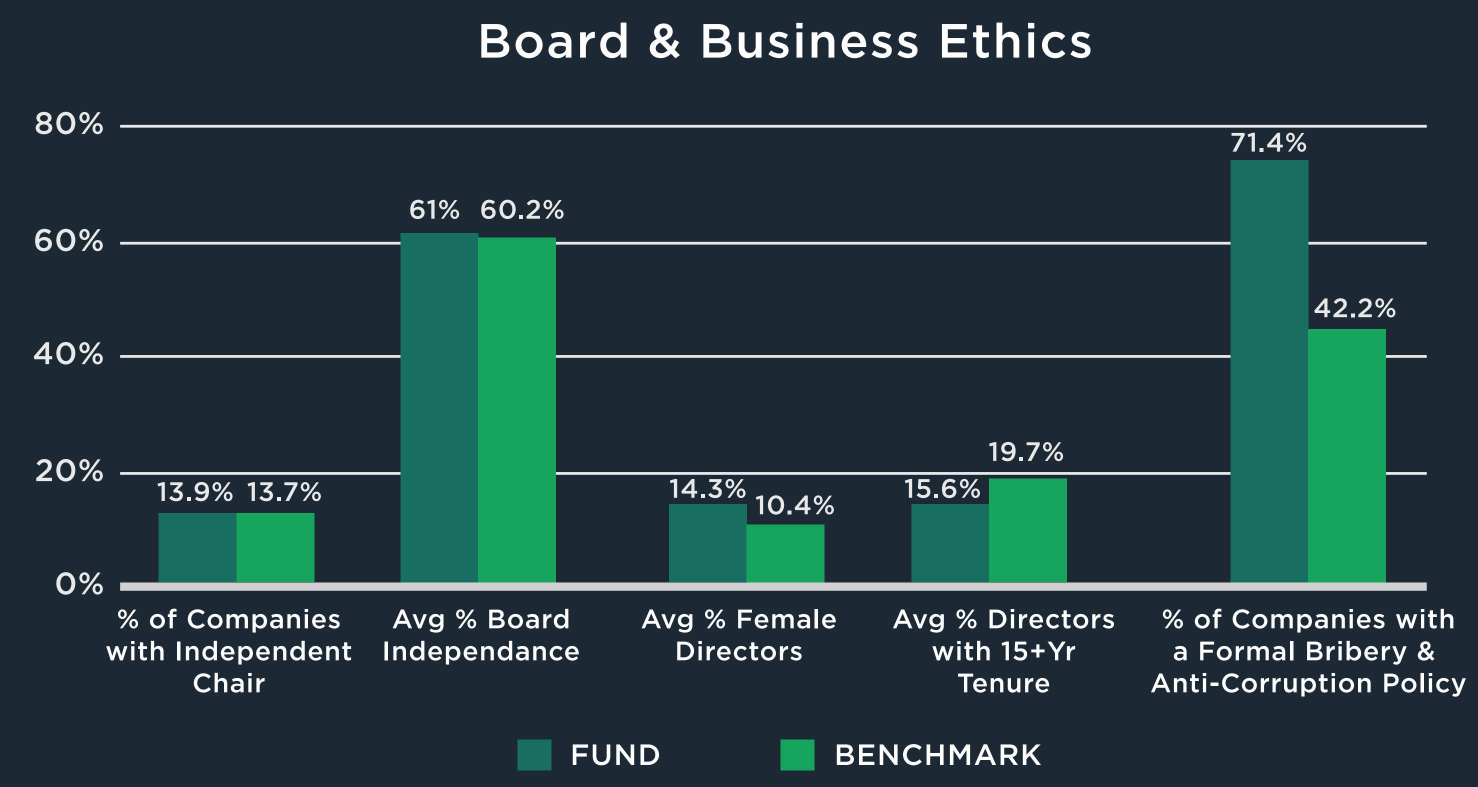
Health, Safety & Labor Management





FUND GOVERNANCE INDICATORS





Fund Top 20 Issuers (Positions) Rated

ISSUER	%	MOMENTUM	ESG	E	S	G
COMPANY A	10.60%	↗	52.0	87.0	44.0	23.0
COMPANY B	8.53%	-	33.1	63.0	46.0	37.3
COMPANY C	8.30%	↗	51.0	32.0	59.0	69.0
COMPANY D	8.00%	↗	59.4	67.7	53.3	57.8
COMPANY E	7.47%	-	46.0	67.0	48.0	34.0
COMPANY F	6.09%	↗	45.0	54.0	45.0	41.0
COMPANY G	4.84%	-	49.0	90.0	46.0	49.0
COMPANY H	4.27%	-	40.0	22.0	45.0	39.0
COMPANY I	3.95%	↗	64.1	61.3	71.3	62.0
COMPANY J	3.10%	-	44.0	43.0	56.0	44.0
COMPANY K	3.09%	↘	44.0	43.0	46.0	44.0
COMPANY L	2.88%	-	46.0	57.0	47.0	43.0
COMPANY M	2.72%	↗	43.0	53.0	52.0	24.0
COMPANY N	2.38%	-	37.0	28.0	42.0	44.0
COMPANY O	2.11%	-	48.0	30.0	52.0	52.0
COMPANY P	1.97%	↗	46.0	52.0	58.0	34.0
COMPANY Q	1.82%	↘	55.0	55.0	67.0	48.0
COMPANY R	1.80%	-	39.0	100.0	49.0	17.0
COMPANY S	1.74%	-	68.0	85.0	47.0	50.0
COMPANY T	1.69%	-	46.0	55.0	39.0	57.0

Fund Rating Upgrade Opportunities

ISSUER	%	MMUSD	ESG	LOW DISCLOSURE	OUTDATED REVIEW	Δ AGAINST BENCHMARK
COMPANY B	8.53%	8.83	33.1	X		8.01%
COMPANY N	2.38%	2.46	37.0	X		1.40%

Fund Best Issuers

ISSUER	%	MOMENTUM	ESG	E	S	G
COMPANY S	1.74%	-	68.0	85.0	47.0	50.0
COMPANY U	0.03%	-	67.4	50.4	71.4	71.8
COMPANY I	3.95%	↗	64.1	61.3	71.3	62.0
COMPANY D	8.00%	↗	59.4	67.7	53.3	57.8
COMPANY V	1.16%	-	59.0	66.0	43.0	53.0

Fund Worst Issuers

ISSUER	%	MOMENTUM	ESG	E	S	G
COMPANY B	8.53%	-	33.1	63.0	46.0	37.3
COMPANY N	2.38%	-	37.0	28.0	42.0	44.0
COMPANY W	0.39%	↗	38.0	34.0	52.0	30.0
COMPANY R	1.80%	-	39.0	100.0	49.0	17.0
COMPANY H	4.27%	-	40.0	22.0	45.0	39.0

Fund Engagements

ISSUER	%	THEMES
COMPANY C	8.30%	Collaborative Engagement: Indigenous Rights in Mining / Collaborative Engagement: Tailing Dams Safety
COMPANY J	3.95%	TCFD Guidelines / Energy Transition / Collaborative Engagement: Tailing Dams Safety
COMPANY I	3.10%	Collaborative Engagement: Indigenous Rights in Mining

FUND

MAJOR ESG ISSUES AND SCORE VARIATIONS

44.6% of the fund's weight receives a rating upgrade, most notably Company C (8.30%): Company C's rating upgrade is driven by improved H&S performance indicators coupled with strong initiatives. In 2019, they once again achieved their zero-fatality goal among employees and contractors as they did in 2017 and reduced its lost time injury rate by 32% compared to 2018. At 0.75 per million hours, its lost time injury rate remains below the copper industry average of 2.7. Company C is considered an industry leader in mine safety with a group-wide H&S policy that includes contractors and an H&S strategy that is certified and managed by a Sustainability Committee or H&S task force. Furthermore, the company's corporate governance practices compare favorably to those of global peers, particularly in board structure and pay practices.

Company K (3.09%) receives rating downgrade driven by biodiversity management and water stress: The company presents a high exposure to biodiversity-related risks, especially deforestation and the species threat status in Country A and Country B, where Company K operates. Unlike other industry-leading companies, there is no evidence of Company K conducting biodiversity impact assessments to mitigate these risks prior to commencing operations. In addition to this, given the water-intensive nature of its industry, and the increasing levels of water stress in Country A, Company K is exposed to water-scarcity risks. However, we did not find any evidence of proactive programs to reduce water consumption or implement water-efficient production processes compared to peers.

Fund's ESG KPIs: Although still well below benchmark, the fund's weighted average carbon emissions and carbon intensity figures have risen by 10% and 16%, respectively, compared to the previous quarter mainly because of Company C's higher weight (+4.16%), one of the fund's largest carbon emitters. However, the fund has increased the percentage of companies with a carbon emissions reduction target (+21.4%), which are now higher than the benchmark's 40.8%, which could indicate a potential reduction in total emissions in the long term. At 7.2 and 6.3, both the fund and the benchmark, respectively, present a higher injury rate than all other funds and benchmarks, mainly due to Company A's high injury rate and its higher reweight when considering those issuers exposed to health and safety risks. The fund presents a much higher percentage of companies with a formal bribery and anti-corruption policy than the benchmark as well as a relatively higher average percentage of female directors.

Fund Benchmark Top 20 Issuers (Positions) Rated

ISSUER	%	MOMENTUM	ESG	E	S	G
COMPANY R	8.92%	-	39.0	100.0	49.0	17.0
COMPANY E	6.28%	-	46.0	67.0	48.0	34.0
COMPANY X	6.22%	↗	27.0	19.0	42.0	22.0
COMPANY A	5.57%	↗	52.0	87.0	44.0	23.0
COMPANY D	5.55%	↗	59.4	67.7	53.3	57.8
COMPANY Y	4.06%	-	56.9	60.1	61.0	51.8
COMPANY Z	3.51%	↗	52.0	46.0	54.0	51.0
COMPANY AA	2.97%	-	52.1	53.6	45.8	57.6
COMPANY J	2.77%	-	44.0	43.0	56.0	44.0
COMPANY AB	2.19%	-	15.0	9.0	18.0	20.0
COMPANY S	2.18%	-	68.0	85.0	47.0	50.0
COMPANY AC	2.12%	-	49.0	53.0	54.0	39.0
COMPANY AD	2.04%	-	40.0	34.0	49.0	28.0
COMPANY AE	1.84%	-	48.0	46.0	71.0	42.0
COMPANY AF	1.63%	↗	37.0	100.0	41.0	26.0
COMPANY AG	1.57%	-	44.0	70.0	45.0	31.0
COMPANY F	1.52%	↗	45.0	54.0	45.0	41.0
COMPANY AH	1.40%	-	55.0	91.0	66.0	30.0
COMPANY AI	1.40%	-	37.0	55.0	21.0	34.0
COMPANY K	1.38%	↘	44.0	43.0	46.0	44.0

Fund Benchmark Best Issuers

ISSUER	%	MOMENTUM	ESG	E	S	G
COMPANY AJ	0.82%	↗	69.0	78.0	50.0	62.0
COMPANY S	2.18%	-	68.0	85.0	47.0	50.0
COMPANY AK	0.26%	↗	65.9	66.8	63.1	59.3
COMPANY AL	0.82%	↗	61.0	77.0	67.0	49.0
COMPANY AM	0.36%	-	60.2	79.4	58.8	59.7

Fund Benchmark Worst Issuers

ISSUER	%	MOMENTUM	ESG	E	S	G
COMPANY AN	2.19%	-	15.0	9.0	18.0	20.0
COMPANY AO	0.47%	-	18.0	36.0	12.0	18.0
COMPANY AP	0.14%	-	26.0	16.0	26.0	36.0
COMPANY AQ	6.22%	↗	27.0	19.0	42.0	22.0

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