

RESPONSIBLE INVESTMENT AND ENGAGEMENT POLICY

RESPONSIBLE INVESTMENT

Kabouter Management (“Kabouter,” “we,” or “our”) invests primarily in non-U.S. small- to mid-cap companies on behalf of its clients. The firm applies a single investment process across its various investment strategies. Our objective is to maximize long-term returns for our clients by investing in under-appreciated companies which benefit from specific secular growth themes.

Kabouter acknowledges that environmental, social, and governance (“ESG”) factors may have both direct and indirect impacts on corporate profitability, long-term portfolio performance, and risk. With this in mind, our primary objective for considering ESG issues is improving the risk/return trade-off of our clients’ investments rather than simply applying specific ESG screens to eliminate certain companies from consideration for the portfolio. As a result, ESG considerations are typically part of our overall investment process when considering client investments. However, we may customize portfolios for clients by applying a faith- or ethics-based negative screen to meet the client’s investment objectives.

In applying our investment process, Kabouter has adopted the following guiding principles:

- I. We recognize the importance of material ESG factors across markets, industries, and time. We believe it is prudent to take into consideration ESG risks or opportunities that may impact the value of our clients’ investments.
- II. We consider ESG factors we deem material during the research process to try to both minimize investment risk and maximize opportunities. We define materiality in terms of the impact on net income over long periods of time rather than forming an ethical viewpoint. However, in some accounts, we apply faith- or ethics-based negative screens.
- III. To the extent we deem necessary, we encourage the companies in which we invest to improve ESG practices and disclosure because we believe it will enhance their long-term performance and attract investor interest which can lead to greater shareholder returns.
- IV. Kabouter will try to provide resources to adhere to these guiding principles and to aid clients in their understanding of ESG-based investing.

Our guiding principles are subjective and are not intended to place strict limitations on a client’s portfolio unless the client has mandated certain specific ESG investment restrictions. Accordingly, ESG-based factors are some of the principle criteria considered when making investment decisions.

We are a UN-supported Principles for Responsible Investment (“PRI”) and Japanese Stewardship Code signatory and are a member of the Asian Corporate Governance Association.

ENGAGEMENT

After investing, Kabouter typically engages with portfolio company management teams, utilizing a friendly engagement approach that seeks to promote institutional discovery and unlock value. The firm’s four main pillars of engagement are ESG, investor relations, strategy, and financial. Given the long-term nature of our investments, we have a vested interest in engaging with our portfolio companies to help realize

their potential and create real economic impact. To the extent we wish to engage with portfolio companies on specific ESG matters, we pursue ESG improvements where we believe we can drive meaningful operational and economic benefits for the company. Where applicable, Kabouter takes material ESG factors into consideration during its proxy voting process.

Disclaimers

Consideration of ESG investment factors can be qualitative and subjective by nature, and there is no guarantee that criteria utilized, or the judgment exercised by Kabouter will (i) reflect the beliefs or values of any investor, (ii) result in any actual changes at a portfolio company, or (iii) increase the returns of our investments. We make our best efforts to apply our responsible investment and engagement policy, but we cannot guarantee that the policies and practices will be fully utilized in every case. Information regarding ESG practices is obtained through voluntary or third-party reporting, which may not be accurate or complete, and Kabouter is dependent on such information to evaluate a company's commitment to, or implementation of, ESG practices. ESG norms differ by region. There is no assurance that ESG related investment considerations will be successful. Past performance is not a guarantee or reliable indicator of future results.

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