Emerging Markets Growth Commentary

Q1 2023

SGA
Sustainable Growth Advisers

Performance

SGA's Emerging Markets Growth portfolio returned 5.0% (Gross) and 4.7% (Net) in Q1, compared to 4.0% and 4.0% for the MSCI EM and EM Growth Indices, respectively.

Emerging Markets Continue Their Rebound Despite Rising Uncertainty

The MSCI EM Index delivered a second consecutive quarter of positive returns, overcoming a 10%+ intra-quarter selloff. Companies in the Information Technology and Communication Services sectors performed best in Q1 driven by significant strength in Semis, Tech Hardware, and Media & Entertainment stocks. Our lack of exposure to Semis and Tech Hardware stocks was a headwind to relative returns during the period. In contrast, Energy stocks, which had outperformed significantly in 2022, underperformed as oil and commodity prices moderated, helping relative performance given our lack of exposure. Weakness in energy and commodity markets weighed on performance in economies highly levered to their exports, including many in Latin America and the Middle East. India was also among the weaker markets in Q1, with sentiment weighed down by accusations of fraud at one of the country's largest conglomerates, the Adani Group. This had no impact on the portfolio as we have no exposure to Adani or related entities.

Highlights

- Portfolio outperformed the MSCI EM and EM Growth Indices in Q1
- Cautious optimism lifted emerging markets in Q1. Semis, Tech Hardware, and Media & Entertainment stocks performed best, a relative headwind for the portfolio, while weakness in Utilities and Energy stocks supported relative returns given our lack of exposure
- MercadoLibre, FEMSA, and Wal-Mart de Mexico contributed most positively to returns, while XP, JD.com, and CP All detracted the most
- There were no full position changes during the quarter. We trimmed the position in MercadoLibre on strength and added to positions in Bud APAC, FEMSA, and JD.com
- Portfolio remains well-positioned to deliver attractive, above-average growth in earnings and cash flows over the coming three years

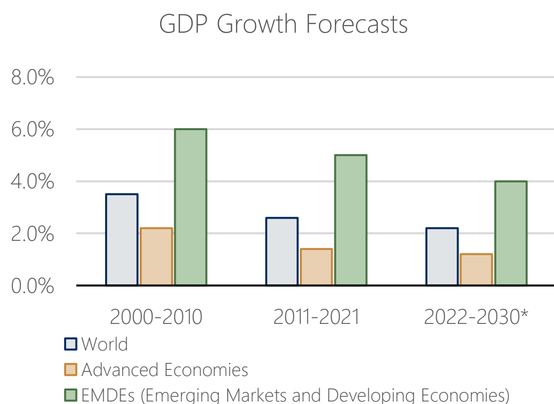
Mexico was among the best-performing markets in Q1 driven by better-than-expected economic growth and growing optimism around the positive impact on Mexican growth from near-shoring of U.S. manufacturing. The portfolio's two Mexican holdings, FEMSA and Wal-Mart de Mexico, were among the better performing in the portfolio during the quarter, benefiting from the positive backdrop. Taiwan and Korea also performed strongly, benefiting from the rise in Semis and Tech Hardware stocks.

The improving sentiment towards Chinese equities, which had begun in Q4 following the government's plans to abandon their strict zero-Covid policies, continued to drive Chinese stocks higher early in the quarter. The strong rally cooled, however, as geopolitical tensions with the U.S. intensified and the country's modest 5% economic growth target for 2023 raised concerns around the strength of the Chinese recovery. While we expect China's reopening to be a net positive for growth and have exposure to companies which are benefiting from a return to normal, including quick-service-restaurant leader Yum China, hotel company H World Group, and Hong Kong based insurer AIA Group, we remain cautious on China's longer-term growth prospects. Systemic and structural challenges related to its property market, debt levels, unfavorable demographics, a more uncertain regulatory regime, and contentious relations with the West are likely impediments to future growth.

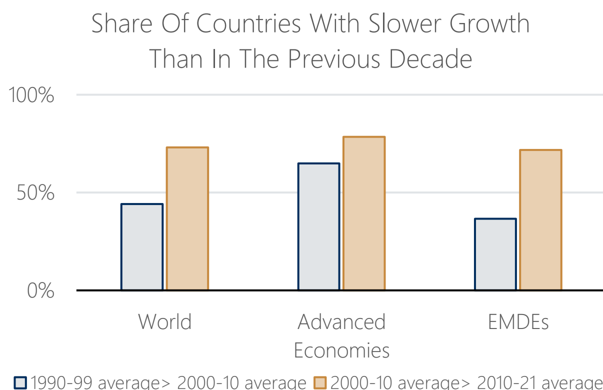
Earnings expectations continued to moderate in Q1 with 2023 earnings growth for the MSCI EM Index now expected to be -4%, down from expectations of flat growth at the start of the year. However, expectations for growth in 2024 at 17% remain optimistic in our view. We remain cautious on the near-term growth outlook given the lagged impacts of global monetary tightening and tightening credit standards. On a longer-term secular basis, we have argued for some time that growth is structurally challenged. As outlined in a recent paper by the World Bank, fundamental drivers of economic development and growth have slowed over the past decade and are likely to slow further[1]. Growing geopolitical divisions have exacerbated de-globalization trends and slowed global trade, a key driver of productivity and growth. Additionally, slowing investment growth, fading improvements in health and education, as well as demographic challenges and a falling labor supply, are headwinds to long-term global growth potential. According to the World Bank, economies accounting for

Please see table included in this commentary for full performance presentation. [1]Kose, M. Ayhan, and Ohnsorge, Franziska, eds. 2023. Falling Long-Term Growth Prospects: Trends, Expectations, and Policies. Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0 IGO

roughly 80% of global GDP are expected to experience slowing growth over the coming decade, including most Emerging Markets which, as a group, are expected to grow only 4% per year over the coming decade, a material slowdown from prior decades. We raise these issues not because we are macroeconomists or are building investment cases around macro projections, but rather because it supports our view of the importance of focusing on secular growth companies with durable competitive advantages that can grow through a more challenging and modest growth backdrop. The few select companies that can grow earnings and cash flows at above-average rates sustainably over the long-term should be increasingly rewarded as broad-based growth decelerates.



*Source: World Bank. *2022-2024 for Advanced Economies and EMDEs.*



Source: World Bank Note: Note: EMDEs = Emerging Market and Developing Economies

Largest Contributors

MercadoLibre (MELI), operator of the leading e-commerce marketplace in Latin America and an early leader in the region's nascent financial technology (FinTech) industry, was the portfolio's largest contributor in Q1. We see an attractive long-term growth opportunity ahead for MELI as it is well-positioned to benefit from rising penetration of e-commerce in Latin America, which is poised to increase dramatically from still low levels. The company's significant investments in its logistics and delivery capabilities and in its financial technology have helped cement its dominance by increasing its value proposition to buyers and merchants alike. The FinTech opportunity is more nascent, but potentially much larger, given the large unbanked and underserved populations. Both businesses, however, benefit from a self-reinforcing, critical mass of buyers and merchants. Repeat revenues come from frequently returning buyers and merchants who maintain ongoing commerce and payment relationships with the company. In Q1, MELI's shares benefited from strong quarterly results, highlighted by 56% constant-currency sales growth, better-than-expected operating margins, and 27% user growth in its FinTech business where total payment value also increased an impressive 80% in constant currency. Execution remains strong and we continue to have high confidence in management's ability to capitalize on their longer-term growth opportunity. At the same time, we are cognizant of the likelihood that the company's recent margin gains may moderate given new initiatives to resume growth in lower margin first-party sales and given resumption of credit issuance to slightly riskier segments. We trimmed the position on strength in Q1.

FEMSA, one of the leading consumer companies in Latin America, was the second largest contributor in Q1. FEMSA is engaged in two primary business; non-alcoholic beverages through its stake in Coca-Cola FEMSA ("KOF"), the largest independent Coca-Cola bottler in the world, and convenience stores through its OXXO stores which is the largest and fastest growing chain of convenience stores in Latin America. KOF's advanced bottling capabilities along with OXXO's scale and operating excellence provides FEMSA with considerable pricing power. Both businesses are highly predictable as KOF's products are consumed on a regular basis and have limited sensitivity to economic fluctuations while OXXO registers over 10 million transactions per day and is the third largest retailer in terms of revenues in Mexico. Growth is supported by packaging and product innovations at KOF, consumption growth in Latin America, and continued store expansion potential for OXXO which we think can roughly double its store count from today over time. The company's new drugstore and gas station initiatives may add incremental growth potential over time. FEMSA's strong Q4 results, highlighted by 14% organic revenue growth and 9% operating profit growth, along with the company's announcement that it plans to sell its 15% stake in Heineken and divest its logistics and foodservice distribution businesses over the coming 24-36 months, was well-received by investors during the quarter.

Wal-Mart de Mexico (Wal-Mex), the largest retailer in Mexico and Central America, operating over 3,500 stores across six countries, was the third largest contributor in Q1. Wal-Mex's scale and profitability advantages, including revenue and profits per square meter, same-store-sales growth, and return on invested capital allows the company to invest more than competitors in things like pricing, distribution, and store experience, which supports pricing power and a sustainable competitive advantage. Most of the company's revenues are derived from the sale of highly recurring food and household items, which provides the business with a high degree of predictability. Customers rely on Wal-Mex for the lowest prices and most convenient locations, resulting in resilient traffic trends even in more difficult economic environments. The company's growth opportunity is supported by favorable demographics and economic development in Mexico and other key markets along with the secular shift from informal retail to modern retail formats, including e-commerce, on which the company is well-positioned to capitalize. Wal-Mex's Q4 results were generally in line with expectations and the company outpaced industry growth for the 9th consecutive year as revenues grew 11%. Margins compressed slightly given investments in price, technology, and employees, but we view these initiatives positively as we expect them to deepen their competitive advantage over time.

L'Oréal and **Adidas** were the fourth and fifth largest contributors to performance.

Largest Detractors

XP, a leading independent broker platform operating in Brazil, was the portfolio's largest detractor in Q1. XP is disrupting Brazil's oligopolistic financial market structure which has historically resulted in a lack of customer choice and poor customer experience. Through technology and a focus on better customer experiences, XP offers a higher selection of better products and lower fees, allowing the company to gain market share and dominate the online brokerage market. Opportunities to cross-sell other financial services, such as credit cards and insurance, help offset fee pressures from the traditional compression of commissions in the brokerage industry and make its platform stickier, leading to a high degree of recurring revenues. XP's growth opportunity is supported by low market penetration and improving financial savviness of investors in Brazil, which should lead to greater demand for different types of financial products over time. XP's shares were negatively impacted in Q1 by disappointing topline results combined with weakening investor confidence and lower capital market activity following the bankruptcy of Brazilian retailer Americanas SA. Continuing concerns about fiscal policies under new President Luiz da Silva, as well as liquidity pressures from the sale of shares by pre-IPO investor Itau, added to the weakness for XP. However, the company's newer, albeit small, segments turned in solid results. Additionally, overall expense management, capital allocation, and free cash flow generation were strong.

JD.com, China's largest retailer, was the second largest detractor in Q1. JD runs a hybrid e-commerce site supporting first-party and third-party goods. Its e-commerce site and nationwide fulfillment and courier network is designed to quickly deliver attractively-priced, authentic, foreign and domestic merchandise across China. The company's scale and strong reputation for authentic goods and superior delivery capabilities provides the company with pricing power and customer loyalty. We see an attractive growth opportunity ahead for JD as it continues to grow its active user base, currently over 500 million, while the company's focus on improving the selection of goods on the platform should support further penetration among existing users and greater repeat purchase behavior. Overall growth in Chinese consumption and greater e-commerce penetration should support growth as well. During the quarter, JD's shares were negatively impacted by a weaker-than-expected growth outlook for 2023 given a still modest and volatile recovery in Chinese personal consumption and consumer confidence, despite the country's reopening in late 2022. The launch of a new 10B RMB subsidy program also raised concerns about weaker-than-expected consumer demand and heightened industry competition aiming to capture post-Covid recovery volume. While near-term growth remains uncertain as China reopens, we continue to view JD's longer-term growth prospects favorably given its strong brand reputation, scale and delivery advantages, large and growing user base, and secular growth tailwinds.

CP All, the sole operator of 7-Eleven stores in Thailand and owner of Makro, a wholesale cash and carry chain, was the third largest detractor in Q1. CP All has also recently taken a 40% interest in the Lotus assets in Thailand and Malaysia through the transaction with Tesco. 7-Eleven accounts for roughly two-thirds of CP All's sales benefiting from a dominant market position, with approximately 65% share in the Thai convenience store market. CP All's pricing power and dominance is supported by its scale advantages and vertically-integrated business model which includes a food processing unit, a payment services company, an equipment company to support stores, and an education business serving to train staff. With convenience goods and cash and carry products representing highly repeatable sales, serving customer needs from an easily accessible location, the business is highly predictable. The company has significant room for global growth through continued expansion

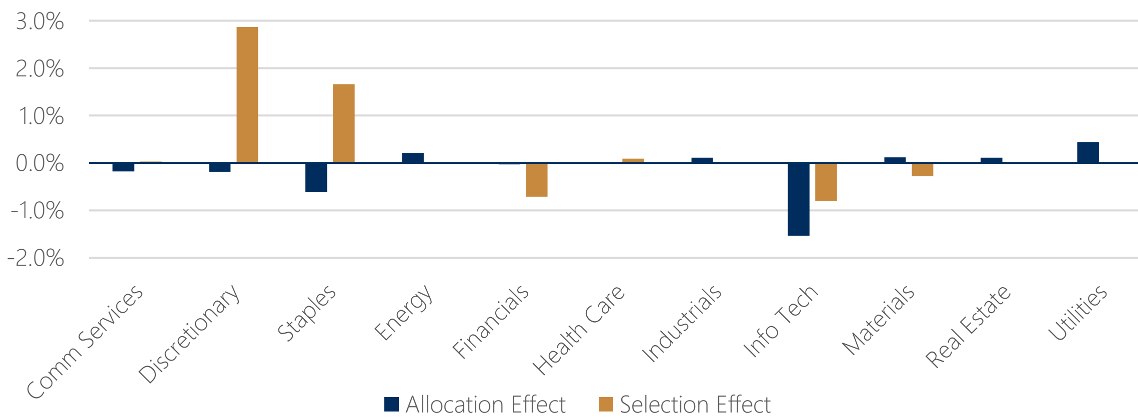
in Thailand and international expansion of the Makro format in Cambodia, India, Myanmar, and China. CP All's shares lagged in Q1 after strong performance in Q4. The company's Q4 results highlighted the continued recovery from pandemic-related headwinds with sales growing 22% in Q4 and 45% for 2022. Same-store-sales for its core convenience store business grew 15% in Q4 and 16% for the year. However, higher-than-expected SG&A costs weighed on bottom line results. We continue to see an attractive growth opportunity ahead for CP All given secular tailwinds and also expect the company to benefit from the recovery in international tourism.

Mengniu Dairy and **Asian Paints** were the fourth and fifth largest detractors from performance.

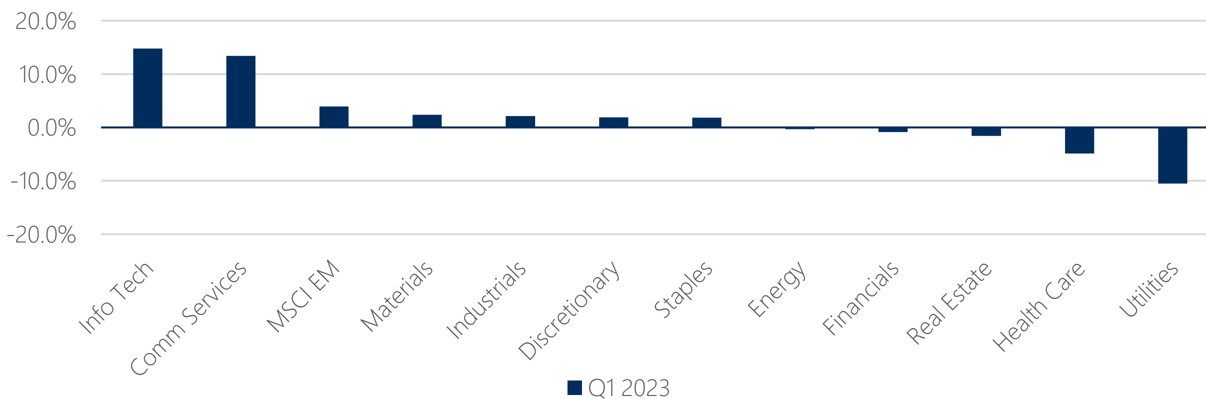
Portfolio Activity

Portfolio turnover was below-average in Q1 with no new positions added or existing positions liquidated. We trimmed the position in MercadoLibre on strength and added to positions in Bud APAC, FEMSA, and JD.com.

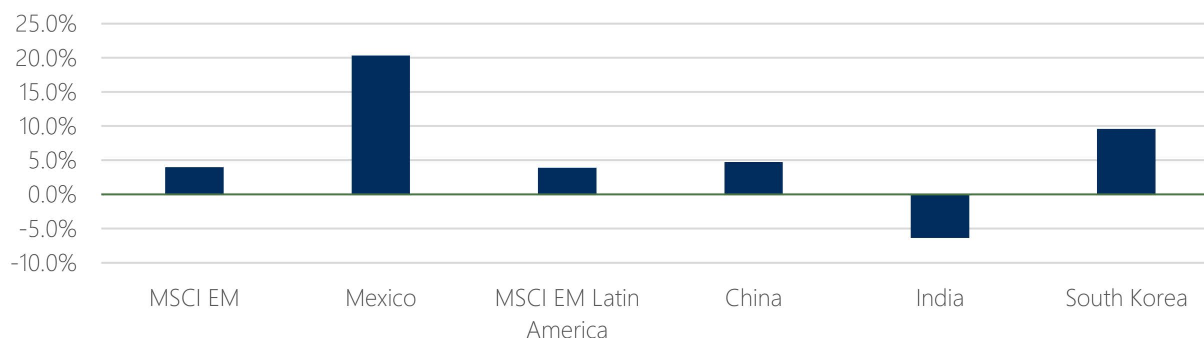
Market and Portfolio Attribution



Source: FactSet, MSCI



Source: FactSet, MSCI



Source: FactSet, MSCI. Please see table included in this commentary for full performance presentation.

Summary and Outlook

EM stocks continued to rally in Q1, lifted by strong rebounds in Technology and other growth stocks. The turnaround for Chinese stocks, which had begun in Q4, continued but was interrupted in February by growing geopolitical tension and questions around the strength of the Chinese economy's post-Covid recovery. While several of the portfolio's positions are expected to benefit from rising consumer demand and the removal of Covid-restrictions in China, we remain cautious on the country's broad growth potential and continue to believe selectivity and alignment with government objectives will be critically important for investment success moving forward.

We expect broad-based growth to remain modest over the coming year given the significant headwinds still present. We also see a challenged growth backdrop on a longer-term basis, which supports the case for our selective approach focused on secular growth companies that can generate attractive above-average growth in earnings and cash flows predictably and sustainably over the long-term. We are confident that the more predictable, resilient, above-average growth offered by the companies in the SGA Emerging Markets Growth portfolio will be rewarded over time.

We thank you for your continued support and welcome any questions or comments.

The opinions expressed herein reflect the opinions of Sustainable Growth Advisers, LP and are subject to change without notice. Past performance is no guarantee for future results. This information is supplemental and complements a GIPS Report that can be found with composite performance. The securities referenced in the article are not a solicitation or recommendation to buy, sell or hold securities. This commentary is provided only for qualified and sophisticated institutional investors.

Results are presented gross and net of management fees and include the reinvestment of all income. For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the client's custodian. Returns are calculated net of withholding taxes on dividends. The Net Returns are calculated based on the deduction of a model fee of 0.85% being the highest applicable fee that may be charged to SGA clients for the Emerging Markets Growth strategy. Net Returns do not account for custodian and brokerage fees that clients pay to third parties. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and may be found in Part 2A of its Form ADV. The largest contributors and detractors are determined using a ranking of the absolute contribution to portfolio return by each security held over the period under consideration. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Upon request, free of charge, SGA can provide a list of all portfolio holdings held in SGA's Emerging Markets Growth portfolio for the past year. SGA earnings growth forecasts are based upon portfolio companies' non-GAAP operating earnings.

Performance Results	Q1 2023	YTD 2023	1-Year	3-Year	5-Year	Since Inception
SGA Emerging Markets Growth (Gross)	5.0%	5.0%	-4.5%	8.1%	3.2%	5.6%
SGA Emerging Markets Growth (Net)	4.7%	4.7%	-5.3%	7.2%	2.3%	4.7%
MSCI EM (Net TR)	4.0%	4.0%	-10.7%	7.8%	-0.9%	1.5%
MSCI EM Growth (Net TR)	4.0%	4.0%	-11.9%	5.7%	-0.8%	2.8%

Emerging Markets Growth Commentary

Period	Total Return					Number of Portfolios	Composite Dispersion	3 Year Standard Deviation				Total Assets in Composite at Period End (USD millions)	Total Firm Assets at Period End (USD millions)	Percentage of non-fee paying accounts
	Before Fees	After Fees	MSCI EM Net TR Index	MSCI EM Growth Net TR Index	MSCI ACWI with EM Exposure Net TR Index			SGA Composite	MSCI EM Net TR Index	MSCI EM Growth Net TR Index	MSCI ACWI with EM Exposure Net TR Index			
Aug. 1 - Dec. 31, 2014	-1.38%	-1.73%	-9.59%	-7.09%	-8.27%	Five or Fewer	N/A					0.193	5,332	100%
2015	-3.00%	-3.82%	-14.92%	-11.34%	-13.45%	Five or Fewer	N/A					0.094	5,318	100%
2016	2.10%	1.24%	11.19%	7.59%	11.73%	Five or Fewer	N/A					0.096	5,672	100%
2017	36.31%	35.19%	37.28%	46.80%	35.10%	Five or Fewer	N/A	12.64%	15.35%	14.69%	14.10%	0.130	9,971	100%
2018	-11.00%	-11.76%	-14.57%	-18.26%	-14.97%	Five or Fewer	N/A	12.87%	14.60%	14.98%	13.30%	0.116	9,096	100%
2019	30.97%	29.88%	18.42%	25.10%	21.30%	Five or Fewer	N/A	13.38%	14.17%	15.41%	13.95%	5	12,347	0%
2020	31.22%	30.13%	18.31%	31.33%	12.21%	Five or Fewer	N/A	18.45%	19.60%	19.96%	18.62%	6	18,780	0%
2021	-14.37%	-15.10%	-2.54%	-8.41%	-10.23%	Five or Fewer	N/A	18.56%	18.33%	18.96%	17.98%	86	22,899	0%
Since Inception (August 1, 2014)	7.79%	6.88%	4.33%	6.55%	3.00%			15.70*	16.74*	16.91*	15.89*			

N/A- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
3 Year Standard Deviation is not shown for 2014, 2015, and 2016 as 36 months of returns are not available
* Since Inception Annualized Standard Deviation. SGA Composite Dispersion based on Gross Returns.

Sustainable Growth Advisers, LP ("SGA") was formed in 2003 and is a registered investment advisor under the Investment Advisers Act of 1940. SGA manages portfolios of publicly traded equity assets according to its "Large Cap Growth Equity" investment approach for pooled funds, institutions, trusts and private accounts. SGA is an operationally independent investment management firm and is an affiliate of Virtus Investment Partners. The SGA Emerging Markets Growth Composite was created in January 1, 2015. The firm maintains a complete list and description of all composites, which is available upon request.

Sustainable Growth Advisers, LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sustainable Growth Advisers, LP has been independently verified for the periods July 1, 2003 – December 31, 2021.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SGA Emerging Markets Growth composite has had a performance examination for the periods August 1, 2014 - December 31, 2021. The verification and performance examination reports are available upon request.

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The SGA Emerging Markets Growth Composite contains fee paying and non-fee paying discretionary global large cap emerging growth equities that invests in companies around the world that are direct beneficiaries of the rapid emergence of the middle class across many developing economies and its related wealth creation. For comparison purposes the composite is measured against the MSCI ACWI with EM Exposure Net; MSCI Emerging Markets Growth Net and MSCI Emerging Markets Net Total Return Indices. The benchmarks are the most widely followed indices to track emerging market performance. The indices reinvest dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The net total return indices are most representative of what a passive investor in the index could expect to achieve taking into account the price level movements, dividends and taxes that are withheld on those dividends

The composite calculation has been appropriately weighted for the size of each portfolio on a time-weighted, total return basis. Monthly portfolio returns have been used in the construction of the composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. Dollar is the currency used to express performance. Returns are shown Gross and Net of management fees and include reinvestment of all income. It should be noted that the account in this composite is a proprietary account owned by SGA and in an incubation period to market to current and prospective clients. Therefore, the account is not charged an investment advisory fee. However, for net performance SGA will utilize a model fee of 0.85% which is the highest fee applicable to this strategy. For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the Client's custodian. Returns are calculated net of withholding taxes on dividends. The annual dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The standard investment management fee schedule for the firm is 0.85% on the first $25 million; 0.65% on the next $75 million and 0.50% over $100 million. Actual investment advisory fees incurred by clients may vary from the standard fee schedule. ***Past performance is not indicative of future results.***

Sustainability Report

Q1 2023

SGA
Sustainable Growth Advisers

CDP 2023 Non-Disclosure Campaign

This quarter we were pleased to further expand our support for CDP, the preeminent global disclosure system for investors, companies and regional governments to manage their environmental impacts. SGA has been a CDP investor signatory since 2020, and we have leveraged our relationship with the organization in several significant ways. For example, we incorporate CDP's scores regarding a companies' disclosure and environment performance into our proprietary ESG scoring system. In addition, for the past two years we have been signatories to the organization's Science Based Targets Letter Campaign to encourage the adoption of SBTs across the globe. This quarter we joined forces with over 280 peer organizations to support CDP's 2023 Non-Disclosure Letter Campaign targeting over 1,600 non-disclosing companies. While the majority of our ESG engagement efforts are focused on direct interaction with companies on our Qualified Company List, we are pleased when we can find opportunities to collaborate with other organizations on important ESG issues.

Alphabet

During the quarter we engaged in a dialogue with Google's parent company, Alphabet, to address pertinent ESG issues. We view the Governance of Alphabet favorably, despite the super voting rights of the founders Larry Page and Sergey Brin who together control a majority of the vote. We are of the view that the co-founders anchor the company with a stable, long-term investment philosophy that is strongly aligned to shareholders. However, we questioned management on the tenure of several long-standing directors and encouraged an acceleration of the refreshment of the Board. Management argued that three new independent directors have joined the Board in the last five years which has supported a balance between long-term understanding of the business and fresh external perspectives. On remuneration, we are pleased to see that executive compensation is evolving from periodic lump sum rewards to annual stock grants. Alphabet will also incorporate ESG metrics into its executive compensation, however the details of which have not yet been disclosed; we encouraged management to provide shareholders transparency into these metrics. We also noted our desire for Alphabet to improve upon its triennial say-on-pay vote by moving to best-in-class, annual voting.

From a Social standpoint, we encouraged management to improve its communication on the actions they are taking to ensure that its Apple iOS exclusivity arrangement is not deemed anti-competitive, as well as to provide some transparency into the litigation risks facing the company. We would also like to know how management is addressing concerns over its treatment of owned-and-operated properties' search listings to ensure this does not involve anti-competitive self-preferencing.

On the Environmental front, we are pleased to see the company is on the path towards validating its carbon targets by the Science-Based Targets Initiative. However, we note that carbon intensity has increased recently per all company measures (e.g., per employee, per revenue dollar, and per megawatt hour of consumption). Management reiterated their goals to achieve net-zero emissions across all of their operations and value chain by 2030. They aim to reduce the majority of emissions (versus a 2019 baseline) before 2030 and plan to invest in nature-based and technology-based carbon removal solutions to neutralize remaining emissions. Realistically, we expect this to be a difficult journey with non-linear progress.

FEMSA (Fomento Economico Mexicano)

We recently met with the management of FEMSA to discuss carbon emissions, supply-chain oversight and environmental data disclosures.

Management is currently working with consultants to develop Science-Based Targets (SBTs) and will shortly begin publishing the company's Scope 3 emissions. We view these as favorable developments in enabling the company to have greater oversight of its carbon risks and allow for more effective targets to be set. We expect the planned divestment of the logistics business to have a positive impact on the company's carbon risks and will be monitoring this, as well as the development and publication of SBTs, closely to track management's progress along on the way. We expressed our support for SBTs and strongly encouraged management to establish targets as soon as possible. The company currently does not participate in the Carbon Disclosure Project's (CDP) climate questionnaire and therefore receives a score of "F" from the organization. We

encouraged management to report climate data via the CDP questionnaire. While they will take our request into consideration, it sounds like we should not expect any near-term changes.

On supply-chain oversight, the company's most material exposure from a working conditions and human rights perspective is its coffee business. OXXO is the largest seller of coffee in Mexico and their coffee is produced by Caffenio. FEMSA own 51% of the business and purchases most of the production. Historically, children worked side-by-side with their families in the production process; however, the company ended this practice a long time ago. It is reassuring that FEMSA's majority ownership of Caffenio gives them control over operations, but we would like to see more details on their oversight policies and protocols. Beyond coffee, the company admitted that overseeing the entire roster of suppliers is a massive task given the number of suppliers. Fortunately, 80%+ of sales comes from large consumer companies with robust practices. For the remaining 15-20%, FEMSA audits activities themselves and also work with advisers. This is an area for further engagement to make sure it is sufficiently mitigating risks in the system.

Proxy Voting Summary Q1 2023

	Number of Resolutions	For	%	Against	%	Abstain	%
U.S. Large Cap Growth	42	38	90%	4	10%	NIL	0%
Global Growth	50	49	98%	1	2%	NIL	0%
International Growth	91	89	98%	2	2%	NIL	0%
Emerging Markets Growth	57	56	98%	1	2%	NIL	0%
Global Mid-Cap Growth	65	59	91%	6	9%	NIL	0%

Source: SGA, ISS

Carbon Risks Q1 2023

	Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity
SGA Global Growth	15.2	69.5	71.6
MSCI ACWI	94.9	184.4	151.2
SGA Relative Exposure	-84%	-62%	-53%
SGA U.S. Large Cap Growth	6.8	30.3	28.7
Russell 1000 Growth	16.0	65.7	47.4
SGA Relative Exposure	-58%	-54%	-39%
SGA Emerging Markets Growth	18.1	37.8	42.2
MSCI EM	280.5	382.9	320.6
SGA Relative Exposure	-94%	-90%	-87%
SGA International Growth	20.2	75.2	93.0
MSCI ACWI ex-USA	162.4	221.9	184.0
SGA Relative Exposure	-88%	-66%	-49%
SGA Global Mid Cap	14.2	47.0	40.1
MSCI ACWI Mid Cap	195.2	265.7	228.0
SGA Relative Exposure	-93%	-82%	-82%
	t CO_2e/$M Invested	t CO_2e / $M Sales	t CO_2e / $M Sales

Source: SGA, MSCI. Carbon data includes Scope 1 and 2 emissions.

SGA integrates ESG factors, including ESG risks and opportunities, into its investment process. SGA believes environmental, social and governance factors inherently impact a company's brand equity, employee satisfaction, competitive position, financial performance, and ultimately long-term shareholder value. Investments are made with the objective of maximizing risk-adjusted financial returns to its clients. SGA does not place a premium on social returns, nor does SGA allocate its clients' capital based on thematic or top-down views. The opinions expressed herein reflect the opinions of Sustainable Growth Advisers, LP and are subject to change without notice. The securities referenced in the article are not a solicitation or recommendation to buy, sell or hold securities. These materials are provided only for qualified and sophisticated institutional investors.