International Growth Commentary

Q1 2023

SGA Sustainable Growth Advisers

Performance

SGA's International Growth portfolio returned 8.1% (Gross) and 7.9% (Net) in Q1, outperforming the 6.9% return for the MSCI ACWI ex USA Index, but lagging the 8.6% return for the MSCI ACWI ex USA Growth Index.

Highlights

- Portfolio outperformed the MSCI ACWI ex USA Index but lagged the MSCI ACWI ex USA Growth Index
- Companies with higher growth prospects rebounded on expectations of the monetary tightening cycle nearing its end. Technology stocks performed best led by Semis; Real Estate and Energy stocks performed worst
- A new position in Experian was initiated while the position in Adidas was liquidated. Several positions were trimmed on strength, and several positions were added to on weakness
- Portfolio remains well-positioned to deliver attractive, above-average growth in earnings and cash flows over the next three years with greater predictability

International Equities Continue their Rebound Despite Rising Uncertainty

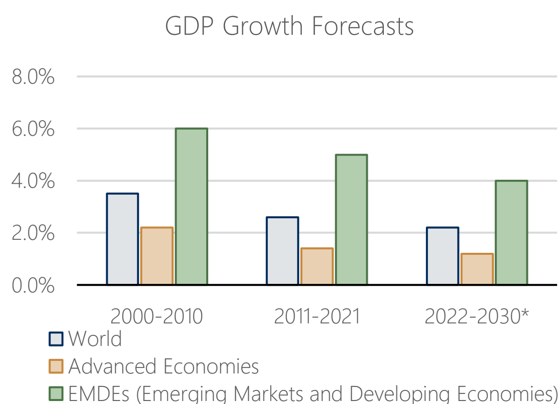
International markets continued to rebound in Q1 as recession fears in developed markets declined and moderating inflation pressures raised hopes for an end to the monetary tightening cycle. Declining bond yields helped support a rally in growth stocks, which outperformed value stocks for the quarter by the largest margin since Q3 of 2020. Technology stocks performed best in Q1 driven by significant strength in the Semi and Semi-Equipment industry. Our lack of exposure to this area of technology was a headwind to relative returns during the period. In contrast, the Energy sector, 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 any related entities. European markets performed best for the quarter, despite concerns around the health of the banking system, benefiting from improving growth expectations.

The improving sentiment towards Chinese equities, which had begun in Q4 following the government's plans to abandon its 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, medical device leader Shandong Weigao, 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, thus we will continue to be selective.

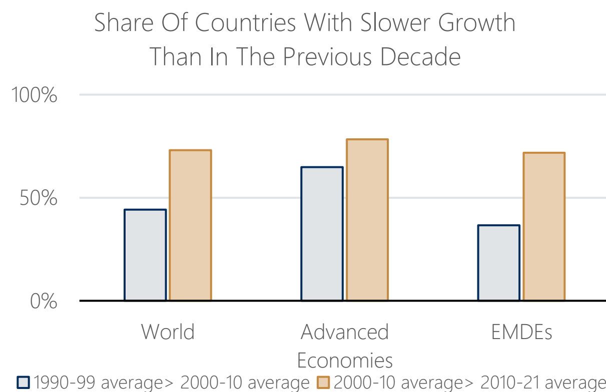
Growth expectations for 2023, which had seen some reprieve in Q4, remained relatively flat during the quarter whereas expectations for 2024 growth improved noticeably. We remain skeptical of the improving near-term growth outlook given the lagged impacts of global monetary tightening and tightening credit 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 roughly 80% of global GDP are expected to experience slowing growth over the coming decade. 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

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

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.

L'Oréal, a global beauty company with a leading position derived from its aspirational branding and innovative products, was the portfolio's second largest contributor. As the largest player in a steadily growing industry, L'Oréal benefits from growing consumer interest in beauty products driven by aging, social media, a rising middle class in developing countries, and rising wealth among women. Additionally, the company's strong digital and e-commerce capabilities have driven steady share gains in recent years and enhanced its industry-leading position. As beauty products are consumed on a daily basis and with relatively low economic sensitivity, its revenues are highly recurring and predictable. The company is benefiting from higher growth in emerging markets where a rising middle class supports consumption growth and increasing demand for beauty products. L'Oréal's shares outperformed in Q1 as the company reported strong Q4 results. Sales grew 8.1% organically, outpacing the industry, and results in China were resilient, with sales growing 3.8%, supported by strength in e-commerce. L'Oréal continued to invest heavily in advertising and promotional activity in 2022 which we believe is supporting its competitive moat and will help drive demand and expand its market opportunity over time. We continue to be impressed by management's execution and see an attractive long-term growth opportunity ahead for L'Oréal. We trimmed the position on strength in Q1.

Novo Nordisk, a global pharmaceutical company with leading positions in the large and growing diabetes and obesity markets, was the third largest contributor. We have been long term shareholders of Novo Nordisk and admire Novo Nordisk's

attractive and stable margin profile that is supported by the continuous transition of its portfolio of drugs towards newer drugs, such as its higher margin GLP-1 franchise, and away from lower priced insulins which face pricing pressure. The company's scale and ability to drive manufacturing efficiencies also help the company maintain its overall level of profitability. As Novo Nordisk's drugs target chronic diseases that are treated over the lifetime of patients, its revenues are highly recurring leading to a high degree of predictability. The rising prevalence of diabetes and obesity around the world and increasing adoption of their drugs earlier in the treatment provides a secular growth tailwind for Novo Nordisk. Its shares performed well in Q1 given strong Q4 results and 2023 guidance. Sales grew 18% in constant currency and EPS increased 27%. For 2023, the company had expected mid-to-high teens sales and operating profit growth, however, it increased its guidance in April to 24-30% growth, calling out the exceptional demand for its new obesity drug, Wegovy, and continued strength in its GLP-1 diabetes franchise, which is supportive of its longer-term growth opportunity. We continue to have a favorable view on the fundamentals but trimmed the position on strength in Q1.

SAP and **Atlassian** 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. Given the greater near-term uncertainty, we kept the position in the portfolio at a below-average weight.

Recruit, an HR and media company which owns job-search engine Indeed and a variety of online media and staffing businesses, was the portfolio's second largest detractor. Recruit's dominant position in the mass-market job search segment via Indeed, where it serves over 250 million unique visitors every month, and its scale advantages in its Japanese Media and Solutions businesses, provides the company with significant pricing power while its reliability with employers leads to repeat customers and recurring revenues. The still low penetration of online tools in the hiring process supports a strong growth opportunity for Indeed while its Media and Solutions businesses are structural share gainers from traditional offline competitors. Recruit's shares underperformed in Q1 given greater uncertainty around near-term growth for Indeed despite the company reporting better-than-expected quarterly results in its Japanese businesses. Softness in Indeed's sponsored job volumes, which declined 33%, indicated less willingness on the part of employers to spend more to hire people in many industries despite labor shortages. We maintained a below-average weight position in the company, recognizing the boost the company received from the surge in job openings during the Covid rebound and, as a result, likely more muted growth in 2023 and 2024.

AIA Group, a leading life insurer across Asia, was the portfolio's third largest detractor. We admire AIA's strong brand and balance sheet, along with an extensive network of direct agents enable the company to control its distribution and margins over time. Since the company retains control of its channels and supports its agents with technology, the company can focus on higher margin protection-type products which are less likely to be commoditized and are subject to less competition over time. AIA's business offers a high degree of visibility into future cash flows as there is very low churn from existing policy holders. A high persistency ratio and reliance on regular long-term policies provide a steady stream of cash flow and repeat revenues. Longer-term, we view the company as being well-positioned to capitalize on the growing demand for insurance

and health products across the developing world given the rising wealth and limited penetration in many of its key markets. AIA's shares lagged in Q1 after having been a strong performer in Q4 when they benefited from rising optimism around

China's reopening. AIA's 2022 results were solid considering the pandemic-related headwinds it faced. New business generation declined 5% for the year but improved in the second half where it grew 6%, reflecting improvement in most markets except China. With the pandemic largely in the rear-view mirror, we expect AIA's new business growth to improve and the company to increasingly capitalize on the secular growth drivers supporting its longer-term opportunity.

HDFC Bank and **Infosys** were the fourth and fifth largest detractors from performance.

Portfolio Activity

Portfolio turnover was slightly below-average during the quarter. We liquidated the position in Adidas and initiated a new position in Experian. We continued to build the positions in Sika and Canadian Pacific, while also adding to positions in Adyen, Diageo, Heineken, FEMSA, and Infosys among others. We trimmed positions in MercadoLibre, Sartorius, L'Oréal, Novo Nordisk, Nestle, STERIS, and Yum China among others.

New Positions

A new position in **Experian** was initiated in Q1. Experian provides information solutions, consumer data services, and business process outsourcing services for businesses, governments, and consumers. Experian's business-to-business (B2B) segment provides services that are used to manage credit risk, prevent fraud, and automate decisions and processes through its credit bureau data and analytics offerings. Its Consumer Services segment offers credit reporting and credit monitoring services for consumers as well as a marketplace for credit and insurance products. Experian enjoys strong pricing power in its B2B businesses, which operate in stable oligopolistic industry structures with high barriers to entry given the company's scale and rich historical data set. Additionally, Experian's scale in its Consumer Services segment, where it serves 140 million members globally, enables attractive monetization opportunities from its lending and insurance marketplaces. Experian's industry-leading analytics offerings result from its internal focus on developing advanced decisioning and analytics tools and software.

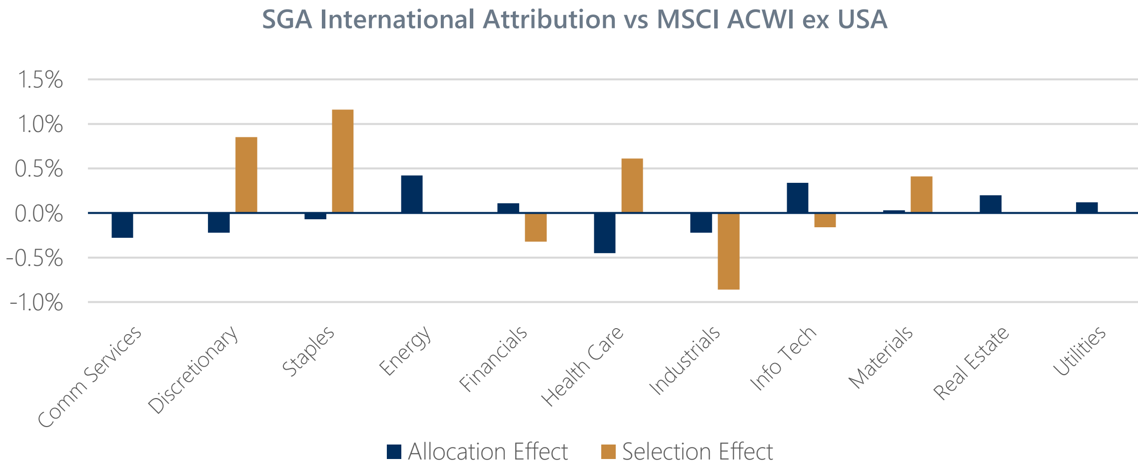
Experian's businesses have historically demonstrated a high degree of predictability and resilience even through more difficult economic environments. For instance, the company managed to grow revenues through the Great Financial Crisis and more recently, the Covid-19 pandemic, despite large declines in credit and lending origination-related volumes. Minimum volume commitments from clients and a pickup in volumes related to credit monitoring, portfolio stress testing, and higher demand for affordability checks has served to offset lower volumes from credit origination in periods of broad credit contraction. Secular trends such as financial inclusion, lending channels shifting to digital outlets, increasing use of data to make faster and better decisions, and open banking opportunities support an attractive long-term growth opportunity for Experian.

Among the risks we are monitoring for Experian include its exposure to the credit cycle and whether the company can manage through a slowdown in credit as well as it has in the past. We are also cognizant of competitive dynamics which could intensify during economic downturns if growth opportunities become limited for other industry participants.

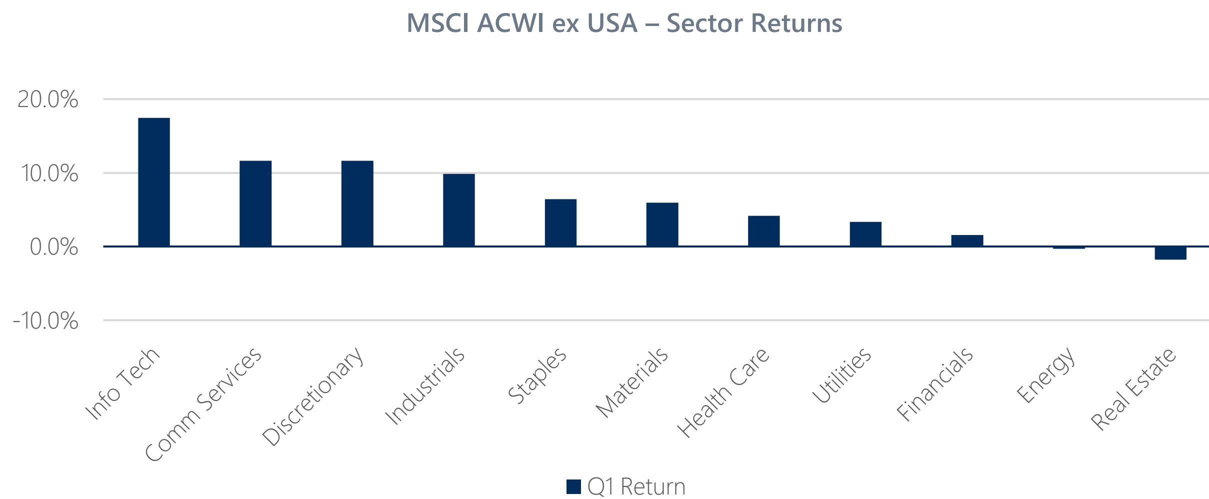
Sold Positions

We liquidated the position in **Adidas** in Q1 given reduced visibility and uncertainty around the company's execution in the face of new management. The proceeds were redeployed to higher conviction opportunities within the portfolio, including Sika, Canadian Pacific, and Adyen.

Market and Portfolio Attribution



Source: FactSet, MSCI



Source: FactSet, MSCI

Summary

International stocks continued to rally in Q1 despite headwinds from tighter monetary policies, bank lending standards, and growing geopolitical division. Growth stocks regained leadership on hopes that the monetary tightening cycle is near its peak as inflation pressures continued to moderate. The combination of reduced interest rate concerns and improving growth prospects supported a strong rebound in Semis and other beaten down Technology stocks, whereas Energy and Real Estate stocks underperformed on weaker energy prices and rising concerns around the health of property markets. While the market's rising optimism lifted stocks in the quarter, we continue to expect a more modest growth environment ahead 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 thank you for your continued support and welcome any questions or comments.

International Growth Commentary

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 International 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 International Growth portfolio for the past year. SGA's earnings growth forecast data is based upon portfolio companies' non-GAAP operating earnings.

Performance Results	Q1 2023	YTD 2023	1-Year	3-Year	5-Year	Since Inception
SGA International Growth (Gross)	8.1%	8.1%	-2.0%	13.2%	6.9%	7.9%
SGA International Growth (Net)	7.9%	7.9%	-2.8%	12.3%	6.0%	7.0%
MSCI ACWI ex USA (Net TR)	6.9%	6.9%	-5.1%	11.8%	2.5%	3.6%
MSCI ACWI ex USA Growth (Net TR)	8.6%	8.6%	-6.4%	9.5%	3.4%	4.6%

	Total Return						3 Year Standard Deviation					
Period	Before Fees	After Fees	MSCI ACWI ex-USA Net TR Index	MSCI ACWI Growth ex-USA Net TR Index	Number of Portfolios	Composite Dispersion	SGA Composite	MSCI ACWI ex-USA Net TR Index	MSCI ACWI Growth ex-USA Net TR Index	Total Assets in Composite at Period End (USD millions)	Total Firm Assets at Period End (USD millions)	Percentage of non-fee paying accounts
Mar. 1 - Dec. 31, 2015	-4.63%	-5.30%	-10.32%	-6.77%	Five or Fewer	N/A				0.096	5,318	100%
2016	0.65%	-0.21%	4.50%	0.12%	Five or Fewer	N/A				0.097	5,672	100%
2017	37.83%	36.69%	27.19%	32.01%	Five or Fewer	N/A				0.133	9,971	100%
2018	-12.42%	-13.17%	-14.20%	-14.43%	Five or Fewer	N/A	12.85%	11.38%	11.55%	89	9,096	0%
2019	30.96%	29.87%	21.51%	27.34%	Five or Fewer	N/A	12.01%	11.34%	11.50%	307	12,347	0%
2020	25.55%	24.50%	10.65%	22.20%	Five or Fewer	N/A	15.87%	17.93%	16.48%	310	18,780	0%
2021	9.53%	8.61%	7.82%	5.09%	Five or Fewer	N/A	15.11%	16.79%	15.01%	325	22,899	0%
Since Inception (March 1, 2015)	11.36%	10.43%	5.93%	8.30%			14.32*	14.53*	13.66*			

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 2015, 2016, and 2017 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 an affiliate of Virtus Investment Partners. The SGA International Growth Composite was created in March 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 International Growth composite has had a performance examination for the periods March 1, 2015 - December 31, 2021. The verification and performance examination reports are available upon request.

International Growth Commentary

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SGA International Growth Composite contains fee-paying and non-fee paying large cap international growth equity portfolios under full discretionary management of the firm. For comparison purposes the composite is measured against the MSCI ACWI ex-USA TR Index (Net) and MSCI ACWI Growth ex-USA TR Index (Net).

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. 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 upon the highest published fees. The net performance has been calculated by reducing the gross performance by the amount of the highest published fee that may be charged to SGA clients, 0.85%, employing the International Growth strategy during the period under consideration. 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 also may be found in Part 2A of its Form ADV. 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. Past performance is not indicative of future results.

The standard investment management fee schedule for the firm is 0.85% on the first $25 million and 0.65% on the next $75 million and 0.50% over $100 million. Actual investment advisory fees incurred by clients used in the composite may vary from the standard fee schedule.

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.