Emerging Markets Growth Commentary

Q3 2023

SGA Sustainable Growth Advisers

Performance

SGA's Emerging Markets Growth portfolio returned -6.8% (Gross) and -7.0% (Net) in Q3, compared to -2.9% and -4.9% for the MSCI EM and EM Growth Indices, respectively.

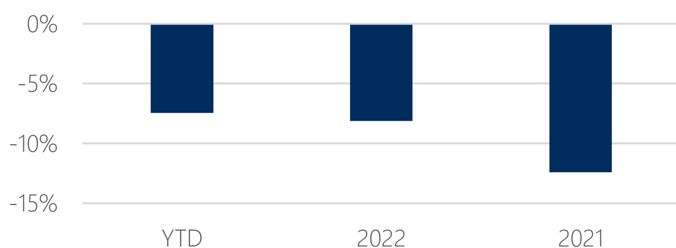
Disappointing Chinese Recovery and Rising Dollar Weigh on Emerging Markets in Q3

Emerging markets started the quarter strongly with Chinese stocks rallying as the Chinese government signaled it would support the ailing Chinese economy with additional stimulus actions. Optimism about a potential turnaround in China's economy quickly faded, however, as weak economic data and underwhelming stimulus efforts raised doubts about the pace of recovery. The MSCI China Index closed the quarter down more than 20% from its highs in late January when optimism around the country's re-opening peaked. Concerns around Chinese demand also weighed on Latin American markets, which were among the worst performing in Q3 despite moderating inflation pressures and easing monetary policies, and other Asian markets including Taiwan, Korea, and Thailand. In contrast, strong and improving economic growth in India provided a positive backdrop for Indian stocks in Q3, resulting in one of the better performing markets. Rising bond yields and a stronger U.S. dollar given the Federal Reserve's willingness to hold interest rates "higher for longer" weighed on emerging market currencies and companies with faster growth and higher valuations.

Highlights

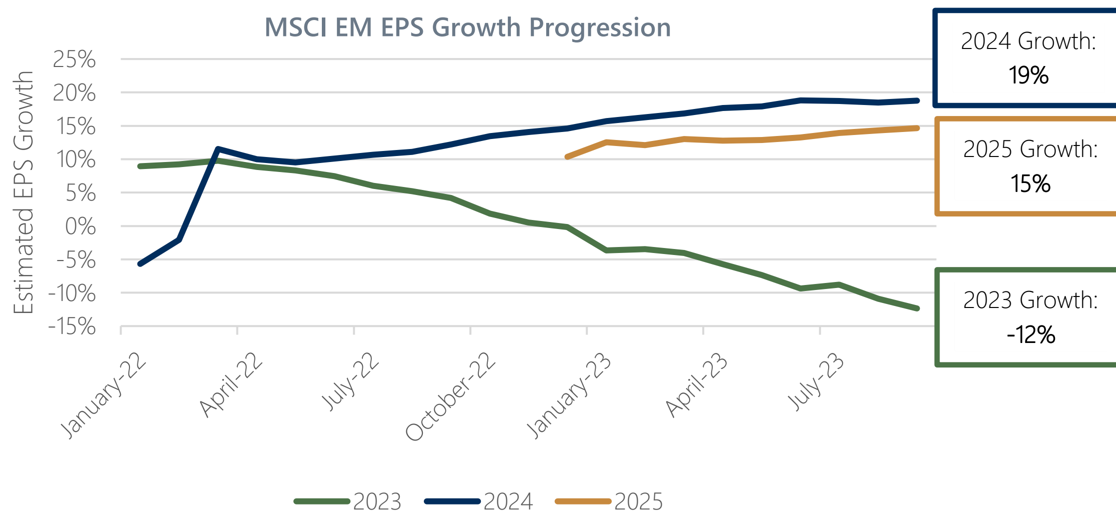
- Portfolio trailed the MSCI EM and EM Growth Indices in Q3
- Initial optimism for a turnaround in China faded as economic data remained weak and stimulus measures underwhelmed; China and markets leveraged to the Chinese economy weighed on the index, while strength in India contributed positively to market performance
- Short-term disappointments and uncertainty weighed on positions in HDFC Bank, Shandong Weigao, and Bud APAC which detracted most from performance. Positions in Sanlam, Infosys, and MercadoLibre contributed most positively to performance
- A new position in Bajaj Finance was initiated during the quarter; no positions were liquidated. We trimmed positions in XP, Bank of Central Asia, Unilever, and L'Oreal on strength while adding to positions in Tencent and Mengniu Dairy on weakness
- Portfolio is forecasted to grow earnings 16% per year over the next three years, in line with its long-term average, while the 16% expected growth for the EM Index is well-above average and more susceptible to a slowing global economic backdrop

MSCI EM Index Performance: Growth Relative Value



Source: FactSet, MSCI

While 2023 benchmark earnings expectations continued to moderate in Q3 to -12%, expectations for a turnaround in 2024 and 2025 remained high with earnings expected to grow 19% and 15%, respectively. Given the more uncertain economic environment in China and generally slowing global economy we find it unlikely that the broad market will see such a strong, broad-based earnings recovery in the near-term. Our portfolio continues to offer attractive growth along with superior quality characteristics and likely greater resiliency compared to the MSCI EM Index.



Source: FactSet, MSCI

Since Portfolio Inception (8/1/2014)	SGA Emerging Markets Growth	MSCI EM
EPS Growth	14.2%	0.6%
Earnings Variability	8.1%	27.8%

Source: Bloomberg, FactSet, MSCI, SGA Earnings Estimates and Adjustments

Largest Contributors

Sanlam, a financial services conglomerate based in South Africa, was the largest contributor to performance in Q3. Most of Sanlam's business is tied to insurance (about 75% of profits), primarily life insurance, with the balance of their business driven by investment management and credit. Sanlam benefits from significant economies of scale and a dominant position in key markets across the African continent. A key competitive advantage is tied to its large direct agent workforce and third-party distributor relationships, which provides the company with good pricing power. We estimate that over 80% of its revenues are recurring in nature, driven by ongoing insurance premiums and investment management fees. Sanlam has a broad geographic footprint with favorable demographics and low insurance penetration, which serve as growth tailwinds in most of its markets, excluding South Africa. Better-than-expected earnings results benefited Sanlam's shares during the quarter. Net operating profits grew 64%, total new business volumes grew 19%, and Adjusted Return on Group Equity Value (RoGEV) per share grew 8.5% over the six-month period. Following a difficult period driven by macro-related challenges, the business is recovering nicely, and management is executing well on their opportunity. As the Pan-African JV with Allianz has concluded, Sanlam has built a highly geographically diversified portfolio with strong positions in both life and general insurance across key African markets. We raised our target position to an average weight given its steady growth outlook, albeit amid a continued difficult operating environment.

Infosys, Indian IT services leader, was the second largest contributor to performance. Infosys offers IT-oriented services, primarily digital software development, infrastructure management, business process outsourcing, and software testing and maintenance. The company leverages its global delivery model to provide scale, quality, expertise, and cost advantages to its clients. Moving forward, the company's strategy is to embrace the concepts of automation and artificial intelligence to improve productivity and accuracy and reduce cost to clients. Infosys has industry leading operating margins, due primarily to high brand recognition within its industry. It is difficult for companies to compete with Infosys given its scale, and most other big software outsourcing firms have less value-oriented offerings. The level of recurring revenues and repeat business is high, with 95% of business derived from existing clients and contracts ranging from 3-7 years. The continued need for companies to digitize supports a long-term growth opportunity for Infosys. Infosys' shares rebounded in Q3 despite a still difficult operating backdrop and a more cautious near-term growth outlook from management. Revenues increased 1%

quarter-over-quarter in fiscal Q1, an improvement from last quarter, and attrition and utilization rates improved as well. Revenue guidance for the fiscal year was reduced, however, to 1-3.5% from 4-7%, implying that the previously expected sharp near-term recovery is unlikely. Despite the near-term uncertainty we continue to view the long-term opportunity favorably. We maintained an above-average weight position given a compelling valuation and long-term growth outlook.

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 third largest contributor in Q3. 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. The company reported better-than-expected quarterly results with solid operating profit growth across geographies, especially in Mexico where results were particularly strong. MELI continued to deliver impressive growth across key metrics, including gross merchandise value (GMV) and total payments value (TPV), which grew 23% and 39% respectively in USD. Operating margins improved and came in above expectations at 16%, but the need for continued investments in logistics and brand building initiatives around its loyalty programs could put some pressure on margins in the near-term. We maintained an above-average weight position in the company given our conviction in the long-term growth opportunity.

Naver and **XP** were the fourth and fifth largest contributors to performance.

Largest Detractors

HDFC Bank, the fifth largest bank in India by assets and the largest by market capitalization, was the largest detractor from performance in Q3. HDFC benefits from a high ROA/ROE relative to international and domestic peers, which is supported by interest revenues and lower borrowing costs on retail deposits. India, as a country, has low leverage in the retail sector and an underbanked population. Therefore, the company should benefit from a long secular runway of growth while maintaining its high ROE. The pricing power of the company is based on its low-cost funding. This funding is supported by retail deposits at a countrywide network of branches. HDFC's business is recurring and very predictable with 75% of its interest income derived from multi-year loans and 15% is from fees & commissions. Serving the banking needs of a huge, underbanked, emerging economy gives it a long runway of growth. The company completed its merger with the Housing Development Finance Corporation on July 1st following shareholder and regulatory approvals. Short terms concerns tied to this closing weighed on its shares. Additionally, its loan and deposit statistics for the quarter ending in June were weaker-than-expected and the parent entity decided to maintain excess liquidity into the merger to mitigate any withdrawal risks. The latter is expected to weigh on its net interest margins in the short-term. There were also some onetime accounting adjustments as the two entities merged their books and, while small, were not anticipated by the investor community. The merged entity has a stronger capital base and improved liquidity, and we remain confident in the opportunity ahead for HDFC Bank. We maintained an above-average weight position in the company.

Shandong Weigao, a leading Chinese medical device company, was the second largest detractor from performance in Q3. Shandong Weigao benefits from its manufacturing scale and strong R&D capabilities which enable the company to launch innovative, higher margin products over time. As most of the company's products are consumables, which must be replaced on an ongoing basis, the company's revenue generation is highly predictable and recurring. While we view Shandong Weigao as being well-positioned to participate in the growth of healthcare in a rapidly aging China, the company continues to see near-term pressures from the Chinese government's volume-based procurement (VBP) policies. The company's 1H 2023 results were worse-than-expected with sales and profits declining -1% and -24%, respectively, despite strong volume growth and market share gains. The company expects pricing pressures from government centralized purchasing to be mostly absorbed by 2024 leading to a re-acceleration in revenue growth. For 2H23, we expect improvement in underlying trends in most of the businesses, with some residual impact in orthopedics from the government centralized purchasing program. We do not expect a significant impact from recent anti-corruption campaign in healthcare. While near-term growth expectations remain modest and uncertain, we are pleased to see the company gain market share and grow volumes, which

should position the company well for future growth. We lowered our target weight in the company to below average, recognizing the greater near-term uncertainty.

Bud APAC, the largest beer company in Asia Pacific, was the third largest detractor in Q3. The company produces, imports, and sells a portfolio of more than 50 owned or licensed beers including global brands such as Budweiser, Stella Artois, and Corona, in addition to many local brands. The premium and super premium segments collectively represent approximately 75% of Bud APAC's gross profit. As a result of its skew towards premium and the brand equity of its portfolio, the company's operating margins are 2-5x its competitors' margins. Beer is a relatively stable category with frequently recurring consumption, which provides a high degree of visibility into future revenue generation. Further, the company's premium and super premium categories have proven to be more resilient to a moderation in economic growth. The company should be able to generate mid-single-digit volume growth and high-single-digit revenue growth over the long-term, supported by economic growth in emerging markets and growth in the premium segment. Bud APAC's shares lagged in Q3 given concerns around the economic environment in China and weaker-than-expected results in South Korea despite an overall solid Q2 earnings report. Revenues and operating profits grew 15% and 12%, respectively, on 10% volume growth. Results in China benefited from continued re-opening tailwinds as well as resilient demand for premium and super-premium beers, which represents two-thirds of its Chinese business. Results in South Korea, however, disappointed on weak volumes and margin compression from increased commercial investments and commodity costs, as well as weakening consumer confidence. We continue to view the longer-term growth opportunity for Bud APAC favorably but lowered our target weight given the greater near-term uncertainty.

Fast Retailing and **AIA Group** were the fourth and fifth largest detractors from performance.

Portfolio Activity

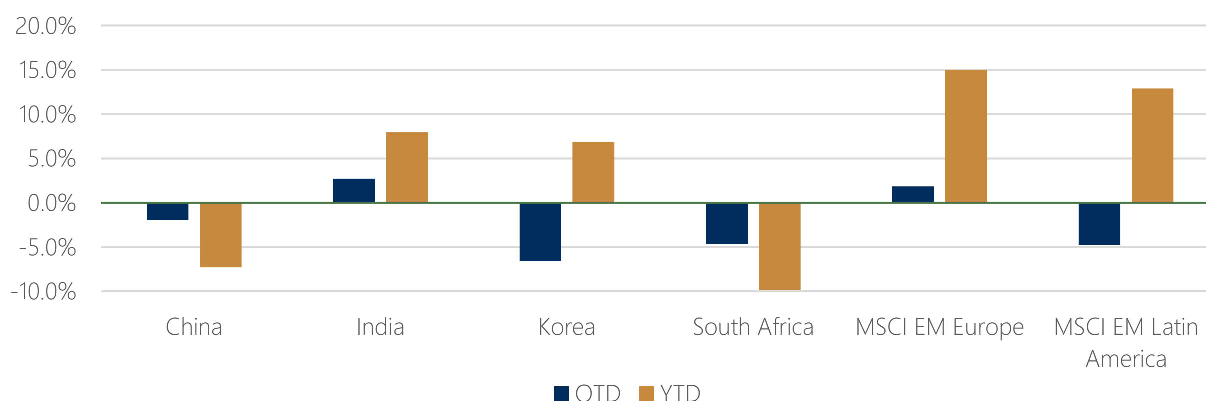
Portfolio turnover was below-average in Q3 with a new position in Bajaj Finance added to the portfolio and no positions sold. We trimmed positions in XP, Bank of Central Asia, Unilever, and L'Oreal on strength while adding to positions in Tencent and Mengniu Dairy on weakness.

New Positions

Bajaj Finance, the largest non-banking finance company in India, was added to the portfolio in Q3. The company has a long-established leadership position in the consumer durable financing segment and is steadily growing in all other areas of household borrowing needs, including in mortgages. Bajaj's secular growth opportunity is supported by low household leverage in India, which is expected to rise closer to the levels of other major countries over time. Bajaj benefits from low customer acquisition costs as it partners directly with most of the electronic device companies operating in India, offering financing via subvention loans. This type of arrangement provides an incentive for the consumer to choose the installment offering, benefiting consumers, the electronic manufacturers, as well as Bajaj Finance. The existing relationships between Bajaj and the manufacturers enables Bajaj to gain an advantage and grow new relationships more easily. Additionally, the company's success in collections has allowed the company to manage losses and generate high returns on assets historically. At the same time, Bajaj has an impeccable balance sheet, maintaining 25% tier 1 capital on its books which is more conservative than bank standards. Its strong balance sheet gives us confidence that the business can manage through difficult periods comfortably. While the duration of Bajaj's assets is lower, the repeatability of its business is high, driven by the less discretionary nature of the end market products it finances and recurring consumer behavior tied to those purchases. In a severe economic slowdown, Bajaj's growth will likely also slow some, but the longevity of the growth opportunity and low penetration currently should support continued revenue growth through difficult economic environments. The management team is highly regarded and considered best in-class given its strong execution over the years. We see very attractive long-term growth opportunity ahead for the company, supported by secular growth tailwinds including favorable demographics and low levels of consumer leverage in India.

Key risks include a deterioration of the assets on its balance sheet, which could happen if the company decides to pursue growth from lower quality sources. We are also mindful of the potential for adverse regulatory developments. Lastly, given the attractiveness of the growth opportunity, competition will likely intensify over time, particularly from new entrants like Jio and fintech companies like Paytm, which could potentially impact growth and margins negatively.

Market Performance



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

Outlook

We remain focused on assembling a portfolio of attractively valued high quality companies that can reliably compound earnings and cash flows at above average rates with less macroeconomic sensitivity over the long-term. Over full market cycles these unique businesses should be rewarded by the market and deliver strong absolute and relative returns with lower levels of risk. The SGA EM portfolio is expected to grow earnings 16% per year over the next three years, roughly in line with its long-term average. The MSCI EM Index is also expected to grow earnings by 16% per year, well above its long-term average. Given the growing strains on the global economy we view growth expectations for the broader market as optimistic, whereas we believe the companies in our portfolio are better positioned to withstand slowing global growth and deliver attractive, resilient growth.

As always, we thank you for your continued support and welcome any questions or comments.

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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	Q3 2023	YTD 2023	1-Year	3-Year	5-Year	Since Inception
SGA Emerging Markets Growth (Gross)	-6.8%	0.1%	11.3%	-3.9%	2.9%	4.7%
SGA Emerging Markets Growth (Net)	-7.0%	-0.5%	10.4%	-4.7%	2.0%	3.9%
MSCI EM (Net TR)	-2.9%	1.8%	11.7%	-1.7%	0.6%	1.2%
MSCI EM Growth (Net TR)	-4.9%	-1.8%	7.7%	-7.2%	0.6%	2.0%

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			SGA Composite	MSCI EM Net TR Index	MSCI EM Growth Net TR Index			
Aug. 1 - Dec. 31, 2014	-1.38%	-1.73%	-9.59%	-7.09%	Five or Fewer	N/A				0.193	5,332	100%
2015	-3.00%	-3.82%	-14.92%	-11.34%	Five or Fewer	N/A				0.094	5,318	100%
2016	2.10%	1.24%	11.19%	7.59%	Five or Fewer	N/A				0.096	5,672	100%
2017	36.31%	35.19%	37.28%	46.80%	Five or Fewer	N/A	12.64%	15.35%	14.69%	0.130	9,971	100%
2018	-11.00%	-11.76%	-14.57%	-18.26%	Five or Fewer	N/A	12.87%	14.60%	14.98%	0.116	9,096	100%
2019	30.97%	29.88%	18.42%	25.10%	Five or Fewer	N/A	13.38%	14.17%	15.41%	5	12,347	0%
2020	31.22%	30.13%	18.31%	31.33%	Five or Fewer	N/A	18.45%	19.60%	19.96%	6	18,780	0%
2021	-14.37%	-15.10%	-2.54%	-8.41%	Five or Fewer	N/A	18.56%	18.33%	18.96%	86	22,899	0%
2022	-12.35%	-13.10%	-20.09%	-23.96%	Five or Fewer	N/A	20.53%	20.26%	21.36%	94	18,407	0%
Since Inception (August 1, 2014)	5.17%	4.28%	1.08%	2.36%			16.40*	17.42*	17.97*			

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, 2022.

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, 2022. 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 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. Effective December 31, 2022, the MSCI ACWI with EM Exposure Net is no longer presented because it is not considered representative of the strategy as the portfolio invests primarily in companies domiciled in emerging markets.

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 Emerging Markets 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; 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.

Sustainability Report

Q3 2023

SGA Sustainable Growth Advisers

Ceres

During the quarter, we were pleased to join the Ceres Investment Network, an association of approximately 220 institutional investors managing more than $60 trillion in assets. Ceres leverages networks and collaborations to effect sustainability solutions through both the markets and policy with the ultimate goal of achieving a "just, sustainable, net zero emissions economy". We are excited for the opportunity to integrate Ceres' resources and data into our processes, advancing our ESG education and peer collaboration efforts. To that end, we joined Ceres' Paris Aligned Investment Working Group, a regularly scheduled forum to discuss the best practices, frameworks, and resources for setting and implementing investor climate action plans and net zero portfolio targets.

Visa

We met with Visa's ESG leadership team over the quarter to discuss pertinent topics, including Scope 3 emissions, merchant category codes for controversial retailers, and talent retention.

We engaged with the company to better understand its path to Net Zero, particularly as it relates to addressing Scope 3 emissions. Overall, the company is doing well to address GHG emissions. It has met its 2030 Science-Based Target ("SBT") for a 50% reduction in Scope 1 and 2 emissions as 100% of its electricity needs are now supplied by renewable sources, and it is on track to meet its 2030 SBT for a 42% reduction in Scope 3 emissions. Visa has also established a 2040 Net Zero target. Scope 3 represents 95% of total emissions, and by far the biggest category is purchased goods & services (90% of total). Pleasingly, the company is making progress to ensure their suppliers are on track to meet their Net Zero needs. For example, the company participates in CDP's Supply Chain program, through which Visa engages with suppliers regarding measuring emissions, setting reduction targets and reporting to CDP. Visa now reaches suppliers who represent 80% of the company's emissions as calculated by spend, with the goal to reach 85% by the end of the 2023 fiscal year. Of the participating suppliers, 88% reported their operational emissions, 73% reported active targets, 41% had validated SBTs, and 75% reported active initiatives to engage their own suppliers. The remaining 5% of Scope 3 emissions is mostly travel and commuting, and the company has multiple programs in these areas including membership in the United Airlines Eco-Skies Alliance (which allows corporate clients to collectively contribute to the purchase of sustainable aviation fuel), subsidies for public transit and bicycle commuting, and EV chargers at some facilities.

We also discussed the recent controversy regarding Merchant Category Codes ("MCCs") for gun retailers. We engaged with the company on the controversial topic of MCCs for gun shops, worried it might lead to consumer backlash from one side or the other. A gun retailer MCC would allow the company (and government) to track total purchase values at gun retailers, but not SKU-level information. Not surprisingly, some people see it as a way to identify suspicious firearms and ammunition purchases, while others see it as a threat to personal privacy and the right to bear arms. Visa's policy is legal compliance. Seven states have banned gun shop MCCs, while California will make it a legal requirement. The issue is MCCs are global, and Visa's system is currently not set up to work on a state-by-state basis. It sounds like it's not an insurmountable technological challenge, however the situation is fluid. There is risk for negative publicity to Visa, and the card industry, given the political sensitivity of gun rights and sales.

Lastly, we discussed talent recruitment and retention where conditions are easing following the pandemic. The bursting of the fintech bubble is also easing pressure on recruitment and retention.

ICON

We met with the clinical research health provider, ICON to discuss an upcoming proxy vote as it relates to an abnormal level of non-audit fees paid to the company's auditor, KPMG. Proxy advisory group ISS is recommending shareholders vote against the re-election of select Board members and the ratification of the company's audit firm due to the high level of non-audit fees paid which ISS believes may call into doubt the independence of the audit firm.

We discussed the matter with the company in depth and learned that the non-audit fees paid to KPMG, which accounted for slightly over half the total fees paid to KPMG, were primarily associated with tax advisory relating to the company's merger with PRA Health. Given the scale and complexity of the transaction, most of the fees were related to the consolidation of legal entities, and the company's transfer pricing model, which is the basis for the ICON's tax structure in Ireland. Management views KPMG as being uniquely qualified to advise them on these matters and hence justified the fees paid. Based on management's response, and subsequent disclosure of more granular information on non-audit fees in an additional filing, we decided to vote with the company's recommendation and against ISS's recommendation.

Nestlé

Over the quarter, we met with the outgoing Chief Financial Officer of Nestlé, François-Xavier Roger, to discuss the business and recent ESG progress. Nestlé is now two years into its five-year plan to invest $5bn into ESG initiatives. These investments, while at a cost to short-term profits, are part of Nestlé's plan to combat climate change and reduce greenhouse gas emissions 20% by 2025 and 50% by 2030, with the goal of reaching Net Zero emissions by 2050. The company has done important groundwork identifying its GHG emissions including Scope 2 and 3. Most of its carbon footprint comes through sourcing agricultural commodities and Nestlé has been working on regenerative agriculture in its supply chain. Nestlé is also making progress to address the key challenge of plastic packaging. Nestlé has adopted a five-pronged approach to tackle the issue, including reducing the use of plastic packaging materials, increasing the adoption of reusable systems, designing alternative packaging materials, supporting recycling infrastructure, and shaping new consumer behaviors. Furthermore, the sale of its packaged water business in North America is expected to make a significant reduction to the emissions of the business.

Proxy Voting Summary Q3 2023

	Number of Resolutions	For	%	Against	%	Abstain	%
U.S. Large Cap Growth	0	0	0	0	0	0	0%
Global Growth	45	45	100%	0	0	0	0%
International Growth	88	88	100%	0	0	0	0%
Emerging Markets Growth	1	1	100%	0	0	0	0%
Global Mid-Cap Growth	51	51	100%	0	0	0	0%

Source: SGA, ISS

Carbon Risks Q3 2023

	Carbon Emissions*	Carbon Intensity	Weighted Average Carbon Intensity
SGA Global Growth	15.3	65.5	72.1
MSCI ACWI	98.8	176.8	134.6
SGA Relative Exposure	-85%	-63%	-46%
SGA U.S. Large Cap Growth	7.0	32.4	42.0
Russell 1000 Growth	11.7	49.6	31.1
SGA Relative Exposure	-40%	-35%	+35%
SGA Emerging Markets Growth	22.6	44.6	38.6
MSCI EM	311.2	387.4	322.1
SGA Relative Exposure	-93%	-88%	-88%
SGA International Growth	21.1	71.1	93.9
MSCI ACWI ex-USA	176.1	215.7	176.3
SGA Relative Exposure	-88%	-67%	-47%
SGA Global Mid Cap	14.4	44.9	35.1
MSCI ACWI Mid Cap	220.1	264.7	207.2
SGA Relative Exposure	-93%	-83%	-83%
	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. *Carbon Emissions are based on portfolio investment of $1,000,000,000 and benchmark investment of $1,000,000,000.*

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.