Fisher Investments™ Institutional Group

Fisher Investments Europe™

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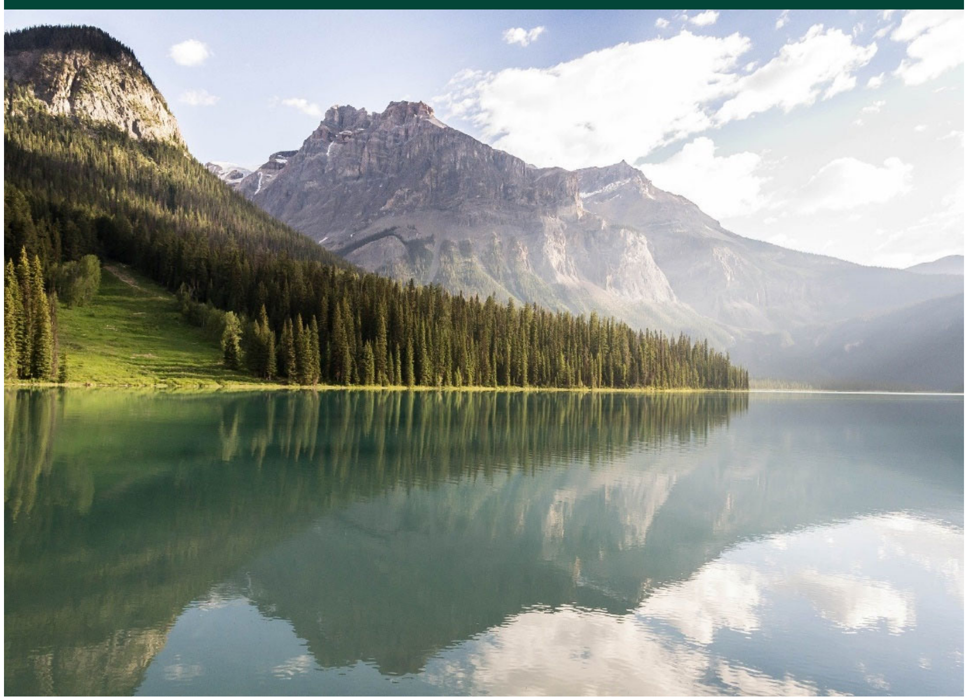
ESG PERSPECTIVES NEWSLETTER

FISHER INVESTMENTS | 2021

ESG PHILOSOPHY STATEMENT

We believe ESG investors are best served by an investment process that considers both top-down and bottom-up factors. Integrating ESG analysis at the country, sector and stock levels consistent with clients' investment goals and ESG policies maximizes the likelihood of achieving desired performance and improving environmental and social conditions worldwide.



Designed by Investor Responsibility & Engagement Project Coordinator

FISHER INVESTMENTS ESG PROGRAM AT A GLANCE

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Zoe Abbott Boyd
ESG Program Manager

2021 marked a big year for Environmental, Social and Governance (ESG) at Fisher Investments. This year, we achieved the 'Toward Sustainability' label for one of our Emerging Markets strategies, received the Climetrics award for outstanding environmental performance and continued pushing data boundaries throughout our proprietary ESG research.

INDUSTRY ESG STRATEGY GROWTH

ESG investing is a key component of global capital markets. Demand for ESG oriented products has grown consistently over the last 50 years, illustrating the importance and value investors put behind considering ESG factors (Exhibit 1).

Top-Down managers and ESG conscious investors both analyze factors outside of the scope of traditional financial statement analysis.

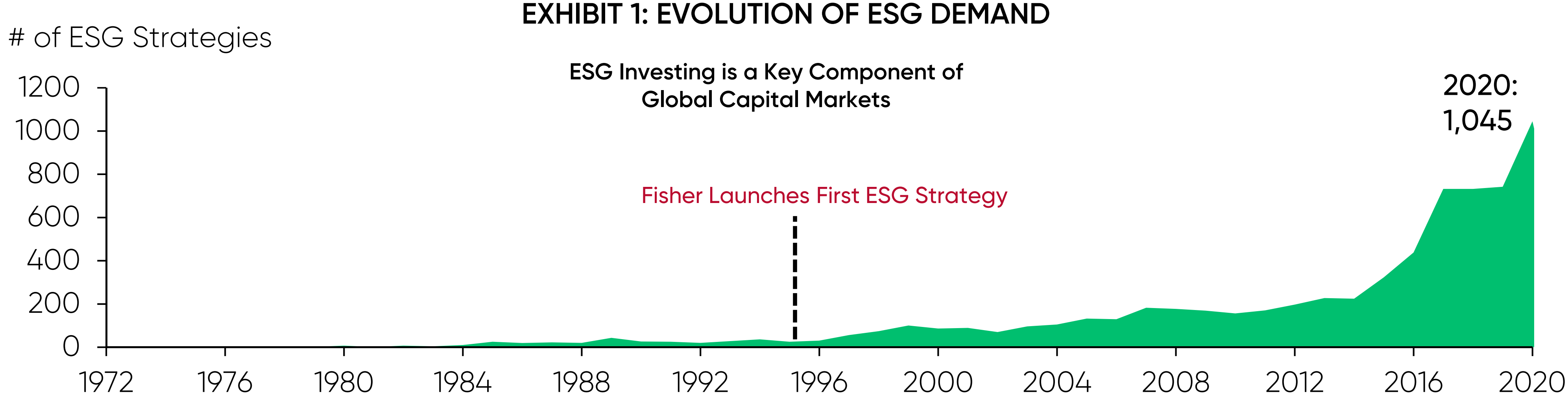
While other managers have rushed to incorporate ESG into their investment strategies, FI has been managing responsible investment portfolios for more than two decades and has always strived to incorporate ESG elements into our firm's operations.

Since becoming a PRI signatory in 2014, we are delighted that our Scores have improved tremendously, thanks in part to the work of Fisher's Responsible Investments Committee and our increased focus on ESG/SRI and Sustainability considerations. Overall, we are a full score ahead of peers in each of the three categories. We believe these high PRI scores reflect years of continued progress.

EXHIBIT 2: FISHER'S HISTORICAL PRI ASSESSMENT SCORES

Module	2020	2019	2018	2017
Strategy & Governance	A+	A+	A	B
Incorporation	A+	A+	A+	B
Active Ownership	A	B	A	D

EXHIBIT 1: EVOLUTION OF ESG DEMAND



Source: Morningstar Direct, data shown as of December 2020. Shows number of ESG strategies seeded each year based upon the Sustainable Investments – Overall Morningstar Category.

EXHIBIT 3: EXAMPLES OF TOP-DOWN ESG INVESTMENT CONSIDERATIONS

	Environmental	Social	Governance
Economic	Natural Resource Exposure Energy Exports/Import Urbanization	Wages and Labor Cost Demographic Shifts Access to Health Care and Education	Progress Reform Capital Markets Regulations Embargoes and Tariffs
Political	Environmental Legislation Renewable Energy Opportunities Pollution Prevention	Human Rights Immigration Policies Access to Fair Elections	Institutional Corruption Government Stewardship Shareholder Friendly Legislation
Sentiment	Natural Disaster Sustainability Themed Fund Net Flows Healthier Lifestyle Shifts	Disease Epidemics Divestment Movements Racial Tension	Anti-Corruption Crackdown Government Stability Perception Political Scandals

ESG ORGANIZATIONAL SUPPORT

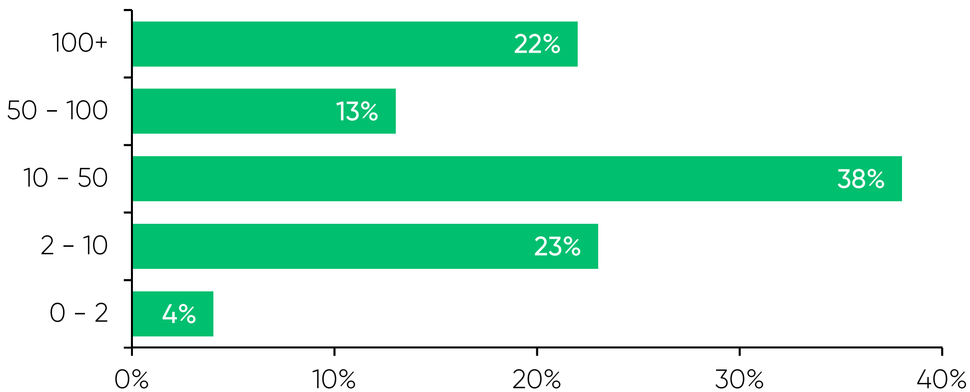
- **Principles for Responsible Investment:** Developed by group of international investors, which reflect increasing relevance of ESG issues in investing.
- **UK Stewardship Code:** Set of stewardship standards for asset managers and owners on behalf of UK investors
- **Japanese Stewardship Code:** Set of stewardship standards for asset managers and owners on behalf of Japanese investors
- **UN Global Compact Participant:** The UN Global Compact is a voluntary initiative based on company commitments to implement universal sustainability principles and to undertake partnerships in support of UN goals.
- **CDP Signatory:** CDP runs the global environmental disclosure system. Each year CDP supports thousands of companies, cities, states and regions.
- **Climate Action 100 Signatory:** Climate Action 100 is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take action on climate change.
- **Task Force on Climate-related Financial Disclosure (TCFD) Supporter:** The FSB TCFD creates voluntary, consistent climate-related financial risk disclosures for firms to provide for investors, lenders, insurers, and other stakeholders.
- **Conservation International Supporter and Emerald Circle Member:** Conservation International works to highlight the critical opportunities that nature provides to humanity.

WHY SMALL CAP ENGAGEMENT?

Anita Green
VP, Investor Responsibility & Engagement

Corporate engagement is an important part of our Responsible Investment program. It complements our ESG integration process through focused conversations with management on issues and trends that may significantly affect their business. Fisher is an active owner that conducts ESG engagement with companies across a range of market caps, including small cap. (Exhibit 1).

EXHIBIT 1: ENGAGED COMPANIES BY MKT. CAP. (USD BILLIONS, TRAILING 1 YR.)

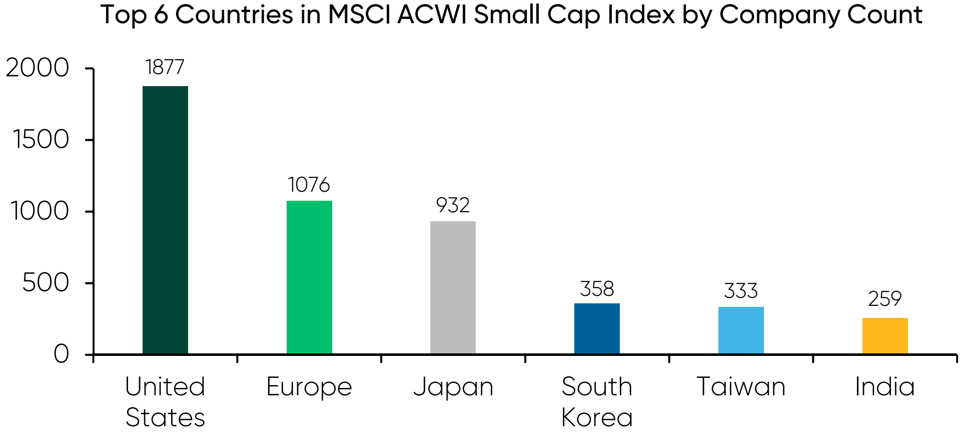


Source: FI data using Factset domicile, sector, and market capitalization designations. As of Q1 2021.

WHY CONDUCT SMALL CAP ENGAGEMENT?

When it comes to sustainability, many investors focus solely on mega- or large-cap companies, where standard practice is to report on a wide range of ESG issues. However, this approach overlooks an important part of the global economy. In Exhibit 2, we show the companies within the MSCI ACWI Small Cap Index distributed by country. Small cap companies are often established, well-run businesses with tenured management teams. With the right approach, engagement with small cap companies can be very productive.

EXHIBIT 2: COUNTRY REPRESENTATION IN MSCI ACWI SMALL CAP INDEX



Source: Factset, as of May 2021.

TAILORED APPROACH TO SMALL CAP ENGAGEMENT

A successful corporate engagement program is not one-size-fits-all. One difference is data availability among ESG data providers as coverage of small cap companies is less robust than larger companies (this is especially true in Emerging Markets). Another difference is size; small cap companies have smaller budgets that may limit their ability to adopt broad-ranging programs, which can lower their ESG scores. To overcome these data gaps, an investor needs to cast a wide net to determine the company's material ESG issues. This includes analyzing its industry position, reviewing its key business relationships, and assessing the company's publicly disclosed ESG information. When we engage a small-cap company, we tailor the conversation to address the issues that are most salient to the business.

The results can be very insightful. For example, when we met with an energy services company that specializes in deepwater drilling, we learned the company has developed an all-electric drilling platform powered by renewable energy (traditionally, they are diesel-powered). In addition to lowering its customers' Scope 1 emissions today, the company is positioning itself for the transition to low-carbon energy by developing its capabilities in biofuels, hydrogen/carbon capture and storage. We also met with a small biotech firm that is working to cure disease, but is equally committed to promoting access to medicines.

THE FISHER DIFFERENCE

Fisher is often a significant shareholder in the company, which enables us to have regular conversations with management. Our engagement professionals have decades of experience in engaging companies, and we use our knowledge to offer management a different perspective than they may otherwise hear from their investors. For example, if a company's largest customers adopt greenhouse emissions reduction targets, we discuss how aligning with those targets can help the company strengthen the relationship and become (or remain) a preferred supplier.

Small cap corporate engagement presents an opportunity to better the investment universe by promoting good ESG practices in an underserved part of financial markets. Through engagement, we are able to deepen our knowledge about a company's strategic direction, and the company benefits from knowing its shareholders value its ESG programs. As in all engagements, our objective is to influence corporate behavior as well as help create and retain shareholder value.

HOW DOES FI HANDLE ENGAGEMENT ESCALATIONS

Sagar Rijal
Investor Responsibility & Engagement Analyst

Fisher Investments is an active owner that engages with companies as part of its fundamental analysis and to clarify or express concerns over potential ESG issues at the firm or industry level. During our investment process, we identify securities with strategic attributes consistent with our top-down views and with competitive advantages relative to their defined peer group. If the companies underperform on ESG factors, stewardship activities can encourage meaningful progress.

Engagement provides a direct channel to discuss investor expectations and provide feedback on a company's ESG policies and practices. Company boards and management use shareholder feedback and engagement to learn of risks and opportunities relevant to the industry. Thus, in general, boards and management endeavor to be responsive to their shareholders.

CORPORATE RESPONSIVENESS

Our experience shows stewardship concerns are usually best resolved by direct, confidential contact with company officials—whether at the board or management level. Successful active ownership and corporate engagement first requires corporate responsiveness to the dialogue request and more importantly, meaningful attention by the management or board to the salient or material ESG concerns raised in the dialogue.

In terms of meeting the objectives of engagement on ESG concerns, we recognize that companies may not be immediately able to respond with additional disclosures, policy considerations or policy changes. Corporate engagements often take time and multiple rounds of dialogue to produce results. In Fisher's case, many of our current engagement dialogues with companies were initiated within the prior year and thus remain ongoing.

ENGAGEMENT ESCALATION

In situations where a portfolio company is either unresponsive despite repeated inquiries or continues to perform poorly against the engagement objective, Fisher may seek to escalate the engagement dialogue. The escalation criteria include the materiality of the issue, the company's record of previous responsiveness, and if escalation serves our clients' best interests.

Based on the evaluation, the Investment Policy Committee (IPC) may take any of the following escalation action, at its discretion:

- seek additional meetings with company management or board,
- intervene in concert with other institutions on the issue,
- vote in support of related shareholder proposals,
- withhold our support from one or more board members, or
- divest our holdings.

If we activate escalation, we inform management of our decision as well as our rationale.

MARKET CONTEXT

Market context is important when considering escalation due to company unresponsiveness. ESG disclosure is more mature in markets like Europe or North America, where we can dig into the details of a sustainability plan and myriad disclosures to seek specific engagement objectives on material ESG concerns. In these markets, we are likely to utilize proxy-related tools such as board accountability or voting for shareholder proposals on ESG issues.

In less mature markets, such as Asia or Latin America, engagement dialogues are oriented more toward asking companies to adopt a sustainability plan or disclose ESG performance. The primary objective is to communicate investor expectations on ESG issues that are relevant for their business. Depending on the company size or the ownership structure, some companies may be new to interacting with shareholders on ESG concerns, or may not respond to the engagement request until a fully formed response is ready.

Therefore, we believe there is value in letting the companies know of the many ESG issues that investors are evaluating, even if the company is initially unresponsive. In these markets, collaborative engagement in concert with other investors can be an effective escalation strategy.

In markets where ESG practices are less established, there is tremendous opportunity to drive the growth of sustainable business practices, but we should be prepared to patiently wait out initial unresponsiveness.

CASE STUDY #1: UNRESPONSIVENESS

In the mining sector, we have an ongoing engagement with a company that covers a range of ESG topics, including a “fail” rating by the UN Global Compact. While the company is strengthening their environmental programs and community relationships, it has not sufficiently addressed its governance issues. In 2020, noting the lack of progress on the company’s governance structures, we used our voice as a shareholder to encourage better corporate governance. When we cast our ballot, we voted against a bundled proposal to elect all directors and instead promoted increased director independence by supporting the election of a minority shareholder representative. In addition, we did not support the proposed executive remuneration plan. Since then, the company has established a nominating committee comprised of a majority of independent members. The committee will propose improvements in 2021 related to the structure, size, and skills of the board.

CASE STUDY #2: UNRESPONSIVENESS

In 2020, FI divested from a company in our ESG strategies due to its lack of response to our engagement requests and eroding confidence in the company’s fundamentals.

FISHER INVESTMENTS TOP DOWN ESG RESEARCH

VALUE FOR ESG INVESTORS

Matt Simpson
Capital Markets Research Analyst

VALUE FOR ESG INVESTORS

As markets cycle through periods of growth and value leadership, some ESG investors may wonder how their strategies will fare during sustained periods of value leadership as some value-based areas of the market are particularly carbon intensive and may have business practices inconsistent with ESG investor preferences. The following analysis suggests using a top-down ESG approach — such as ours at Fisher Investments — can guide portfolio positioning in value-led markets and meet investors' complex ESG objectives.

Fisher Investments' top-down investment approach allows us to increase benchmark exposure to value in several ways. Here, we focus on two: 1) owning value-oriented stocks from any sector or industry available in our ESG universe and 2) owning positions in value-oriented sectors and industries.

Method 1: Owning Value Oriented Equities Available in our ESG Universe

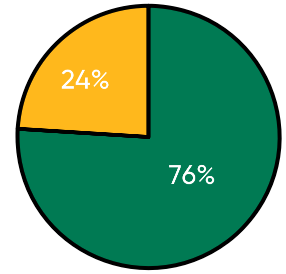
As a global money manager, we examine a variety of indices alongside client needs to assign an appropriate benchmark for a given strategy. In this analysis, we will use the MSCI World Index—a broad equity index covering 23 developed market countries—as our benchmark to illustrate how we can adjust ESG strategies' value exposure. To begin, we identify the number of equities outperforming the MSCI World when the MSCI World Value outperforms the MSCI World Growth. The following chart illustrates the majority (76%) of equities outperforming with value are available to ESG investors (Exhibit 1). Notably, the value equities meeting Fisher's ESG screening criteria (details available upon request) also have higher MSCI ESG scores.

EXHIBIT 1: MSCI WORLD – MAJORITY OF VALUE EXPOSURE IS AVAILABLE TO VALUE INVESTORS

Total Value MSCI Constituents: 810

ESG Available Value Count: 621
Avg. MSCI ESG Score: 6.3

Not ESG Available Value Count: 189
Avg. MSCI ESG Score: 5.6



Source: FactSet. MSCI World Total Returns. Trailing three years as of March 2021. Value Stocks are stocks that outperform the MSCI World when MSCI World Value outperforms MSCI World Growth. To be defined as value, a stock must outperform alongside Value with 55% or greater frequency over the last 3 years.

Method 2: Owning Positions in Value-Oriented Sectors & Industries

Another way to find value exposure is to identify areas of the market most sensitive to value outperformance. We calculate this sensitivity with a "value beta." This value beta looks at industries' relative performance to the MSCI World and determines a sensitivity (slope) in relation to the MSCI World Value's performance relative to the MSCI World. For example, a value beta of 1.0 indicates an industry outperforms proportionally alongside value outperformance versus the MSCI World. A value beta larger than 1.0 indicates particularly strong sensitivity to value performance.

As shown in Exhibit 2 on the following page, the majority of constituents in the most value-sensitive industries (i.e., the highest value betas) are available in our ESG universe (i.e., "% Avail"). Our ESG screening constrains some industries (highlighted), particularly high carbon-intensive industries such as Airlines and Marine, as well as weapons-exposed Aerospace & Defense. Importantly, 7 out of 10 of the most value-sensitive industries are investable.

The value-sensitive industries' betas don't materially change after removing companies for ESG reasons. This suggests remaining companies available in the ESG universe fulfill value-related criteria. We see this on the following page by comparing an industry's total value beta with its "ESG-only beta," which examines only companies passing our ESG criteria. One outlier is Energy Equipment & Services, whose beta decreases from 3.2 to 2.6. While notable, one equity is responsible for the decline. Moreover, a 2.6 reading for the ESG-compliant Energy Equipment & Services is one of the strongest in the MSCI World.

EXHIBIT 2: TOP 10 MOST VALUE SENSITIVE INDUSTRIES – MAJORITY ARE AVAILABLE IN THE FI ESG UNIVERSE

Rank	Industry	Value Beta	ESG Only Beta	Full Ct.	ESG Ct.	% Avail.
1	Energy Equip. & Svcs.	3.2	2.6	4	3	75%
2	Airlines	2.7	--	8	0	0%
3	Oil Gas & Cons. Fuels	2.1	2.0	48	23	48%
4	Banks	2.1	2.1	75	74	99%
5	Automobiles	1.5	1.2	20	15	75%
6	Consumer Finance	1.5	1.5	6	6	100%
7	Insurance	1.4	1.4	75	74	99%
8	REITS	1.4	1.4	2	2	100%
9	Aerospace & Defense	1.4	0.5	23	4	17%
10	Marine	1.3	0.3	4	1	25%

Source: FactSet. MSCI World Total Returns. Trailing three years as of March 2021. Value Beta measures the Slope (or Beta) of: (A) a stock's monthly relative return vs. MSCI World, trailing 3 yrs and (B) the monthly relative return of MSCI World Value vs MSCI World Growth, trailing 3 years.

While the above indicates meaningful value exposure is available to ESG strategies, it is important to consider the segments of the market most impacted by our ESG criteria. One way to examine this is a top-down look at GICS sectors. Those highlighted (Exhibit 3) are materially restricted in ESG strategies. Notably, while Consumer Staples and Utilities are important for defensive planning, they are likely less critical to our value exposure in bull market periods. Similarly, Energy and Materials are important to our value exposure, yet there is enough availability to allow us to overweight these sectors if needed. We also note our ability to overweight Financials and Industrials in ESG strategies, both value-tilted sectors.

EXHIBIT 3: SECTOR VALUE PERFORMANCE & ESG UNIVERSE AVAILABILITY

	Count of Equities			% of Equities Outperforming with Value	
Sector	World	FI ESG	% Avail.	World	FI ESG
Cons. Disc.	175	146	83%	59%	58%
Comm. Svcs,	103	99	96%	41%	39%
Cons. Staples	118	74	63%	23%	22%
Energy	52	26	50%	98%	96%
Financials	231	227	98%	80%	79%
Health Care	157	150	96%	17%	16%
Industrials	256	198	77%	68%	64%
Info.Tech.	185	182	98%	24%	23%
Materials	122	59	48%	70%	61%
Real Estate	99	94	95%	47%	47%
Utilities	85	23	27%	28%	17%
MSCI World	**1,583**	**1,278**	**81%**	**51%**	**49%**

Source: FactSet. MSCI World Total Returns. Trailing three years as of March 2021. Value Stocks are stocks that outperform the MSCI World when MSCI World Value outperforms MSCI World Growth. To be defined as value, a stock must outperform alongside Value with 55% or greater frequency over the last 3 years.

More granularly, we examine our most-restricted industries. Our ESG criteria remove a material portion of the MSCI World, yet the most-restricted industries shown in Exhibit 4 are insignificant to increasing value exposure—evidenced by value betas lower than 1.0. (The exceptions being Airlines, Aerospace & Defense and Marine, all of which are strong value areas.) Notably, these are narrow areas of the market and represent a relatively small number (35 constituents) of equities, leaving plenty of value opportunities available elsewhere.

EXHIBIT 4: TOP 10 MOST HEAVILY RESTRICTED INDUSTRIES: MAJORITY HAVE LOW VALUE BETAS

Rank	Industry	Value Beta	Full Ct.	ESG Ct.	% Avail.
1	Tobacco	0.4	6	0	0%
2	Airlines	2.7	8	0	0%
3	Multi-Utilities	0.4	20	2	10%
4	Aerospace & Defense	1.4	23	4	17%
5	Electric Utilities	0.3	44	9	20%
6	Marine	1.3	4	1	25%
7	Metals & Mining	-0.1	40	13	33%
8	Beverages	0.3	24	8	33%
9	Indep. Power & Renew. Electricity Producers	-0.7	6	2	33%
10	Construction Materials	0.8	7	3	43%

Source: FactSet. MSCI World Total Returns. Trailing three years as of March 2021. Value Beta measures the Slope (or Beta) of: (A) a stock's monthly relative return vs. MSCI World, trailing 3 yrs and (B) the monthly relative return of MSCI World Value vs MSCI World Growth, trailing 3 years.

In summary, the evidence of both presented methods illustrate that ESG investors can access value, with 39% of constituents possessing value characteristics. Further, while a value cycle may be more problematic for bottom-up ESG strategies focusing on specific industries, our top-down investment process is optimal for all market environments while simultaneously meeting investors' complex ESG objectives.

TOP-DOWN ESG CONSIDERATIONS IN SOUTH AFRICA


Seth Groener
Capital Markets Research Analyst

Michael Kardalinos
Data Analytics & Reporting Team Leader

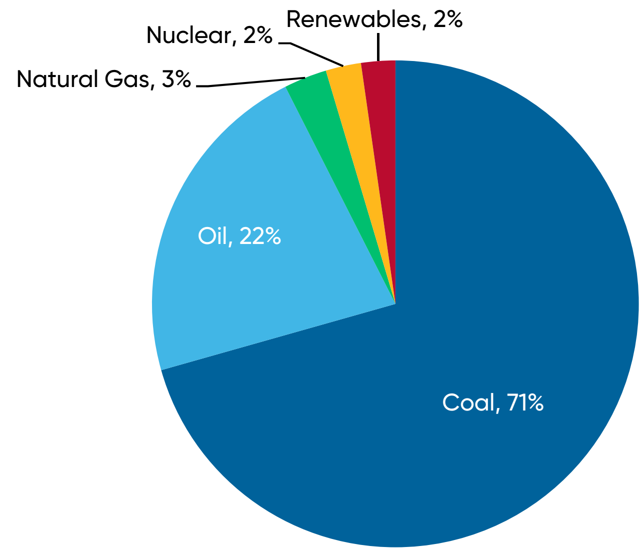
In this paper, we will highlight reasons behind our current underweight to South Africa in our Emerging Markets Equity portfolio to help illustrate how ESG issues, viewed from a top-down perspective - such as private sector influence and public sector corruption - can influence our investment decisions.

Country level ESG insights—such as political governance risk in South Africa—influence our active exposures. Currently, we expect South Africa to underperform as the supply and demand of global commodities remain balanced and insufficient infrastructure along with political difficulties constrain investment and domestic growth.

TOP-DOWN ENVIRONMENTAL CONSIDERATIONS

In South Africa, coal accounts for approximately 71% of energy consumption while fossil fuels account for approximately 95% of energy consumption (Exhibit 1). South African state-owned utility Eskom (which produces 95% of the nation's power) currently struggles to efficiently produce and distribute the country's power. Despite poor infrastructure, the government's fiscal deficit, and the utility being on the verge of bankruptcy, South Africa has continued to construct two coal-fired power plants, creating further reliance on coal within the country's economy. With this in mind, South African coal output is expected to increase by roughly 20% in the next few years despite recent efforts to target cleaner sources of power.

EXHIBIT 1: SOUTH AFRICAN ENERGY CONSUMPTION BY SOURCE



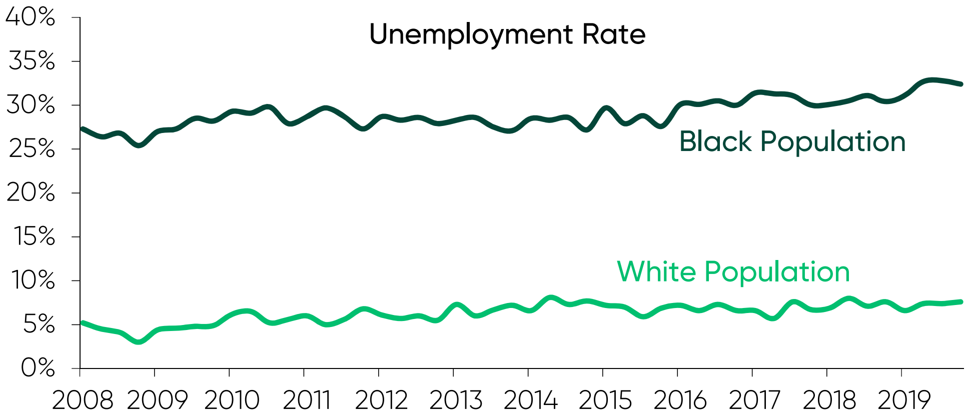
Source: BP Statistical Review of World Energy - December 2019.

TOP-DOWN SOCIAL CONSIDERATIONS

Unemployment Rates & Income Inequality

Differences in unemployment amongst the black population (81% of the population) and white population (8% of the population) remains quite wide, as the country has struggled with the lingering impact of generations of Apartheid policies (Exhibit 2 on following page). Furthermore, despite modest progress since 2011, white South Africans earn 5 times more than black South Africans. The South African government has proposed a number of reforms over the years to address income inequality in the country. If successful, these reforms could narrow the income gap, spurring economic growth and promoting external investment in South Africa. Reforms could be detrimental, however, if they are seen as weakening private property rights in the country.

EXHIBIT 2: BLACK UNEMPLOYMENT VS. WHITE UNEMPLOYMENT REMAINS HIGH

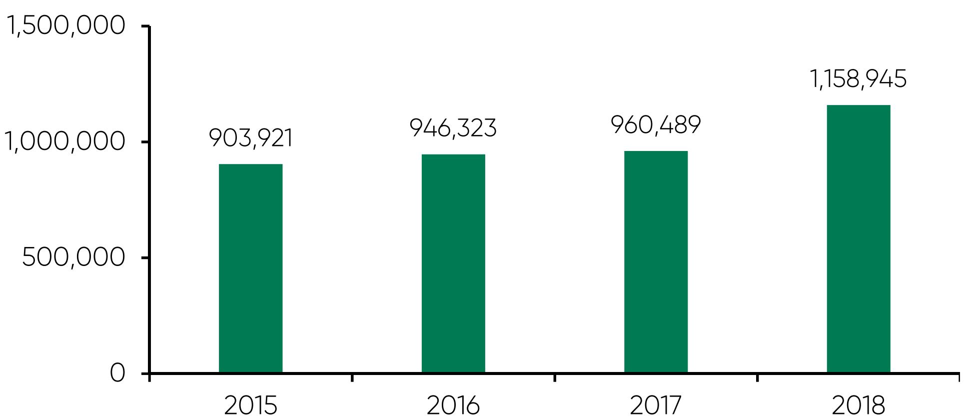


Source: Statistics South Africa as of December 2019, which is the most recent data available.

Labor Lost to Strikes

The South African Department of Labour estimates that over 1.15 million working days were lost in 2018 because of strikes – a 20% year-over-year increase and continuing an alarming trend (Exhibit 3). Also in 2018, thousands of workers from South African materials company Sasol Limited went on strike over a share scheme exclusively offered to Black staff. As labor force participation continues to drop and controversies such as Sasol's continue to rise, we see this as a headwind within the South African economy.

EXHIBIT 3: WORKING DAYS LOST DUE TO STRIKE ACTIVITY – BY CALENDAR YR.



Source: South African Department of Labour. Data through 2018 which is the most recent available.

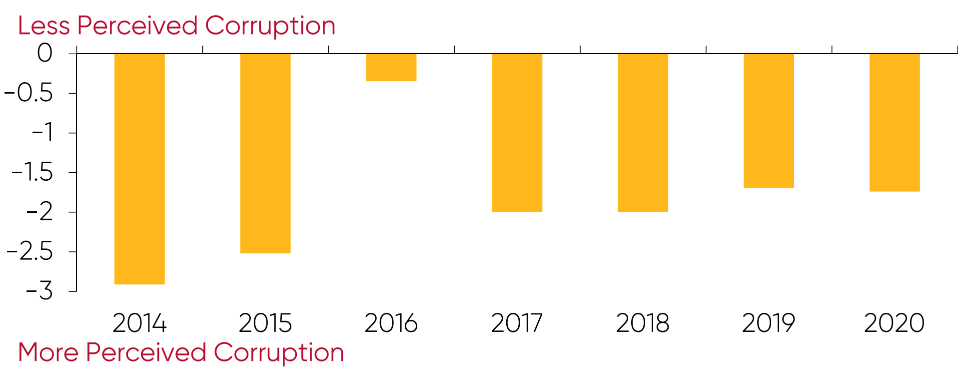
TOP-DOWN GOVERNANCE CONSIDERATIONS

Political Risks

Political risk factors—such as corruption, unsecure property rights and heavy-handed state intervention are driving our limited exposure to South Africa.

The Corruption Perception Index ranks 180 countries and territories by their perceived levels of public sector corruption according to Transparency International, an anti-corruption think tank and NGO. The index uses a scale of 0 to 100, where 0 is highly corrupt and 100 is not corrupt at all. South Africa ranks below the average of all Emerging Market countries in each of the last seven years (Exhibit 4).

EXHIBIT 4: SOUTH AFRICAN CORRUPTION NOT IMPROVING



Source: Transparency International as of December 2020. Countries were only included for a given year if they were part of the index as of year-end of the years indicated. South African Corruption Perceptions Index - Relative to Average Emerging Markets Country Index. Scale ranges from 0-100, illustrates South Africa vs. the rest of Emerging Markets Index.

TOP-DOWN ESG THEMES IN EMERGING MARKETS

Top-Down ESG considerations affect thematic positioning of our investment process. ESG considerations are particularly important in Emerging Market countries — where there are less rigorous mechanisms in place to prevent public and private sector corruption. Corporate Governance on the country level is one of many factors that help us determine the gap between reality, expectations and expected risks in the portfolio. We hold no bias in favor or against any specific country. Further top down considerations such as Environmental and Social factors have influenced the thematic position of the portfolio. South Africa's reliance on coal as its primary source of energy and social factors such as labor strikes could detract from South Africa's performance.

HOW DOES AN ACTIVE TOP-DOWN APPROACH HANDLE THE NUANCES OF ESG INVESTING?

Zoe Abbott Boyd
ESG Program Manager

HOW DOES AN ACTIVE TOP-DOWN APPROACH HANDLE THE NUANCES OF ESG INVESTING?

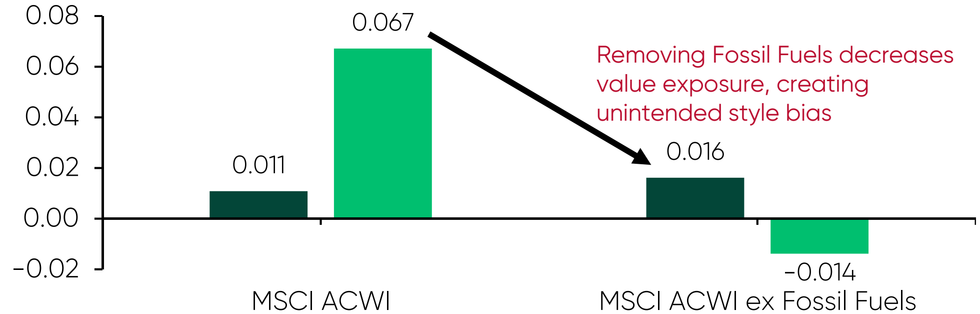
Despite popularity of ESG strategies, many investors struggle to understand how to incorporate ESG into investment processes. Should investors simply exclude "bad" ESG actors? Should they only buy the most environmentally and socially friendly companies? Perhaps buying the "bad" ESG actors and utilizing company ownership to actively engage on ESG issues is the optimal strategy?

Given the multitude of options for ESG investors, good intentions do not automatically prevent unintended portfolio risks. Excluding companies based on ESG criteria materially restricts the investable universe and can create unintended portfolio distortions relative to industry, size and style exposure. While environmentally conscious investors agree that climate change should be factored into portfolio considerations, the specifics of mitigating fossil fuel investment or capitalizing on clean energy opportunities remains debatable.

For example, removing high fossil fuel generating companies can give portfolios a growth bias. Similarly investors focusing exclusively on pure-play renewable energy firms miss environmental opportunities from exposure to large energy firms.

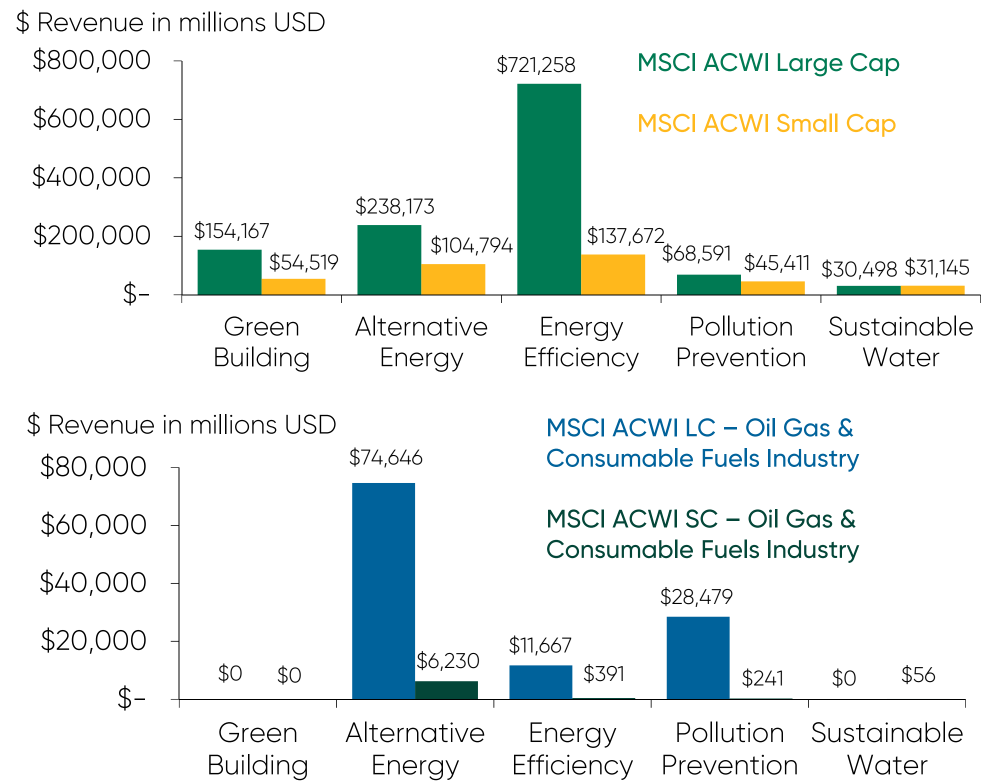
Active management is crucial to accurately navigate environmental and social portfolio risks and opportunities. Limited historical data, low correlations among ESG rating providers, and murky industry standards make rigorous passive ESG investing impractical.

EXHIBIT 4: PASSIVELY REMOVING FOSSIL FUELS MAY CREATE STYLE BIAS



Source: MSCI Barra Portfolio Manager, GEMLT Model. Data as of April 2021. Active Value Exposure (σ).

EXHIBITS 5-6: AGAINST OIL ODDS – HOW INVESTING IN LARGE ENERGY COMPANIES HELPS FIGHTS CLIMATE CHANGE



Source: MSCI ESG Manager and FactSet as of April 2021. Data in USD. Total Revenue Derived from Fighting Climate Change.

ESG AT FISHER

FI'S COMPLIANCE WITH SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

Kate Sibley
Institutional Funds Team Leader

FI's COMPLIANCE WITH SUSTAINABLE FINANCE DISCLOSURE REGULATION

March 10th, 2021 was a significant day for many asset managers, fund management companies, and investors who are involved in the world of sustainable finance. This marked the first milestone date in the EU's new Sustainable Finance Disclosure Regulation (SFDR) – the date that Phase 1 of the regulation officially went in to affect.

Phase 1 of becoming compliant with SFDR required asset managers such as Fisher Investments (FI) to provide extreme transparency into their different product offerings that are available in the European financial market. At its core, SFDR is a ***disclosure*** regulation asking managers to ***clarify and detail*** their ESG practices across all potential investment channels (i.e. fund documents, websites, policies, etc.). The goal being that investors may better understand a manager's ESG-related risks, processes, and policies at both the asset manager ***and*** product-level.

FI approached SFDR as an opportunity to share our comprehensive ESG investment process with investors at a deeper level, while also enhancing many of our current ESG and sustainability processes. For instance, one of the primary requirements of implementing Phase 1 was for manager's to classify their available investment products as either "mainstream products" (Article 6), "light green products" (Article 8) or "dark green products" (Article 9). At a high level, Article 6 products *do not* explicitly address ESG in their investment process, Article 8 products *promote* environmental and social characteristics through formal ESG screens in their investment process, and Article 9 products *aim to achieve sustainability objectives that are on par (or greater) than their financial return objectives.*

In SFDR terms, Article 9 products represent the highest commitment to ESG and sustainability.

When FI began preparing for SFDR in 2020, we decided to use this opportunity to re-design three of our Impact funds in order for them to be categorized as Article 9 products under SFDR. We achieved this Article 9 classification by making two primary modifications to our Impact funds: 1) switching to ESG-adapted benchmarks; and 2) formalizing our sustainability targets and disclosures. Our Article 9 products now utilize 'MSCI ESG Leaders' or 'MSCI ex-Fossil Fuels' indexes for their respective market regions. Further, we formalized our sustainability targets to ensure that the sustainability objectives of our Article 9 funds are on par (or greater) than the financial return objectives. We also enhanced our sustainability disclosures within the governing documents for each Article 9 fund, to ensure that every component of our ESG and sustainability-related investment decisions and investment process are expressly detailed.

FI is proud to share that over 40% of our products available in the European financial market are classified as Article 8 or 9 under the Sustainable Finance Disclosure Regulation. We believe this is because our robust ESG Program has created a solid foundation for substantial growth and advancement in the sustainable finance space. We look forward to continuously enhancing our ESG products and expanding our ESG program in-line with these new and impactful global regulations.

HOW ENVIRONMENTALLY FRIENDLY ARE FI'S OFFICES?

Meagan Young
Institutional Program Manager

MEASURING THE ENERGY EFFICIENCY OF OUR OFFICE BUILDING

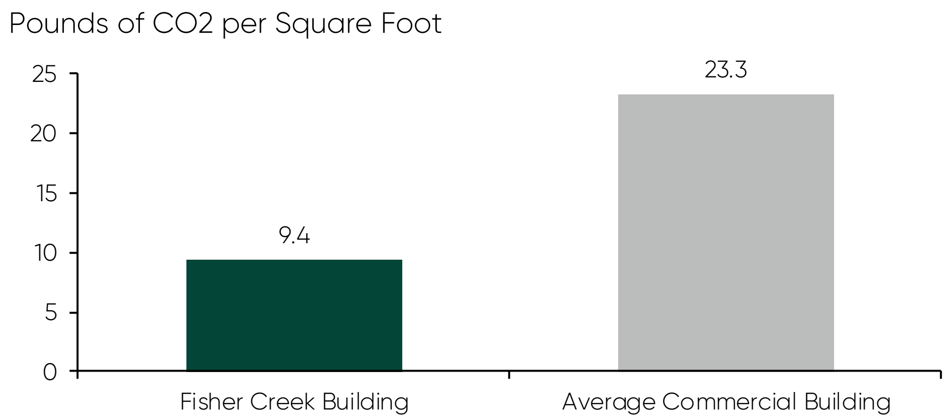
Recently, the Green Team conducted an Energy Star benchmark for the Fisher Creek 2 (FC2) building – where our institutional department resides in our Camas headquarters. The Energy Star benchmark uses the EPA's energy performance scale to assess building energy performance and track savings over time. For those not familiar with Energy Star benchmarking, it is a ranking system offered by the Environmental Protection Agency (EPA) that compares similar commercial building types across the nation and ranks them on a scale of 1 – 100. The score helps building owners and operators understand how energy efficient their buildings are in comparison to peers across the nation and establishes a baseline of performance that can be used in the future to measure the impact of any improvements that are made to the facilities. Buildings that score a 50 are considered average performing and those that score a 75 or greater are considered energy efficient and able to be certified as such. After collecting 13+ months of utility bills and specific building characteristics FC2, the Green Team was able to associate an Energy Star score of 94 for FC2.

WHY IS OUR BUILDING'S ENERGY EFFECIENCY IMPORTANT?

As a firm, we are looking for ways to promote our green values both internally and externally to support our ESG efforts. By reducing overall energy consumption in a building where energy is the single largest controllable operating cost, we have the potential to reduce the carbon footprint the buildings make on the environment.

"After collecting 13+ months of utility bills and specific building characteristics for the Fisher Creek 2 building, we calculated an Energy Star score of 94."

EXHIBIT 1: ASSESSING OUR CARBON FOOTPRINT



Source: Energy Star Portfolio Manager Software Program and BuildingAdvice Software from August 2018 – July 2019.

IMPROVING THE SUSTAINABILITY OF OUR PRINTED MATERIALS

In an effort to be as environmentally conscious as possible with the materials used throughout our ESG meetings:

- We have made iPads available for institutional meetings to mitigate printed materials.
- While we use recycled paper (10% recycled) for all materials, we have used paper composed of a higher percentage (30%) of recycled materials for ESG materials since 2017.
- In an effort to work with companies that protect the rights of their employees, we have also chosen to work with a unionized vendor to print our ESG paper.
- We use double-sided printing for ESG materials to reduce the size and weight of paper ESG books.

Our firm's dedication to sustainability can be seen in the 2010-2014 construction and development of our Camas, Washington corporate campus. A key goal during the development process aimed was preserving and enhancing the existing wetlands and natural habitat.

DURING THE CONSTRUCTION OF THE FISHER CREEK CAMPUS

- Preserve and Enhance over 130 acres of on-site wetlands[1]
- Planted over 5,000 wetland plants and 2,000 shrubs during development
- Planted over 400 trees while clearing fewer than 40 in order to prepare the land for development

Wetlands on the Fisher Creek campus.

[1] *Enhancement includes increasing the water flow through the wetlands, allowing water to flow freely under our roads, enlarging ponds, and planting indigenous wetland plants that would preserve the wetland, while also encouraging wildlife and fauna.*

ENERGY EFFICIENCY OF CAMAS OFFICE BUILDINGS

- The most energy-efficient commercial building in the surrounding Clark County, WA area.[2]
- Equipped with a computer system that tracks all power consumption.[3] Self-Dimming Sustainable Lighting: System controls shut lights off in unused conference rooms and adjusts the brightness of internal lighting so that areas near windows that require less light, receive less light.[4]
- Features customized windows that reduce solar heat and lower power usage for heating/cooling, and feature HVAC systems that use only outside air 80% of the time to provide cooling.
- Storm water handling system that purifies water from the parking lots and the roads, through natural bioswales and large filters.[5]

Fisher Creek campus.

[2] *According to Clark Public Utilities who gave Fisher Camas buildings a 100% efficiency rating.*
[3] *The building has "smart" cooling and heating systems that learn through experience. The system is zoned on every floor so that heating and cooling of each zone maintains consistent temperatures throughout each floor.*
[4] *Self-Dimming lighting system maintains consistent and balanced lighting on the floors. This process of adjusts every 3 minutes and is gradual and unnoticed by the naked eye.*
[5] *There is no city storm sewer system for rain water runoff in the local area. In fact, water from Pacific Rim Boulevard and adjoining properties; actually drain onto the Fisher Camas Creek property. After purification the system feeds the retained water into ponds that then control water release into Fisher Creek.*

HOW ENVIRONMENTALLY FRIENDLY ARE FI'S OFFICES? CONTINUED

FISHER INVESTMENTS EUROPE HEADQUARTERS

Canary Wharf is the world's first commercial center to be awarded plastic-free community status. One Canada Square has building-wide recycling and compost services, with zero waste to landfill from managed areas. 100% of the building's electricity has been purchased from renewable resources since 2012.

- Over 160,000 bottles refilled since 2018
- 14 electric car charging stations
- Over 5 million single use plastic items eliminated and recycled
- Over 4.7 million coffee cups recycled

Our office is equipped with a superior sustainable waste sorting system with separate containers for paper, compost, and recycling.

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Fisher Investments Japan Limited

Financial Instruments Business Operator

Director-General of Kanto Local Finance Bureau (Financial Instruments Firm) No. 2766
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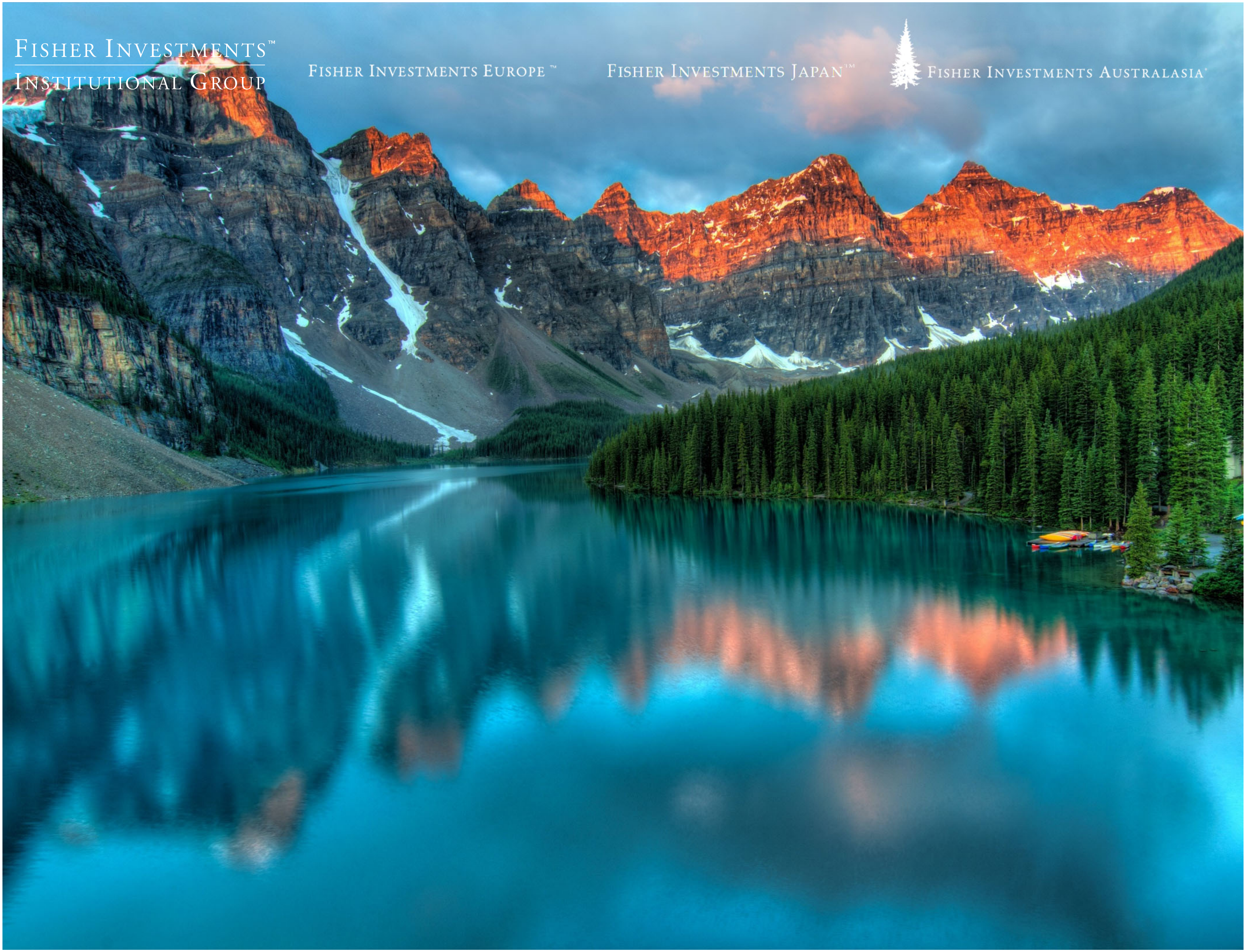
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