



ENGAGEMENT REPORT  
Q4 2020

# ENGAGEMENT OVERVIEW

For Professional Client Use Only

## OUR 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 maximises the likelihood of achieving desired performance and improving environmental and social conditions worldwide.

## OUR ENGAGEMENT APPROACH

We engage companies as part of our fundamental analysis, and to clarify or express concerns regarding potential ESG issues. Through engagement, we meet with management to discuss issues we believe are pertinent to the company or to gain a better understanding of its industry. Information learned from engagement can impact our investment decisions. Further details are provided in our Engagement Policy, which can be downloaded from our [website](#) or is available upon request.

## HOW WE SOURCE OUR ENGAGEMENT OPPORTUNITIES



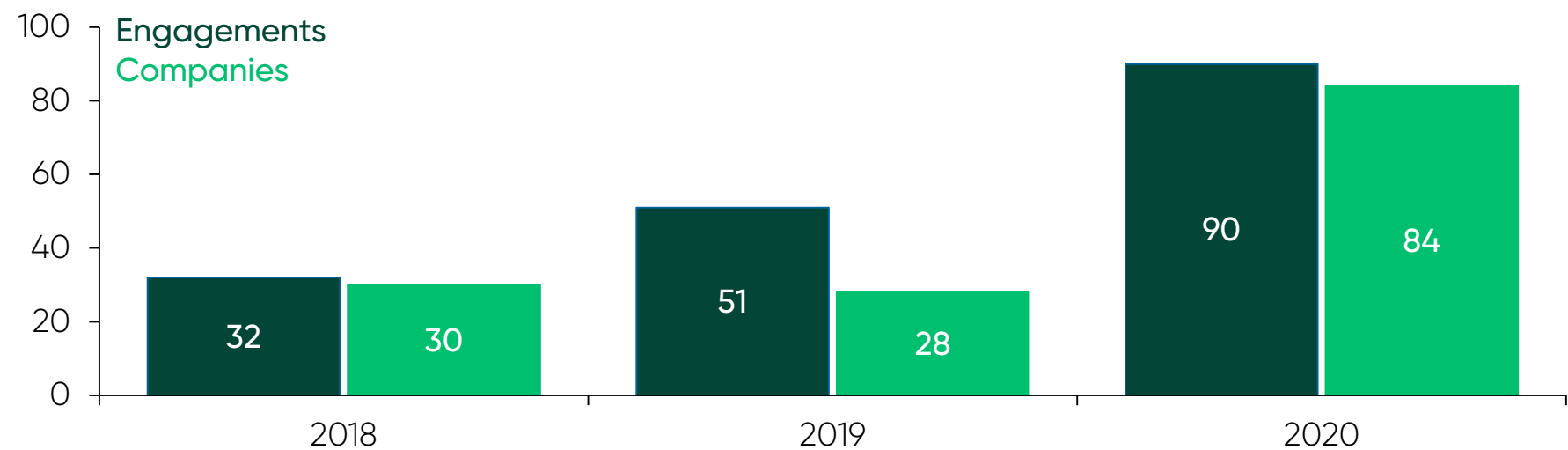
## EACH ENGAGEMENT IS:

- ✓ Researched by our team: **"What are the relevant risks and opportunities?"**
- ✓ Assigned an objective: **"What are we asking the company to do?"**
- ✓ Supported by a business case: **"Why is it important?"**
- ✓ Monitored over time: **"What milestones are achieved?"**

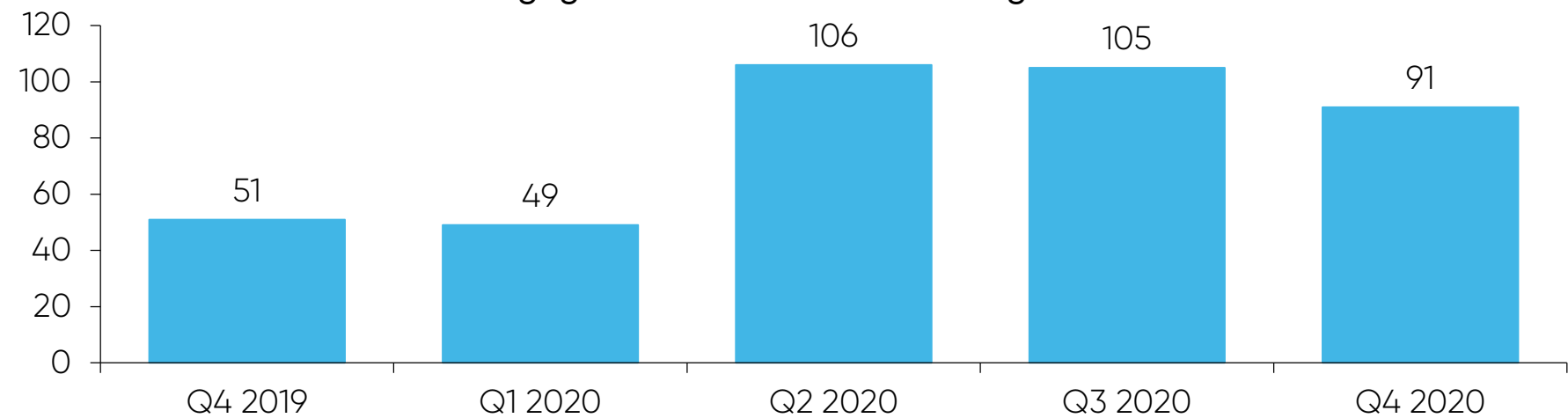
# QUARTERLY ENGAGEMENT SUMMARY

Engagement totals vary each quarter and reflect both newly initiated engagements and ongoing dialogues. It is possible to have multiple engagements with a single company; therefore, the total number of engagements may differ from the number of companies engaged.

Companies Engaged & Total Engagements (2018 – 2020)



Total Engagements on a 12-month Rolling Basis



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q4 2020.

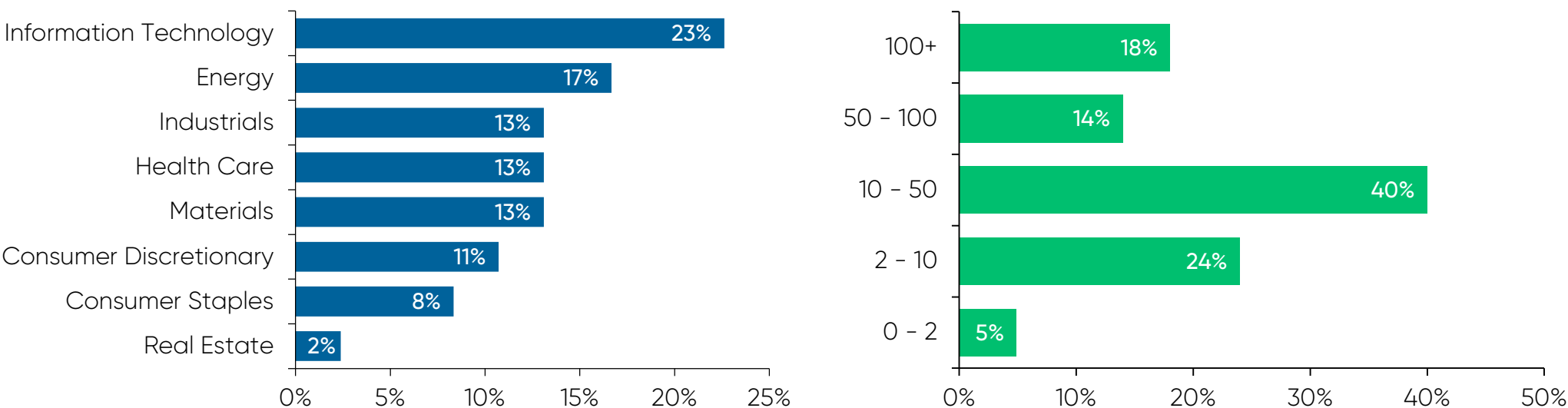
# ENGAGEMENT DISTRIBUTION

We engage across a range of geographies and sectors, as shown below.

Domicile of Engaged Companies in 2020



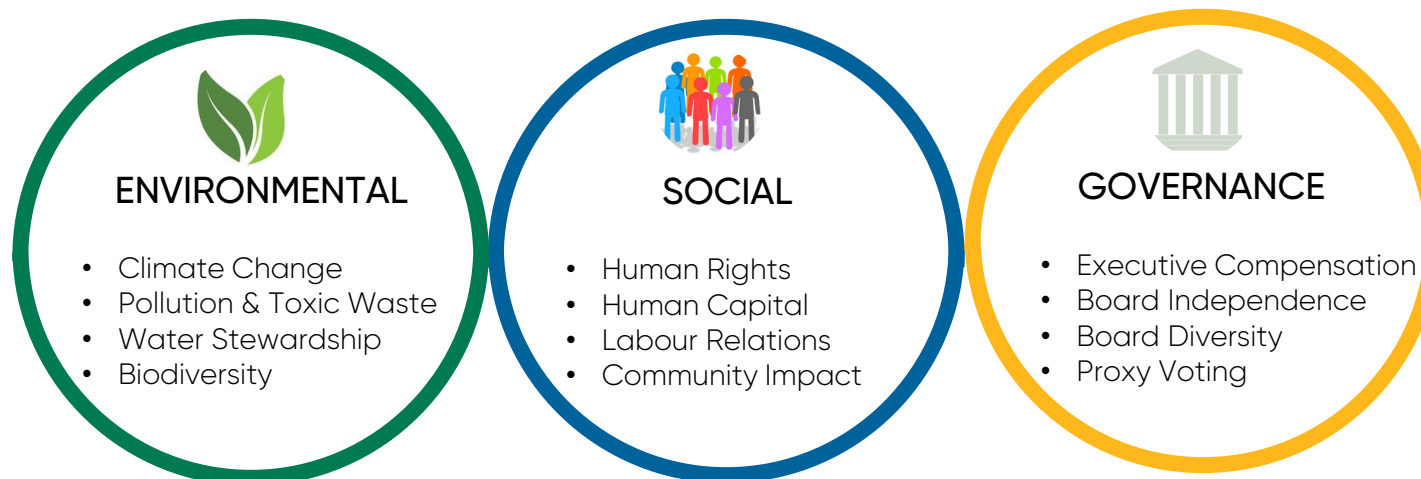
Engaged Companies by Sector & Market Cap (USD billions) in 2020



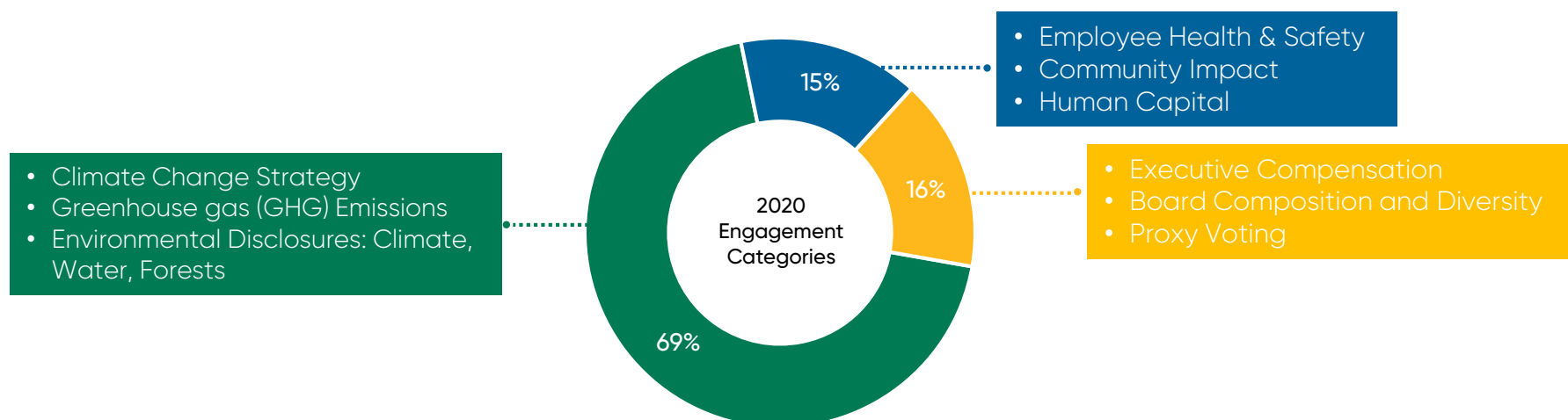
Source: FI data using Factset domicile, sector, and market capitalisation designations. Percentages may not add up to 100% due to rounding. Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q4 2020.

# ESG ENGAGEMENT FOCUS AREAS

We prioritise multiple factors in each ESG category.



Engagement topics across the proportion of the E, S, and G categories in 2020



Data indicated above are based on engagement meetings for all institutional clients of Fisher Investments and its affiliates as of Q4 2020.

# ENGAGEMENT SUMMARIES

## ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS



ISSUE: ENVIRONMENTAL TARGETS;  
EMPLOYEE HEALTH & SAFETY;  
EXECUTIVE COMPENSATION

STATUS: ONGOING

The company intends to focus on employee retention in 2021 in order to avoid hiring challenges in skilled positions. FI recognised the strides the company has made in the area of board diversity and employee safety.

### OUTCOME

FI intends to follow up with the company in 2021 regarding development of climate-related performance targets.

### OBJECTIVE

Discuss certain aspects of the company’s environmental, social and governance initiatives; encourage alignment with global commitments to limit global warming.

### ENGAGEMENT ANALYSIS

The company established its first environmental targets in 2017. Like many companies, the initial goals were modest and tied to operational opportunity rather than strategic objectives. The company prioritised energy efficiency, switching to renewable energy to power its operations, water and re-use of waste material. It does not currently align with global commitments to limit global warming, but is aware that the marketplace is moving in that direction.

Since the company was deemed an “essential business,” it has operated throughout the COVID-19 pandemic. Their employees do not work in close contact with each other, and its infection rate has been 2%. When necessary, it has sent an entire shift home in order to do deep cleaning.

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL & SOCIAL ENGAGEMENT



|         |                                                              |
|---------|--------------------------------------------------------------|
| REGION: | DM NORTH AMERICA                                             |
| SECTOR: | INDUSTRIALS                                                  |
| ISSUE:  | CLIMATE STRATEGY; DIVERSITY & INCLUSION; HUMAN RIGHTS POLICY |
| STATUS: | ONGOING                                                      |

reference the UN Guiding Principles on Business and Human Rights. FI encouraged the company to continue building its human rights program, which is an effective way to address human rights-related reputational risk.

### OUTCOME

FI will continue monitoring the company’s progress and will encourage new targets/goals related to climate and diversity.

### OBJECTIVE

Discuss sustainability program, including climate and diversity related goals, and the human rights program.

### ENGAGEMENT ANALYSIS

The company achieved two of its three 2020 environmental goals and is in the process of setting new goals. FI encouraged the company to consider benchmarking its progress against the Paris Agreement (a common standard) and to include Scope 3 emissions data.

The company has aspirational goals regarding women in workforce and in leadership, however, in the last four years, it has made no meaningful progress on adding more women to their workforce or leadership team. While the company states that diversity is a business need and a topic of discussion, it was unable to articulate an action plan to achieve its objectives.

In recent years the company has improved its human rights program, including amending its human rights policy to

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL & GOVERNANCE ENGAGEMENT



|         |                                 |
|---------|---------------------------------|
| REGION: | EM ASIA                         |
| SECTOR: | ENERGY                          |
| ISSUE:  | GHG EMISSIONS; GLOBAL STANDARDS |
| STATUS: | ONGOING                         |

### OBJECTIVE

Initiate engagement dialogue on the company's sustainability strategy and encourage disclosure of GHG emissions performance data.

### ENGAGEMENT ANALYSIS

This emerging market energy company is in the early stages of implementing a sustainability program, and the 2020 Annual Report will integrate several climate-related performance metrics. The company's board of directors is ramping up its ESG capabilities and has added two new members with sustainability experience, but it does not yet provide strong oversight of the company's sustainability plans.

While the company focuses on compliance with national and local environmental laws, it does not consider how its operations align with its home country's nationally determined contributions to the global Paris Agreement. Furthermore, while the company is exploring low-carbon technologies, it is only doing so in markets where there is customer demand.

The company is not a participant in UN Global Compact, but says the UNGC principles are integrated into the company's

operations, including the recent adoption of whistleblower and anti-bribery/anti-corruption policies. Overall, the company is an average ESG performer within its region but below-average when compared to global competitors.

### OUTCOME

FI will review the 2020 Annual Report and other public governance disclosures. We will consider a follow-up engagement in the next 12 months to discuss progress in tracking carbon emissions from its international operations and the potential for setting emissions targets.

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT

|                                                                                   |         |                                                                           |
|-----------------------------------------------------------------------------------|---------|---------------------------------------------------------------------------|
|  | REGION: | DM NORTH AMERICA                                                          |
|                                                                                   | SECTOR: | HEALTH CARE                                                               |
|                                                                                   | ISSUE:  | SUSTAINABILITY DISCLOSURES;<br>CLIMATE TARGETS; EXECUTIVE<br>COMPENSATION |
|                                                                                   | STATUS: | CONCLUDED                                                                 |

### OBJECTIVE

Receive sustainability update, encourage company to consider energy and emissions targets that align with global standards, and confirm that the compensation plan includes sustainability targets.

### ENGAGEMENT ANALYSIS

This health care company has a robust ESG reporting structure that is overseen by the board of directors. It recently appointed a new Chief Responsibility Officer, who is leading the company toward viewing sustainability through its corporate purpose. This approach aligns with the PRI’s emerging “outcomes” based approach to responsible investing.

The company manages its energy/emissions targets by benchmarking to peers. However, many of the company’s facilities are located in countries where public policy is trending toward “net zero” emissions commitments and FI suggested updating its benchmark to utilise a similar approach.

The company described its initiatives to support diversity and inclusion. The board and the executive leadership are very involved in monitoring the company’s progress in this area. To supplement employee trainings and workshops, the company sets and discloses internal D&I targets focused on raising the number of women and ethnically diverse talent in leadership positions. To give these initiatives further support, the company is aligning its executives’ compensation structure with its diversity-related goals.

In 2018, the company included sustainability targets in the CEO’s annual performance goals. The same structure applies to NEOs and management teams, who are also assessed on sustainability metrics that cascade from the CEO’s. The compensation program focuses on pay for performance and utilises both short- and long-term awards to incentivise performance and retention.

### OUTCOME

The company will share our feedback with the Sustainability Council. No additional outreach is planned.

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL & SOCIAL ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: MATERIALS

ISSUE: CLIMATE TARGETS; EMPLOYEE  
HEALTH & SAFETY; COMMUNITY  
IMPACT

STATUS: ONGOING

### OBJECTIVE

Receive sustainability update from the company's operations and encourage company to adopt sustainability disclosures based on global standards.

### ENGAGEMENT ANALYSIS

FI held a meeting with a company director and an executive to discuss the company's sustainability disclosures, employee health and safety measures and community impact.

Environment: After a year-long process to enhance its sustainability disclosures, the company intends to publish its first SASB-aligned report in 2021. In terms of climate and emissions disclosures, the company is committed to aligning with the TCFD framework and is conducting climate-related scenario analysis. The company currently discloses a 2030 climate target and is discussing the feasibility of establishing a net-zero emissions goal. A year ago, the company hired its first director of ESG Relations to lead these efforts.

Social (Employee Health & Safety): The company stressed that employee health and safety is a key priority within its mining operations. The company adopted a number of scheduling, benefits and operational changes to ensure limited impact of the pandemic to its employees. The board of directors has been very involved with senior management's COVID-19 response plan and met more than ten times to perform its active oversight duties.

Social (Community Impact): The company is closely following South American political unrest but continues to operate there unimpeded. The company is maintaining positive labor relations and interaction with local government.

In Southeast Asia, the company reports it entered into a partnership agreement with a sovereign government which resulted in marked improvement in labor dynamics and community impact in the region. To address concerns about security and the human rights impact on employees and the community, the company has invested in extensive training and education. On the safety of the mine, the company is confident that its current mine tailings disposal method provides the lowest risk to the human and environmental health and safety.

### OUTCOME

FI will review the next edition of the climate and sustainability reports from the company and continue to monitor progress in health and safety metrics.

# ENGAGEMENT SUMMARIES CONT.

## GOVERNANCE ENGAGEMENT



REGION: EM ASIA

SECTOR: HEALTH CARE

ISSUE: BOARD OF DIRECTORS; BOARD OVERSIGHT

STATUS: CONCLUDED

### OBJECTIVE

Discuss board oversight and company response to legal issues.

### ENGAGEMENT ANALYSIS

FI held an engagement meeting with the company management to discuss the board of directors' response after the recent arrest of a former executive. The company reported that the business impact was minimal because the legal concern is related to operations that were discontinued several years ago. The company has appointed new independent board members and conducted an internal audit via a third party to ensure compliance with the national law.

### OUTCOME

Engagement concluded.

## GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA

SECTOR: INFORMATION TECHNOLOGY

ISSUE: ESG STRATEGY; EXECUTIVE COMPENSATION; BOARD OF DIRECTORS

STATUS: CONCLUDED

### OBJECTIVE

Receive the annual company updates on ESG strategy and board updates.

### ENGAGEMENT ANALYSIS

FI held an engagement meeting with the information technology company to discuss its performance, board and compensation committee composition, and overall ESG strategy as part of the annual investor outreach. The company's board of directors is quite diverse—nearly half of its members are female or ethnic minorities.

In 2020 the company joined the "Business Ambition for 1.5C" pledge and intends to set a science-based target to reduce its GHG emissions.

### OUTCOME

Engagement concluded.

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



|         |                                                                                       |
|---------|---------------------------------------------------------------------------------------|
| REGION: | EM SOUTH AMERICA                                                                      |
| SECTOR: | MATERIALS                                                                             |
| ISSUE:  | SUSTAINABILITY DISCLOSURES;<br>ENVIRONMENTAL TARGETS; WATER;<br>DIVERSITY & INCLUSION |

STATUS: ONGOING

### OBJECTIVE

Receive comprehensive update on the company's sustainability progress and persuade it to establish ESG targets.

### ENGAGEMENT ANALYSIS

For several years, this South American materials company has had the lowest possible MSCI ESG rating (CCC). In Q4, we initiated engagement to encourage the company to improve its practices. We learned that the company's new CEO has established sustainability as a strategic priority. The company has embarked on a cultural transformation that is focused on improving employee safety, environmental impact and good corporate governance. In early 2020 the company published its first Integrated Annual Report and its board approved a corporate-wide sustainability plan. Three of the board members are women and the company has launched an initiative to raise the number of women in leadership positions. Additional D&I goals are expected to be publicised next year.

Regarding environmental impact, the company strives to participate in the circular economy and approximately 70% of its production is sourced from scrap-based inputs.

Programs related to water reuse and management of hazardous waste by-products are also being implemented, and the company is evaluating a net-zero emissions target.

The company's severe injury rate is the lowest in company history and it is increasing training and safety protocols for all employees and contractors.

To help address COVID-19's impact on its communities, the company built two hospitals using its steel frames in Latin America.

As a result of the company's programmatic gains and enhanced disclosures, MSCI upgraded the company's ESG Rating from CCC to B.

### OUTCOME

FI will continue to monitor the results of the company's sustainability journey and seek an update meeting in 12 months to discuss progress.

# ENGAGEMENT SUMMARIES CONT.

## GOVERNANCE ENGAGEMENT



|         |                                      |
|---------|--------------------------------------|
| REGION: | DM NORTH AMERICA                     |
| SECTOR: | INFORMATION TECHNOLOGY               |
| ISSUE:  | PROXY VOTING; EXECUTIVE COMPENSATION |
| STATUS: | CONCLUDED                            |

The company maintains that it is two years into a five-year plan. It has failed to meet the compensation program targets in both years, and due to leadership turnover we believe it will likely face continued challenges. FI will continue to monitor the company's progress and may seek re-engagement in the future.

### OUTCOME

Engagement concluded.

### OBJECTIVE

Discuss the company's executive compensation program in relation to the proxy vote.

### ENGAGEMENT ANALYSIS

FI met with the company to discuss its executive compensation program and the changes it has implemented in the last two years. In 2018, the company adopted a package that front-loaded 5 years of equity options, contingent upon stock price, market capitalization and operational performance goals. The company failed to meet the targets in 2018 and 2019 and as a result, three of its top executives received no awards.

The company's performance has lagged its industry and the S&P 500 in all but one of the 1, 3 and 5 year performance periods. The company has an ongoing misalignment between pay and performance, and investors for many years have criticised the size of its pay packages.

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: DM NORTH AMERICA



SECTOR: MATERIALS



ISSUE: SUSTAINABILITY DISCLOSURES; ESG RATINGS; EMPLOYEE RELATIONS; COMMUNITY IMPACT

STATUS: ONGOING

### OBJECTIVE

Discuss the company's ESG profile and encourage sustainability and emissions strategy.

### ENGAGEMENT ANALYSIS

FI met with a mining company to discuss its poor ESG ratings. The company believes it does not effectively communicate what it is doing, which affects its ratings. Its sustainability priorities are to promote employee health and safety, measure and reduce its carbon footprint and water use, and maintain good community relationships. Its ESG reporting is managed by its parent company, however, the data is combined with other business units so its ESG performance is difficult to determine.

For the first half of 2020, the company operated with less than half of its personnel due to the pandemic. It adjusted by focusing on mining high-grade materials, which allowed it to continue operating until conditions improved.

FI suggested the company consider adopting the newly launched "Global Industry Standard on Tailings Management," which is designed to establish across-the-board best practices on tailings management.

FI also asked the company to speak to its history of labor concerns. The company believes it has good relationships with unions in its operating countries, citing several years of strike-free working sites.

### OUTCOME

FI plans to re-engage the company in 2021 and encourage it to adopt an ambitious agenda of sustainability policies and programs. In this ongoing engagement, FI will encourage the company to set emissions reduction targets and adopt the Global Industry Standard on Tailings Management.

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



REGION: EM SOUTH AMERICA



SECTOR: MATERIALS



ISSUE: COMMUNITY IMPACT; RISK OVERSIGHT; BOARD OF DIRECTORS; GHG EMISSIONS

STATUS: ONGOING

### OBJECTIVE

Receive updates on the reparation process and governance enhancements.

### ENGAGEMENT ANALYSIS

The company hosted an investor call to provide an update on its efforts to make reparations after a dam collapse and to describe how that event led to its ongoing cultural transformation. The CEO also announced that the company will adopt the new “Global Industry Standard on Tailings Management” in its operations. The standards, launched in August 2020, endeavor to improve the safety of mine tailings facilities around the world. the company reported that community reparations were slowed due to COVID-19 and regional wildfires, but the company is still targeting its original completion date.

As the company examined the incident’s underlying causes, company culture emerged as an issue. In response, the company established a plan to transform its processes and norms.

This includes adding new directors, incorporating sustainability into its executive remuneration, setting a target to double the number of female employees by 2030 (from a 13% base), and monitoring how business decisions are made.

The company also announced that it has set Scope 1 and 2 emissions reduction targets for 2030 and intends to be carbon neutral by 2050.

### OUTCOME

FI continues to monitor the company’s remediation progress and will seek an engagement update in the next 12 months.

# ENGAGEMENT SUMMARIES CONT.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE ENGAGEMENT



|         |                                                                   |
|---------|-------------------------------------------------------------------|
| REGION: | DM NORTH AMERICA                                                  |
| SECTOR: | INFORMATION TECHNOLOGY                                            |
| ISSUE:  | BOARD OF DIRECTORS; EXECUTIVE COMPENSATION; DIVERSITY & INCLUSION |
| STATUS: | ONGOING                                                           |

The company confirmed that its planned separation into two independent publicly-traded companies is scheduled to occur in the new fiscal year.

### OUTCOME

FI will continue to monitor the executive compensation and governance program when the company separation occurs early next year.

### OBJECTIVE

Receive governance and executive compensation program updates as the company prepares for a planned separation.

### ENGAGEMENT ANALYSIS

FI's engagement meeting with an independent director and compensation committee chair focused on the company's executive compensation philosophy, shareholder engagement efforts, and the announced company restructuring.

The company highlighted its recently revamped compensation program that incentivises pay for performance by utilizing financial metrics for both short- and long-term compensation for the CEO and executives. Linking sustainability goals to compensation has been discussed at the board level but has not progressed further. Additionally, in response to shareholder feedback, the board and management is enhancing its diversity and inclusion policies to attract and retain diverse talent.

# COLLABORATIVE ENGAGEMENT

## ENVIRONMENTAL ENGAGEMENT



|         |                           |
|---------|---------------------------|
| REGION: | DM ASIA                   |
| SECTOR: | CONSUMER DISCRETIONARY    |
| ISSUE:  | EMISSIONS; CLIMATE CHANGE |
| STATUS: | ONGOING                   |

### OBJECTIVE

Obtain clarification regarding the company’s position on fuel economy and greenhouse gas emissions frameworks in the United States.

### ENGAGEMENT ANALYSIS

Through our service provider, FI co-signed an engagement dialogue with automotive major regarding the company’s participation in the U.S. automotive industry group that is seeking to rollback U.S. fuel-efficiency standards. The rollback prohibits the state of California, as well as the 13 other states that follow it, from imposing fuel efficiency rules that are similar to many European and Asian markets. We joined this engagement because the company’s actions do not seem to align with its stated objectives regarding global fleet fuel efficiency. Furthermore, manufacturing to meet differing standards increases the company’s costs.

The company responded by sharing its plans to sell more than 5 million electrified vehicles by 2025 and reduce CO2 emissions of its vehicles by 90 percent. However, the company stated that it believes there should be one auto emissions standard for all of the U.S. and that is why it has long supported the less stringent “One National Program.”

### OUTCOME

FI and the co-signers submitted follow-up inquires to seek clarity from the company regarding its rationale for supporting different manufacturing standards. The company’s response is pending.

# DISCLOSURES

Source: Fisher Investments Research, as of December 2020.

Data indicated above are based on engagement meetings for all of Fisher Investments Institutional clients. For Professional Client Use Only. Past performance is never a guarantee of future returns. Investments in securities involve the risk of loss. Any investment program will always involve the risk of loss. Global investing can involve additional risks, such as the risk of currency fluctuations.

As an asset management firm, Fisher Investments (FI) manages investments in shares of a wide range of companies on behalf of our clients. These shares entitle the holders to vote on various issues put forth by the company and its shareholders at the company's annual meeting or at a special meeting.

The report above demonstrates how FI engages with company management on ESG issues: environmental issues include but not limited to: climate change, toxic emissions & waste, vulnerability to legislation and impact on local communities; social issues include but not limited to: animal rights, human rights, labor relations, controversial countries and controversial weapons and governance issues include but not limited to: routine business, corporate governance, board independence, executive compensation, corporate stewardship and bribery & corruption.

FI engages according to Fisher Investments Engagement Policy and identifying engagement opportunities is a part of FI's fundamental analysis and to clarify or express concerns over potential ESG issues at the firm or industry level.

Investing in financial markets involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance neither guarantees nor reliably indicates future results. The value of investments and the income from them will fluctuate with world financial markets and international currency rates.

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- FIE delegates portfolio management to FI. FI's Investment Policy Committee is responsible for all strategic investment decisions. FIE's Investment Oversight Committee (IOC) is responsible for overseeing FI's management of portfolios that have been delegated to FI. Matters arising pursuant to FI's portfolio management policies are elevated to the IOC.
- This presentation relates to the Fisher Investments Institutional Group (FIIG) strategy sub-managed by FI.
- Investing in financial markets involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance neither guarantees nor reliably indicates future results. The value of investments and the income from them will fluctuate with world financial markets and international currency rates.
- This document may be considered advertising within the meaning of article 68(1) of the Swiss Financial Services Act dated June 15, 2018 (status as of January 1, 2020).
- This document has been approved and is being communicated by Fisher Investments Europe Limited.

# TERMS OF BUSINESS

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## 1. Fisher Investments Europe

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## 2. Communications

Fisher Investments Europe can be contacted by mail at Level 18, One Canada Square, Canary Wharf, London, E14 5AX; by telephone on +44 0800 144 4731; or by email to [FIEOperations@fisherinvestments.co.uk](mailto:FIEOperations@fisherinvestments.co.uk). All communications with Fisher Investments Europe will be in English only. Fisher Investments Europe's web address is <https://institutional.fisherinvestments.com/engb>.

## 3. Services

These Terms of Business explain the services offered to professional clients and will apply from when Fisher Investments Europe begins to advise you. Fisher Investments Europe offers restricted advice only (meaning it does not offer independent advice based on an analysis of the whole of the market and does not recommend investment management services of companies other than Fisher Investments Europe or its affiliates). As part of its services, Fisher Investments Europe seeks to:

- a) Reasonably determine your client categorisation;
- b) Understand your financial circumstances and investment aims to determine whether the full discretionary investment service described in Clause 4 and the proposed investment mandate and accompanying benchmark(s) (or an Undertaking for Collective Investment in Transferable Securities ("UCITS") with a similar mandate and benchmark for which Fisher Investments Europe's parent company serves as investment manager) are suitable for you;
- c) Explain features of the investment strategy;
- d) Describe investment performance as it relates to the investment strategy;
- e) Provide a full explanation of costs;
- f) Assist in the completion of documentation;
- g) Where specifically agreed, review your position periodically and suggest adjustments where appropriate.

Fisher Investments Europe will not provide ongoing services unless you enter into an agreement for discretionary investment management services or invest in a UCITS as described in [Clause 4](#).

## 4. Discretionary Investment Management Service and Investments

To help you achieve your financial goals, Fisher Investments Europe may offer its discretionary investment management services. In such case, Fisher Investments Europe will outsource the portfolio management function and trading functions to its affiliates. In particular, the portfolio management function will be outsourced to Fisher Investment Europe's parent company, Fisher Asset Management, LLC, trading as Fisher Investments ("**Fisher Investments**"), which is based in the USA and is regulated by the US Securities and Exchange Commission (SEC). In addition, trading functions may be carried out by Fisher Investments Europe, its affiliate, Fisher Investments Luxembourg, Sàrl ("**FIL**"), which is based in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier (CSSF), Fisher Investments, or other affiliates (each, a "**Trading Delegate**"). Fisher Investments Europe may also outsource certain ancillary services to Fisher Investments, Fisher investments Ireland, or other affiliates.

Subject to applicable regulations, for qualified investors Fisher Investments Europe may recommend an investment in UCITS regulated by the Central Bank of Ireland and for which Fisher Investments serves as investment manager.

## 5. Client Categorisation

Fisher Investments Europe deals with both retail clients and professional clients. All clients and potential clients who deal with Fisher Investments Europe's institutional directors (sales) ("**Institutional Directors**"), will be treated as professional clients, either through qualification as a professional client or, in the case of local municipal authorities, through opting up to be treated as a professional client. Accordingly, you are categorised as a professional client. You have the right to request re-categorisation as a retail client which offers a higher degree of regulatory protection, but Fisher Investments Europe does not normally agree to requests of this kind.

# TERMS OF BUSINESS

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## 6. Financial Services Compensation Scheme ("FSCS")

Whilst the activities of Fisher Investments Europe are covered by the FSCS, compensation under the FSCS in the event Fisher Investments is unable to meet its liabilities because of its financial circumstances is only available to eligible claimants. Because you have been categorised as a professional client, you are unlikely to be eligible. In addition, the protections of the UK regulatory regime, including the FSCS, do not apply in relation to the services of Fisher Investments or any non-UK service providers or to the extent your assets are invested in non-UK funds or ETFs. In the event you are eligible and do have a valid claim, the FSCS may be able to compensate you for the full amount of your claim up to £50,000 per person per firm. You can contact Fisher Investments Europe or the FSCS ([www.fscs.org.uk](http://www.fscs.org.uk)) in order to obtain more information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation.

## 7. Risks

Investments in securities present numerous risks, including various market and currency fluctuation, political, economic and political instability, differences in financial reporting, liquidity risk, interest rate risk, credit risk, and other risks, and can be very volatile.

Investing in securities can result in a loss, including a loss of principal. Using leverage to purchase and maintain larger security positions will increase exposure to market volatility and risk of loss and is not recommended. Investments in securities are only suitable for clients who are capable of undertaking and bearing a risk of loss. Specific risks associated with particular types of securities that may be held in your account are explained further below.

Past performance is not a guarantee nor a reliable indicator of future investment returns. Fisher Investments Europe cannot guarantee and makes no representation or warranty as to future investment returns or performance. There is no guarantee for avoidance of loss, which is impossible with investments in securities, and you have not received any such guarantee or similar warranty from Fisher Investments Europe or any representatives thereof.

Depending on your investment strategy, Fisher Investments Europe may invest in the following types of securities, which carry the following risks:

Investments in smaller companies may involve greater risks than investments in larger, more mature companies. Investing in derivatives could lose more than the principal amount invested in those instruments. Various investment techniques used by Fisher Investments Europe may increase these risks if market conditions are not accurately predicted.

Equity securities prices may fluctuate in response to many factors, including general market conditions, specific sector and country issues, and company specific information or investor sentiment. Individual equity securities may lose essentially all their value in the event of bankruptcy or other insolvencies of the underlying issuer.

Fixed income securities are subject to various risks, including price fluctuation due to changes in the interest rate environment, market liquidity, changes in credit quality of the issuer, prepayment or call features of the securities, and other factors, including issuer default. While some fixed income securities are backed by the full faith and credit of a sovereign government, this does not prevent price fluctuations nor fully eliminate the risk of default. If fixed income securities are not held to maturity, they may realise losses.

Using borrowed funds to purchase and maintain larger security positions will increase exposure to market volatility. In a declining market, investment losses may be substantially increased, occur more rapidly, or become realised. Fisher Investments Europe does not typically employ margin leverage (gearing) on the overall strategy, but may employ some leverage directly or indirectly as a defensive technique (e.g. margin borrowing of securities to sell short for hedging purposes), or indirectly on a limited basis through individual derivative securities, as described more fully below.

If Fisher Investments forecasts a prolonged and substantial market downturn, Fisher Investments Europe may adopt defensive posturing for your account by investing substantially in fixed income securities, money market instruments, structured or exchange traded notes, put options or other derivatives on securities or indexes or ETFs, selling short securities or ETFs, and other hedging techniques. There can be no guarantee that Fisher Investments will accurately forecast any prolonged and substantial downturn in the market, that Fisher Investments Europe will adopt a defensive strategy, or that the use of defensive techniques would avoid losses.

Derivatives typically derive their value from the performance of an underlying asset, interest rates or index. The price movements of derivatives may be more volatile than those of other securities and result in increased investment risk. Many of these investments may not enjoy as much liquidity as other securities.

Short sales may be used to fully or partially hedge other investments or to seek returns unrelated to other investments. "Short sales" means the borrowing of a security for a period of time and selling the borrowed security on the market; the seller is then required to buy the security on the market at a later time before it is due to be returned. Short sales result in gains or losses depending on whether the price of the security increases versus the price at the time of the short sale (which results in a loss) or decreases versus the price at the time of the short sale (which results in a gain). The loss from a short sale is theoretically unlimited depending on how much the security sold short increases in value.

Structured notes and ETNs are debt instruments whose return is derived from the performance of a reference index or other underlying securities or investments. The performance of a note is determined primarily by the performance of the underlying investments; therefore, despite technically being a corporate debt instrument, notes can be designed to provide returns similar to other asset classes. These notes may include leverage, which increases risk and volatility. These notes are issued by third-party financial institutions, at the request of Fisher Investments, and thus bear the credit risk of those entities. Whilst a feature of such notes is a maturity date, they may be sold in the market or redeemed with the issuer before maturity. Given the limited number of market makers involved in quoting a given note, price dislocation versus fair value may occur should limit orders not be utilised when sold in the open market. Alternatively, such notes may be redeemed daily back to the issuer, minus a redemption fee specific to each issuer (generally close to 0.10%), implicitly charged in the execution price.

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## 8. Data Protection

To offer and provide the services described in Clause 3, Fisher Investments Europe may collect and process personal data that is subject to data protection laws, in accordance with its Privacy & Cookie Policy. You acknowledge the Privacy & Cookie Policy, which can be found here: <https://www.fisherinvestments.com/en-gb/privacy>.

## 9. Custody and Execution

None of the Fisher Investments group companies (the "Fisher Group"), including Fisher Investments Europe, are authorised to hold client money. No Fisher Group company will accept cheques made payable to any of the Fisher Group companies in respect of investments, nor will they handle cash. All client assets are held at external custodian banks where each client has a direct account in their own name.

If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe will arrange (including through its Trading Delegates) for the execution of transactions through selected custodian banks and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding selection of brokers is governed by your investment management agreement ("IMA") with Fisher Investments Europe. Fisher Investments Europe does not structure or charge its fees in such a way as to discriminate unfairly between execution venues.

The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

- a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);
- b) Multi-Lateral Trading Facilities ("MTF") and Organised Trading Facilities ("OTF") in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);
- c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);
- d) Other liquidity providers that have similar functions to any of the above;
- e) Counterparties that may access the above venues on behalf of Fisher Investments Europe and/or its Trading Delegates (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the custodian's registration of your rights. Generally, it is only if the custodian fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

## 10. Conflicts of Interest

Fisher Investments Europe has a conflicts of interest policy to identify, manage and disclose conflicts of interest. Fisher Investments Europe, its affiliates or any of their employees or representatives may have with a client of Fisher Investments Europe, or that may exist between two clients of Fisher Investments Europe. Fisher Investments Europe's conflicts of interest policy covers gifts and favours, outside employment, client privacy, inadvertent custody, marketing and sales activities, recommendations and advice, and discretionary investment management services. Institutional Directors of Fisher Investments Europe are paid a variable component of their total remuneration, calculated as a percentage by reference to management fees paid to Fisher Investments Europe during the first three to ten years of a client relationship. Such remuneration will not increase or impact the fees payable by you. Fisher Investments Europe and Fisher Investments have a financial incentive for Fisher Investments Europe to manage client assets. Details on Fisher Investments Europe's conflicts of interest policy are available on request.

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## 11. Fees

If you enter into an IMA with Fisher Investments Europe, you will pay management fees to Fisher Investments Europe as detailed in the IMA. Fisher Investments Europe will pay a portion of such management fees to Fisher Investments as the sub-manager. If you invest in a UCITS fund managed by Fisher Investments, Fisher Investments will receive its management fee indirectly through the UCITS. Fisher Investments Europe does not charge a separate fee for its introducing or distribution services. You will also incur transaction and custody fees charged by brokers and custodians. However, any such additional fees will be payable directly to those brokers/custodians, and no Fisher Group company will receive any commission or other remuneration from those brokers/custodians.

## 12. Termination

If you wish to cease using the services of Fisher Investments Europe at any time, then send notification in writing and the arrangement will cease in accordance with the IMA. However, if a transaction is in the middle of being arranged on your behalf at that time and it is too late to unwind it, then the transaction may need to be completed first.

## 13. Complaints

Fisher Investments Europe seeks to provide a high standard of service to clients at all times. If you have a complaint about services, please contact Fisher Investments Europe:

by writing to: Head of Compliance  
Fisher Investments Europe Limited  
Level 18, One Canada Square  
Canary Wharf, London, E14 5AX  
or by calling: +44 0800 144 4731

Fisher Investments Europe will endeavour to resolve the matter, as soon as practicable and generally within 8 weeks. If you are dissatisfied with the outcome of any complaint made to Fisher Investments Europe, or you do not receive a response within such time, you may be eligible to complain directly to the UK Financial Ombudsman Service ("FOS"). Further details in respect of FOS can be found at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## 14. Governing Law

These Terms of Business are governed by, and will be construed in accordance with, the laws of the England.